

**ESSENCE, TYPES OF INSURANCE
AND ITS DEVELOPMENT IN AGRICULTURE**

Lyubov Koval¹

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Abstract. *The purpose* of the paper is to explore the economic essence of the insurance category in the theoretical aspect and the regulatory framework and reveals the importance of insurance for agriculture as one of the means of maintaining the normal functioning of the enterprise; an improved classification of insurance types is proposed and the objects of accounting and audit of insurance calculations are determined. Studies have shown that in the existing regulations there is no general interpretation of the term "insurance". All definitions of insurance mainly concern the protection of property or social rights. This situation leads to inconsistency of the essence of insurance with the specified subject of the contract, according to which insurance is divided into property, personal and liability insurance. Thus, it is the subject of the insurance contract that necessitates the definition of the general concept of "insurance". An ambiguous interpretation of the economic essence of insurance among scientists has also been established. *Methodology of the study* it is proposed to define insurance as a type of civil law relations of a preventive nature between the insurer and the insured, providing for material and monetary compensation of a certain amount of material damage incurred and damage caused to a third party as a result of the occurrence of an insured event provided for by the insurance contract (for insurance protection of property interests) or current legislation (for all types of social insurance), the funds for which are placed on insurance accounts organizations and/or special state funds (depending on the type of insurance) created on the basis of contributions of legal entities and individuals in the form of insurance payments and deductions. Such a definition reveals the general concept of insurance and its main components

¹ Candidate of Economic Sciences,
Associate Professor of the Department of Accounting,
Vinnytsia National Agrarian University, Ukraine
ORCID: <https://orcid.org/0000-0003-3637-850X>
ResearcherID: L-5961-2018

from the position of the insurer. *Results* of the author proposed to interpret insurance as an economic process of the enterprise, which aims to ensure the functions of its sustainable development by accumulating funds of both internal and external reserves. In the course of the study, inconsistencies in the types of insurance were revealed. *Practical implications.* Therefore, it is proposed to supplement the classification of insurance on an economic basis with the division of insurance by type of activity. This proposal fits the proposed definition of the term "insurance". Studies have shown that today the vast majority of agricultural enterprises neglect the current legislative framework in matters of compulsory insurance. Having studied the existing principles of insurance, we proposed to supplement the existing list with the principle of legislative security, according to which the subjects of the insurance market must comply with current legislation and be liable for their non-compliance. *Value/originality.* As for the objects of insurance, with the introduction of NP(C)BU 30 "Biological Assets", it became necessary to harmonize the current legislation and the new standard. To this end, it is proposed to unify the classification of biological assets in accordance with NP(C)BU 30 "Biological Assets" with the grouping of insurance objects in accordance with the Law of Ukraine "On Insurance". Such a classification of property insurance objects, taking into account the requirements of NP(C)BU 30 "Biological Assets" will make it possible to bring into line the insurance objects and related calculations.

1. Introduction

Today, insurance is one of the most important tools that provides overall economic security and stability, business development, effective protection against numerous natural, man-made and other risks. This sector of the national economy allows to solve a whole range of socio-economic issues, starting with the formation of a system of guarantees for individuals and legal entities and ending with strengthening the investment potential both nationally and internationally. The insurance market as part of the financial and credit sphere is subject to state regulation and control in order to ensure the protection of policyholders and stability in the insurance sector. The successful development of the insurance industry depends on the strategy and tactics of regulating the socio-economic processes that take place in the mechanism of state regulation of the insurance market of Ukraine. The

direct influence of the state through regulation should be carried out through the application of methods, forms and instruments of state regulation. Thus, the state occupies a key place in the development of insurance business as a coordinator of the activities of participants in the insurance system and as a legislator that ensures the legal basis of insurance.

2. The need to define the term "insurance"

During the period of the birth of insurance, this term was interpreted as mutual support, assistance, compensation for losses to victims. In addition, the term "insurance" was associated with the word "fear". In the process of industrial relations, property owners felt fear for its preservation and integrity, as well as for damage or destruction of property as a result of unpredictable events (natural and anthropogenic nature). The term "insurance" in the Ukrainian language has been used for a long time. Philologists of the west note its Latin origin. It is based on the words "securus" and "sine cura", which in the perclade are interpreted as "carefree". Thus, insurance involves cautions, safety and protection. Corresponding words exist in other languages: in English – "insurance", in German – "versicherung", in Italian – "assicurazione", in Spanish – "seguros".

