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MARKET ANALYSIS OF THE AGRARIAN INSURANCE IN UKRAINE

ABSTRACT

In world practice, a factor of stable economic development of agricultural production and an effective tool for financial and economic stability of farms is agricultural insurance. However, in Ukraine this type of insurance is not attractive for a number of reasons: First, the price of insurance premiums are too high for farmers, who are always standing before the fact of uncertainty to constantly save; secondly, the insurance of agricultural products is unattractive for direct insurers who often refuse to insure because of inadequate legislation; Third, the low level of trust insured landowners to insurers just because a market analysis of agricultural insurance can determine the development of this type of insurance.

Today in Ukraine there is no effective national system of agricultural insurance that would provide adequate protection for the interests of agricultural producers and the state. Agricultural Insurance Market analysis shows that today in Ukraine insurance embraces 5% of acreage, while in Canada, USA, Europe, the figure is 60-80%. The agricultural potential of Ukraine, every year attracts more and more attention of major foreign investors and the banking sector. Most of them are optimistic about the possibility of funding the development of agribusiness.

Insurance Company concluded 1722 insurance contracts on grains and oilseeds produced in Ukraine. Contracts of insurance of animals traditionally comprised less than 5% of collected premiums and it didn't have significant impact on market indicators.

The market showed a slight increase in 2013, compared with the data of 2011-2012. It should be noted that the amount of the insured premises was the

highest for the last 5 years (879 ths. Ha) as compared to the year 2012 – increased by 20% (150 ths. Ha).

In 2013, the total amount of premiums collected by insurance companies for agricultural insurance contracts amounted to – 135 384 775 USD. As for the total premium income, the market showed a slight increase, to some extent due to lower average interest rate premium on the market for 2013 – 3.1%. Such a low average rate premiums was because companies are active in voluntary agri insurance segment continued to compete in price by reducing its tariffs and fixing crops. Farmers normally insured under contracts multi-risk unconditional franchising at 50%, thus ensuring a low rate (3 5%), providing just compensation for catastrophic losses.

Insurance companies, participants of this study, totally paid reimbursements under insurance contracts \$ 13082000 USD. The average losses of agricultural insurance market in 2013 was 9.7%. However, it should be noted that the average losses in the Program Agricultural Insurance Pool was 6.9% and among companies in the voluntary segment - 24.5%.

Of the total premium income is 135.4 million USD. On the market for 2013, 114.2 million USD provided assembly program, coordinated by the Agrarian Insurance Pool. In the partial terms, this amounted to 84% of the current market size of real agricultural insurance in Ukraine.

Despite the lack of government support, agricultural insurance market continues to evolve. Practice proves that all the organizational steps taken in the right direction stimulate the development of agricultural insurance and protect farmers.