



# Connecticut Farm Risk Management and Crop Insurance Program

## Crop Insurance Example AGR/AGR-Lite with Fruit and Vegetables

Farmer raises fruits and vegetables. He provides his 2008 through 2012 schedule F and a list of the crops he intends to raise in 2014 along with the revenue he thinks he will receive for the crops in 2014.

Year	Gross Revenue
2008	\$76,000
2009	\$65,000
2010	\$77,000
2011	\$81,000
2012	\$85,000

### 2014 Projected Gross Revenue

Summer Squash	\$20,000	Strawberries	\$5,000
Green Beans	\$5,000	Raspberries	\$10,000
Winter Squash	\$30,000	Turnip greens	\$5,000
Cabbage	\$4,000	Indian Corn	\$6,000
Tomatoes	\$7,000	Gourds	\$1,000
Bell Peppers	\$5,000	<b>Total</b>	<b>\$98,000</b>

The average revenue from 2008 - 2012 is \$76,800. This shows growth of his farm over the 5 years. Using an indexing factor, his indexed income is \$88,166. The Adjusted Gross Income that will be used is the lesser of the indexed income or the 2014 projected income. Since \$88,166 is less than the \$98,000 projected 2014 income, the AGR for this policy is \$88,166.

The Farmer can choose from six different levels of coverage:

Coverage Level	Premium	Loss Inception Point	Maximum Payment
65/75	\$277	\$57,308	\$42,981
65/90	\$326	\$57,308	\$51,577
75/75	\$498	\$66,124	\$49,593
75/90	\$592	\$66,124	\$59,512
80/75	\$773	\$70,533	\$52,900
80/90	\$921	\$70,533	\$63,480

# Managing Financial Risk - *Connecticut Farm Risk Management and Crop Insurance Program*

In this example, the farmer chooses the 80/90 coverage level for his AGR of \$88,166. He would notify his agent of any losses to his crops or market during the insurance period.

When he completes his Federal Income Tax return for 2014, he provides his crop insurance agent with his 2014 Schedule F form. Let us assume his eligible Adjusted Gross Income on the 2014 Schedule F is \$55,000 and he has 2014 allowable expenses that were at least 70% of his approved expenses. Since this amount is below his Loss Inception Point of \$70,533, a loss of \$15,533 will result. This amount multiplied by the 90% payment rate selected would equal a Loss claim payment of \$13,979.



United States Department of Agriculture  
**Risk Management Agency**



EXTENSION



*This information is provided by the Crop Insurance Education and Information for Connecticut Agriculture Project, a cooperative effort of the University of Connecticut Cooperative Extension System, Connecticut Department of Agriculture and the U.S. Department of Agriculture Risk Management Agency. An equal opportunity employer. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, Stop Code 9410, 1400 Independence Avenue, SW Washington, DC 20250-6410 or call (202) 720-5964. If requested by a program participant at least 72 hours in advance, every effort will be made to provide special accommodations.*

*This institution is an equal opportunity provider.*

This summary is for general illustration purposes only. Consult with a crop insurance agent for specific policy guidelines and information. Calculations are as of 1/12/14 and are subject to change

[www.ctfarmrisk.uconn.edu](http://www.ctfarmrisk.uconn.edu)