From an economic point of view, insurance consists in creating such a type of human activity that will allow to accumulate financial capabilities in order to ensure a continuous process of social reproduction by compensating for losses to individuals and legal entities arising from the occurrence of harmful events. The international context of insurance involves the unification of methods of insurance protection of business entities and the creation of financial guarantees to insurers by bringing into line the legislation of different countries. All the above definitions are similar to each other and are a clarification or addition to each other without changing their foundations. Moreover, these definitions relate mainly to property insurance.

As for the legislative framework, the Law of Ukraine "On Insurance" of 07.03.1996 No 86/96-VR provides an official interpretation of the term according to which "insurance" is a type of civil law relations to protect the property interests of individuals and legal entities in the event of certain events (insured events) determined by the insurance contract or current legislation, at the expense of monetary funds formed by payment by individuals and

legal entities of insurance payments (insurance contributions, insurance premiums) and income from the placement of funds of these funds [6]. Like scientists, the aforementioned Law defines property insurance, not insurance in general.

The Law of Ukraine "Fundamentals of the Legislation of Ukraine on Compulsory State Social Insurance" of 14.01.1998 No16/98-VR does not provide a clear definition of the term "insurance". It provides the definition of "compulsory social insurance" and its main types.

Thus, compulsory state social insurance, according to the above-mentioned Law, is considered as a system of rights, obligations and guarantees, which provides for the provision of social protection, including material support for citizens in case of illness, complete, partial or temporary disability, loss of the breadwinner, unemployment due to circumstances beyond their control, as well as in old age and in other cases provided for by law, at the expense of monetary funds, formed by paying insurance premiums by the owner, or his authorized body (hereinafter referred to as the employer), citizens, as well as budget and other sources provided for by law [3].

All considered definitions of insurance relate to either the protection of property or social rights. There is no clear definition of the general concept of "insurance" in the current legislation of Ukraine. This situation leads to inconsistency of the essence of insurance (Law of Ukraine "On Insurance" of 07.03.1996 No 86/96-VR with amendments and additions) with a certain subject of the contract, according to which insurance is divided into property, personal and liability insurance. Thus, it is the subject of the insurance contract that necessitates the definition of the general concept of "insurance". It is advisable to define the following elements of the concept of insurance. The legislation defines the main components of the concept of insurance, which include: the purpose, cases of protection, sources of insurance payments, the subject of the insurance contract, the subjects of insurance, the circumstances of the provision of insurance payments. However, one should not consider a complete definition of the essence of "insurance" without taking into account the preventive nature of its nature.

Taking into account international experience, analyzing the opinions of scientists and considering domestic legally established definitions, it is advisable to define insurance as a type of civil law relations of a preventive nature between the insurer and the insured, providing for material and

monetary compensation for a certain amount of material damage incurred and damage caused to a third party as a result of the occurrence of an insured event provided for by the insurance contract (for insurance protection of property interests) or current legislation (for all types of social insurance), the funds for which are placed on the accounts of insurance organizations and / or special state funds (depending on the type of insurance), created on the basis of contributions of legal entities and individuals in the form of insurance payments and deductions. This definition reveals the general concept of insurance and its main components from the position of the insurer. Provided that the object of our research is the current system of accounting and audit of insurance calculations in agricultural enterprises, it is advisable to determine insurance from the point of view of the enterprise in order to be able to further research on the chosen topic.

3. Results

An enterprise can independently partially ensure its sustainable development by creating an appropriate reserve to cover the costs of emergencies at the expense of retained earnings. Therefore, from the standpoint of an insurance enterprise, it should be considered as a set of operations involving the accumulation of funds to ensure the functions of sustainable development through both internal and external reserves. At the same time, the internal reserve will be a part of retained earnings in the form of reserve capital to cover the consequences of emergencies, and external – the amount of insurance compensation under the insurance contract.

The totality of insurance operations of the enterprise is aimed at solving one problem – ensuring its sustainable development. Since the set of homogeneous operations carried out in order to perform a specific task of a business entity is an economic process, it can be argued that insurance is an economic process of an enterprise that ensures its sustainable development and functioning. So, insurance is an economic process of an enterprise that aims to ensure the functions of its sustainable development by accumulating funds from both internal and external reserves.

The concept of insurance involves its division into types. According to the Law of Ukraine "Fundamentals of the Legislation of Ukraine on Compulsory State Social Insurance" of 14.01.1998 No 16/98-VR and the Law of Ukraine "On Insurance" of 07.03.1996 No 86/96-VR, insurance

is divided depending on insured events into: pension insurance; insurance in connection with temporary disability and expenses caused by burial; medical insurance; insurance against industrial accidents and occupational diseases that caused disability; unemployment insurance; other types of insurance provided for by the laws of Ukraine [3]. The above types belong to social insurance.

