

# Research on the Market Operation Mode of Policy Agricultural Insurance under "Internet +"

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**Keywords:** internet +; agricultural insurance; marketization

**Abstract:** The "three rural issues" are the key issues that the Chinese people and the government have long paid attention to. Agricultural insurance is a key means to safeguard China's agricultural production and protect the interests of farmers. Although it has achieved great achievements in the past decade, it is serious. The problem of relying on government policy subsidies is also very serious, which has brought a large financial burden to the government. From the perspective of "Internet + Agricultural Insurance", this paper discusses the status quo and problems of "Internet + Agricultural Insurance" and puts forward corresponding market-oriented suggestions.

## 1. Introduction

Agriculture is China's strategic industry and is closely related to the living standards of the Chinese people. China's agriculture has the characteristics of wide geographical distribution and frequent natural disasters. Natural disasters are also one of the causes of poverty among farmers. As an important tool to transfer agricultural disaster risks, reduce farmers' disaster losses, and consolidate poverty alleviation results, agricultural insurance has long been supported and valued by the state. Among the many policy documents in China, there are concerns about the support of agricultural insurance. In 2019, the No. 1 Document of the Central Government once again put agriculture at the highest position, and the supply-side marketization reform was also mentioned. The use of Internet thinking to support rural e-commerce has also received attention. Agricultural insurance as the target of supply-side market-oriented reform One, reforming with Internet thinking is still difficult.

## 2. The status of Internet + Agricultural Insurance Development

### 2.1 The status of Internet + Agricultural Development

Since Premier Li Keqiang first proposed the "Internet +" action plan in 2015, Internet + agriculture has made significant improvements in various segments of agriculture. First of all, the Internet coverage rate of Chinese administrative villages has exceeded 98% in 2018, and rural communities have already had sufficient foundations for using Internet technology. For example, in Pinggu District of Beijing, enterprises have realized the agricultural and physic plant factory, and realized the intelligent soilless cultivation of plants under LED in the form of Internet + smart agriculture. The factory can realize more than 3 million fruits and vegeTables with only 50 employees. With an annual production of kilograms, most of the production operations can be carried out remotely via the mobile APP. For example, the company has invested in the construction of 1050 acres of intelligent organic farms, realizing the emergence of Internet + organic agriculture, and obtained organic certification from China and the European Union. Internet + agricultural machinery is also a new thing in recent years. Many regions have realized the booking and leasing of agricultural machinery scanning codes, which greatly reduced the process of farmers renting agricultural machinery. Internet + is becoming more and more popular in rural areas. Similar cases include Internet + farming "Jingdong face recognition pig raising", Internet + financial "Jingdong loan", and rural e-commerce with strong Internet attributes. Internet + agricultural insurance also has products such as "e-agricultural insurance" under the China Pacific Insurance. The advantages

of combining and using the Internet in various fields of agriculture are not individual cases. The powerful cross-border resource integration capability under the concept of "Internet +" has greatly inspired the development of various agricultural related fields. The research and development of Internet + agricultural insurance Also on the road. In 2019, the No. 1 Document of the Central Government still focused on the "three rural issues", which required the continued implementation of the "Internet +" project, and relied on "Internet +" to promote the extension of public services to the countryside.

## **2.2 The status of agricultural insurance development**

China's agricultural insurance since the opening of the premium subsidy in the Central No. 1 document in 2007, its scale of development has expanded very rapidly. In the 10 years from 2007 to 2017, the premium income has increased by 7 times, while the risk protection has nearly doubled, and the premium income is greater than the payment. Expenditure not only proves the state's efforts on agricultural subsidies, but also the premium subsidies to realize the profitability of agricultural insurance operations. In 2018, the national agricultural insurance achieved a total premium income of 57.265 billion yuan, and the coverage of major food crops exceeded 70%, providing nearly 200 million households with a risk guarantee of up to 3.46 trillion yuan. The area covered by food crops reached 11.12. Million acres. China's agricultural insurance business ranks second in the world, first in Asia, second only to the United States.

However, behind the rapid growth of China's agricultural insurance market and the scale of protection, there is a large amount of government subsidies, and the reality that farmers cannot afford insurance premiums. Although the per capita net income of farmers in 2018 is still growing rapidly, it is expected to exceed 14,600 yuan, but compared with the average wage of 68,380 yuan for the employed persons of enterprises above designated size in 2018, it is obvious that even the state has agricultural insurance including rural insurance. Subsidies still cannot achieve large-scale growth in the added value of agricultural products. Agricultural insurance relying on government subsidies will remain a long-term status quo in China's agricultural insurance sector.

