

# CROP REVENUE COVERAGE

## HIGH RISK CLASSIFICATION PREMIUM CALCULATION WORKSHEET

*USE THIS WORKSHEET ONLY WHEN STARTING WITH A FLAT RATE (75% Level) WHERE A RATE DIFFERENTIAL IS INVOLVED OR APPLICABLE IN THE CALCULATION OF THE MPCCI BASE RATE*

**Unit:** \_\_\_\_\_ **Date:** \_\_\_\_\_ **State:** \_\_\_\_\_

**County:** \_\_\_\_\_ **Crop:** \_\_\_\_\_

**TWP:** \_\_\_\_\_ **RGE:** \_\_\_\_\_ **Section:** \_\_\_\_\_

**Practice:** \_\_\_\_\_ **Type:** \_\_\_\_\_

A) Approved Yield: \_\_\_\_\_  
(includes yield adjustments)

B) Coverage Level: \_\_\_\_\_

C) MPCCI Base Rate: \_\_\_\_\_  
(C1 x C2) (Rounding: Three decimals)

C1) High Risk Classification Rate: \_\_\_\_\_

C2) Rate Differential: \_\_\_\_\_

D) Base Price: \_\_\_\_\_

H) Estimated Acres: \_\_\_\_\_

I) Share: \_\_\_\_\_

K) Rate Class Option Factor: \_\_\_\_\_

L) Option Factor: \_\_\_\_\_

M) MPCCI Market Price Election \_\_\_\_\_

N) Producer Subsidy Percentage: \_\_\_\_\_  
 50%=0.550      70%=0.319  
 55%=0.461      75%=0.235  
 60%=0.378      80%=0.173  
 65%=0.417      85%=0.130

O) High Risk Classification  
Premium Factor: \_\_\_\_\_  
(Refer to CRC High Risk  
Classification Rules and Formula)

P) CRC Enterprise Option Factor: \_\_\_\_\_  
The Option Factor "L" must always  
contain a form of the Basic Unit Discount (BUD)  
when selecting the enterprise unit option.

**PART 1 - YIELD RISK**  
Multiply (A x B x C x D) \_\_\_\_\_  
(Rounding: Two decimals)

**PART 2 - RISK PREMIUM**  
(PART 1 x H x I x K x L x O x P) \_\_\_\_\_  
(Rounding: Zero decimals\*)

**PART 3 - SUBSIDY**  
(A x B x C x M x H x I x K x L x N x P) \_\_\_\_\_  
(Rounding: Zero decimals\*)

**PART 4 - PRODUCER PAID PREMIUM**  
(PART 2 - PART 3) \_\_\_\_\_  
(Rounding: Zero decimals\*)

\* NOTE: Round to two decimals for one acre quotes

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**PART 4 - PRODUCER PAID PREMIUM**  
(PART 2 - PART 3) \_\_\_\_\_  
(Rounding: Zero decimals\*)

\* NOTE: Round to two decimals for one acre quotes

**THIS WORKSHEET IS INTENDED TO ASSIST IN ESTIMATING PRODUCER PREMIUM ONLY.**

# CROP REVENUE COVERAGE

## HIGH RISK CLASSIFICATION PREMIUM FACTOR RULES AND FORMULA

Please note that the CRC High Risk Classification formula for calculating premium differs from the standard CRC formula. Also note that **NOT** all factors used in the standard CRC formula are used when calculating a CRC High Risk Classification premium.

**STEP 1:** Information needed.

Variables:

(APH)->Approved Yield	=	Example ie. 100 bu.
(DIFF)->Rate differential factor	=	ie. 0.65
(LEV)->Selected Coverage Level	=	ie. 65% or 0.65
(HRBR)-> High Risk Classification Base Rate*	=	ie. 23.0% or 0.230

\*rate represents 75% coverage level

**STEP 2:** Apply the differential from the supplemental rate differential table.

High Risk Classification Base Rate = 23.0 % = 0.230  
Rate differential for 65% coverage (DIFF) = 0.650  
Adjusted High Risk Classification Base Rate = 0.230 \* 0.650 = 0.150 or 15.0%  
(Rounding: Three decimals)

**STEP 3:** Cotton APH Adjustment.

Only for Cotton-021, multiply the APH by 0.1 (ie. 1500 \* 0.1 = 150).

For all other eligible crops (Wheat-011, Corn-041, Soybeans-081, and Grain Sorghum-051) skip this step.

**STEP 4:** Calculate the CRC High Risk Classification Premium Factor via this formula:

CRC High Risk Classification Premium Factor =

**Part 1**    0.1766170     $(-1.14398 + (-0.00473 * APH) + (1E-05 * (APH^2)) + (1.10535 * (HRBR * 100)) + (-0.00076 * ((HRBR * 100)^2)) + (0.00039 * (APH * HRBR * 100)) + (3.36066 * LEV)) * .01$

**Part 2**    1.186319     $((Part\ 1 - HRBR) * 1.05) + HRBR / HRBR$

**Part 3**    1.186        Round Part 2 To 3 decimal places.

**ANSWER =**        **1.186**

**STEP 5:** Use CRC Premium Calculation Worksheet High Risk Classification Formula to calculate the CRC premium with the CRC High Risk Classification Premium Factor from STEP 4 above.