According to the Law of Ukraine "On Insurance" dated 07.03.1996 No 86/96-VR, depending on the subject of the insurance contract, it is divided into: personal insurance; property insurance; liability insurance [6].

This classification is classic for domestic insurance. Nevertheless, this classification provides only for compensation for the damage received and only in a certain amount. As a rule, the amount of compensation in most cases is less than the amount of damages, because the uncovered part of the damage is a deductible. In addition to the considered classification of insurance in accordance with the current regulatory framework, other classification features are distinguished in the scientific literature. In particular, these are: a historical feature, an economic feature and a legal feature. The historical sign of the division of insurance into types is predominantly theoretical. It provides for the division of insurance according to the stages of its development, which makes it possible to prepare information for accounting and audit purposes. It is knowledge of the stages of insurance development that allows practitioners to predict the development processes of the insurance market.

Of great importance is the economic classification feature. The basis of the division of insurance is the presence or absence of an investment component in the insurance contract. According to this feature, insurance should be divided into life insurance (individual life insurance, insurance of children until adulthood and marriage, insurance of additional pension, etc.) and other general insurance (transport insurance, property insurance against fire and natural disaster, credit risk and guarantee insurance, aviation and marine insurance, etc.). The so-called life insurance contracts are aimed not only at the insurance protection of the insured, but also provide for ensuring his investment interests by accumulating insurance premiums. Such agreements are long-term and one hundred percent ensure the return of the funds paid by the insured and certain interest accrued on the amount of insurance premiums, since the condition for the occurrence of the

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insurer's liability is either the death of the insured or the latter's survival until a certain date.

Insurance contracts that provide only insurance protection without taking into account the investment interests of the insured constitute the second group of contracts and are called general types of insurance other than life insurance. Such contracts are short-term in nature, in connection with which it is impossible to accumulate insurance premiums and there is no mandatory return of funds to the insured. Thus, the second group of contracts provides only for compensation for losses due to the occurrence of an insured event. This division is due to the type of licenses issued to insurance companies to carry out their activities. Thus, and by entering into force of the Law of Ukraine "On Insurance" dated 07.03.1996 No. 86/96-VR, insurance companies must choose one direction of insurance services.

However, in practice, there are cases that require comprehensive insurance of the property interests of the insured. In this case, the classification feature of insurance is the nature of the danger. Under the nature of the danger understand the totality of insurance risks in which the specific activity of the insured is conducted. At the same time, comprehensive insurance of a set of objects against a certain danger, prescribed by one insurance contract, is carried out. As for international experience, the use of classification by nature (occupation) of hazards is prescribed by Directive 92/49/CEE of the European Union, according to which the member states of the organization necessarily provide for the formation of statistical data on insurance by the nature of hazards in the context of their types: property insurance against fire and natural disaster, transport insurance, aviation and marine insurance, insurance of credit risks and guarantees, other species.

In addition, the economic sign of insurance provides for its division according to the subject of the insurance contract. This classification is prescribed by the Law of Ukraine "On Chartering" and allocates personal insurance, property insurance and liability insurance. The subject of the insurance contract plays a major role in determining the nature of the contract and its main conditions such as: insured event, insurance amount, deductible, term of the contract, insurance premium, restrictions, exceptions, etc.

Similar to the economic feature is the legal feature of the classification of insurance, which also involves several approaches. So the legal feature of

the classification of insurance involves its division into appropriate classes in order to license insurance activities. The EU directives allocate 7 classes of long-term insurance and 18 classes of short-term (general) insurance. On this basis, in Ukraine, insurance is divided into types that are as close as possible to European standards, although in our country there is no clear application for life insurance and general insurance. Along with this, the legal feature provides for the division of insurance according to the forms of conduct into mandatory and voluntary. In Ukraine, the vast majority use a voluntary form of insurance.

When considering insurance for the needs of agricultural enterprises, one should pay attention to the fact that no type of insurance provides full protection for policyholders. The insurance company does not pay funds to eliminate the negative consequences as a result of the occurrence of an insured event, subject to insurance, for example, of the property of the enterprise. In such a situation, the company incurs additional costs and losses. So, as a result of the occurrence of an insured event, the company receives insurance indemnity in the amount that allows you to cover only part of the loss. This does not take into account the costs of carrying out work on the elimination of the consequences of emergency events, the cost of preventing the occurrence of an insured event and damage or loss of property, the cost of restoring and / or acquiring damaged or destroyed insurance objects. In addition, as a result of the occurrence of an insured event, the business reputation of the enterprise is lost, and as a result, the company does not make a profit. Thus, the occurrence of an insured event affects not only the property of the enterprise, but also its activities as a whole.

