

# Corn Insurance Example

## Example (Grain Corn):

Average insurable yield = 6.62 t/ha  
(tonnes per hectare)

Selected coverage level = 80%

Unit price = \$300 / tonne

Premium rate = 3.10%

Harvested yield = 3.0 tonnes

## Production Guarantee

$6.62 \text{ t/ha} \times 80\% = 5.30 \text{ t/ha}$

## Premium Cost

\$ Coverage =  $5.30 \text{ t/ha} \times \$300/\text{tonne}$   
= \$1,590.00 per hectare

Total Premium Cost =  $\$1,590.00 \times 3.10\%$   
= \$49.29

Producer cost =  $\$49.29 \times 40\%$   
= \$19.72 / hectare

## Claim Example

Yield Deficit =  $5.30 \text{ t} - 3.0 \text{ t}$   
= 2.30 t

Claim Amount =  $2.30 \text{ t} \times \$300$   
= \$690.00