MPCI – Financial Modelling of Market Size

Based on feedback from the market research we have developed a financial model of the potential MPCI market size under a variety of scenarios.

The modelling incorporates the following:

- analysis performed by Trowbridge Consulting
- data from the Australian Crop Report produced by ABARE dated 6 June 2000, and
- data from the Year Book Australia 2000 produced by ABS.

The key assumptions adopted in the modelling are:

Number of farms	35,000
Growth in farm numbers	0% pa
Level of Deductible	60%
Inflation	0% pa
Crops	Wheat, Barley, Canola & Lupins

Although the projections are high level and involve numerous approximations, the information on market size is quite important. Assuming a market penetration of 5% in year 1, and a random distribution of farms by size and geographical region, the total market premium for all four crops (based on 15% individual farm loading and a 50% loss ratio) is approximately $6 million. Assuming market penetration of 20% by year 4, the premium volume increases to around $27 million.

However if we assume that the majority of farms taking out insurance are small, these premium volumes reduce to $2 million in year 1 and $7 million in year 5. Alternatively if the majority of farms taking up the insurance are large, premium volumes could increase to $15m in year 1 and $60 million by year 5.

We have also projected the impact of variation by geographical region (ie level of risk) and market penetration. Assuming that there is a greater proportion of farms in high risk areas and a 10% market penetration in year 1, the premium volume could be $13 million, as compared with $7 million coverage is mainly in low risk areas.

Despite the assumptions regarding the composition of insured farms, the projections highlight that the total market is unlikely to large be initially, if it is a voluntary scheme. This raises various issues with respect to the options available for administration, which will need to be discussed further, and reinsurance, which we are examining.

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The following scenarios have been modelled:

Market Penetration	PA: 5% in year 1, up to 20% in year 4 PB: 5% in year 1, 10% by year 5, 20% by year 10 PC: 10% in year 1, up to 25% in year 4
Farm Size	SA: Randomly distributed SB: 90% small, 10% other SC: 90% large, 10% other
Penetration by Region	RA: Randomly distributed RB: 100% high cost areas RC: 100% low cost areas

MPCI - Financial Projections

Scenario					Year 1	2	3	4	5
PA	RA	Transaction	New Business		1,750	1,750	1,750	1,750	0
			Renewal		0	1,750	3,500	5,250	7,000
		SA	Premium	CA	5,000	10,000	15,000	20,000	20,000
				CB	6,750	13,500	20,250	27,000	27,000
			Subsidy	CA	1,250	2,500	3,750	5,000	5,000
				CB	1,688	3,375	5,063	6,750	6,750
		SB	Premium	CA	1,672	3,343	5,015	6,686	6,686
				CB	2,257	4,513	6,770	9,026	9,026
			Subsidy	CA	418	836	1,254	1,672	1,672
				CB	564	1,128	1,692	2,257	2,257
		SC	Premium	CA	11,362	22,723	34,085	45,446	45,446
				CB	15,338	30,676	46,014	61,352	61,352
			Subsidy	CA	2,840	5,681	8,521	11,362	11,362
				CB	3,835	7,669	11,504	15,338	15,338
	RB	Transaction	New Business		1,750	1,750	1,750	1,750	0
			Renewal		0	1,750	3,500	5,250	7,000
		SA	Premium	CA	6,500	13,000	19,500	26,000	26,000
				CB	8,775	17,550	26,325	35,100	35,100
			Subsidy	CA	1,625	3,250	4,875	6,500	6,500
				CB	2,194	4,388	6,581	8,775	8,775
		SB	Premium	CA	2,173	4,346	6,519	8,692	8,692
				CB	2,934	5,867	8,801	11,734	11,734
			Subsidy	CA	543	1,086	1,630	2,173	2,173
				CB	733	1,467	2,200	2,934	2,934
		SC	Premium	CA	14,770	29,540	44,310	59,080	59,080
				CB	19,940	39,879	59,819	79,758	79,758
			Subsidy	CA	3,693	7,385	11,078	14,770	14,770
				CB	4,985	9,970	14,955	19,940	19,940
	RC	Transaction	New Business		1,750	1,750	1,750	1,750	0
			Renewal		0	1,750	3,500	5,250	7,000
		SA	Premium	CA	3,500	7,000	10,500	14,000	14,000
				CB	4,725	9,450	14,175	18,900	18,900
			Subsidy	CA	875	1,750	2,625	3,500	3,500
				CB	1,181	2,363	3,544	4,725	4,725
		SB	Premium	CA	1,170	2,340	3,510	4,680	4,680
				CB	1,580	3,159	4,739	6,318	6,318
			Subsidy	CA	293	585	878	1,170	1,170
				CB	395	790	1,185	1,580	1,580
		SC	Premium	CA	7,953	15,906	23,859	31,812	31,812
				CB	10,737	21,473	32,210	42,947	42,947
			Subsidy	CA	1,988	3,977	5,965	7,953	7,953
				CB	2,684	5,368	8,053	10,737	10,737