Today, the practice of insurance companies provides separately insurance against loss of profits, from interruptions in production, insurance of additional costs, insurance against unforeseen disruptions in business. Such insurance products provide for wider protection of the enterprise from the occurrence of an insured event than, for example, property insurance, and are its derivatives. These insurance products provide not only the restoration of the property of the enterprise, but also its activities. Therefore, we propose for accounting purposes to combine these insurance products into one general type and add to the existing classification as insurance of activities that are not universally binding. Since activity insurance provides

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for more complete protection of the enterprise, it is necessary to single out such information in the accounting, which will contribute to strengthening the control function. At the same time, the objects of insurance both in property insurance and in insurance of activities are the property interests of the business entity related to the possession and use of such property. However, when insuring property, only interests in the preservation of property are taken into account, while insurance of activities takes into account interests caused by obtaining certain benefits or even advantages that are directly related to the possession and use of such property.

According to the results of the study, we propose to divide insurance into 5 types: social; Property; Personal; liability insurance; activity insurance (by type). This proposal will meet the proposed definition of the term "insurance".

Social insurance is carried out in a mandatory form, which is prescribed by the current legislation of our country. All other types of insurance can be both compulsory and voluntary. In turn, all types of insurance are divided into industries and sub-sectors.

Personal insurance includes life insurance (in case of death of the insured), health (in case the insured lives until a certain date or event), working capacity (in case of disability), as well as an additional pension. The division of personal insurance into sub-sectors is due to the fact that it combines all types of insurance. Therefore, it is advisable to highlight the following of its sub-sectors: accident insurance (accidents are characterized by the suddenness of their occurrence); medical (provides for payment of treatment of the insured); life insurance (provides for insurance payment in full in cases of a certain date or event).

Property insurance provides compensation for the damage that the insured received when an insured event occurred with the property that was insured. At the same time, to calculate the sum insured, the value of property insurance objects is taken. As part of the property insurance industry, its sub-sectors should be distinguished: insurance of property of individuals; insurance of property of legal entities. This division is due to the difference in the size and types of risks, insurance objects, the content of the conclusion of the insurance contract and other factors. Property insurance is carried out mainly in a voluntary form. For agricultural enterprises, the legislation establishes compulsory insurance of animals in accordance with

their list established by the Cabinet of Ministers of Ukraine in case of forced slaughter, destruction, death, from diseases, natural disasters and accidents.

Liability insurance appeared relatively recently in domestic insurance. The peculiarity of liability insurance is the conclusion of an insurance contract between the insurer and the insured in favor of a third party (liability insurance for non-fulfillment of concluded supply contracts – in agriculture, professional liability of auditors – in case of non-fulfillment of the terms of the contract, lawyers, lawyers). When insuring liability, as a rule, a third party is always not known. The exception is liability insurance for non-fulfillment of contractual obligations (for example, in agriculture). Such insurance is important for agricultural enterprises, because due to dependence on natural factors and other uncontrolled and unpredictable events, it is not always possible to fulfill their contractual obligations. In addition, such insurance provides comprehensive protection for a third party, which is another feature of this type. In this case, the sum insured is not indicated, but only its limit.

Activity insurance is a type of insurance that provides insurance of a set of risks of an enterprise's activity by its types as a whole from the latter's incurring additional costs and losses. Insurance of activity involves its division into the following sub-sectors: insurance of operational activities (production risks arising in the process of production, that is, operating activities); insurance of financial activity (risks of financial activity); insurance of investment activity (risks arising from investment activity).

The most important for agricultural producers is the insurance of operating activities, on which the financial condition of the enterprise depends. Production risks include forced equipment downtime, untimely receipt of raw materials and materials from the outside, etc. Risks of operating activities are accompanied by additional costs of the enterprise as a result of the occurrence of an insured event. Other risks arise in the course of other ordinary activities.

Today, the most common among other types of risks is precisely the risk of non-repayment of the loan received. As a rule, credit risk is considered overwhelmingly from the position of the bank. In our opinion, it is necessary to consider credit risk also on the part of the enterprise, since the non-repayment of the loan by the enterprise on time under any conditions leads to additional unpredictable costs. The risk of non-repayment of the loan by

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the enterprise is caused by the following events: the onset of emergency events; a decline in demand for manufactured products; non-fulfillment of the terms of the contract by the partners of the business entity; change of assets of the enterprise.

