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CROP INSURANCE AS PROTECTION FOR FARMERS: A STUDY OF NORMS AND PRACTICES IN INDONESIA

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Abstract

Indonesia's agricultural sector remains dominated by traditional rice farming that contributes modestly to GDP, while farmers face rising risks of crop failure due to climate change and other external factors. This condition reveals a gap between the legal objective of farmer protection and empowerment and the practical effectiveness of crop insurance through the Rice Farming Insurance Program (Asuransi Usaha Tani Padi/AUTP). This article examines whether AUTP constitutes a legally valid general insurance contract under Indonesian civil and commercial law and assesses its effectiveness as a protection mechanism for rice farmers. Using a normative juridical method based on secondary data, the study applies statutory, conceptual, and case approaches to analyze AUTP regulations in relation to empirical findings from prior research. The results indicate that AUTP fulfills the essential elements of loss insurance and qualifies as an innominate contract under Article 1319 of the Civil Code in conjunction with Articles 246 and 247 of the Commercial Code. However, its practical effectiveness remains limited due to internal constraints, including low insurance literacy, premium affordability, and participation rates, as well as external constraints related to institutional capacity, claim mechanisms, and climate-related production risks. These findings suggest that further strengthening of AUTP's implementation design is necessary to achieve effective farmer protection.

Keywords: *Agricultural, Crop Insurance; Farmer Protection; Insurance Contract; AUTP.*

A. Introduction

As the fourth most populous country in the world, Indonesia relies heavily on agriculture as a key driver of national economic development. The sector plays a vital role in poverty reduction, income generation, rural employment, food security, and the conservation of natural resources and the environment.[1] In 2023, agriculture contributed approximately 12.53 percent of Indonesia's Gross Domestic Product, rising to 13.02 percent when forestry and fisheries are included,[2] according to the Ministry of Agriculture. It is also the second-largest source of employment after manufacturing, absorbing about 29.96 percent of the total workforce.[3]

[1] A. Ansari, et al., "Evaluating the Effect of Climate Change on Rice Production in Indonesia Using Multimodelling Approach," *Heliyon* 9, No. 9 (2023): 1-15. https://doi.org/10.1016/j.heliyon.2023.e19639

[2] Portal Satu Data Pertanian, "Statistik Makro Sektor Pertanian Tahun 2023", Oktober, 2, 2023. Available online https://satudata.pertanian.go.id/details/publikasi/469

[3] H. Eakin, et al., "Mental Models, Meta-Narratives, and Solution Pathways Associated With Socio-Hydrological Risk and Response in Mexico City," *Frontiers in Sustainable Cities* 1, No. 1 (2019): 1–13. https://doi.org/10.3389/frsc.2019.00004

Despite its importance, agriculture is a high-risk industry. Vulnerability in this sector arises from both internal and external factors. Internal vulnerability refers to characteristics of agricultural workers, such as age, education, health status, access to resources, and technical skills, which increase their exposure to social, economic, and environmental change and may lead to unsustainable practices. Farmers face multiple risks, including natural disasters, market volatility, technical and financial constraints, and changes in government policy. These risks are particularly pronounced in developing countries like Indonesia, where a large share of the population depends on agriculture for their livelihood.

Table 1. Employment in Agriculture, Fisheries & Forestry Sectors

YEAR OF 2019	NUMBERS OF EMPLOYMENT (IN THOUSAND)	PROPORTION OF EMPLOYMENT (%)	PADDY PRODUCTION (IN THOUSAND MT)
Brunei Darussalam	3.0	1.9	3.9
Cambodia	2,612.6	33.1	10.885,7
Indonesia	35,450.3	27.5	54,649.2
Lao PDR *(2017)	550.7	45.4	3,506.8
Malaysia	1,541.1	10.2	2,348.9
Myanmar	10,846.0	48.9	26,269.7
Philippines	9,325.2	22.2	18,932.1
Singapore	0.0	0.0	0.0
Thailand	11,820.9	31.5	28,618.0
Vietnam	18,831	34.5	42,301.1

With the exception of Brunei Darussalam and Singapore, most workers in ASEAN countries are employed in agriculture, fisheries, and forestry, as shown in Table 1.[4] In Indonesia, these sectors employ approximately 35,450,300 people, accounting for about 27.5 percent of the national workforce. This large labor force has supported Indonesia's high rice output, which reached 54,649.2 thousand metric tons in 2019, surpassing that of most other ASEAN countries. However, despite this production level, Indonesian farmer productivity remains relatively low, ranking seventh among the ten ASEAN members.

