

## **Research on the Efficiency of Targeted Poverty Alleviation of Agricultural Insurance in Shaanxi Province**

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**Abstract:** Since the comprehensive promotion of agricultural insurance mechanism in Shaanxi Province in 2007, the work of agricultural insurance in Shaanxi Province has made great achievements, giving full play to the important role of agricultural insurance in the development of modern agriculture, the protection of farmers' income, and the improvement of rural financial system. However, with the continuous expansion of the agricultural development scale in Shaanxi Province, the risk factors faced by agricultural producers are increasing, and the risk system is correspondingly increased. It is necessary to explore the strategies for improving the precision of poverty alleviation by agricultural insurance. This article systematically explores around this subject, hoping that relevant measures and recommendations can effectively promote the overall improvement of poverty alleviation efficiency of agricultural insurance in Shaanxi Province.

### **1. Introduction**

In agricultural production, there are many risk factors and uncertain factors. In order to guarantee the economic benefits of farmers, Shaanxi Province launched an agricultural insurance mechanism in 2007. This guarantee measure not only improves the ability of disaster prevention and recovery of agricultural production in Shaanxi Province, but also promotes the development of agricultural economy and stabilizes the income of farmers. It is an important guarantee mechanism in the construction of new countryside. In order to further enhance the important role of agricultural insurance in targeted poverty alleviation, it is necessary to conduct all-round exploration and Research on insurance measures and implementation strategies.

### **2. The Government Takes the Lead to Increase the Propaganda of Agricultural Insurance**

At present, there are few opportunities for insurance companies to carry out insurance business in rural areas. Because in those remote areas where the economy is backward, farmers know little about insurance knowledge. Some farmers don't even know what insurance is, let alone the relationship between agricultural production and agricultural insurance, which is obviously not conducive to the comprehensive promotion of agricultural insurance. In view of this situation, it is necessary for government departments to set up a propaganda position of insurance knowledge in rural areas and create a strong insurance atmosphere. In the process of carrying out this work, first of all, the insurance company should contact with the township departments, select the densely populated areas of various townships, towns and villages, and set up the agricultural insurance knowledge bulletin board or the display window of the newspaper. Because insurance companies send special personnel to explain agricultural insurance knowledge to farmers on a regular basis and at designated points, the basic policies, common sense of agricultural insurance and the latest insurance business information of the state for agricultural insurance are transmitted to farmers. Help farmers establish awareness of participating in insurance, while recognizing the importance and necessity of participating in agricultural insurance. Secondly, it is necessary to increase publicity for large breeding farmers, agricultural leading enterprises and professional cooperatives in various regions, and encourage local township governments and village committees to join the agricultural insurance publicity team. Establish a long-term publicity mechanism for agricultural

insurance, so that agriculture can truly realize that participating in agricultural insurance is an important way to transfer risks and ensure economic benefits, so as to enhance the subjective willingness to participate in insurance.

### **3. The Government Has Given Full Play to the Role of Policy Guidance**

The township governments should also introduce relevant laws and regulations and the corresponding financial subsidy policies in accordance with the actual conditions of the region to give full play to their guiding role in policy. Specifically, it includes the following aspects: First, premium subsidies are issued to all insured farmers, which directly stimulates the increase in the number of insured farmers. Among them, agricultural catastrophe insurance needs to subsidize all premiums, and insurance subsidies for planting and breeding industries need to be determined according to the development of the local agricultural industry. Second, for all commercial insurance companies that undertake agricultural insurance, corresponding tax incentives must be granted, and certain cost subsidies can be given according to their underwriting business. In the annual government fiscal budget, the operating expenses of the catastrophe insurance company and the balance subsidy of the fund deficit are included in the budget system. Third, establish an agricultural insurance development fund within government departments to ensure the timely and full payment of various agricultural insurance subsidies. Fourth, expand the scope of policy insurance. For leading agricultural companies, there are high costs, high risks, and high benefits when participating in insurance. It is precisely because of the “three highs” that commercial insurance companies aiming to maximize profits are reluctant to underwrite such businesses. To solve this problem, government departments may consider setting up policy insurance companies, or implementing the method of “separate account accounting and separate assessment” for two kinds of business. In this way, it can not only operate and manage separately from commercial insurance business, but also make efficient use of existing resources, save costs and improve the efficiency of targeted poverty alleviation. Fifth, set up the agricultural catastrophe compensation fund. For a long time, catastrophe risk has been a difficult problem in the government's promotion of agricultural insurance. However, in order to ensure that the agricultural insurance business can be popularized in rural areas, we have to face this difficult challenge. In the process of solving this problem, we can distinguish the general agricultural risk and catastrophe risk. For those agricultural catastrophe risk businesses, compulsory insurance can be adopted. For example, a provincial catastrophe insurance company is established with financial investment or tax preference as incentive measures, which is responsible for the economic compensation for the huge losses caused by the catastrophe, as well as the docking with agricultural reinsurance companies to handle reinsurance business. With the support of catastrophe insurance government, the disaster affected farmers can get compensation funds quickly and in full, which effectively improves the situation that the compensation for catastrophe losses is excessively dependent on government finance. At the same time, we can forecast and prevent agricultural catastrophe through professional disaster prevention mechanism, and provide human, material and technical support for related work.

