

Exhibit Name: Premium Calculation
Exhibit Number: P13-2, Plan 50
Record Name: Inventory Value
Record Code: P13

Reinsurance Year: 2024
Version: Draft
Release Date: 10/12/2023

Insurance Plan Code 50 Dollar Amount of Insurance
Commodity Code 0073 Nursery 1010 Nursery (NVS) 1020 Controlled Enviroment (CE)

Calculations	Field Name	Record Number	Field Number	Field Format	Field Rounding	Rules
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Section 1: Liability Calculation

When Commodity Code is "0073":

$\text{Liability Amount} = \frac{\text{Inventory Value Amount} \times \text{Survival Percent} \times \text{Coverage Level Percent} \times \text{Insured Share Percent} \times \text{Catastrophic Factor}}{\text{Level Percent}}$	Liability Amount	P13	59	9999999999	Round to whole number	
	Inventory Value Amount	P13	24	9999999999	None	
	Survival Percent	ADM		9.999	None	For Type 071 Liners. Edit With ADM Price, "A00810".
	Coverage Level Percent	P14	34	9.9999	None	
	Insured Share Percent	P13	26	9.9999	None	
	Catastrophic Factor			9.99	None	When Coverage Type Code is equal "C", then equals 0.55. Otherwise, equals 1.0.

When Commodity Code is "1010" or "1020":

$\text{Liability Amount} = \frac{\text{Selected Value Amount} \times \text{Coverage Level Percent} \times \text{Insured Share Percent} \times \text{Catastrophic Factor}}{\text{Level Percent}}$	Liability Amount	P13	59	9999999999	Round to whole number	Cup at \$1.
	Selected Value Amount	P13	49	9999999999	None	
	Coverage Level Percent	P14	34	9.9999	None	
	Insured Share Percent	P13	26	9.9999	None	
	Catastrophic Factor			9.99	None	When Coverage Type Code is equal "C", then equals 0.55. Otherwise, equals 1.0.

Section 2: Base Premium Rate Calculation

$\text{Base Premium Rate} = \frac{\text{Base Rate} \times \text{Rate Differential Factor}}{\text{Option Rate}}$	When Insurance Option Code "OW" does <u>not</u> apply:	Base Premium Rate	Internal		999999.99999999	Round to 8 decimals.	
		Base Rate	ADM		999.9999	None	Edit with ADM Base Rate, "A01010".
		Rate Differential Factor	ADM		9.99999999	None	Edit with ADM Coverage Level Differential, "A01040".
	When Insurance Option Code "OW" applies:	Option Rate	ADM		9.9999	None	Edit with ADM Option Rate, "A01060" for Option.

Section 3: Optional Coverage Calculation

$\text{Additive Optional Rate Adjustment Factor} = \sum \text{Option Rate} \times \text{Rate Differential Factor}$	When Rate Method Code is Additive, "A":	Additive Optional Rate Adjustment Factor	Internal		999999.9999	Round to 4 decimals.	
		Option Rate	ADM		99999.9999	None	Option Rate will be the Sum of all Option Rate with Rate Method Code equal to Additive, "A". Edit with ADM Option Rate, "A01060".
		Rate Differential Factor	ADM		9.99999999	None	Edit with ADM Coverage Level Differential, "A01040".
$\text{Multiplicative Optional Rate Adjustment Factor} = \sum \text{Option Rate1} \times \text{Option Rate2} \times \text{Option Rate3} \dots$	When Rate Method Code is Multiplicative, "M":	Multiplicative Optional Rate Adjustment Factor	Internal		999999.9999	Round to 4 decimals.	
		Option Rate	ADM		9.9999	None	Edit with ADM Option Rate, "A01060".