MPCI - Financial Projections

Scenario					Year 1	2	3	4	5
PB	RA	Transaction	New Business		1,750	350	350	350	700
			Renewal		0	1,750	2,100	2,450	2,800
		SA	Premium	CA	5,000	6,000	7,000	8,000	10,000
				CB	6,750	8,100	9,450	10,800	13,500
			Subsidy	CA	1,250	1,500	1,750	2,000	2,500
				CB	1,688	2,025	2,363	2,700	3,375
		SB	Premium	CA	1,672	2,006	2,340	2,674	3,343
				CB	2,257	2,708	3,159	3,610	4,513
			Subsidy	CA	418	501	585	669	836
				CB	564	677	790	903	1,128
		SC	Premium	CA	11,362	13,634	15,906	18,179	22,723
				CB	15,338	18,406	21,473	24,541	30,676
			Subsidy	CA	2,840	3,408	3,977	4,545	5,681
				CB	3,835	4,601	5,368	6,135	7,669
	RB	Transaction	New Business		1,750	350	350	350	700
			Renewal		0	1,750	2,100	2,450	2,800
		SA	Premium	CA	6,500	7,800	9,100	10,400	13,000
				CB	8,775	10,530	12,285	14,040	17,550
			Subsidy	CA	1,625	1,950	2,275	2,600	3,250
				CB	2,194	2,633	3,071	3,510	4,388
		SB	Premium	CA	2,173	2,608	3,042	3,477	4,346
				CB	2,934	3,520	4,107	4,694	5,867
			Subsidy	CA	543	652	761	869	1,086
				CB	733	880	1,027	1,173	1,467
		SC	Premium	CA	14,770	17,724	20,678	23,632	29,540
				CB	19,940	23,927	27,915	31,903	39,879
			Subsidy	CA	3,693	4,431	5,170	5,908	7,385
				CB	4,985	5,982	6,979	7,976	9,970
	RC	Transaction	New Business		1,750	350	350	350	700
			Renewal		0	1,750	2,100	2,450	2,800
		SA	Premium	CA	3,500	4,200	4,900	5,600	7,000
				CB	4,725	5,670	6,615	7,560	9,450
			Subsidy	CA	875	1,050	1,225	1,400	1,750
				CB	1,181	1,418	1,654	1,890	2,363
		SB	Premium	CA	1,170	1,404	1,638	1,872	2,340
				CB	1,580	1,896	2,211	2,527	3,159
			Subsidy	CA	293	351	410	468	585
				CB	395	474	553	632	790
		SC	Premium	CA	7,953	9,544	11,134	12,725	15,906
				CB	10,737	12,884	15,031	17,179	21,473
			Subsidy	CA	1,988	2,386	2,784	3,181	3,977
				CB	2,684	3,221	3,758	4,295	5,368

