

Spring Grain Insurance Plan Example

Example: (Barley):

Average Insurable Yield = 2977
(kilograms per hectare)

Selected Coverage Level = 80%

Unit Price = \$300/tonne

Premium Rate = 10.05%

Harvested yield = 1500 kgs

Production Guarantee

1 hectare insured is guaranteed to
produce 2382 kilograms:

$2977 \text{ kg/ha} \times 80\% = 2,381.60 \text{ kg/ha}$

Premium Cost

\$ Coverage = $2,381.60 \text{ kg/ha} \times \0.3
= \$714.48 per hectare

Total Premium Cost = $\$714.48 \times 10.05\%$
= \$71.81

Producer cost = $\$71.81 \times 40\%$
= \$28.74 per hectare

Claim Example

Yield Deficit = $2382 \text{ kgs} - 1500 \text{ kgs}$
= 882 kgs

Claim Amount = $882 \text{ kgs} \times \$0.3$
= \$264.60