

Vegetable (Processing Carrots) Insurance Example

Example: (Based on 1 acre)

Average Insurable Yield = 65,000 lb/ac

Selected Coverage Level = 80%

Unit Price = \$0.03/lb

Premium Rate = 7.15%

Harvested Yield = 40,000 lbs

Production Guarantee

$65,000 \text{ lb/acre} \times 80\% = 52,000/\text{acre}$

Premium Cost

$\$ \text{ Coverage} = 52,000 \text{ lb/ac} \times \0.03
 $= \$1,560 \text{ per acre}$

Total Premium Cost = $\$1,560 \times 7.15\%$
 $= \$111.54 \text{ per acre}$

Total Cost = $\$111.54 \text{ per acre}$

Claim Example

Yield Deficit = $52,000 \text{ lb} - 40,000 \text{ lb}$
 $= 12,000 \text{ lb}$

Claim Amount = $12,000 \text{ lb} \times \$0.03/\text{lb}$
 $= \$360 \text{ per acre}$