## **2.3 The status of Internet + insurance development**

Since 2012, Internet insurance has increased from 370 million in the five-year period to 6.76 billion in 2016, and 75.2% of netizens have accepted insurance on the Internet. In 2017, the number of Internet policies reached 12.491 billion, an increase of 102.60%, of which 1.661 billion pieces of insurance were guaranteed, an increase of 107.45%; accident insurance was 1.592 billion pieces, an increase of 539.26%; return shipping insurance was 6.819 billion pieces, an increase of 51.91%; liability insurance 10.32 billion pieces, an increase of 438.25%. From the perspective of the structure of the Internet insurance policy, the return shipping insurance accounted for half of the insurance, and it is the star insurance in Internet insurance. The booming of Internet insurance not only means an increase in the awareness of national insurance, but also an increase in demand for consumption and quality of life. At the same time, the rapid growth of Internet + insurance also provides a model and possibility for the promotion of Internet + agricultural insurance.

## **3. Problems in Internet + agricultural insurance development**

### **3.1 Traditional insurance design**

The design of agricultural insurance in China is mainly to ensure the normal production and harvest of crops. The types of insurance will be set according to the type of agriculture and the nature of danger. Generally, it is natural disaster loss insurance, disease death insurance, pest and disease loss insurance, etc. Such a design of the insurance can indeed cover most of the problems faced in agricultural production and harvesting. However, due to the long agricultural production cycle, the risks are also diverse, and the harm to agricultural interests is not only in the production and harvesting process. For example, according to the statistics of relevant departments, the circulation rate of fruit and vegetable circulation in China is as high as 20% to 30%, which is four

times as many as that in Europe and the United States. The annual loss is as much as more than 100 billion yuan, causing great losses to farmers. Although the logistics network is relatively developed, the cold chain fresh transportation has just started. The profit of most agricultural products is better than the cost of cold chain transportation, and the loss caused by the circulation of fruits and vegetables has no corresponding insurance for the farmers. The interests of this aspect are difficult to be guaranteed and improved. For another example, the cultivation of agricultural products in many areas of China is planned by the village organization. They will formulate agricultural production plans according to the changes in the supply and demand of agricultural products in previous years, but they will often lead to a shortage of products in a certain period of time, resulting in a shortage of products, and a high output will lead to slow sales. Unsalable agricultural products are often not acquired, and the number of "bad in the ground" news every year is endless. Insurance for the unsalable sales of agricultural products is also rare in the market. This is because many villages do not have stable purchase and sale contracts for agricultural production, and product selection is often followed. The slow-moving insurance of agricultural products is the insurance that should exist in the place where the agricultural products are planned to be produced. This can greatly guarantee the enthusiasm of farmers' production and stabilize the sales of farmers' agricultural production. The slow-moving insurance and the current agricultural super-combination and the Internet are very fresh. Relevance, in today's rural e-commerce boom, is a kind of insurance worth considering.

### **3.2 Insurance purchases still dominated by the government**

It is difficult to achieve a guarantee amount of 3.46 trillion yuan with a premium income of 57.265 billion yuan. Even with government subsidies, it is difficult to achieve the sustainability of insurance operations. Once the domestic government interrupts the subsidies for agricultural insurance, China's agricultural insurance will raise prices substantially, and farmers will find it difficult to afford, which may cause serious damage to the Chinese agricultural market. Government leadership is not only not conducive to the free development of agricultural insurance, but also reduces the possibility of online and offline businesses participating in agricultural insurance. It is more common for merchants to take the initiative to purchase insurance. In most online stores, in order to protect consumers' normal logistics consumption experience, they will take the initiative to purchase freight insurance, and this part of the insurance costs are evenly distributed among the actual profits brought by consumers. . A similar insurance consumption model is based on the production of agricultural products with large daily consumption. However, because the government has dominated the agricultural insurance market, so that businesses and consumers do not participate in agricultural insurance, the government's compensation for agricultural security is considered to be reasonable, which is actually unreasonable. In the Sino-US trade dispute that began in 2018, there is a lot of discussion about subsidies. The elimination and reduction of subsidies for related industries will become a reality in many fields. For example, the suspension of government subsidies for solar power plants in 2018 is one of them, agricultural insurance companies and The government should consider the design and promotion of related insurance after the government reduces the corresponding subsidies, so as to realize the market-oriented reform in the field of agricultural insurance, so that agricultural insurance can achieve sustainable development under the Internet background.

### **3.3 Difficulties in Internet sales channel expansion**

Since the audience of agricultural insurance is the majority of farmers, although more than 98% of administrative villages in China are connected to the Internet, the proportion of farmers actually participating in the Internet in daily life is still far lower than that of cities. Many farmers receive more information about relevant policy information from the village committee or TV station, which brings great difficulties to the sales of Internet + agricultural insurance. Although most of the agricultural insurance negotiations and purchases are the responsibility of the village collective, the relevant policies will be implemented to the individual to sign, the new insurance sales method will bring more explanation costs, and even become a hindrance to the farmers to sign on the relevant

policies. the reason. Furthermore, for farmers who can accept and use the Internet, the personal sales of agricultural insurance are also more difficult, because most of the policies are uniformly designated by the village committee. Once an insurance accident occurs, the scope of the accident can be uniformly determined and the responsibility can be clarified. The agricultural insurance policy needs to be separately certified by the village committee, which will bring many difficulties to the relevant enterprises' responsibility determination and compensation work. The policy can not obtain timely payment and also hinder the sales expansion of Internet agricultural insurance.