Rice farming in Indonesia continues to depend largely on traditional management practices that are highly sensitive to climate and weather conditions. Unfavorable weather can damage agricultural land, delay planting seasons, and lead to crop failure, making agriculture a high-risk sector. Consequently, as shown in Figures 1 and 2, rice production declined in 2021 compared with 2020.[5]

[4] The Asean Secretariat, "Asean Statistical Yearbook 2022 (18th ed., Vol. 18)", Jakarta, 2022. Available online https://www.aseanstats.org/publication/asyb2022/

[5] Statistics Indonesia, "Harvested Area and Rice Production in Indonesia 2021", Jakarta, 2022. Available online https://www.bps.go.id/publication/2021/07/12/b21ea2ed9524b784187be1ed/luas-panen-dan-produksi-padi-di-indonesia-2020.html

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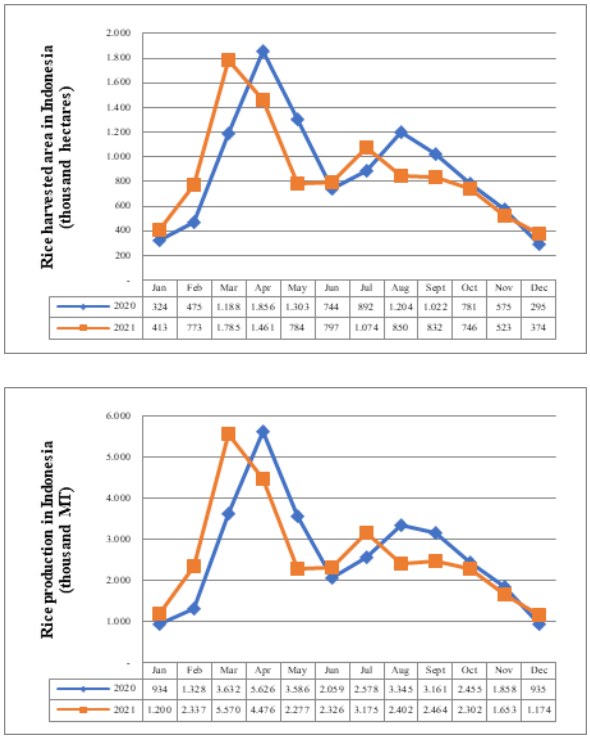
Figure 1. Rice Production in Indonesia (Thousand MT), 2020-2021



Figures 1 and 2 show that the harvested paddy area in 2021 declined by 245.47 thousand hectares, or 2.3 percent, compared with the previous year, while dry unhusked paddy production fell by 140.73 thousand metric tons, or 0.45 percent. This decline resulted from a combination of factors.[6]

The increasing likelihood of crop failure is a global concern, not limited to Indonesia. Worldwide, crop failure is projected to increase more than 4.5 times by 2030 and up to 25 times by 2050.[7] Under such conditions, farmers are often reluctant to cultivate agricultural land due to the risk of financial loss, which ultimately contributes to declining national rice production. A sustained rice deficit may increase inflation and heighten Indonesia's dependence on rice imports.[8]

Farmers face growing-season risks from external factors, including climate change, environmental degradation, pest and disease outbreaks, and natural disasters.[9] Persistent uncertainty related to crop failure has increased the need for insurance protection.[10] In response, under Law Number 19 of 2013 on the Protection and Empowerment of Farmers, the Indonesian government introduced several agricultural insurance schemes covering rice farming, cattle and buffalo production, and fisheries.[11] Specifically, the Rice Farming Insurance Program (Asuransi Usaha Tani Padi/*AUTP*) was launched in 2015 to protect farmers from financial losses due to

