

Exhibit Name: WFRP Diversity Factor (DF) Example (Plan Code 76, Commodity Code 0076)
Exhibit Number: P19-2 **Reinsurance Year:** 2021
Record Name: WFRP Farm Reports **Version:** Approved
Record Code: P19 **Release Date:** 7/1/2020

Example of determining Diversity Factor (DF) based on P14-7 Example 2 and P19-1 calculations.

Minimum Qualifying Amount (MQA) = \$10,043

	Expected Revenue Amount		Percent of Revenue*	Commodity Deviation**
Commodity 1	\$100,000	Eligible	0.667	0.417
Commodity 2	\$9,950			
Commodity 3	\$9,000			
Commodity 4	\$21,000	Eligible	0.140	0.110
Commodity 5	\$9,950			
	Commodity Deviation for grouped commodities			<u>0.366</u>
	Summed Commodity Deviation			0.893

Qualifying Commodity Count equals 4 based on "Eligible Commodity Count (2) + Grouped Commodity Count (2) + Other Combined Direct Marketing Commodity Count (0)".

Commodity Factor equals 0.250 based on "1.00 / 4 (Qualifying Commodity Count)".

Percent of Revenue(*) for each eligible commodity (not grouped) equals "Expected Revenue Amount / Total Expected Revenue Amount".

Commodity Deviation(**) for each eligible commodity (not grouped) equals "Round(ABS((Expected Revenue Amount/Total Expected Revenue Amount) - Commodity Factor),3)".

Commodity Deviation for grouped commodities equals "(Round(ABS((MQA/Total Expected Revenue Amount) - Commodity Factor),3) * Grouped Commodity Count)".

Sum of Commodity Deviations equals "Eligible Commodity Deviations + Grouped Commodity Deviations".

4 Commodities Diversity Factor (DF) 0.670 = $.474 + .0248208 * (0.893) + .218472 * (0.893)^2$

Notes:

'Other Combined Direct Marketing Commodity Count' is automatically set to 2 if any of the P19A's report the commodity code Other Combined Direct Marketing, "0606." Otherwise, 'Other Combined Direct Marketing Commodity Count' is automatically set to 0.