#### **4. Suggestions to promote the market-oriented operation of China's Internet + agricultural insurance**

##### **4.1 Innovating insurance design and operation**

The design of agricultural insurance is mainly based on the risk of covering the production link, but the risk of agriculture is not only related to the existence of production but also in transportation. For example, it is possible to design fruit and vegetable rot risk for the problem of agricultural and transportation transportation rate of agricultural products, and to analyze the normal corruption probability interval and corresponding losses for the analysis of the Internet big data combined with agricultural product transportation, so as to design the compensation interval to ensure the agricultural products. Normal sales. For another example, the agricultural machinery work efficiency rate insurance can also be designed for agricultural machinery leasing to ensure the efficiency of the employment of agricultural machinery in the harvesting or planting of agricultural products. It is also possible to set up insurance for the timely release of agricultural production risk warning information. Most natural disasters that damage the production of agricultural products can be early warning and timely protection. However, due to the negligence of the relevant departments in some areas, or the communication is unfavorable, it is easy to cause the risk warning information to be released. Not timely, not only has a blow to agriculture, but also seriously affects the lives and property of farmers. For example, in 2018, the flood disaster in Weifang, Shandong Province was caused by poor communication of upstream and downstream flood discharge information. With this incident as an example, design insurance will have a large sales space.

The advantage of the Internet is to reduce the cost of information dissemination. The design of Internet + agricultural insurance should take advantage of its ability to reduce the cost of information dissemination, and disseminate knowledge of agricultural risk prevention and natural disaster risk information on relevant insurance sales platforms, if necessary, by text message and telephone. The form informs the major agricultural production risks in a unified manner, so as to avoid agricultural losses as much as possible, reduce the compensation expenses for insurance accidents, and reduce the burden of government insurance subsidies, thus forming a new insurance operation mechanism for Internet + early warning + agricultural insurance. Significantly reduce claims.

##### **4.2 Looking for consumer-oriented market-based purchase and sales solutions**

The long-term initiative of the government to ensure the order of the agricultural insurance industry has hampered the interests of farmers, but it is not sustainable for the agricultural insurance industry, and it also violates the laws of market operation. Nowadays, when Internet consumption is highly developed, most consumers will be given a shipping insurance when they purchase online. In fact, the insurance premium for freight insurance is shared by consumers. Agricultural products are also used as products that people consume a lot every day. Possible and space. While solving the problem of urban villages in major cities, the city's vegetable market has also changed the traditional model of roadside selling in the past, and it has been carried out in supermarkets, which makes it possible for consumers to pay for the premiums of agricultural products. That is to say, based on the cooperation of agricultural super-supermarkets, supermarkets are used as the unit, and agricultural insurance is purchased for farmers or farmers according to the annual order quantity of agricultural products in supermarkets, and supermarkets are allocated to the daily agricultural

products according to insurance costs. The way in which agricultural insurance should operate. As the main use object of agricultural products, consumers should bear all the costs of agricultural production, and should not only pay for farmers or the government. The way to transfer agricultural insurance expenses to consumers is the marketization. A type of purchase and sale program. Under the gradual advancement of the Internet + fresh food, the coverage of Internet + agricultural insurance may also enter the cold chain transportation, so that consumers can consume the consumption experience of fresher agricultural products.

#### **4.3 Expanding Internet sales channels**

The sale of Internet agricultural insurance is based on the expansion of agricultural insurance, and the expansion of farmers' children living in cities. Many rural families work in cities while parents still work in rural areas. Children's mourning for rural homes is widespread. With this group. Just as many young people are willing to buy a high-value medical insurance for their parents on the Internet in their old age, their children are also willing to buy agricultural insurance for their parents in rural areas. Many rural middle-aged and elderly people still insist on working out because of a habit of living. Their lifestyles often have deep ideas of thrift, and the children in the city do not care about the meager income growth in rural areas, but for parents. If you pay for it, you are still willing to buy a guarantee for it. This kind of family insurance-based agricultural insurance Internet sales expansion has appeared in other Internet insurance. There are countless cases in which parents and children purchase insurance, such as mutual treasures and other users.

#### **5. Conclusion**

The purpose of the market-oriented operation of "Internet + Agricultural Insurance" is to reduce the pressure on the government's subsidies for agricultural insurance, so that consumers or farmers' children can voluntarily provide insurance for agricultural production, thus expanding the agricultural insurance sales channels. In addition, the market-oriented operation of Internet + agricultural insurance cannot simply copy the traditional insurance design. It should be combined with the needs of agricultural development, big data and Internet thinking to evaluate the corresponding risks and thus the actual new insurance to improve the protection of agricultural insurance. range. On the basis of Internet + agricultural insurance, an agricultural risk warning system is established based on the online agricultural insurance platform to reduce the losses faced by farmers under natural disasters.

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