

# The Mechanism and Path of "Agriculture, Rural Areas, and Farmers" Insurance Supporting Rural Revitalization

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**Abstract:** Currently, rural revitalization is still facing many challenges such as natural disasters, market risks, credit risks, etc. The development of "agriculture, rural areas and farmers" insurance not only helps to address these challenges, but also promotes the prosperity of rural industries. Based on the analysis of the significant meaning and mechanism of "agriculture, rural areas and farmers" insurance in supporting rural revitalization, it is proposed to take measures such as increasing financial support, establishing risk sharing mechanisms, consolidating insurance service systems, improving insurance product design, and strengthening the popularization of insurance knowledge to enhance the service effect of "agriculture, rural areas and farmers" insurance.

**Keywords:** Rural Revitalization; "Agriculture, Rural Areas and Farmers" Insurance; Agricultural Insurance; Rural Areas; Farmers

## 1. Introduction

Rural revitalization aims to promote the prosperity of rural industries, increase farmers' income levels, and ensure social stability in rural areas. It is a global and historical task related to the comprehensive construction of a modern country, the key work of agriculture, rural areas, and farmers in the new era, and a major task for realizing the great rejuvenation of the Chinese nation. Currently, China has entered a new stage of comprehensively promoting rural revitalization and accelerating agricultural and rural modernization. The Law on Promoting Rural Revitalization, issued in June 2021, made clear requirements at the legislative level for safeguarding the bottom line of food security and comprehensively implementing the rural revitalization strategy. Insurance, as an important means of dispersing

risks in agricultural and rural areas, has an unshirkable responsibility to protect the "agriculture, rural areas, and farmers" as the cornerstone, and plays an irreplaceable role in promoting the development of modern agriculture, facilitating the revitalization of rural industries, and safeguarding farmers' income. The No. 1 Document issued in February 2024 proposed a "roadmap" for effectively promoting the comprehensive revitalization of rural areas. In terms of focusing on the production of grain and important agricultural production, the document emphasizes the need to expand the implementation scope of full-cost insurance and planting income insurance policies, achieve national coverage for the three major staple crops, orderly expand the coverage of soybeans, encourage local development of insurance for specialty agricultural products, promote precise insurance and claim settlement for agricultural insurance, ensure compensation for all eligible cases, and improve the catastrophe insurance system. This further strengthens the role of "agriculture, rural areas, and farmers" insurance in comprehensively promoting rural revitalization and accelerating the process of agricultural and rural modernization.

The implementation of the rural revitalization strategy is an inevitable requirement for resolving the principal contradictions in Chinese society in the new era, achieving the "two centenary" goals, and realizing the Chinese Dream of national rejuvenation. It holds significant practical and profound historical significance. The most crucial aspect of the rural revitalization strategy is the comprehensive revitalization and development of rural residents. Currently, the main triggers affecting the economic development of Chinese rural residents are the occurrence of natural disasters, accidents, major illnesses, old age, and other risk events. To effectively

address the impact of these risk events, the most effective and cost-efficient means is through "agriculture, rural areas, and farmers" insurance, which transfers the risk losses borne by individual farmers to insurance companies. "Agriculture, rural areas, and farmers" insurance is a general term for agricultural insurance (crop insurance), rural insurance (commercial property insurance covering rural areas), and farmer insurance (personal insurance for farmers) [1]. In recent years, the establishment and optimization of "agriculture, rural areas, and farmers" insurance policies, systems, and working mechanisms have achieved notable results, gradually making "agriculture, rural areas, and farmers" insurance an integral part of rural revitalization. It has provided increasingly more insurance services in the "agriculture, rural areas, and farmers" sector. However, there is still a certain gap compared to the actual needs of rural revitalization and serving "agriculture, rural areas, and farmers." Rural revitalization still faces numerous challenges, such as natural disasters, market risks, credit risks, and more. These risks have a significant impact on the development of rural industries and the improvement of farmers' income. Therefore, conducting in-depth research on the mechanism and path of "agriculture, rural areas, and farmers" insurance supporting rural revitalization holds significant practical significance and theoretical value.

## **2. The Significant Role of "Three Rural Issues" Insurance in Boosting Rural Revitalization**

"Three Rural Issues" insurance, as a crucial component of the rural revitalization strategy in the new era, holds immense significance in promoting comprehensive rural revitalization, enhancing farmers' income, and safeguarding rural social stability. It is not merely a financial tool, but also a key factor in achieving agricultural modernization, rural prosperity, and farmers' affluence.

