**Program to be Evaluated**

**(for the following 3 paragraphs, I would like to see a more detailed and thorough description of the insurance policies here. As you can see, I started this for you and contributed a decent amount of content. Please tweak what I have written so that it is in your own words. Also please continue what I have written by adding an example for what a revenue index insurance contract would look like, using the example that I wrote for area-yield insurance as a reference to help you know what I am looking for.) I have attached A PAPER that would help in this section please check it out.**

The index insurance products will be designed by a research team, based at The Catholic University of America with support from The Ohio State University, and the University of California at Davis. The team is designing an advanced area-yield index insurance product and a revenue index insurance product. To understand the contracts, I must first define a few concepts. First, an “insurance zone” is some geographic area, for example a 10km by 10km area, for which the index measures the average level of the insured good and in which all policies holders face the same index measurement. That is, within a given insurance zone, if the index drops below a pre-specified level, the insurance company will make an insurance payout to all policy holders within that insurance zone. Second, a “trigger” is the pre-specified index level beyond which the insurance will begin to make payouts.

An area yield-based index insurance policy is a contract that pays out when average yields within an insurance zone drops below the trigger. I will illustrate this using an example. An area-yield index insurance policy uses an index that measures the average yields in a given insurance zone. Assume that if a household achieved yields of less than 100 kg/acre of maize, their family would go hungry over the next year before the next harvest. In this case, the “trigger” might be set at 100 kg/acre for maize. If a farmer purchased an area-yield index insurance policy and the average yields in his/her insurance zone dropped below 100 kg/acre, that farmer would receive an insurance payout, regardless of the yield that they achieved on their farm.

An revenue index insurance policy is a contract that pays out when the average farmer revenue drops below the trigger. A farmer’s revenue is the quantity that they produce time the price at which they sell. A revenue index insurance product then combines an area yield index with a price index. For an revenue index insurance policy, the index would measure the average farmer revenues within a given insurance zone and make payouts whenever yields and/or crop prices drop below a trigger. I will illustrate this with an example…