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Legal Protection for Farmers through Farming Business Insurance as a form of Risk Mitigation Welfare State

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Abstract

Agricultural business activities are businesses that have a high risk of uncertainty. Global climate change has an impact on agricultural products resulting in decreased income and welfare of farmers, so that legal protection is needed by the government as an effort to protect farmers. The research method uses descriptive qualitative analytical techniques, in which this study describes and analyzes systematically, factually, and accurately about Legal Protection for Farmers Through Agricultural Insurance Agricultural premium subsidy insurance is a form of legal protection for farmers who have the aim of protecting against crop failures that is a form of risk mitigation as a form of mitigation Risk Welfare State.

Introduction

Productivity is one of the development goals in a country. Problems in the sustainability of increasing production in the agricultural sector, especially those related to global climate change. Technically, agricultural business activities will always be faced with a fairly high risk of uncertainty. The risks of uncertainty include natural disasters such as droughts, floods, pest and disease attacks, crop failures caused by global climate change. Therefore, efforts are needed to protect and empower farmers at the same time.

In order to face the increasing risks and uncertainties 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 the losses of farmers, the government is required to provide legal protection to farmers as a form of embodiment of state protection in the concept of the welfare state.

> *For social science, welfare state expansion was not a puzzle but a given. When the economic crisis of the 1970s undermined faith in permanent and sustained growth in welfare programs, the new agenda for social theory concentrated upon the conditions that hindered or favored development* (Quadagno, 1987).

The concept welfare state is an idea of a formal legal state with a concept as a night watchman, namely a material law state or what is called a welfare state state, this system requires the state to be responsible for the welfare of its citizens with intensive intervention by state officials and is responsible for the economy and all matters. development that leads to the achievement of maximum community welfare (Suciati, 2016).

> *The modern welfare state concept is based on individualistic and liberal social contracts that prioritize individual interests with liberalist, partial and non-holistic hegemonies* (Dimyati et al., 2021).

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Adam Smith argues that the duty of the state must fulfill first, the state is obliged to provide a sense of security against all threats in any form for all citizens. Second, the state also encourages and creates economic prosperity for all citizens (Kurniawan & Najib, 2008).

Embodiments welfare state is helping to protect farming businesses in the form of agricultural insurance. 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.

Based on the description in the background of the problem above, this research aims to describe, how is the Legal Protection for Farmers Through Farm Insurance as a Form of Risk Mitigation from the Welfare State?

Methods

The research method uses a statutory approach (statue approach) to find conformity between research problems and applicable laws and regulations, with analytical descriptive techniques supported by study of literature, and then a qualitative analysis is carried out, which which this study describes and analyzes in a systematic, factual, and accurate way about Legal Protection for Farmers Through Farm Insurance as a Form of Risk Mitigation from the Welfare State.

Results and Discussion

The Impact of Climate Change on Farmers' Welfare

Global climate change is a challenge for Indonesian society today in order to manage biodiversity of biological resources. The effects of climate change can cause the extinction of various types of biodiversity and damage to ecosystems, which causes great losses for people whose lives rely on the surrounding biological resources. Climate change is a global phenomenon characterized by an increase in temperature and a change in the amount and distribution of rain. Global Warming Has implications for socio-economic and ecological aspects of community life and has a direct impact on ecosystem sustainability, biodiversity, food production, water supply, the spread of pests and plant diseases, the spread of human disease vectors and so on. Global warming is caused by an increase in the concentration of greenhouse gasses in the earth's atmosphere caused by the burning or use of fossil fuels (oil, gas and coal) by the industrial sector, transportation,land use change and other activities. deforestation (deforestation) (Purwanto et al., 2012).

The threat of climate change threatens the Millennium Development Goals (MDG`s), from those who are hungry and their health, environmental sustainability and education. Climate change is already at a cost to the poor and vulnerable and additional support is urgently needed to address the most pressing adaptation needs in the poorest and most vulnerable countries. Climate change increases disaster risk in several ways. It changes the magnitude and frequency of extreme events. Changes in average climate conditions and climate variability, which underlie risk factors, and generate new threats (Wahyono et al., 2012).