### **2.1 Facilitating the Revitalization of Rural Industries**

The development of "agriculture, rural areas, and farmers" insurance serves as a crucial strategy to guide social capital towards agricultural and rural areas, thus boosting the revitalization of rural industries. Agricultural

insurance provides robust risk protection to farmers by covering key aspects of agricultural production such as planting and breeding, effectively ensuring the stability and sustainable development of agricultural production [2]. Rural insurance focuses on emerging industries such as rural infrastructure construction and rural tourism, promoting the diversification and specialization of rural economy by reducing investment risks. Farmer insurance covers areas such as healthcare and old-age support, improving farmers' quality of life and further enhancing the endogenous driving force for rural development. The comprehensive effects of "Three Rural Issues" insurance not only help attract more social capital into rural construction, but also promote the optimization and upgrading of rural industrial structure, providing strong support for the sustained and healthy development of the rural economy and injecting more vitality into rural revitalization.

### **2.2 Contributing to Risk Diversification in Agricultural and Rural Areas**

By providing risk protection to farmers, "Three Rural Issues" insurance transfers the risk losses borne by individual farmers to insurance companies, effectively reducing farmers' economic burden. In the pre-event stage, "Three Rural Issues" insurance utilizes professional risk assessment techniques and warning mechanisms to provide farmers with comprehensive and accurate risk analysis, helping them identify and avoid potential risk factors in advance. In the event stage, when a risk event occurs, "Three Rural Issues" insurance can respond promptly, providing necessary relief and support to farmers. In the post-event stage, the role of "Three Rural Issues" insurance is also indispensable. It not only assists farmers in loss assessment to ensure the accuracy and fairness of claim amounts, but also provides targeted guidance for resuming production, helping farmers restore normal production and living order as soon as possible. This risk diversification mechanism helps stabilize farmers' income expectations, enhances their enthusiasm for agricultural production, and further promotes the prosperity and development of rural industries.

### **2.3 Enhancing Farmers' Sense of Security**

### and Well-being

"Three Rural Issues" insurance undoubtedly plays a pivotal role in safeguarding farmers' interests. It not only provides risk coverage for farmers in case of sudden situations such as illness or disasters, ensuring that farmers' basic livelihoods are not plunged into difficulty due to unexpected events, but also makes farmers feel the warmth and support of society when facing risk challenges, rather than feeling isolated and helpless. The establishment of this system undoubtedly provides farmers with a solid backing when facing multiple pressures such as natural disasters and market risks, enabling them to have stronger resilience against risks. By providing comprehensive and thorough risk protection, "Three Rural Issues" insurance effectively alleviates the economic pressure on farmers, allowing them to calmly cope with natural disasters, diseases, and other risks, reducing worries about the future. This economic security gives farmers greater peace of mind in agricultural production and greater confidence in facing various challenges. Therefore, farmers can more actively engage in production, continuously improve agricultural output value, and thereby improve their quality of life and enhance their sense of well-being.

### 2.4 Contributing to the Promotion of Social Harmony and Stability in Rural Areas

"Three Rural Issues" insurance provides farmers with comprehensive and effective risk protection and economic compensation, significantly reducing social conflicts and disputes caused by risk accidents. This mechanism transfers and diversifies risks, enabling farmers to significantly reduce economic losses when encountering natural disasters, diseases, and other risks, thereby effectively avoiding social instability factors arising from these events. Simultaneously, as the policies of "Three Rural Issues" insurance continue to be optimized and improved, farmers' trust and satisfaction with the government are gradually increasing. This enhanced trust not only stimulates farmers' enthusiasm and initiative to participate in rural social governance, but also promotes the harmony and stability of the rural social governance atmosphere. The implementation of this mechanism not only helps reduce social conflicts but also improves farmers' quality of

life and social welfare, laying a solid social foundation and creating a favorable social environment for the smooth implementation of the rural revitalization strategy.

### 3. The Mechanism of "Three Rural Issues" Insurance in Boosting Rural Revitalization

"Three Rural Issues" insurance is a comprehensive insurance that serves agriculture, rural areas, and farmers. It is an institutional arrangement under market economy conditions that transfers and disperses uncertain losses of agriculture, rural areas, and farmers with certain and smaller expenses. It is a market-oriented and commercialized risk transfer mechanism, social mutual assistance mechanism, and auxiliary management mechanism, which provides a comprehensive and multi-insurance risk safeguard mechanism.