One of the conditions for obtaining a loan is the provision of collateral. The pledge can be both movable and immovable property of the enterprise. Due to unforeseen circumstances, the company may not have free funds on the planned loan repayment date. As a result of this situation, the company is charged a penalty for late payment, as well as the possible loss of collateral. Under such conditions, the company needs an effective tool that can prevent additional costs and losses of the enterprise. Credit risks – risks of non-repayment of the loan amount and interest on the loan by the debtor to the creditor. In this case, there is a repayment of debt by a third party. In this regard, it is advisable to insure this type of risk. Credit insurance involves the use of delcredere insurance, caucial insurance and trust risk insurance (Figure 1).

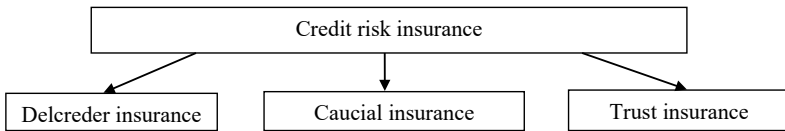


Figure 1. Components of credit risk insurance

Delcredere (Italian. "del credere") means the obligation of a broker or agent to guarantee the performance of an agreement to the person he represents. In the event that a third party fails to fulfill its obligations under the agreement, the broker or agent who assumed Delcredere shall indemnify the person he represents [7, p. 12].

Thus, delcredere insurance involves insuring the lender against the risk of non-repayment by the debtor of the amount of the loan provided. In this case, the lender acts as both the insured and the insured person. Delcredere insurance is divided into: insurance of total debt for all borrowers; insurance of debts of individual borrowers.

However, if insurers carry out the first type of delcredere insurance without objection, insurance of debts of individual borrowers is not willing. This is explained by the fact that the lender has the opportunity to insure

only the risk of non-repayment of the debt of those borrowers whose debt is hopeless. In this case, the insurer must pay insurance compensation, which is not beneficial for him. Schematically, the relationship with delcreder insurance can be depicted as follows (Figure 2).

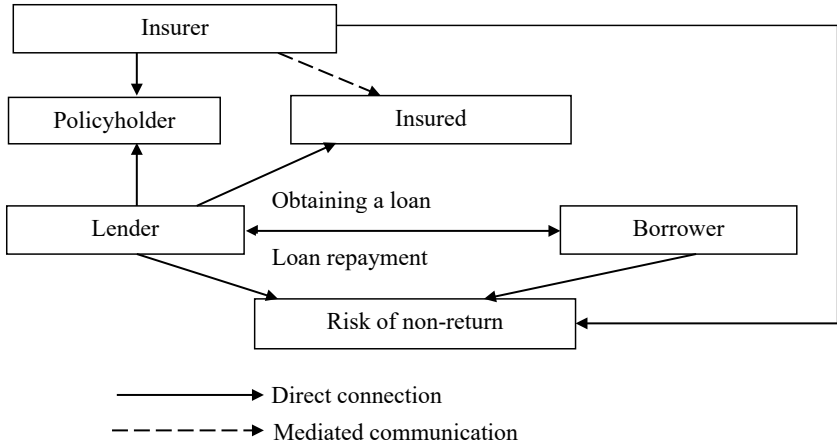


Figure 2. Delcreder insurance

In the literature, a lot of attention is devoted to delcreder insurance. At the same time, all authors emphasize the direct connection of only the borrower with the risk of non-return, which will lead to additional costs and losses in case of its occurrence. However, the insured also has a direct connection with this risk, carrying out its insurance. There is also an insurance by the enterprise of the risk of non-repayment of the loan. This type of insurance is called caucial (guarantee) insurance, because when insuring its solvency, the borrower guarantees the lender the repayment of the debt. Term "Kaution" in German means "surety", "institution", "pledge", "caution". Unlike delcreder insurance, caucial involves a mutual relationship between three parties. Moreover, the insured is the lender, and the insured person is the lender. These relationships are illustrated by Figure 3.

Today, the credit of trust, which implies a trustworthy relationship between the debtor and the creditor, is becoming important. But there may be situations when, for certain reasons, there is a risk of distrust of the lender.

