
Analysis of the agricultural insurance portfolio for the Iraqi National Insurance Company

MANAL HAMEED MAJEED

Assistant Instructor, Department of Public management, College of Administration and Economics, University of Baghdad, Iraq

Abstract: The agricultural sector suffers from many risks and natural disasters, such as droughts and heavy rains that cause floods, as well as hail and agricultural pests, etc., that threaten agricultural activity and reduce it, which leads to the failure of farmers and peasants for fear of being subjected to continuous losses.

Nevertheless, we notice almost complete reluctance to move towards agricultural insurance, due to the dependence of farmers on the government, which adopts the principle of compensation instead of agricultural insurance when natural disasters happen despite the difficulties and financial hardship as well as the suspicion of corruption that haunts the compensation process and this represents the most important problem for research. In addition to the weakness of agricultural insurance with its current mechanisms and the absence of its own law that includes government support.

The importance of the study is highlighted through the role of agricultural insurance in continuing to secure farmers' income and ensuring food access to the citizen, as it is a true contributor to reducing agricultural risks. The research aims to analyze the current reality to find new frameworks by proposing a draft law on agricultural insurance and establishing a fund for managing agricultural risks that will be a substitute for the law in the event that it is not legislated or because of the delay in the legislative procedures of the law.

The research reached several conclusions, the most important of which is the absence of a law on agricultural insurance, in addition to the absence of any government support for this activity other than global experiences. Several recommendations were presented, the most important of which are: The necessity of having a strategy for agricultural insurance that includes government support for insurance premiums of no less than 30% and the establishment of a Shareholding company consisting of the public and private sectors, In addition to forming of specialized committees to establish a partnership between farmers and the Ministry of Agriculture to raise awareness of this type of insurance.

Keywords: agricultural insurance

INTRODUCTION :

The agricultural sector is one of the important sectors that meet the daily needs of the citizen, but it is exposed to many and various dangers that greatly affect agricultural productivity as well as the difficulty of controlling the dangers that are above the capabilities of individuals and societies and their ability to control them, Introduction :The agricultural sector is one of the important sectors that meet the daily needs of the citizen, but it is exposed to many and various dangers

that greatly affect agricultural productivity, as well as the difficulty of controlling the dangers that are above the capabilities of individuals and societies and their ability to control them, the basis of insurance, is the agricultural risks Which is an important factor in the instability of agricultural production, because it contributes to the failure of farmers to continue their agricultural activities and to establish the concept of self-reliance for farmers in meeting their daily needs, especially since the current insurance mechanisms do not meet aspirations to cover Agricultural risks, it has not been able to create awareness and culture among the agricultural community to spread the agricultural insurance as well as the lack of government support for this kind of insurance.

The government expansion in agricultural lending and the strong demand by peasants and farmers for loans provided by the government without interest through the agricultural initiative requires finding protection for these funds because in the event of the borrower being exposed to a disaster from natural disasters, he will face two losses: the guarantee provided to the loan and the amount of the loan and Thus, his agricultural activities ceased.

Therefore, it is necessary to search for tools that help reduce disasters and dangers, Agricultural insurance is considered as one of the most important of these tools to reduce the effects of these risks, in Iraq, farmers

depend on the government to pay compensation when natural disasters occur, such as flood situations that have affected many Iraqi provinces And that caused the destruction of Plantings and field crops, which incurred the government large sums, despite its great pressure on expenditures.

Previous studies:

One of the studies that dealt with the study variables was the study (Zain El Abidine, 2004) that aimed to know the effect of agricultural insurance on increasing agricultural production and thus raising the stability of agricultural product income as a way to reduce the effects of risks to agricultural production,

As for the study (Al-Sumaidai 2007) that aimed to provide accurate statistics on plant and animal activity in Iraq that includes all information related to it and the services provided for its protection and to determine the risks, losses and potential damages scientifically for each activity in addition to using statistical cards for each crop and agricultural region as well as supporting the relevant to authorities of Agricultural insurance and laying scientific foundations for pricing and underwriting.

As well as a study (SS Raja and Ramesh Chand: 2008) that aimed to estimate the value of common risks for different crops and assess the current and past performance of agricultural insurance in the planned and implemented country in addition to, discuss and research the problems and prospects of agricultural insurance in India and the government role in implementing various plans in this field and propose an effective program .

