



Connecticut Farm Risk Management and Crop Insurance Program

Crop Insurance Example AGR/AGR-Lite with Christmas Trees

Farmer raises Christmas trees. He provides his 2007 through 2011 schedule F and the revenue he thinks he will receive for the crop in 2013.

Year	Gross Revenue
2007	\$57,000
2008	\$65,000
2009	\$62,000
2010	\$68,000
2011	\$70,000

Total Projected revenue for Christmas trees in 2013 is \$75,000

The average revenue from 2007 – 2011 is \$64,400. This data shows growth of his operation over the 5 years. Using an indexing factor, his Indexed Income is \$79,792. The Adjusted Gross Income that will be used is the lesser of the indexed income or the 2013 projected income. Since \$79,792 is more than the \$75,000 projected 2013 Income, the AGR for this policy is \$75,000.

Farmer can choose four different levels of coverage:

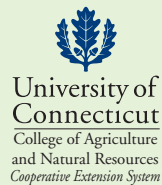
Coverage Level	Premium	Loss Inception Point	Maximum Payment
65/75	\$570	\$48,750	\$36,563
65/90	\$678	\$48,750	\$43,875
75/75	\$1,093	\$56,250	\$42,188
75/90	\$1,306	\$56,250	\$50,625

In this example, the farmer chooses the 75/90 coverage level for his AGR of \$75,000. He would notify his agent of any losses to his crops or market during the insurance period.

AGR/AGR-Life with Christmas Trees - *Connecticut Farm Risk Management and Crop Insurance Program*

When he completes his Federal Income Tax return for 2013, he provides his crop insurance agent with his 2013 Schedule F form. Let us assume his eligible Adjusted Gross Income on his 2013 Schedule F is \$37,500 and he has 2013 allowable expenses that were at least 70% of his approved expenses. Since this amount is below his Loss Inception Point of \$56,250, a loss of \$18,750 results. This amount multiplied by the 90% payment rate selected would equal a Loss Claim payment of \$16,875.

This summary is for general illustration purposes only. Consult with a crop insurance agent for specific policy guidelines and information. Calculations are as of 1/27/13 and are subject to change.



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