[6] Effendy, et al., "Factors Determining TFP Increase in Small-Scale LowlandRice Farming," *International Journal of Design & Nature and Ecodynamics* 18, No. 1 (2023): 213–218. https://doi.org/10.18280/ijdne.180127
[7] M. Caparas, et al., "Increasing Risks of Crop Failure and Water Scarcity in Global Breadbaskets by 2030," *Environmental Research Letters* 16, No. 10 (2021): 1-12. https://doi.org/10.1088/1748-9326/ac22c1
[8] L. S. Ringo, et al., "Analysis of Rice Imports in Indonesia: AIDS Approach," *Journal of Economics, Business & Accountancy Ventura* 21, No. 2 (2018): 259-268. https://doi.org/10.14414/jebav.v21i2.121
[9] A. Widarjono, "Enhancing Farmers' Insurance Literacy: Key To Improving *AUTP* Accessibility in Aceh Province," *Jurnal Manajemen and Agribisnis* 22, No. 1 (2025): 120-131. http://dx.doi.org/10.17358/jma.22.1.120
[10] M. Balcilar, et al., "Insurance and Economic Policy Uncertainty," *Research in International Business and Finance* 54, No. 1 (2020): 1-13. https://doi.org/10.1016/j.ribaf.2020.101253
[11] M. Y. Yusuf, et al., "Design of Islamic Agricultural Insurance Model: Evidence from Indonesia," *International Journal of Sustainable Development and Planning* 17, No. 8 (2022): 2375-2384. https://doi.org/10.18280/ijsdp.170804

crop failure. Despite its potential benefits, farmer participation in the *AUTP* program remains low, largely due to limited insurance literacy, defined as farmers' ability to understand, evaluate, and effectively use insurance products.[12]

AUTP is designed to protect farmers from the risk of crop failure by providing compensation that can be used as capital for the subsequent planting season. The program constitutes an agreement between farmers and insurance providers to cover risks in rice farming. Through *AUTP*, farmers are insured against crop losses caused by floods, droughts, pest infestations, and plant diseases. As a relatively new scheme in Indonesia, *AUTP* raises concerns related to its legal status as a general insurance contract and its effectiveness in protecting farmers.

This study examines whether the Rice Farming Insurance Program (*Asuransi Usaha Tani Padi/AUTP*) meets the requirements of legal validity as an insurance scheme and assesses its effectiveness in providing farmer protection.

Research on agricultural insurance as a legal protection mechanism for farmers in Indonesia remains limited, particularly regarding normative and practical aspects. Previous studies include work by Desi Adrianaa, Hendrikus T. Gedeonab, and Nita Nurliawati, who analyzed the driving and constraining factors in implementing agricultural insurance policies and proposed strategic approaches for their improvement.[13] Dandi Septian and Gabriel Cahya Anugrah examined legal protection for agricultural enterprises and its application within the Argorejo farmers' union in Bantul.[14] Salsa Eka Putri, M. Kendry Widiyanto, and Hasan Ismail applied a collaborative governance framework, emphasizing the importance of coordination between government and communities.[15] More recent research by Zahry Vandawati, Rizki Dermawan, and Hilda Sabrie focused on food security.[16]

Previous studies on agricultural insurance in Indonesia have mainly addressed policy implementation, localized applications, and governance issues. In contrast, this study focuses on the Rice Farming Insurance Program (*AUTP*) as a legal instrument for farmer protection within Indonesia's civil and commercial law framework. Desi Adrianaa, Hendrikus T. Gedeon, and Nita Nurliawati examine driving and inhibiting factors in agricultural insurance policy implementation and propose related strategies. Dandi Septian and Gabriel Cahya Anugrah analyze legal protection for agricultural enterprises within a specific farmers' union, while Salsa Eka Putri, M. Kendry Widiyanto, and Hasan Ismail apply a collaborative governance perspective to government–community cooperation in administering agricultural insurance. Zahry Vandawati, Rizki Dermawan, and Hilda Sabrie link agricultural insurance to food security efforts and insurers' obligations to compensate farmers. Unlike these studies, the present research adopts a normative juridical approach to assess whether *AUTP* meets the legal requirements of a valid loss insurance agreement and can be classified as an innominate contract under the Indonesian Civil Code and Commercial Code. It also evaluates the effectiveness of *AUTP* as a form of legal protection for rice farmers by connecting the normative framework with practical constraints, thereby offering a distinct doctrinal contribution not addressed in prior research.