It is noted that all previous studies dealt with the concept of agricultural insurance and not the concept of the agricultural insurance portfolio, but that which differs from this study is that it included quantitative data to analyze this portfolio. The current study touched on the National Insurance Company as it represents the guide for this vital sector in the Iraqi economy, and as a company that provides services to the community and its responsibility towards this society, so analyzing the performance of the portfolio and diagnosing deviations is necessary for the work of this sector in a thoughtful and careful manner. And this study is conceder as the first of its kind at the level of The studied sector (the public Iraqi insurance sector), The study included a time series from 1991 to 2014.

The concept of agricultural insurance: The agricultural sector is one of the most economic sectors exposed to many risks that negatively affect agricultural production, especially natural and environmental disasters such as floods, droughts, hurricanes and agricultural pests. Agricultural insurance is one of the most important mechanisms adopted by countries to limit or reduce these risks. There are a number of definitions that dealt with the concept of agricultural insurance within the general concept of insurance as a compensation system according to the foundations and criteria determined by agreement of the parties concerned with the insurance contract, as shown below:

Ali Jadoua Al-Shorafat defined agricultural insurance as “a means aiming to reduce losses due to the agricultural sector’s exposure to risk factors and the uncertainty in distributing the burden of these losses to a large group of participating farmers.

As for the legal definition of agricultural insurance, it is ((an agreement or contract for a certain period between the farmer and the insurance agency, according to which the appropriate compensation or the amount of insurance is paid by the insurance agency for the insured’s losses, and here is the farmer, in case the risks that caused these losses are achieved in return for a premium paid The insured, which is, the farmer to this side))

(Al-Shorafat, 2011: 22-23)Izz al-Din defined the agricultural insurance peasant as an insurance contract that enables peasants to cover the dangers faced by farmers (Falah, 2011: 94).

This type of insurance is only to help stabilize and secure the agricultural community by providing a range of coverage for the crops and property of the farmer, himself, his family, and sometimes his workers.

Difficulties and obstacles in applying agricultural insurance there are many obstacles and difficulties that stand in the way of the spread of agricultural insurance and it is considered as a major reason for its weakness and stoppage in many countries. Iraq is considered one of the countries that were greatly affected by these difficulties and needs more effort and government support to remove them. The most prominent of these obstacles and difficulties are:

1. Free compensation for natural disaster losses by government agencies because free compensation after a disaster reduces the importance of agricultural insurance programs. (Barghouthi, 2009: 175)
2. The farmers' lack of awareness of insurance benefits and their fear of every new activity, their unwillingness to bear additional burdens, and their heavy reliance on the state to provide aid and facilities.
3. The lack of specialized experts in the field of agricultural insurance, and the weak field practice, which is reflected negatively in the calculation of insurance premiums.
4. The lack of Arab economic policies in general and agricultural and insurance policies in front of the spread of agricultural insurance services due to the lack of keeping pace with global developments in this field.
5. There are Religious attitudes that oppose what is known as insurance in general and agricultural insurance in particular because it is considered a type of gambling (Arab Organization for Agricultural Development, 2004: 50).

6. The lack of real statistical data for a long time regarding crop production and losses due to the Agricultural risk achieved.
7. The diversity of risks faced by each agricultural region, its severity, and frequency.
8. The fragmentation of agricultural properties or holdings, the small and scattered areas, and the difficulty in reaching them cause financial and administrative difficulties for the management of agricultural crop insurance (Hamid, 2013: 122).

The reality and indicators of agricultural insurance in Iraq:

the crops in Iraq are exposed to damages to more than a third of agricultural production annually, and the damages caused by agricultural pests vary between (20% - 60%) depending on the type of crop and the area of its cultivation and environmental variables. Animal wealth is also exposed to many injuries and diseases of all kinds and is estimated between (10 % - 25%) annually (Mustafa, 2011: 1).

Today, the agricultural sector is one of the most important economic sectors in Iraq, and about 32% of the population live in or work in the countryside, which is directly or indirectly, and it is the sector that has to cover a large part of the people's need for food and clothing, and that one of his tasks is to provide an important part of the agricultural industries need for raw materials, and Because of its nature, which differs from production in the rest of the economic sectors, agricultural production faces a very high degree of risk, besides it needs a relatively long period from the date of the use of the inputs until the receipt of the products. therefore, the producer, the peasant, and the farmer are unable to control the production process entirely and the uncontrolled environmental conditions (Al-Hakim, 2011: 50).