#### 3.1 Agricultural Insurance Transfers Risks in Agricultural Production and Reduces Direct Disaster Losses

Agriculture is a high-risk industry facing triple risks of nature, market, and technology. Agricultural insurance transfers the risks in agricultural production to insurance companies, thereby reducing farmers' direct economic losses from unpredictable events such as natural disasters, diseases, and market fluctuations. In agricultural production, there are many unpredictable risk factors, such as droughts, floods, typhoons, earthquakes, pests and diseases, as well as socio-economic factors such as market price fluctuations and policy changes. These factors may have a significant impact on agricultural production, leading to huge economic losses for farmers. The emergence of agricultural insurance can help farmers obtain certain economic compensation when suffering from these unpredictable events [3], thereby reducing direct disaster losses and safeguarding farmers' production and life. At the same time, agricultural insurance can also promote the stable development of agricultural production, improve the efficiency and quality of agricultural production, and promote the process of agricultural modernization.

#### 3.2 Pension Insurance Addresses the Concerns of Rural Elderly Population

Pension insurance is a social insurance system

aimed at providing basic pension security for workers. For the rural population, the importance of pension insurance is self-evident. With the aging of the population, the number of elderly people in rural areas is also increasing. However, the economic development in rural areas is relatively lagging behind, and the social security system is not perfect. The pension problem for rural elderly people is becoming increasingly prominent. The implementation of pension insurance can effectively address the concerns of rural elderly people, providing them with basic living security and enabling them to enjoy their twilight years. At the same time, the implementation of pension insurance can also reduce the burden of children caring for their elderly parents and promote family harmony. Therefore, establishing and improving the rural pension insurance system is an important measure to achieve rural social stability and sustainable development [4].

### **3.3 Personal Insurance Helps Families Overcome Risks Such as Accidents and Illnesses**

The economic development in rural areas is relatively lagging behind, and the social security system is not perfect [5]. Farmers' income levels are relatively low. Once family members experience accidents, illnesses, and other risk accidents, it often brings huge economic burdens to the family, and may even lead to poverty. Compared with urban residents, farmers' income sources are more dependent on personal labor, so the consequences of personal risk injuries are more difficult to bear. In addition, due to limitations in cultural and knowledge levels, rural residents have a relatively insufficient understanding of risks, and their risk prevention methods are relatively simple. The implementation of personal insurance can effectively help rural families overcome risks such as accidents and illnesses, provide certain economic compensation for family members, reduce the family's economic burden, and safeguard the family's basic life. At the same time, the implementation of personal insurance can also raise farmers' awareness of risks and promote their self-protection awareness and ability.

### **3.4 Credit Insurance Safeguards Farmers'**

### **Loan Borrowing in Rural Areas**

The economic development in rural areas has long been constrained by various factors, with the most prominent ones being low income levels, high capital demand, and difficult financing for farmers [6]. Due to the poor liquidity of assets in rural areas, farmers often lack the collateral and mortgages required by financial institutions, making it difficult for loan applications to be approved. The emergence of credit insurance provides an effective solution to this problem. It can not only provide necessary guarantees and risk protection for farmers, enhancing their ability to obtain loans, but also reduce the loan risks of financial institutions and stimulate their enthusiasm to support the rural economy. Through credit insurance, farmers can more easily obtain the necessary funds for production and living improvement, thereby promoting the overall economic development of rural areas. At the same time, this also provides more business opportunities for financial institutions and achieves a win-win situation for both parties.

## **4. The Ideal Path for "Agriculture, Rural Areas, and Farmers" Insurance to Boost Rural Revitalization**

### **4.1 Increase Financial Support and Promote the Optimization and Innovation of "Agriculture, Rural Areas, and Farmers" Insurance**

Financial support is a critical safeguard measure for promoting "Agriculture, Rural Areas, and Farmers" insurance to assist rural revitalization. To fully leverage the positive role of insurance in rural revitalization, the government should increase financial subsidies and provide stronger financial security for "Agriculture, Rural Areas, and Farmers" insurance. At the same time, a series of related policies should be introduced to encourage and guide insurance institutions to further increase their investment in agriculture and rural areas [7]. By expanding insurance coverage and enhancing protection levels, farmers can be provided with more comprehensive and efficient risk protection services. To reduce farmers' insurance costs and increase their enthusiasm for participating in insurance, the government can adopt measures such as financial subsidies and tax incentives to

effectively reduce farmers' economic burden. In addition, strengthening communication and coordination with insurance institutions is crucial. The government should establish and improve information sharing mechanisms to provide insurance institutions with accurate and timely risk information on agriculture and rural areas, supporting them in optimizing product design and service models. To further stimulate the innovative vitality of insurance institutions, the government can also establish special funds to support insurance companies in developing innovative agricultural insurance products that meet the diverse needs of different regions and farmer groups. Through these measures, the government will effectively promote the popularization and development of "Agriculture, Rural Areas, and Farmers" insurance, providing strong support for the smooth implementation of the rural revitalization strategy.