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[12] S. Skendzic, et al., "The Impact of Climate Change on Agricultural Insect Pests," *Insects* 12, No. 5 (2021): 1-31. https://doi.org/10.3390/insects12050440

[13] D. Adrianaa, H. T. Gedeonab, & N. Nurliawati, "Agricultural Insurance Policy Implementation Strategy in Purwakarta Regency", *Jurnal Mediasi Administrasi Terapan* 2, No. 2 (2022):71-81. https://doi.org/10.31113/jmat.v2i2.19

[14] D. Septian, & G. C. Anugrah, "Farmer Protection Through the Concept of Agricultural Insurance in the Argorejo Village Farmers Group Association, Bantul Regency", *Jurnal Penelitian Hukum* 1, No. 2, (2014): 92-108. https://jurnal.ugm.ac.id/jph/article/view/19103

[15] S. E. Putri, M. K. Widiyanto, & H. Ismail, "Implementation of the Rice Farming Business Insurance Program Through a Collaborative Governance Approach in Bojonegoro Regency", *Praja Observer: Jurnal Penelitian Administrasi Publik* 5, No. 1 (2025): 23-34. https://Doi.Org/10.69957/Praob.V5i01.2118

[16] Z. Vandawati, R. Dermawan, & H. Sabrie, "Agricultural Insurance Agreement in the Food Security Program by the Government", *Jurnal Hukum dan Pembangunan* 49, No. 3, (2019): 592-612. https://doi.org/10.21143/Jhp.Vol49.No3.2189

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This study is normative juridical legal research based on secondary data derived from primary, secondary, and tertiary legal materials. The normative juridical approach is used to examine legal principles and norms contained in laws and regulations governing *AUTP* and to relate them to existing legal issues. The research employs an analytical descriptive typology, providing a comprehensive description of *AUTP* as a mechanism for protecting rice farmers against crop failure, followed by an analysis of its legal basis and effectiveness.

B. Discussion

1. *AUTP* as an Agreement with Legal Certainty

Rice farming business is vulnerable to risks that can disrupt production and cause financial losses. Climate change directly affects rice production in Indonesia, as shifts in global El Niño patterns influence the onset and duration of the rainy season.[17] Rice is highly sensitive to rising temperatures, and a 1°C increase may reduce national production by 10% to 25%.[18]. Climate-related losses extend beyond agriculture to other sectors, generating substantial economic damage estimated at more than IDR 112.2 trillion, or 0.5 percent of Indonesia's GDP in 2023.[19]

For modern farmers, crop failure is increasingly viewed as a challenge to improve future productivity rather than as an unavoidable fate. To reduce farmers' losses, the government has introduced agricultural insurance programs.[20]The Rice Farming Insurance Program (*AUTP*) is intended to help farmers mitigate severe losses and secure working capital for subsequent planting seasons.[21]

Although *AUTP* is not explicitly named in the Indonesian Civil Code or Commercial Code, its existence as a contract is legally recognized under Article 1319 of the Civil Code in conjunction with Article 247 of the Commercial Code. Article 1319 acknowledges agreements without a specific name, provided they are not expressly regulated in either code. Accordingly, *AUTP* qualifies as an unnamed agreement. However, for *AUTP* to be legally binding, it must satisfy the general requirements for contractual validity, namely consent, legal capacity of the parties, a specific subject matter, and a lawful cause.

The phrase "among other things" in Article 247 of the Indonesian Commercial Code further indicates legal recognition of forms of loss insurance beyond those explicitly listed. To be classified as general insurance, a scheme must also meet the criteria set out in Article 246 of the Commercial Code. This raises the question of whether *AUTP* fulfills the legal elements of loss insurance and provides sufficient legal certainty. The following section examines the elements of *AUTP* in this context.

a. Agreement

Under Article 1319 of the Indonesian Civil Code and Article 247 of the Indonesian Commercial Code, *AUTP* is classified as an agreement without a specific name that has developed in practice within society. To qualify as general insurance, a scheme must satisfy the

[17] Asian Development Bank & The World Bank, "Climate Risk Country Profile: Indonesia. Asian Development Bank", Manila, 2021. Available online https://reliefweb.int/attachments/9815cea5-949b-3b36-b2ab-7dcea4d039bd/climate-risk-country-profile-indonesia.pdf

[18] Usaid, "Climate Risk in Indonesia: Country Profile", Climatelinks USAID, 2017. Available online https://www.climatelinks.org/resources/climate-risk-profile-Indonesia

[19] Ministry of Finance of the Republic of Indonesia, "Minister of Finance: The Threat of the Climate Crisis Can Be Wider Than the Covid-19 Pandemic", Jakarta, 2022. Available online https://www.kemenkeu.go.id/informasi-publik/publikasi/berita-utama/ancaman-krisis-iklim-dapat-lebih-luas-dari-pandemi

