

Research Article

The Urgency of Agricultural Insurance in Legal Protection Efforts for Farmers

Hesti Dwi Astuti

Islamic University Bandung, Bandung West Java, Indonesia

ORCIDHesti Dwi Astuti: <https://orcid.org/0000-0002-7077-2562>**Abstract.**

Climate change is a global threat with profound effects on agricultural businesses, such as floods, droughts, crop failures, and harvest losses. This study aims to analyze the urgency of agricultural insurance as a means of protecting farmers from the risks of crop failure resulting from climate change and its related disasters. The primary goal is to determine the importance of agricultural insurance for farmers.

The research adopts a normative juridical approach with a descriptive research design, utilizing secondary data and qualitative analysis. The findings demonstrate that agricultural insurance plays a crucial role in mitigating the adverse impacts of climate change and unpredictable derivative disasters. It serves as a solution for farmers to cope with losses arising from the risk of crop failure.

Despite its significance, the implementation of agricultural insurance programs is not fully optimized, mainly due to low awareness among farmers regarding insurance benefits. To address this issue, government intervention is necessary to raise awareness about the importance of agricultural insurance. By doing so, farmers' rights can be protected, and their mindset can shift towards adopting modern agricultural practices.

Keywords: farmers, insurance, legal protection

1. INTRODUCTION

The agricultural sector is an activity of managing biological resources to produce food, industrial materials, energy sources and efforts to conserve environmental resources. Utilization of biological resources is also known as plant cultivation or farming.[1]

The agricultural sector plays an important role in the overall national economy. This can be shown from the large number of residents or workers who live or work in the agricultural sector or from national products originating from agriculture. In Indonesia, the agricultural sector has a very important role in the process of economic development, namely as a provider of food sources for the community, a source of national income, opening up job opportunities, a source of investment, and a foreign exchange earner when agricultural products are exported to other countries.

Corresponding Author: Hesti Dwi Astuti; email: dwiastutihesti6@gmail.com

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With the diversity of agricultural products in Indonesia, this country has one of the most important agricultural products in Indonesia, namely spices and biofuels.[2] In addition, Indonesian agricultural products are also categorized into superior crops such as rice, soybeans, peanuts, cassava and various other varieties. One of the largest agricultural products in Indonesia is rice which is the staple food of the Indonesian people, therefore the presence of rice can indirectly affect other consumption materials.[3]

Farmers generally have a weak position in obtaining production facilities, financing farming, and accessing markets. In addition, farmers are faced with the tendency of climate change, vulnerability to natural disasters and business risks, globalization and global economic turmoil, as well as a market system that is not in favor of farmers. Therefore, efforts are needed to protect and empower farmers at the same time.

Advances in science and technology, the role of protecting farmers and food security have become a very strategic national development agenda. Agriculture is one type of business with high risk and uncertainty. Sources of risk and uncertainty, among others, come from the natural environment, especially climate, natural disasters, and the explosion of plant-disturbing organisms or the socio-economic environment.[4]

In order to face the increasing risk and uncertainty due to climate change and its various derivative disasters, it is estimated that marketing strategies, financial strategies, and the use of informal credit will not be sufficient. To overcome farmers' losses, the government helps protect farming businesses in the form of agricultural insurance, as stated in Law Number 19 of 2013 concerning Protection and Empowerment of Farmers and has been followed up with the issuance of Regulation of the Minister of Agriculture Number 40 of 2015 concerning Agricultural Insurance Facilities and Regulation of the Minister of Agriculture Number 30/Kpts/SR.210/B/12/2018 concerning Guidelines for Assistance for Rice Farming Insurance Premiums.

The participation of farmers in the West Java region to take part in the agricultural insurance program as part of the protection of farmers is apparently still minimal in several districts in the West Java area. Center for Indonesia Policy Studies researcher Galuh Octania assesses that the Rice Farmers Agricultural Insurance Program (AUTP) is still far from reaching the target. Whereas the agricultural sector, including in Indonesia, continues to be faced with challenges related to production and productivity. In particular, climate change which causes delays in the harvest season and also the threat of crop failure. Based on data from the Financial Services Authority (OJK) as of July 31, 2019, only around 392,649 hectares of land are protected by AUTP. This amount is only equivalent to 39.26% of the target of one million hectares of land in 27 provinces.[5]

The Ministry of Agriculture (Kementan) advises farmers in Sukabumi Regency, West Java to take part in the Rice Farming Business (AUTP) insurance program or agricultural insurance, in order to be held accountable in the event of crop failure, whether caused by the impact of climate change or attacks by plant-disturbing organisms (OPT). Minister of Agriculture Syahrul Yasin Limpo said agricultural insurance played a big role in providing coverage to farmers when there was a crop failure. Insurance will help farmers avoid losses in the event of crop failure. Because agriculture is very vulnerable to being constrained by climate change, extreme weather, and OPT, said Minister of Agriculture Syahrul, quoted in a press release, Saturday, May 29, 2021. Agricultural insurance is part of disaster mitigation. Agricultural insurance is at the forefront of helping farmers avoid losses due to crop failure. We urge the Head of Service and field extension officers to immediately register farmers in the AUTP program.[6]

The Ministry of Agriculture through the Directorate General of Agricultural Infrastructure and Facilities (PSP) invites farmers in Cianjur Regency to take advantage of the Rice Farming Business Insurance (AUTP), considering that a number of agricultural lands in Cianjur are experiencing drought and are threatened with crop failure due to the dry season. The Regional Disaster Management Agency (BPPD) of Cianjur Regency said there were three sub-districts that had reported the impact of the drought, namely Cibeber District, Cibinong District, and Ciranjang District. Regarding this matter, the Minister of Agriculture, Syahrul Yasin Limpo, said that in drought conditions, insurance protection was needed by farmers. This year the impact of the drought has been felt by agriculture in a number of areas, including Cianjur. For disaster-prone areas, the Ministry of Agriculture encourages farmers to take advantage of insurance.[7]

2. METHOD

The method used in this study uses normative juridical, while the nature of the research uses analytical descriptive, by providing a comprehensive and in-depth description of the situation under study, namely providing an overview of the facts and related problems. The data collection method used in this research is library research method. Library data sourced from laws and regulations, books, official documents, publications and research results. The data analysis used is qualitative normative, because it starts from the legislation as a positive legal norm, is relevant to the research material by making an inventory, and finding legal principles and then finding the legal aspects of the urgency of agricultural insurance in legal protection for farmers.

