

# Soybean Insurance Example

## Example:

Average Insurable Yield = 3201 kg/ha

Selected Coverage Level = 90%

Unit Price = \$550/tonne

Premium Rate = 6.05%

Harvested Yield = 1500 kgs

## Production Guarantee

1 hectare insured is guaranteed to produce 2880.9 kilograms:

$3201 \text{ kg/ha} \times 90\% = 2880.9 \text{ kg/ha}$

## Premium Cost

$\$ \text{ Coverage} = 2880.9 \text{ kg/ha} \times \$0.550$   
 $= \$1584.50 \text{ per hectare}$

Total Premium Cost  
 $= \$1584.50 \times 6.05\%$   
 $= \$95.86$

Producer Cost =  $\$95.86 \times 40\%$   
 $= \$38.34 \text{ per hectare}$

## Claim Example

Yield Deficit =  $2880.9 \text{ kgs} - 1500 \text{ kgs}$   
 $= 1380.9 \text{ kgs}$

Claim Amount =  $1380.9 \text{ kgs} \times \$0.55$   
 $= \$759.50/\text{ha}$