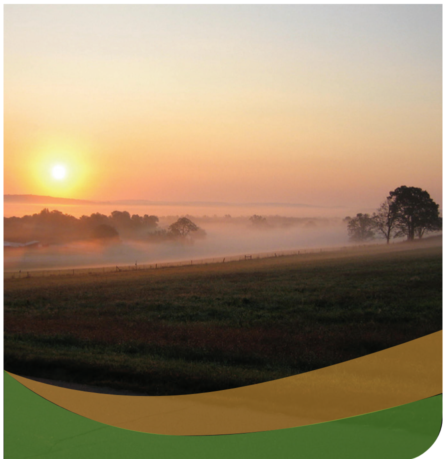

Connecticut
Farm Risk Management and Crop Insurance Program

Crop Insurance Example

AGR/AGR-Lite with Vegetables and MPCI with Sweet Corn

Farmer raises 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	$83,000
2009	$101,100
2010	$96,100
2011	$116,800
2012	$120,300

2014 Projected Gross Revenue

Summer Squash	$1,000
Pumpkins	$2,000
Winter Squash	$40,000
Sweet Corn	$80,000
Total	**$123,000**

The average revenue from 2008 - 2012 is $103,460. This data shows growth of his operation over the 5 years. Using an indexing factor, his Indexed Income is $148,775. The Adjusted Gross Income that will be used is the lesser of the indexed income or the 2014 projected income. Since $148,775 is more than the $123,000 projected 2014 Income, the AGR for this policy is $123,000

The farmer can choose four different levels of coverage:

Coverage Level	Premium with a MPCI policy	Premium w/o a MPCI policy	Loss inception Point	Maximum Payment
65/75	$214	$399	$79,950	$59,963
65/90	$251	$472	$79,950	$71,955
75/75	$403	$777	$92,250	$69,188
75/90	$487	$927	$92,250	$83,025

If the farmer also takes out an MPCI (Multi-Peril Crop Insurance policy) along with the AGR/ AGR-Lite policy farmer will pay less premium for the AGR/AGR-Lite policy. Farmer will have the added protection for that individual crop for that year. In this example the farmer took a Sweet Corn Policy for his 55 acres of Sweet Corn at the 50/55 catastrophic coverage level with a total protection of $40,700 and an administrative fee for the Sweet Corn policy of $300. One reason a farmer would choose to do this would be that if they had a payable loss on their Sweet Corn, 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 farmer has filed their taxes for that year.

In this example, the farmer chooses the 75/90 coverage level for his AGR of $123,000. 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 is 2014 Schedule F is $75,000 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 $92,250, a loss of $17,250 results. This amount multiplied by the 90% payment rate selected would equal a Loss claim payment of $15,525.

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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