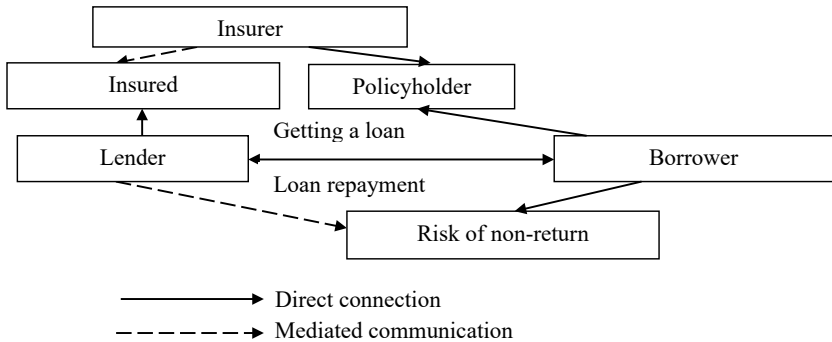


Figure 3. Causal insurance

In this case, there is an insurance of this risk, in case of its occurrence and loss by the creditor of his property. This type of insurance partially includes signs of delcredere and caucius. Thus, when insuring the risk of distrust, the insured is the creditor (a sign of delcredere insurance), the subject of the pledge is the insurance policy (a sign of caucial insurance). All types of insurance can be in voluntary and / or mandatory forms. Moreover, compulsory state insurance is carried out exclusively in a mandatory form. Subspecies should be considered in the context of legally established norms. That is, according to the Law of Ukraine "On Insurance", in terms of forms, select such subspecies as: life insurance, accident insurance, medical insurance, property insurance, etc. According to the Law of Ukraine "Fundamentals of the legislation of Ukraine on compulsory state social insurance", the subspecies of insurance are: pension insurance, medical insurance, insurance in connection with temporary disability..., accident insurance..., unemployment insurance and other types of social insurance provided for by the laws of Ukraine [3].

Since insurance from the position of the enterprise is a set of operations to form a reserve to cover losses from unforeseen emergencies, therefore, according to the method of placing such reserves, insurance should be divided into internal and external. At the same time, internal insurance or self-insurance involves the formation of an internal reserve independently by the enterprise at the expense of part of the net profit. Subject to the non-use of funds of such a reserve in the current year, the entire available

amount is transferred to the next year with its subsequent replenishment. External insurance involves the conclusion of an insurance contract with the insurer for a certain period and on certain conditions. With such a division, transactions on internal and external insurance will have their differences when reflected in the accounting and will allow you to clearly obtain information about the readiness of the enterprise for unpredictable events.

Whichever of the signs is divided into types, its compliance with the basic principles is provided. The legislative framework contains the principles of compulsory social insurance. For other species – they are not provided. Nevertheless, in the scientific literature this issue is considered by a number of scientists.

In particular, Osadets S.S. notes that insurance is based on certain specific principles. These primarily include: competitiveness, insurance risk, insurance interest, maximum integrity, compensation within the limits of actually caused losses, deductible, subrogation, indemnity, co-insurance and reinsurance, diversification [8, p. 28–34].

The principle of competitiveness provides for the possibility of choosing both policyholders and insurers the type of insurance, in conditions of free competition in order to ensure the development of insurance and provide effective insurance protection to the subjects of the insurance market. At the state level, an antimonopoly policy is being pursued in order to ensure the implementation of the principle of competitiveness. However, today this principle ensures the implementation of only a voluntary type of insurance. The principle of insurance risk involves the incurrance of a certain risk by the subjects of the insurance market during the implementation of insurance. Insurance interest is a consequence of the right of ownership or possession of the object of insurance (for policyholders), and the result of interest in making a profit (for insurers). The principle of maximum integrity implies complete trust between the parties to the insurance process. This is especially true of the insured. The principle of compensation within the limits of actually caused losses implies the inadmissibility of enrichment of the insured at the expense of the amount of insurance compensation. That is, the amount of insurance compensation should not exceed the amount of damage received by the insured as a result of the occurrence of the insured event.

A deductible is that part of the loss that, in the event of an insured event, is not reimbursed by the insurer in accordance with the insurance contract.

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The principle of subrogation provides for the transfer by the insured to the insurer of the right to recover the amount paid from third parties, through the fault of which the insured event occurred. Each insurer can use the right of indemnity, which provides for the distribution between insurers of the sum insured to be indemnified to one insured, provided that one property is insured by several insurers. Compliance with the principles of co-insurance and reinsurance ensures the solvency of the insurer. The difference between insurance and reinsurance is as follows. According to the co-insurance contract, the insurers are several insurers.

