

# MORE Protection for minimal Cost

**Corn Example**—A Hamilton Co., Iowa, producer with 200 acres, 150-bu. average yield, and a \$2.10 price election.

Item	CAT <sup>1</sup>			
	50/55 Coverage	50% Coverage	65% Coverage	70% Coverage
Protection	\$17,325 (\$86.63/acre)	\$31,500 (\$157.50/acre)	\$40,950 (\$204.75/acre)	\$44,100 (\$220.50/acre)
Fee	\$60	\$50	\$20	\$20
Expected producer cost	\$60 fee	\$340+fee (\$1.95/acre)	\$764+fee (\$3.92/acre)	\$1,171+fee (\$5.96/acre)
30% premium discount <sup>2</sup>	NA	-\$102	-\$229	-\$351
Actual producer cost	\$60 fee	\$238+fee (\$1.44/acre)	\$535+fee (\$2.78/acre)	\$820+fee (\$4.20/acre)

## Buy-up Coverage

In this example, the actual producer cost for 70% coverage (\$840=\$820+\$20 fee) is only \$56 more than the expected producer cost of 65% coverage (\$784=\$764+\$20 fee). This means that the producer can obtain a \$15.75 per acre increase in protection for only \$0.28 more per acre.

## CAT Coverage

In this example, the actual producer cost for 50/100 coverage (\$288=\$238+\$50 fee) is only \$228 more than the expected producer cost of CAT coverage (\$60). This means that the producer can obtain a \$70.87 per acre increase in protection for only \$1.14 more per acre.

NA = Not applicable.

<sup>1</sup>By statute, CAT coverage declines from 50/60 to 50/55 beginning with the 1999 crop year.

<sup>2</sup>Discount does not include fee.

**Note:** This example is for illustration only. Actual costs and protection will vary. See a crop insurance agent for information specific to your operation.

Source: Risk Management Agency, 1999.

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**Irrigated Cotton Example 1**—A Leflore Co., Mississippi, producer with 200 acres, 1,000-lb. average yield, and a \$0.66 price election.

Item	65% Coverage	70% Coverage
Protection	\$85,800 (\$429/acre)	\$92,400 (\$462/acre)
Fee	\$20	\$20
Expected producer cost	\$3,702+fee (\$18.61/acre)	\$5,600+fee (\$28.10/acre)
30% premium discount <sup>1</sup>	-\$1,111	-\$1,680
Actual producer cost	\$2,591+fee (\$13.06/acre)	\$3,920+fee (\$19.70/acre)

In this example, the actual producer cost for 70% coverage (\$3,940=\$3,920+\$20 fee) is only \$218 more than the expected producer cost of 65% coverage (\$3,722=\$3,702+\$20 fee). This means that the producer can obtain a \$33.00 per acre increase in protection for only \$1.09 more per acre.

<sup>1</sup>Discount does not include fee.

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**Irrigated Cotton Example 2**—A Lubbock Co., Texas, producer with 200 acres, 425-lb. average yield, and a \$0.64 price election.

Item	65% Coverage	70% Coverage
Protection	\$35,360 (\$176.80/acre)	\$38,080 (\$190.40/acre)
Fee	\$20	\$20
Expected producer cost	\$3,381+fee (\$17.01/acre)	\$5,160+fee (\$25.90/acre)
30% premium discount <sup>1</sup>	-\$1,014	-\$1,548
Actual producer cost	\$2,367+fee (\$11.94/acre)	\$3,612+fee (\$18.16/acre)

In this example, the actual producer cost for 70% coverage (\$3,632=\$3,612+\$20 fee) is only \$231 more than the expected producer cost of 65% coverage (\$3,401=\$3,381+\$20 fee). This means that the producer can obtain a \$13.60 per acre increase in protection for only \$1.15 more per acre.

<sup>1</sup>Discount does not include fee.

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**Peanut Example**—A Northampton Co., North Carolina, producer with 100 acres, 3,250-lb. average yield, and a \$0.31 quota price.

Item	65% Coverage	70% Coverage
Protection	\$65,488 (\$654.88/acre)	\$70,525 (\$705.25/acre)
Fee	\$20	\$20
Expected producer cost	\$1,964+fee (\$19.84/acre)	\$3,174+fee (\$31.94/acre)
30% premium discount <sup>1</sup>	-\$589	-\$952
Actual producer cost	\$1,375+fee (\$13.95/acre)	\$2,222+fee (\$22.42/acre)

In this example, the actual producer cost for 70% coverage (\$2,242=\$2,222+\$20 fee) is only \$258 more than the expected producer cost of 65% coverage (\$1,984=\$1,964+\$20 fee). This means that the producer can obtain a \$50.37 per acre increase in protection for only \$2.58 more per acre.

<sup>1</sup>Discount does not include fee.

**Note:** This example is for illustration only. Actual costs and protection will vary. See a crop insurance agent for information specific to your operation.

**Soybean Example**—A Hamilton Co., Iowa, producer with 200 acres, 45-bu. average yield, and a \$5.25 price election.

Item	65% Coverage	70% Coverage
Protection	\$30,712 (\$153.56/acre)	\$33,075 (\$165.38/acre)
Fee	\$20	\$20
Expected producer cost	\$483+fee (\$2.52/acre)	\$721+fee (\$3.71/acre)
30% premium discount <sup>1</sup>	-\$145	-\$216
Actual producer cost	\$338+fee (\$1.79/acre)	\$505+fee (\$2.63/acre)

In this example, the actual producer cost for 70% coverage (\$525=\$505+\$20 fee) is only \$22 more than the expected producer cost of 65% coverage (\$503=\$483+\$20 fee). This means that the producer can obtain a \$11.82 per acre increase in protection for only \$0.11 more per acre.

<sup>1</sup>Discount does not include fee.

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**Wheat Example**—A Sedgwick Co., Kansas, producer with 300 acres, 40-bu. average yield, and a \$3.30 price election.

Item	65% Coverage	70% Coverage
Protection	\$25,740 (\$85.80/acre)	\$27,720 (\$92.40/acre)
Fee	\$20	\$20
Expected producer cost	\$780+fee (\$2.67/acre)	\$1,188+fee (\$4.03/acre)
30% premium discount <sup>1</sup>	-\$234	-\$356
Actual producer cost	\$546+fee (\$1.89/acre)	\$832+fee (\$2.84/acre)

In this example, the actual producer cost for 70% coverage (\$852=\$832+\$20 fee) is only \$52 more than the expected producer cost of 65% coverage (\$800=\$780+\$20 fee). This means that the producer can obtain a \$6.60 per acre increase in protection for only \$0.17 more per acre.

<sup>1</sup>Discount does not include fee.

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