[20] S. Purwani, S. Sutisna, & R. A. M. Fasa, "Determining Agricultural Insurance Premiums Using the Black-Scholes Approach based on Linear Regression of Potato Production and Prices," *BAREKENG: Journal of Mathematics and Its Applications* 18, No. 4 (2024): 2713-2720. https://doi.org/10.30598/barekengvol18iss4pp2713-2720

[21] R. Fadhil, "Agricultural Insurance Policy Development System in Indonesia: A Meta-Analysis," *Journal of Hunan University Natural Sciences* 48, No. 2 (2021): 121-132. http://jonuns.com/index.php/journal/article/view/508

definition in Article 246 of the Commercial Code[22], which describes insurance as an agreement whereby the insurer, in return for a premium, undertakes to compensate the insured for loss, damage, or loss of expected profit arising from an uncertain event. The central issue is whether *AUTP* meets the legal requirements of lawful loss insurance and provides legal certainty for the parties.

A valid agreement is a fundamental element of insurance. Although *AUTP* is not a nominaat contract expressly regulated in the Civil Code or Commercial Code, it qualifies as an innominate agreement recognized under Articles 1319 of the Civil Code and 247 of the Commercial Code. Such agreements arise and develop through social practice based on the parties' consent, provided they do not conflict with law, morality, or public order.[23] Accordingly, the *AUTP* agreement between farmers and insurance providers, with government involvement, is valid and binding as long as it fulfills the essential contractual requirements of consent, legal capacity, a specific object, and a lawful cause, and complies with the principle of freedom of contract in Indonesian civil law. This framework supports the conclusion that *AUTP* constitutes a legitimate insurance agreement under Indonesian law.

b. The insurer and insured party

Loss insurance involves two parties: the insurer and the insured. The insurer bears the risk and is responsible for providing compensation upon the occurrence of an uncertain event, while the insured is the party exposed to risk and entitled to compensation.

AUTP also includes two parties:

1) First, the insured consists of individual farmers or farmer groups whose primary livelihood is rice cultivation. These farmers face a high risk of loss due to factors beyond their control, such as floods, droughts, pest infestations, and plant diseases. By participating in *AUTP* and paying the required premium, either independently or with government subsidies, farmers obtain the right to compensation in the event of crop failure. This compensation can serve as working capital for the next planting season. Farmer groups often facilitate collective registration, premium payment, and claims processing, improving access for smallholder farmers.
2) PT Jasa Asuransi Indonesia (Jasindo), a state-owned insurance company appointed by the government to implement the *AUTP* program. As the risk-bearing party, PT Jasindo is responsible for assessing claims, verifying losses, and disbursing compensation to eligible insured farmers.[24] In carrying out these functions, the company coordinates with the Ministry of Agriculture, local agricultural agencies, and field facilitators to ensure that implementation, from enrollment to claims settlement, complies with established procedures.

c. Premium

Farmers are required to pay a predetermined premium calculated according to a specific formula. Failure to fulfill this obligation entitles the insurer, through judicial proceedings, to demand payment or impose sanctions. In *AUTP*, the premium constitutes a mandatory payment under the insurance agreement and serves as the basis for farmers' entitlement to claim

[22] F. Y. Hasibuan, A. Muliadi, & H. Nurrohman, "Harmonization of the UNIDROIT Principles into the Indonesian Legal System to Achieve Justice of Factoring Contracts," *Journal of Law, Policy and Globalization* 42, No.1 (2015): 43–58. https://doi.org/10.13140/RG.2.2.17777.22887

[23] S. Novriannisya, et al., "Hidden Tactics: Deposit Agreement in Debt Contracts," *Jurnal Hukum Novelty* 16, No. 1 (2025): 140-157. https://doi.org/10.26555/jhn.v16i1.29049

[24] G. G. Jatmiko, A. Daryanto, & R. Hasbullah, "Strategy to Develop Rice Farm Business Insurance in PT Asuransi Jasa Indonesia," *Indonesian Journal of Business and Entrepreneurship* 3, No. 3 (2017): 196-206. http://dx.doi.org/10.17358/IJBE.3.3.196