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Commodity Code	0073 Nursery		1010 Nursery (NVS)		1020 Controlled Enviroment (CE)	

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Section 4: Premium Rate Calculation						The Premium Rate for ALL Unit Structures should be capped at .999 in the event various adjustments to the Base Premium Rate would cause it to exceed 1.0.
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Premium Rate Base Premium Rate * Unit Structure Discount Factor * = Multiplicative Optional Rate Adjustment Factor + Additive Optional Rate Adjustment Factor	Premium Rate	Internal		9999999999.99999999	Round to 8 decimals.	Premium Rate is capped at 0.99900000.
	Unit Structure Discount Factor	ADM		9.999	None	Edit with ADM Unit Discount, "A01090". When Unit Structure Code equals "BU", then Unit Structure Discount Factor equals Basic Unit Discount Factor.

Section 5: Total Premium, Subsidy, and Producer Premium Calculation						
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Total Premium Amount = Liability Amount * Premium Rate * Proration Percent	Total Premium Amount	P13	57	9999999999	Round to whole number	
	Proration Percent	ADM		9.99	None	Edit with ADM Proration, "A01070".
Subsidy Amount = Total Premium Amount * Subsidy Percent	Subsidy Amount	P13	58	9999999999	Round to whole number	If this record qualifies for Beginning Farmer Rancher, see Section 7 for the subsidy calculations.
	Subsidy Percent	ADM		9.999	None	Edit with ADM Subsidy Percent, "A00070".
Producer Premium Amount = Total Premium Amount - Subsidy Amount	Producer Premium Amount	P13	60	9999999999	Round to whole number	

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Section 6: Commodity Year Deductible Amount Calculation

This information will be based on the 'individual line'. **Controlled Environment "1020" has no deductible.**

When Commodity Code is "0073":

$\text{Commodity Year Deductible Amount} = \text{Inventory Value Amount} * \text{Survival Percent} * (1 - \text{Coverage Level Percent})$	Commodity Year Deductible Amount	Internal		999999999	Round to whole number	
	Inventory Value Amount	P13	24	999999999	Round to whole number	Inventory Amount for the 'individual line'.
	Survival Percent	ADM		9.999	None	For Type 071 Liners. Edit With ADM Price, "A00810".
	Coverage Level Percent	P14	34	9.9999	None	

When Commodity Code is "1010":

$\text{Commodity Year Deductible Amount} = \text{Selected Value Amount} * (1 - \text{Coverage Level Percent})$	Commodity Year Deductible Amount	Internal		999999999	Round to whole number	
	Selected Value Amount	P13	49	999999999	None	
	Coverage Level Percent	P14	34	9.9999	None	

Section 7: Beginning Farmer and Rancher (BFR), Veteran Farmer Rancher (VFR), and Conservation Compliance (CC) Subsidy Calculations

$\text{Base Subsidy Amount} = \text{Total Premium Amount} * \text{Subsidy Percent}$	Base Subsidy Amount	Internal		999999999	Round to whole number	Cupped by the standard rule of \$1 if applicable.
	Subsidy Percent	ADM		9.999	None	Edit with ADM Subsidy Percent, "A00070".
$\text{BFR/VFR Subsidy Amount} = \text{Total Premium Amount} * 0.10 * (1 - \text{CC Subsidy Reduction Percent})$	BFR/VFR Subsidy Amount	Internal		999999999	Round to whole number	Beginning Farmer Rancher/Veteran Farmer Rancher Subsidy Amount. If Applicable;. 0.10 (10%).
$\text{CC Subsidy Reduction Amount} = \text{Base Subsidy Amount} * \text{CC Subsidy Reduction Percent}$	CC Subsidy Reduction Percent	P13	48	9.9999	None	If Applicable; else 0.
	CC Subsidy Reduction Amount	P13	75	999999999	Round to whole number	CC Subsidy Reduction Amount. If Applicable; else 0.
$\text{Subsidy Amount} = \text{Base Subsidy Amount} + \text{BFR/VFR Subsidy Amount} - \text{CC Subsidy Reduction Amount}$	Subsidy Amount	P13	58	999999999	Round to whole number	Subsidy Amount cannot exceed Total Premium Amount. Subsidy Amount will be cupped at \$0.
$\text{Producer Premium Amount} = \text{Total Premium Amount} - \text{Subsidy Amount}$	Producer Premium Amount	P13	60	999999999	Round to whole number	