

Acreage Loss Example

Example:

Crop = Yellow and Red Onions

Area Insured = 10 acres
Price = \$4,200/ac
Premium Rate = 8.75%

Area Lost = 2 acres

Premium Cost:

\$ Coverage = 10 acres X \$4,200/acre
= \$42,000

Total Premium = \$42,000 X 8.75%
= \$3,675

Producer Cost = \$3,675 X 40%
= \$1,470

Claim Example:

Area Lost = 2 acres

Loss Amount = 2 acres X \$4,200/acre
= \$8,400

Less: 10% deductible = (\$840)

Claim Amount = \$8,400 - \$840
= \$7,560