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compensation.[25]The premium is set at 3 percent, equivalent to IDR 180,000 per hectare per planting season. To encourage participation and reduce market failure in agricultural insurance, the government subsidizes IDR 144,000 of this amount. In principle, premium and compensation levels should be determined using actuarial calculations. However, in practice, they are often based on historical insurance experience. Under *AUTP*, compensation is calculated as a fixed amount derived from the maximum coverage provided to insured farmers.[26]

d. Loss due to a loss, damage or unobtained profit

In loss insurance, the insurer compensates the insured for losses, damage, or lost profits. Under *AUTP*, compensation is provided when crop failure causes financial loss to farmers. The amount paid corresponds to the actual loss suffered, subject to the policy limits. Compensation is transferred to farmer group accounts rather than paid in cash to individual farmers.

e. Uncertain event

Insurance coverage is triggered by uncertain events. In *AUTP*, compensation is granted for crop failure caused by unpredictable factors such as natural disasters, pest and disease outbreaks, and the impacts of climate change.

In addition to these elements, a valid general insurance agreement requires the existence of an insurable interest. Article 250 of the Indonesian Commercial Code emphasizes that the insured object must involve a legitimate interest rather than speculation.

The purpose of insurance is to protect an interest, defined as a subjective right that may diminish or disappear due to an uncertain event. In *AUTP*, this insurable interest exists both at the time farmers insure their paddy fields and at the occurrence of the insured risk.

2. The Effectiveness of *AUTP* as a Means of Farmer Protection

Farmer protection is essential to ensure the continuity of agricultural enterprises amid volatile conditions shaped by government policies that are often perceived as unfavorable to farmers, such as rice import regulations and government purchase price mechanisms. These challenges are compounded by the limited adoption of modern technology, which prevents farming from being conducted in an integrated and efficient manner and results in high production costs.

Legal efforts to protect and empower Indonesian farmers are anchored in Law Number 19 of 2013 on the Protection and Empowerment of Farmers. This law provides the foundation for policies aimed at strengthening farmers' position and achieving sovereignty and independence to improve welfare, quality of life, and livelihoods. It seeks to protect farmers from price fluctuations while enhancing productivity and capacity to manage modern, value-added, competitive, market-oriented, and sustainable agriculture. As central actors in agricultural development, farmers require adequate protection to ensure food availability, which is recognized as a fundamental human right. Empowering farmers is therefore crucial to achieving food sovereignty, self-sufficiency, and long-term food security. Various measures have been implemented to support farmers and smallholders, including regulating agricultural imports to align with domestic harvest periods and consumption needs.[27]

[25] R. Yunuarti, M. M. Aji, & M. Rondhi, "Risk Aversion Level Influence on Farmer's Decision to Participate in Crop Insurance: A Review," *Agricultural Economics (Czech Republic)* 65, No. 10 (2019): 481-489. https://doi.org/10.17221/93/2019-AGRICECON

[26] A. Prabowo, "Model Premi dan Santunan pada Asuransi Usaha Tani Berbasis Gagal Panen," *Jurnal Aktuaria Matematika Terapan, Statistika, Ekonomi dan Manajemen Risiko* 3, No. 1 (2024): 29-37. https://doi.org/10.31317/aktr.v3i1.924

[27] S. A. Hilmy, "Legal Consequences Dispute Settlement Body Decision 477-478 Concerning Protection and Empowerment of The Farmers," *Substantive Justice International Journal of Law* 3, No. 1 (2020): 56 – 73. https://doi.org/10.33096/sjijl.v3i1.32

Furthermore, Article 3 letters a and d of Law Number 19 of 2013 emphasize the importance of comprehensive farmer protection. Within this framework, several key features underpin the implementation of the Rice Farming Insurance Program (*AUTP*), including:

