

AGR Revenue Insurance Case Studies

The AGR revenue insurance product is significantly different from previous products facilitated, reinsured, and subsidized by RMA/USDA. However, the differences are really not as large as they appear at first sight. Let's put AGR in a comparative context. Individual crop revenue insurance exists for most commodities which have futures exchanges: these include corn, grain sorghum, soybeans, wheat, rice, and cotton. The Revenue Assurance product permits insuring a total revenue from several crops (for example, corn and soybeans); because of whole farm diversification effects, premium rates are smaller for the whole farm RA policy than the premium rates on individual crops.

The AGR procedure for constructing protection is quite similar to that for calculating the APH yield for the MPC1 and individual crop revenue insurance policies. One component is based upon a five-year history; it differs from the traditional APH yield and that it is trend adjusted (indexed).

The case studies were developed so farmers, lenders, and insurance agents might have full-blown examples of the information needed and applied in the development of the AGR application as well as an illustration of how losses would be indemnified.

These studies complement the introduction to AGR fact sheets and the "AGR Revenue Insurance: What is it? Should I buy it?".