Reinsurance involves insurance by one insurer of a certain part of its obligations to the insured from the reinsurer or other insured. At the same time, in the overwhelming majority of cases, the insured does not even know about the reinsurance contract. However, we believe that reinsurance and co-insurance most likely do not belong to the principles – but to the activities of the insurer. This is explained by the fact that the principles of insurance must be observed when carrying out insurance activities, but the insurer can independently assume the insurance of the insured's risks, provided that it is properly solvent without the help of other insurers. Therefore, the use of co-insurance and reinsurance is not mandatory when the insurer carries out activities.

Quite important for the activities of the insurer is the principle of diversification, which provides for reducing the likelihood of various insurance events occurring in the same period of time through industry and / or territorial dispersal of insurance risks. In addition, there is also a causal relationship as one of the principles of insurance. According to this principle, the insurer needs to determine exactly the actual cause of the insured event, and not the immediate one. Because not all risks are subject to insurance.

Separately stands out the principle of abandon.

Abandonment is a condition specified in the insurance contract with the consent of the insurer and the insured, which provides for the receipt from the insurer of the full insurance amount in exchange for the insured's waiver of his rights to the insured property (usually a vehicle or cargo) in favor of the insurer, after which the latter becomes the owner of the insurance object and disposes of it at its own discretion (for example, disposes of) [9].

The vast majority of domestic scientists distinguish different in name, but the same in content principles of insurance, but in our opinion this is not a complete list of principles that insurance should correspond to.

Polish scientist Jerzy Handszke identifies the following principles of insurance: the reality of insurance protection; completeness of insurance coverage; availability of insurance coverage.

English scientist David Bland identifies such principles of insurance as: utility, the presence of insurance risk, classification of insurance by type of property, self-insurance, contract law, the presence of an insurance interest, higher good faith, insurance compensation, subrogation, participation in compensation for losses, the immediate cause of the case.

Today, enterprises, institutions, organizations in their activities are guided by the current regulatory framework. However, not all enterprises adhere to the "letter of the law." For example, from 2002 to 2010, the Resolution of the Cabinet of Ministers of Ukraine No. 1000 "On approval of the Procedure and rules for compulsory insurance of crop yields and perennial plantings by state agricultural enterprises of all forms of ownership" of July 11, 2002 provided for insurance of crop yields in a mandatory form. However, among the studied enterprises, not all carried out compulsory insurance, thereby violating the requirements of the law. In this regard, we propose to supplement the existing list with the principle of legislative security, according to which the subjects of the insurance market must comply with existing legislative norms and be liable for non-compliance with current legislation. It can be concluded that today there is no clear and unified list of insurance principles.

Taking into account international, domestic experience and own views, the following principles of insurance should be distinguished: legislative security, insurance risk, insurance interest, competitiveness, conscientiousness, compensation for real damage, deductible, indemnity, subrogation, diversification. Given that agriculture is the oldest branch of the national economy, it needs reliable protection, which can provide insurance. In order to have an in-depth understanding of insurance protection and the mechanism for its implementation, we turn to historical references.

There are many facts of history that confirm the existence of insurance in the simplest form – namely, in kind. Insurance in kind provides for compensation for damage caused by its uniform distribution among

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interested property owners. This division was carried out at the expense of food, materials and labor. However, such insurance was limited to natural factors, and as commodity-money relations developed, insurance in cash supplanted the simplest form of insurance – in-kind.

In Ukraine, insurance appeared in the XI century, at a time when the Chumaks played the role of cargo transporters. Mutual insurance was used to cover losses incurred during transportation (robberies, adverse weather conditions, loss of oxen, etc.). Its essence was to jointly cover losses to the victims and did not provide for regular contributions.

The period of the XI century marked by the birth of insurance in Kievan Rus.

In the process of evolution, insurance arises in various forms and types. Insurance companies, insurance unions and other organizations that regulate insurance relations are created. In Ukraine, there was an association of state insurance and credit institutions, which was another step towards the development of not only credit, but also insurance relations. The purpose of creating such associations was to induce property insurance (primarily from fire) in order to obtain a loan secured by the same property.

With Ukraine gaining the status of independent and sovereign in 1991, insurance is undergoing a new stage of development. With the reform of the economy in accordance with market conditions, certain factors influence the development of the insurance business: the elimination of the state's monopoly on the means of production, the development of entrepreneurial activity, the lack of relevant legislation, the denationalization of property, the reorganization of enterprises, etc. The first stage of development was the period from 1991 to 1996. It is characterized by a rapid growth in the volume of services in the field of property and social insurance. With the adoption of the Law of Ukraine "On Insurance" on March 7, 1996, the second stage of insurance development began in Ukraine, which continues to this day. In addition to the Law, a number of other regulations were adopted and enacted, which also significantly affected the insurance market. The adopted Law defined the term "insurance" clearly delineated the types of insurance in accordance with their forms, as well as strengthened the control over the development of the insurance market and made it more reliable for both insurers and policyholders.