Table 1. *AUTP* Key Features

***AUTP* KEY FEATURES**	**EXPLENETION**
Insured	Farmer groups consisting of members, namely farmes who carry out farming activities as a single risk entity.
Insurance coverage	Paddy fields cultivated by farmers (owners or cultivators) members of fann er groups, maximum of 2 ba per registration.
Land criteria	Inigated land or rair- mfed land close to water sources with technical, sani-technical and simpleimigation
Insurer	State-owned enterprises or regional-owned business antities in general or general insurance and insurance companies
Insurance policy	Each farmers groups gets 1 Insurance Policy and a policy summary that contains dosing data
Registration time	At least one month before the planting season begins
Insurance period	I planting season (4 months) from planting to barvest
Coverage price	IDR 6 million per hectare (arealess than 1 Ha calculated proportionally)
Premium rate	3% of the coverage of IDR 180 thousand per Ha
Premium payment	20% is borne by Farmers wath IDR 36 thousand and 80% is borne by the Government of Indonesia worth IDR 144 thousand
Insured risk	Moods, droughts, and plant destruction organisens (pests: rats, brown leafhoppers, platboppers, stan boras, and armywounds, and plant diseases: blast, tungro, brown spot, stem rot, and hollow stunt)
Uninsured risk	Fire, theft, intentional error or negligence, explosions, nuclear reactions, earthquakes, volcanic eruptions, tsunamis, and any other form of business interruption or financial loss
Terms of Claim	● Crop failure due to flood, drought, or plant destruction organisms, with damage intensity percentage 75% ● Therice's age has passed 10 days. ● The premium bas been paid

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	● Losses inspected by Plant Pest Organism ● Controller or Obsaver

The level of farmer participation in *AUTP* as a mechanism for crop failure protection remains low relative to the total number of farmers in Indonesia. Notably, the number of rice farmers on the island of Java alone exceeds the total number of *AUTP* participants nationwide. In recent years, *AUTP* participation has shown fluctuating trends.

From 2015 to 2017, the number of participants, insured land area, and total premium value increased steadily, reaching approximately 90 percent of the government's land coverage target. However, in 2021, coverage declined sharply to only 40 percent of the target. This decrease is widely attributed to limited insurance awareness among farmers. Many farmers perceive premium payments as a financial loss when no compensation is claimed due to the absence of crop failure.

Based on studies of *AUTP* implementation in Indonesia, drawing on secondary data and field observations, the program has not yet functioned effectively as a farmer protection mechanism. This limited effectiveness is influenced by a combination of internal and external factors as follows.

a. Internal factors
   1) Many Indonesian farmers have limited financial capacity and are unable to allocate funds for *AUTP* participation, as household needs take priority.
   2) Low education levels among farmers restrict their understanding of *AUTP* and its benefits.
   3) Some farmers adopt a fatalistic attitude toward agricultural risks, viewing crop failure as unavoidable and determined by divine will.
   4) Small landholdings exclude many farmers from eligibility for *AUTP* participation.
   5) A large proportion of farmers are cultivators or agricultural laborers rather than land-owning entrepreneurs, making their inclusion in *AUTP* less feasible.

b. External factors
   1) Education related to *AUTP* remains limited and unsustained, resulting in low farmer awareness.
   2) *AUTP* implementation does not adequately reflect regional differences in agricultural land characteristics, as the scheme is applied uniformly.
   3) Weak data management, including inaccuracies and delays, leads to inconsistencies in identifying eligible areas.
   4) The number of field officers is insufficient relative to the insured area, reducing the effectiveness of farmer assistance.
   5) Claim payments are standardized regardless of farm size or disaster location, causing compensation to diverge from actual losses.
   6) Compensation amounts are relatively low and insufficient to support business recovery and reinvestment.

C. Conclusion

This study concludes that *AUTP* is a legally valid and enforceable insurance scheme under Indonesian law. Its legitimacy is grounded in Law Number 19 of 2013 on the Protection and Empowerment of Farmers, and its contractual structure satisfies the essential elements of an insurance agreement, including insurable interest, risk transfer, premium payment, and compensation for loss. Accordingly, *AUTP* does not face normative legal uncertainty and does

not require re-regulation within the general framework of the Commercial Code, as its application is governed by the principle of lex specialis derogat legi generali. Nevertheless, despite this solid legal foundation, *AUTP* has not yet functioned effectively as a mechanism of farmer protection.

The primary legal issue lies not in regulatory absence or invalidity, but in the gap between normative design and practical implementation. Limited farmer participation, low legal awareness, administrative complexity, and the lack of risk-based differentiation in protection have constrained *AUTP*'s effectiveness as a safeguard against crop failure. The contribution of this study is to shift the analysis of *AUTP* from questions of legal validity to issues of implementation effectiveness, positioning *AUTP* as a sound *lex specialis* whose challenges are functional rather than normative. This reframing offers a more precise legal diagnosis and supports the formulation of targeted strategies to strengthen farmer protection in Indonesia.

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