Through this introduction, the need for real agricultural insurance services is required in order to stop the severity of the effects of agricultural risks. For this we will address the practical reality of agricultural insurance services for previous years and indicate the number of agricultural insurance documents concluded by the National Insurance Company as well as insurance premiums and compensation paid by the company to the insured and compare the amount of agricultural insurance premiums and compensation with the rest of the other types of insurance according to the data obtained from the mentioned company.

Research hypothesis: The research is based on the following hypothesis:(The weak level of agricultural insurance activity necessitates a fundamental change in the technical system of insurance companies to be beneficial to farmers and peasants.

Table 1:It shows the number of agricultural insurance premiums (plant production) and compensation paid for the years 1991-2002

Year	Number of Premiums	The amount of money(in millions)	Quantity of Compensations	of	The amount of money (in millions)
1991	7	25	8		54
1992	7	25	1		1
1993	5	55	2		202
1994	5	65	3		220
1995	10	2071	30		17
1996	11	3121	30		5099
1997	-	-	47		365
1998	-	-	-		-
1999	-	-	-		-
2000	-	-	-		-
2001	-	-	-		-
2002	-	-	-		-
The total	45	5362	115		5958

Source are prepared by the researcher, based on the reports of the Arab Organization for Agricultural Development for the years 1991-2002.

Table (1) shows that agricultural insurance for plant production has stopped completely since 1997 and has lasted for five consecutive years, which is a negative indication in the process of supporting agricultural activity and weak interest in it and reducing its role in filling the need of the Iraqi market, as well as weak support for this activity and high volume of compensation in relation to premiums .

Table 2:Shows the number of agricultural insurance premiums (animal production) and compensation paid for years between 1991-2002.

The amount of money (in millions)	Quantity of Compensations	The amount of money (in millions)	Number of Premiums	The year
697	674	588	95	1991
409	62	613	57	1992
882	113	1489	77	1993
1956	323	1571	91	1994
4719	118	6361	31	1995
4610	187	6111	35	1996
1880	47	2451	20	1997
3654	49	25019	30	1998
8790	39	13730	21	1999
5394	31	8952	18	2000
1885	22	1835	14	2001
856	3	893	6	2002
35732	1668	69585	495	The total

The source was prepared by the researcher according to the reports of the National Insurance Company for the years 1991-2002.

Table (2) shows the decrease in the number of premiums against an increase in the value of compensation due to the inflation that occurred as a result of the economic blockade imposed on Iraq and this is what happened significantly since 1995 to reach its peak in the decrease in the number of premiums in 2002.

Table 3:shows the number of agricultural insurance premiums (theft cases) and compensation paid for the years 1991-2002.

The Sequence	The Year	Number of Premiums	The amount of money (in millions)	Quantity of Compensations	The amount of money (in millions)
1	1991	170	65	20	223
2	1992	168	134	13	191
3	1993	91	235	8	114
4	1994	41	258	3	20
5	1995	32	827	2	10
6	1996	35	711	4	15
7	1997	53	1185	3	2
8	1998	60	2733	1	1
9	1999	26	1203	4	25
10	2000	12	727	10	115
11	2001	8	205	1	1
12	2002	8	685	6	98
	The total	704	8968	75	815

Source prepared by the researcher, based on the Arab Organization for Agricultural Development reports issued for the years 1991-2002.

Table (3) shows a decrease in the number of premiums and compensation with an increase in their value, and this is due to the same previous reason represented by the high rate of inflation and the value of premiums in favor of the company in relation to compensation.

Table 4:It shows the number of (agricultural fire) premiums and compensation paid for the years between 1991-2002.

The sequence	The Year	Number of Premiums	The amount of money (in millions)	Quantity of Compensations	The amount of money (in millions)
1	1991	310	739	70	984
2	1992	305	1801	51	778
3	1993	264	2765	72	1741
4	1994	110	4241	21	626
5	1995	90	7232	11	2535
6	1996	38	3121	96	5099
7	1997	335	13264	14	3809
8	1998	156	30561	8	8454
9	1999	132	24731	7	10463
10	2000	224	48706	3	2633
11	2001	282	69837	5	13387
12	2002	255	65577	6	16219
	The total	2501	272575	364	66728

The source was prepared by the researcher based on the reports of the Arab Organization for Agricultural Development issued for the years 1991-2002.

