

§ 457.172

7 CFR Ch. IV (1–1–10 Edition)

7. If you elect CEO and a MPCCI indemnity is paid on any unit, CEO will pay a portion of the loss not paid under the deductible of the MPCCI policy depending on the CEO coverage level you select (For example, if you selected a 50 percent MPCCI coverage level, selected an 85 percent CEO coverage level, and had 60 percent loss of the insured crop, the total amount of indemnity paid under both the MPCCI policy and the CEO would be equal to approximately 51 percent of the total value of the insured crop by unit). See the example in section 8.

8. In addition to the settlement of claim section for the applicable Crop Provisions, your indemnity will be computed for each unit as follows:

- (a) Determine the MPCCI indemnity factor;
- (b) Determine the total value of the insured crop by unit;
- (c) Determine the CEO dollar amount of insurance; and
- (d) Multiply the MPCCI indemnity factor times the CEO dollar amount of insurance to determine the indemnity under the CEO.

Example: Assume a policy with one unit; an MPCCI coverage level of 50 percent and a CEO coverage level of 85 percent; 100% share; a

\$120,000 MPCCI dollar amount of insurance; and a \$72,000 payable indemnity under the MPCCI portion of the policy.

Your indemnity would be calculated as follows:

- (a) \$72,000 MPCCI loss + by \$120,000 MPCCI dollar amount of insurance = .60 MPCCI indemnity factor;
- (b) \$120,000 MPCCI dollar amount of insurance, divided by the MPCCI coverage level of .50 results in \$240,000 total value of the insured crop by unit;
- (c) \$240,000 total value of the insured crop by unit multiplied by the CEO coverage level .85, equals \$204,000, and subtracting \$120,000 MPCCI dollar amount of insurance equals \$84,000 CEO dollar amount of insurance;
- (d) .60 MPCCI indemnity factor × \$84,000 CEO dollar amount of insurance = \$50,400 unit indemnity under the CEO.

NOTE: The total unit indemnity is \$122,400 (\$72,000 MPCCI indemnity plus \$50,400 CEO indemnity).

[73 FR 43610, July 28, 2008, as amended at 73 FR 80295, Dec. 31, 2008]

PART 458 [RESERVED]