### **4. Innovating the Management Mode of Agricultural Insurance**

Although agricultural insurance has the characteristics of high risk, low risk and high difficulty, there is still a large profit margin for other types of insurance except agricultural insurance. Therefore, for those professional agricultural insurance companies, it is suitable to promote the business model of “insurance by insurance”. That is to say, we can make up for the possible economic losses caused by the planting insurance and the breeding insurance through those kinds of insurance with considerable operating benefits. For life insurance and property insurance companies, it is more feasible to subsidize agricultural insurance losses by selling other types of insurance. In addition, the agricultural insurance fund can also refer to the operation mode of other insurance funds and make effective investments to the extent permitted by national policy regulations, and use the profits as agricultural insurance funds as compensation for agricultural insurance. From this

point of view, agricultural insurance can't get health without the financial support of government departments and the promotion of related policies and regulations. Otherwise, its economic compensation function will not be effectively exerted, and it will lose its value of transferring agricultural risks. For Shaanxi Province, general agricultural risks can be underwritten by commercial insurance companies. In the event of agricultural catastrophe insurance that cannot be afforded by commercial insurance companies, government departments will start the agricultural catastrophe protection fund to take charge of post-disaster claims. In this way, the overall efficiency of precision agricultural poverty alleviation in Shaanxi Province will be accelerated.

## **5. Speed Up the Combination of Agricultural Insurance and Agricultural Credit**

When agricultural insurance and agricultural credit are combined, insurance production risks can be shared by insurance companies, farmers, and banks. When a farmer receiving credit encounters an economic accident due to an accident, the insurance company is responsible for repaying a certain amount of loans. Through such an agricultural insurance loan guarantee system, it can not only prevent farmers from entering the difficult situation of repaying loans, but also reduce the credit risk of banks and help improve the rural credit environment. Those areas with relatively rapid development of agricultural insurance can give certain interest subsidies to the financial institutions that provide loan guarantees or agricultural loans to the policyholders. When the time is right, whether to participate in insurance can also be included in one of the basic conditions for the loan. When agricultural insurance companies are short of liquidity, they can apply for a certain amount of interest free loans or low interest loans. And encourage agricultural insurance companies to use the existing rural financial institutions as a channel to sell agricultural insurance products.

## **6. The Management Strategy of Transforming Agricultural Insurance Products**

When the insurance companies launch agricultural insurance products, they should take into account the risk guarantee demand and farmers' payment ability in the process of rural urbanization and agricultural industrialization, so as to ensure that their insurance products are marketable. In view of the traditional planting and breeding industry, it is necessary to introduce some types of insurance with concentrated demand. For example, cotton planting insurance, crop natural disaster insurance, fishery insurance and large livestock insurance, etc., highlight the comprehensiveness, practicability and guarantee of agricultural insurance. For high-tech plantation and high-tech aquaculture, due to the large capital costs required in the early stage, and mature crops have higher sales profits. Therefore, when designing related products, we should focus on strengthening the technical content of agricultural insurance. For farm houses, machinery, poultry and other properties, the insurance policy of "survival by risk" is suitable.

## **7. Conclusion**

In the past ten years, agricultural insurance has played a significant role in promoting and safeguarding agricultural development in Shaanxi. However, there is still a large gap between the spread of agricultural insurance. In this regard, we should start from the government, insurance companies and farmers, so that farmers can truly realize the important value of agricultural insurance in targeted poverty alleviation, and guarantee the development of China's agricultural industry.

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