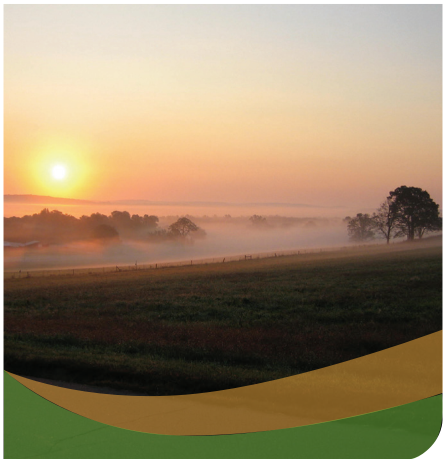

Connecticut
Farm Risk Management and Crop Insurance Program

Crop Insurance Example
AGR/AGR-Lite with Fruit and Vegetables and MPCI with Apples

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	$162,000
2009	$151,000
2010	$170,000
2011	$175,000
2012	$183,000

Projected Crops Grown and Projected Gross Revenue for 2014

Apples	$50,000	Peaches	$20,000
Plums	$3,000	Pears	$10,000
Pumpkins	$10,000	Eggplant	$5,000
Tomatoes	$30,000	Sweet Corn	$35,000
Bell Peppers	$25,000	**Income**	**$188,000**

The average revenue from 2008 – 2012 is $168,200. The data shows growth of this operation over the 5 years. Using an indexing factor, his Indexed Income is $191,580. Adjusted Gross Income that will be used is the lesser of the indexed income or the 2014 projected income. Since $191,580 is greater than the $188,000 projected 2014 income, the AGR for this policy is$188,000.

The farmer can choose six different levels of coverage:

Coverage Level	Premium with MPCI	Premium w/o MPCI	Loss inception point	Maximum payment
65/75	$706	$894	$122,200	$91,650
65/90	$879	$1,067	$122,200	$109,980
75/75	$1,343	$1,648	$141,000	$105,750
75/90	$1,808	$1,972	$141,000	$126,900
80/75	$2,106	$2,552	$150,400	$112,800
80/90	$2,754	$3,056	$150,400	$135,360

If the farmer also takes out an MPCI (Multi-Peril Crop Insurance policy) along with the AGR/AGR-Lite policy the farmer will pay less premium for the AGR/AGR-Lite policy. The farmer will have the added protection for that individual crop for that year. In this example the insured took an Apple Policy for his 5.6 acres of Apples at the 55/100 coverage level with the Fresh Option with an average production of 400 Bushels/acre. The farmer would have a total protection of $19,958 and a premium of $1,289 for the Apple policy. One reason an insured would choose to do this would be that if they had a payable loss on their Apples it would be paid before the AGR/AGR-Lite policy claim would be calculated. The AGR/AGR-Lite policy claim can only be worked after the insured has filed his/her taxes for that year.

If he chooses the 80/90 coverage level for his AGR of $188,000, then 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 $118,000 and he has 2014 allowable expenses that were at least 70% of his approved expenses. Since he is below his Loss Inception Point of $150,400, a loss of $32,400 will result. This amount multiplied by the 90% payment rate selected would equal a Loss claim payment of $29,160.

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.

United States Department of Agriculture
Risk Management Agency

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