Table (4) shows a decrease in the quantity of compensation in return for a continuous increase in the payment of Premiums and compensation due to inflation and the value of the premiums in favor of the company in relation to the compensation.

Table 5:Shows the amounts of premiums and compensation for the Agricultural Insurance Branch distributed by public and private sectors from 2003 to 2007 (in thousands of Iraqi dinars)

The sequence	The Year	Public Sector Premiums	Number of Premiums	Private sector Premiums	Number of Premiums	Public sector compensation	Number of Premiums	Private sector compensation	Number of Premiums
1	2003	3401	-	27794	-	-	-	8923	-
2	2004	7878	18	4828	8	-	-	271	1

3	2005	546	-	93699	-	-	-	7497	-
4	2006	35760	4	16739	38	-	-	79	1
5	2007	35962	7	12885	17	-	-	1662	1

The source was prepared by the researcher according to the reports of the National Insurance Company for the years 2003-2007.

Table (5) shows the claim for compensation by the private sector, despite its small amount, where we note compensation for one number per year throughout Iraq, and that is considered as a clear indication of the weakness of agricultural insurance due to the low number of agricultural insurance policies, while there are no claims for compensation by the public sector.

Table 6: The amounts of premiums, compensation, and numbers of it's for the Agricultural Insurance Branch distributed by public and private sectors from 2008-2014 (in thousands of dinars)

The sequence	The Year	Public Sector Premiums	Number of Premiums	Private sector Premiums	Number of Premiums	Public sector compensation	Number of Premiums	Private sector compensation	Number of Premiums
1	2008	39601	6	6432 / 20	20	-	-	140	1
2	2009	39256	3	7196 / 13	13	-	-	-	-
3	2010	107404	9	8076/17	17	-	-	-	-
4	2011	39742	4	72666/22	22	-	-	250	1
5	2012	-	-	126437/37	37	-	-	71	1
6	2013	-	-	124273/22	22	-	-	57	1
7	2014	111047	17	71695 /14	14	-	-	-	-

The source was prepared by the researcher based on the reports of the National Insurance Company for the years 2008-2014.

Table (6) shows a significant decrease in the compensation values, as there is only one compensation for the years 2008, 2011, 2012 and 2013, and there was no compensation in the years 2009, 2010 and 2014, and the value of the premiums in favor of the company in relation to compensation.

THE CONCLUSIONS AND RECOMMENDATIONS:

Conclusions:

Agriculture is one of the economic sectors that play a big role in the economies of countries and on the Iraqi level, it tops the list of resources after oil for what is characteristic of the land of Iraq because it is fertile and rich, but there are many dangers facing agriculture and lead to massive and huge damage to agricultural activity and its instability, despite That is, the Ministry of Agriculture does not have a strategy to manage agricultural risks despite the large amounts of money that are pumped to develop the agricultural reality which need a strategies to protect it and ensure that it continues to achieve the desired goals, so it is necessary to have a Comprehensive protection system to protect agriculture from these dangers and risks with taking into consideration all the consequences of these dangers and risks and taking all the necessary means, methods and procedures to preserve it. Agricultural insurance is considered one of the most important Comprehensive protection systems as part of the strategy of agricultural risk management. There is significant support that countries provide to agricultural insurance services through their contribution to shoulder the burden of a large portion of insurance premiums that amount to more than 50%, while there is no support in Iraq for agricultural insurance even in terms of information, media and education. Also, the lack of agricultural insurance documents concluded by a company National insurance gives an indication of the weakness of this activity.

These documents are concentrated in Baghdad governorate and are limited to fire insurance, as well as the lack of Staff of the Agricultural Insurance Branch due to the suspension of the activity of agricultural Insurance, as most of its employees were transferred to different destinations, and the company did not obtain a new insurance seekers due to the high prices of the insurance. Agricultural insurance considers as an important form of support to the agricultural sector because the farmer and peasant will have the courage to pump money and invest in agricultural projects for its reassurance and confidence that agricultural insurance gives. The research also notes,

the lack of any development in the insurance documents accredited to the National Insurance Company since the nineties of the last century, besides noting the many conditions contained in the insurance documents in order not to take risks as much as possible, and imposing on them a purely commercial nature.