Climate is closely related to weather changes and global warming can reduce agricultural production between 5%-20%. Climate change is a condition characterized by changes in world climate patterns which result in erratic weather phenomena. Climate change occurs due to changes in climate variables such as air temperature, erratic rainfall, frequent storms, extreme air temperatures, and drastic changes in wind direction (Hidayati & Suryanto, 2015).

Climate change is a threat to people who work as farmers and threatens the food security of a country (Boer & Sutardi, 2007). The impact of climate change has become a reality in the

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agricultural sector (Handoko, 2007). 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 (Ruminta & Handoko, 2012). In aggregate it is estimated that the total costs and risks of global climate change are equivalent to a loss of at least 5% of world GDP per year (Stern et al., 2006).

Legal Protection for Farmers Through Farm Business Insurance as a Form of Risk Mitigation from the Welfare State Perspective

State has unlimited authority; therefore, the state must be able to manage, distribute sources of income and natural resources for the greatest prosperity of the people. The state has the authority to regulate not to be regulated to improve the welfare of the people. The conception of the welfare state, in essence, is to provide protection for the basic interests of citizens (Suciati, 2016).

Legal protection can be done in 2 ways, namely preventive and repressive legal protection. Preventive legal protection is legal protection that is preventive in nature. Repressive legal protection functions to resolve disputes in the event of a dispute (Almaida & Imanullah, 2021).

The presence of the government to provide legal protection to farmers in carrying out their agricultural businesses in the form of a policy of subsidizing agricultural insurance premiums is an implementation of the concept of the welfare state, (Dzajuli & Janwari, 2002) that in insurance there are 4 (four) elements, namely; (1) Janwari Two parties (the insured and the insurer) who simultaneously have a civil relationship; (2) Premium in the form of a sum of money that can be paid by the insured to the insurer; (3) There is compensation from the insurer to the insured in the event of a claim or the contract period is over; (4) The existence of an event that does not necessarily occur, which is caused by a risk that may come or be experienced.

In general, agricultural insurance requires subsidies because although it may be economically feasible, it is generally not financially feasible. In this context, Siamwalla and Valdes (1986) argue that subsidies are especially relevant for the early phases of the insurance program, subsidies can help and protect farmers in carrying out their agricultural businesses (Siamwalla & Valdes, 1986).

Agricultural insurance is an economic institution to manage the risks faced by farmers. In general, the objectives are (1) To stabilize farmers' income through reducing the level of losses experienced by farmers due to lost yields; (2) To stimulate farmers to adopt farming technology that can increase production and efficient use of resources; (3) To reduce the risks faced by agricultural credit institutions and improve farmers' access to credit institutions (Misra, 1999).

Theoretically, insurance is a risk pooling and risk sharing (spreading risk) between space and time based on the law of large numbers. However, the feasibility of a risk to be insured (insurability of risk) depends on the following three factors, namely: the probability of an event that can be used for a dependent claim must be quantifiable, the events must be substantially unrelated, and the damages caused caused by these events must be worthy of being identified and evaluated (Misra, 1999).

Global climate change has an impact on agricultural production, the risk of climate change has an impact on the risk of higher crop failure, with the problems faced, the role of the government in providing protection to farmers through agricultural insurance policies.

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Agricultural insurance is used as a means of increasing agricultural production and maintaining the continuity of farming

Conclusion

Based on the results of the author's research in the previous explanation, the conclusions of this study are; Global climate change with indications of changes in temperature, rainfall, seasons, greatly impacts the agricultural business sector. Agricultural businesses are very vulnerable to the impacts of climate change. Global climate change has an impact on productivity of agricultural products so that it poses the risk of decreasing farmers' income and welfare. The concept of the welfare state where the state is responsible for providing legal protection and guaranteeing standards for every citizen, the implementation of legal protection in the perspective of the welfare state is reflected in insurance policies for agricultural businesses. Premium subsidy insurance for agricultural businesses is useful as a form of protection for farmers from the risk of natural disasters and crop failure.

Suggestion

To realize the welfare state, the role of the government must be more responsive in order to provide legal protection for its citizens, especially protection for the weak, namely farmers. To support agricultural insurance, education is needed by the government so that the mindset of the previous and undeveloped farmers can be changed into modern farmers

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