#### **4.2 Establish a Risk Sharing Mechanism and Build a Risk Management System with Multi-party Participation**

The implementation of the rural revitalization strategy is a systematic project that requires the joint efforts and collaboration of multiple parties, including the government, insurance institutions, and farmers. Among them, risk management is a crucial aspect. By establishing a risk sharing mechanism, we can achieve collaborative cooperation and shared responsibilities in risk management among various parties, thereby effectively reducing the pressure on a single entity to bear risks and significantly improving the effectiveness and efficiency of risk management. To ensure the stable operation of "Agriculture, Rural Areas, and Farmers" insurance, strengthening risk management is crucial. Insurance companies should establish and improve risk assessment systems, using scientific methods to accurately assess and predict various risks that may arise during agricultural production. Through detailed risk identification, insurance companies can formulate reasonable insurance rates to ensure that insurance product pricing is both fair and reasonable, thereby safeguarding farmers' interests. In addition, the construction of risk warning and emergency response mechanisms is also indispensable. Insurance companies should establish efficient risk warning systems to timely detect and

respond to potential risks. At the same time, they should improve emergency response procedures to ensure rapid response and effectively reduce farmers' economic losses in the event of unexpected risks.

#### **4.3 Strengthen the Insurance Service System and Improve the Quality and Efficiency of Insurance Companies' Services**

Insurance institutions, as important providers of "Agriculture, Rural Areas, and Farmers" insurance services, should strengthen their own construction and continuously improve their service levels and professional capabilities. First, they can introduce internationally advanced risk assessment techniques and optimize risk assessment models based on local realities to improve the accuracy and effectiveness of insurance services. Second, insurance companies should optimize the claims process, simplify claim procedures, and shorten the claim cycle to ensure that farmers can receive timely economic assistance when suffering from risk losses and alleviate their economic pressure. Third, insurance institutions should strengthen communication and contact with farmers, deeply understand their needs and feedback, and adjust service strategies in time to ensure that service content is close to farmers' reality. By regularly holding farmer symposiums, establishing service hotlines, and other means, insurance institutions can establish smooth communication channels, listen to farmers' voices, and continuously improve and optimize services. Finally, insurance institutions should actively explore the establishment of diversified insurance service channels, leverage emerging technologies such as the internet and mobile apps to provide online services [8], break geographical restrictions, and provide farmers with more convenient and efficient insurance services. At the same time, insurance institutions should promote insurance technological innovation, use modern technological tools such as big data, cloud computing, and artificial intelligence to optimize insurance business processes, and improve service efficiency and quality.

#### **4.4 Improve Insurance Product Design to Meet Farmers' Diverse Risk Protection**

## Needs

China's agricultural and rural areas face a wide variety of risks, including force majeure risks such as natural disasters, as well as risks caused by human factors such as market risks and credit risks. Therefore, to improve insurance product design and meet farmers' diverse risk protection needs, insurance institutions should conduct thorough research on farmers' actual risk conditions and protection needs, closely integrate with the specific goals of the rural revitalization strategy, and develop more targeted and practical insurance products. For example, insurance institutions can tailor insurance products for areas such as special agriculture and green agriculture to ensure that farmers can obtain effective protection against various risks.

## 5. Conclusions

Rural revitalization is not only about economic enhancement but also encompasses a comprehensive revitalization encompassing social, cultural, and ecological aspects. Against this strategic backdrop, the "Three Rural Issues" insurance, with its unique risk protection and economic compensation functions, has become an important supporting force for rural economic development.

The "Three Rural Issues" insurance plays a pivotal role at the institutional level. By dispersing and transferring risks, it effectively mitigates the economic losses incurred by farmers due to natural disasters and market fluctuations, thereby ensuring the stability of farmers' income. At the same time, the injection of insurance funds has injected new vitality into the sustainable development of the rural economy, strongly promoting the upgrading and transformation of rural industries. Additionally, with the continuous improvement of the insurance service system, farmers' insurance awareness is gradually increasing, and insurance demand is also growing, creating a favorable social environment for rural revitalization.

In the path of supporting rural revitalization, measures such as increasing financial support, establishing risk-sharing mechanisms, consolidating insurance service systems, improving insurance product design, and strengthening the popularization of insurance knowledge are particularly important. The

implementation of these measures will further enhance the service quality of the "Three Rural Issues" insurance, making it more aligned with the actual needs of rural revitalization. Looking ahead, the "Three Rural Issues" insurance will play an even more critical role in the path of rural revitalization, making greater contributions to promoting the modernization process of China's agriculture and rural areas.

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