Recommendations:

Based on the above, the study reached a number of recommendations through which we tried to reflect the practical side in the research and what matter the application and based on its need in the Iraqi environment. Issuing a law for agricultural insurance that provides a good compensation to farmers within a cooperative and Solidarity concept that includes compulsory insurance for beneficiaries of agricultural loans as well as strategic crops in Iraq and insurance is optional and not mandatory in relation to other cases other than what was mentioned above and includes government support for insurance premiums of not less than 30% And avoid the policy of government compensation to farmers in times of natural disasters, which had a major role in weakening agricultural insurance. As for the case of delay in the legislation of the Agricultural Insurance Law, the alternative to that, even temporarily, is to establish a fund for agricultural risk management that will be managed by the Ministry of Agriculture and the relevant ministries or create a specialized Higher Committee to make coordination with Iraqi Council of Ministers, the Ministry of Planning and the Ministry of Finance in order to avoid natural disasters until the possibility exists In combining the two solutions that mentioned above. The study also recommends that the National Insurance Company and the Iraqi Insurance Company should establish a partnership between them at the present time that includes their alliance in agricultural insurance coverage in order to correct the great weakness in this kind of insurance, or merging the two companies to achieve a stronger influence and financial position that contributes to the advancement of the insurance sector in general and agricultural insurance in particular. Also, a percentage of agricultural land rental allowances can be deducted to contribute to the insurance premium payments for small farmers in order to alleviate them in bearing the burden of insurance premiums. In addition to the need to enhance the insurance culture and spread insurance awareness through multiple channels, such as the insurance company, the Ministry of Agriculture, the directorates of agriculture in the governorates and their small agricultural departments that are located in the districts, as well as the need for the provinces to contribute to strengthening this aspect and proceeding with the educational procedures. It is also possible to introduce educational programs on agricultural insurance that are given in the curricula of agricultural colleges. Also, the technical services of agricultural insurance should be at a high level of development in the field of estimating services, providing data and information related to production, prices and costing.

REFERENCES

1. The Holy Quran.
2. Iraqi Civil Law No. 41 of 1951.
3. The Law of Regulating Insurance in Iraq No. 10 of 2010.
4. Private Companies Law No. 21 of 1997.
5. Al-Hakim, A. N., (2011) "Studies in Iraqi agriculture", Part I, Future Agriculture, Baghdad, Al-Zawiyah for Printing and Design.
6. Al-Saifi, B. A., (2006) "Al-Waseea for Insurance and Reinsurance", Knowledge, Law and Business, Part One, Baghdad, Al-Diwan Printing Company.
7. Al-Shurafaat, A. J., (2011) "Agricultural Insurance", Jordan, Zahran Printing and Publishing House, First Edition.
8. Falah, E., (2011) "The Insurance and its Principles and Types", Oman, Osama Publishing House.
9. Hamid, M., "Strategic Analysis for the Use of Modern Irrigation Technologies", Research presented as part of the requirements for obtaining a Higher Diploma in Strategic Planning, University of Baghdad, College of Administration and Economics, 2013.
10. Mustafa, S. A., "Agricultural Insurance in Iraq and Support Services", Iraqi Journal of Agriculture, Ministry of Agriculture, Volume 14, No. 9, 2009.
11. Mustafa, S. A., and Al-Sumaidaie, M. M., "The Reality of Agricultural Insurance Services", Al-Rafidain University College of Science Journal, Issue 21, 2007.
12. National Insurance Company reports and statistics.
13. Food and Agriculture Organization of the United Nations, Post-entry harmful plant risk management procedures, Second Edition, Rome, 2012.
14. Arab Organization for Agricultural Development, the study of the possibility of providing agricultural insurance services in the Arab region, Khartoum, 2004.
15. Arab Organization for Agricultural Development, a workshop on the possibility of generalizing agricultural insurance services in the Arab world, Khartoum, 2009.
16. Arab Organization for Agricultural Development, Study of Introducing Agricultural Insurance Services in Oman, Khartoum, 2011.

17. 17 .S.S. Raja and Ramesh Chand, Agricultural Insurance in India Problems and Prospects NCPA Working Paper No,8, March, 2008 www.ncap.res.in.