3. RESULTS and DISCUSSION

Climate change is a threat to people who work as farmers and threatens the food security of a country.[8]The impact of climate change has become a reality in the agricultural sector in Indonesia.[9] Indications of climate change include rising air temperatures, droughts, floods, shifts in the rainy season, rising sea levels and increasing extreme climate events. In recent years, the shift in the rainy season has caused a shift in the planting and harvesting seasons for food commodities, while floods and droughts have caused crop failure, crop failure, and even led to puso.[10] As climate change is one of the causes of losses for farmers in their business, the role of the state is needed to bring prosperity to farmers. Humans in environmental ecosystems have a very important role as environmental managers. The functional ecological role of humans is commonly known as the calip.[11]

Indonesia is an area with a very high frequency of natural disasters and is often referred to as a “disaster-prone” area. A number of natural disasters often occur which include volcanic eruptions, earthquakes, tsunamis, floods, droughts, and so on.[12] Business activities in the agricultural sector will always be faced with uncertainty fairly highIn addition to the risk of market price uncertainty, natural disasters as mentioned above are also an influence. Every farmer should bear the risk that affects the production of agricultural products as well as the risk of natural disasters.[13]

Welfare is a condition in which a person can fulfill basic needs, be it basic needs, be it the need for food, clothing, shelter, clean drinking water and the opportunity to continue education and have adequate work that can support the quality of life so that his life is free from stress. poverty, ignorance, fear, or worry so that his life is safe and peaceful, both physically and mentally.[14] Although it seem relates to economic term, concept of welfare can broadly associated with social science.[15]

According to Mochtar Kusumaatmadja, which inspired by Roscoe Pound [16], law functions as a means of renewal or a means of development based on the assumption that law in the sense of legal rules or regulations does indeed function as a tool (regulator) or means of development in the sense of changing the direction of human activity in the direction desired by development or renewal.[17] In relation to the basic framework of national development, it consists of two faces. First, the law is an object of national development. In the sense of law as a development sector that needs to be prioritized in its enforcement, development and guidance. Second, the law as a tool and means of support that will be the basis for national development.[18]

Protection and empowerment of farmers aims to realize the sovereignty and independence of farmers in order to improve the level of welfare, quality and a better life, protect farmers from crop failure and price risk, provide agricultural infrastructure and facilities needed to develop farming businesses, develop agricultural financing institutions that are serve the interests of farming businesses, improve the ability and capacity of farmers and farmer institutions in carrying out productive, advanced, modern, value-added, competitive, market share and sustainable farming, as well as providing legal certainty for the implementation of legal certainty for the implementation of farming businesses..

The government and local governments in accordance with their respective authorities are responsible for the protection of farmers.[19] On this basis, the government and local governments coordinate the planning, implementation and supervision of farmer protection. The strategy for protecting and empowering farmers is carried out through:

1. Agricultural production infrastructure and facilities;
2. Business certainty;
3. Prices of agricultural commodities;
4. Elimination of high cost economic practices;
5. Compensation for crop failure due to extraordinary events;
6. Early warning system and response to climate change impacts, and
7. Agricultural insurance.[20]

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Insurance companies are born to accept the transfer of risk by receiving premiums.[21] The Ministry of Agriculture (Kementan) advises farmers in Sukabumi Regency, West Java to take part in the Rice Farming Business (AUTP) insurance program or agricultural insurance, in order to be held accountable in the event of crop failure, whether caused by

the impact of climate change or attacks by plant-disturbing organisms (OPT). Minister of Agriculture Syahrul Yasin Limpo said agricultural insurance played a big role in providing coverage to farmers when there was a crop failure. Insurance will help farmers avoid losses in the event of crop failure. Because agriculture is very vulnerable to being constrained by climate change, extreme weather, and OPT, said Minister of Agriculture Syahrul, quoted in a press release, Saturday, May 29, 2021. Agricultural insurance is part of disaster mitigation. Agricultural insurance is at the forefront of helping farmers avoid losses due to crop failure. We urge the Head of Service and field extension officers to immediately register farmers in the AUTP program.

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Agricultural insurance is very important for farmers to protect their farming business. Agricultural insurance is a transfer of risk that can provide compensation due to losses in farming so that the sustainability of farming can be guaranteed. Through farming insurance, it provides guarantees against plant damage due to flooding, drought, and attacks by plant pests and diseases or plant-disturbing organisms (OPT), so that farmers will receive compensation as working capital for the sustainability of their farming business.

4. CONCLUSION

The urgency of agricultural insurance for farmers is very much needed because of environmental changes due to climate change. The role of agricultural insurance is needed as a form of risk transfer with the aim of realizing the sovereignty and independence of farmers in order to improve welfare levels and protect farmers from crop failure. However, the practice of agricultural insurance is still not optimal because the level of

awareness of farmers is still low so that the government's role is needed to educate about the importance of agricultural insurance.

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