4. Finding

The main objects of insurance in the agricultural sector are: the harvest of crops and perennial plantations of fruit-bearing age (with the exception of the harvest of natural hayfields and pastures, crops sown for green fertilizer, sown under cover and coverless perennial crops, as well as crops that the farm sowed for three to five years, but never received a harvest); trees and bushes of fruit and berry plantations growing in gardens and vineyards (perennial plantings, wear or liquefaction of which is more than 70%, as well as those to be written off from the balance sheet are not accepted for insurance); farm animals, poultry, rabbits, fur-bearing animals, families of bees in hives (hereinafter referred to as animals), except for farms where animals are quarantined or other restrictions due to infectious diseases; buildings, structures, agricultural machinery, objects of unfinished capital construction, transfer devices, power, workers and other machines, vehicles, fishing and other vessels, fishing equipment, inventory, raw material products, goods and other property [2].

The Law of Ukraine "On Insurance" with amendments and additions defines the following objects of agricultural insurance: animals, agricultural products, property [6]. In accordance with the Law of Ukraine "On peculiarities of insurance of agricultural products with state support", the subject of the insurance contract for agricultural products with state support is the property interests of the insured related to his insurance risks in relation to grown, fattened, caught, collected, manufactured primary (without secondary processing and processing) agricultural products (goods) specified in groups 1-24 of the UKT FEA in accordance with the Law of Ukraine "On Customs" tariff of Ukraine", namely regarding: crop yield; harvest of perennial plantings; farm animals, poultry, rabbits, fur-bearing animals, bee colonies, fish and other aquatic living resources and livestock products.

However, the vast majority of agricultural crops and plants fall under the definition of biological assets. Thus, with the introduction of NP(C)BU 30 "Biological Assets", it became necessary to harmonize the current legislation and the new standard. The effect of the National Regulation (standard) 30 applies, among other things, to agricultural products of crop production and animal husbandry. According to NP(C)BU 30 "Biological assets" biological assets are divided into current

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and long-term. In turn, the current ones are divided into current biological assets of animal husbandry (animals in cultivation and fattening, fish, adult poultry, bee families) and current biological assets of crop production (cereals, vegetables, technical, fodder crops, nurseries). Long-term are divided into long-term biological assets of animal husbandry (the main herd of sheep, cattle, pigs) and long-term biological assets of crop production (vineyards, gardens, trees in the forest).

In our opinion, in order to harmonize the provisions of NP(C)BU and the legislation of Ukraine, it would be advisable to unify the classification of biological assets in accordance with NP(C)BU 30 "Biological Assets" with the classification of insurance objects in accordance with the Law of Ukraine "On Insurance". The results of the comparison are shown in Table 1.

So, we can say that agricultural enterprises insure property that includes biological assets and agricultural products. On the other hand, it is necessary to develop a new classification of property insurance objects of agricultural enterprises, taking into account the requirements of NP (C) BU 30 "Biological assets " in order to bring the insurance objects into line.

Table 1

Definition of biological assets as insurance objects

No	Insurance objects	Type of biological assets
1.	harvest of crops and perennial plantations of fruit-bearing age	current biological assets of crop production and agricultural products
2.	trees and bushes of fruit and berry plantations growing in gardens and vineyards	long-term biological assets of crop production
3.	farm animals, poultry, rabbits, fur-bearing animals, bee families in hives	long-term and current biological assets of livestock

Thus, the objects of property insurance in agriculture can be divided into: long-term biological assets of crop production; long-term biological assets of animal husbandry; current biological assets in crop production; current biological assets in animal husbandry; buildings, structures, agricultural machinery, objects of unfinished capital construction, transfer devices, power, workers and other machines, vehicles, fishing and other vessels, fishing equipment, inventory, raw material products, goods and other property.

5. Conclusions

Therefore, insurance, as one of the methods of risk management, is a means that makes it possible to reduce the negative consequences of unpredictable events in agricultural production. The current insurance system does not ensure the sustainable development of agricultural enterprises. To achieve the maximum result from insurance protection, it is advisable to insure the activities of the enterprise as a whole with the obligatory participation of the state in this process, which involves compensation not only for part of the damage incurred, but also for taking into account additional costs and losses of the enterprise associated with the occurrence of the insured event.

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