MPCI - Financial Projections

Scenario					Year 1	2	3	4	5
PC	RA	Transaction	New Business		3,500	1,750	1,750	1,750	0
			Renewal		0	3,500	5,250	7,000	8,750
		SA	Premium	CA	10,000	15,000	20,000	25,000	25,000
				CB	13,500	20,250	27,000	33,750	33,750
			Subsidy	CA	2,500	3,750	5,000	6,250	6,250
				CB	3,375	5,063	6,750	8,438	8,438
		SB	Premium	CA	1,672	2,507	3,343	4,179	4,179
				CB	2,257	3,385	4,513	5,641	5,641
			Subsidy	CA	418	627	836	1,045	1,045
				CB	564	846	1,128	1,410	1,410
		SC	Premium	CA	11,362	17,042	22,723	28,404	28,404
				CB	15,338	23,007	30,676	38,345	38,345
			Subsidy	CA	2,840	4,261	5,681	7,101	7,101
				CB	3,835	5,752	7,669	9,586	9,586
	RB	Transaction	New Business		3,500	1,750	1,750	1,750	0
			Renewal		0	3,500	5,250	7,000	8,750
		SA	Premium	CA	13,000	19,500	26,000	32,500	32,500
				CB	17,550	26,325	35,100	43,875	43,875
			Subsidy	CA	3,250	4,875	6,500	8,125	8,125
				CB	4,388	6,581	8,775	10,969	10,969
		SB	Premium	CA	2,173	3,259	4,346	5,432	5,432
				CB	2,934	4,400	5,867	7,334	7,334
			Subsidy	CA	543	815	1,086	1,358	1,358
				CB	733	1,100	1,467	1,833	1,833
		SC	Premium	CA	14,770	22,155	29,540	36,925	36,925
				CB	19,940	29,909	39,879	49,849	49,849
			Subsidy	CA	3,693	5,539	7,385	9,231	9,231
				CB	4,985	7,477	9,970	12,462	12,462
	RC	Transaction	New Business		3,500	1,750	1,750	1,750	0
			Renewal		0	3,500	5,250	7,000	8,750
		SA	Premium	CA	7,000	10,500	14,000	17,500	17,500
				CB	9,450	14,175	18,900	23,625	23,625
			Subsidy	CA	1,750	2,625	3,500	4,375	4,375
				CB	2,363	3,544	4,725	5,906	5,906
		SB	Premium	CA	1,170	1,755	2,340	2,925	2,925
				CB	1,580	2,369	3,159	3,949	3,949
			Subsidy	CA	293	439	585	731	731
				CB	395	592	790	987	987
		SC	Premium	CA	7,953	11,930	15,906	19,883	19,883
				CB	10,737	16,105	21,473	26,842	26,842
			Subsidy	CA	1,988	2,982	3,977	4,971	4,971
				CB	2,684	4,026	5,368	6,710	6,710

Market Size Modelling

Number of Farms	35,000						
Scenario	CA, CB	PA		SA, SB	RA		
CA	Wheat, Barley						
CB	Wheat, Barley, Canola & Lupins						
Penetration	Year		1	2	3	4	5
(by number)	PA		5%	10%	15%	20%	20%
Crop Prices	Wheat		200				
	Barley		175				
	Canola		300				
	Lupins		150				

Farm Size		Total Premium	Scenario - 5% Market Penetration SA	SB	SC
	Wheat	80,000	4,000	1,337	9,089
	Barley	20,000	1,000	334	2,272
	Canola	25,000	1,250	418	2,840
	Lupins	10,000	500	167	1,136

		Year		1	2	3	4	5
Number of Transactions								
	New Business			1,750	1,750	1,750	1,750	0
	Renewals		100%	0	1,750	3,500	5,250	7,000
	Inforce at end			1,750	3,500	5,250	7,000	7,000
Farm Size		**SA**		**Random**				
Penetration in Regions		**RA**		**Random**				
Premiums	Wheat			4,000	8,000	12,000	16,000	16,000
	Barley			1,000	2,000	3,000	4,000	4,000
	Canola			1,250	2,500	3,750	5,000	5,000
	Lupins			500	1,000	1,500	2,000	2,000
	Total			**6,750**	**13,500**	**20,250**	**27,000**	**27,000**
	Total Wheat & Barley			**5,000**	**10,000**	**15,000**	**20,000**	**20,000**
Govt Subsi	Wheat		25%	1,000	2,000	3,000	4,000	4,000
	Barley			250	500	750	1,000	1,000
	Canola			313	625	938	1,250	1,250
	Lupins			125	250	375	500	500
	Total			**1,688**	**3,375**	**5,063**	**6,750**	**6,750**
	Total Wheat & Barley			**1,250**	**2,500**	**3,750**	**5,000**	**5,000**
Farmers	Wheat		75%	3,000	6,000	9,000	12,000	12,000
	Barley			750	1,500	2,250	3,000	3,000
	Canola			938	1,875	2,813	3,750	3,750
	Lupins			375	750	1,125	1,500	1,500
	Total			5,063	10,125	15,188	20,250	20,250
	Total Wheat & Barley			3,750	7,500	11,250	15,000	15,000

Market Size Modelling

Number of Farms	35,000					
Scenario	CA, CB	PA	SA, SB	RB		
CA	Wheat, Barley					
CB	Wheat, Barley, Canola & Lupins					
Penetration	Year	1	2	3	4	5
(by number)	PA	5%	10%	15%	20%	20%
Crop Prices	Wheat	200				
	Barley	175				
	Canola	300				
	Lupins	150				

Farm Size		Total Premium	Scenario - 5% Market Penetration SA	SB	SC
	Wheat	104,000	5,200	1,738	11,816
	Barley	26,000	1,300	435	2,954
	Canola	32,500	1,625	543	3,693
	Lupins	13,000	650	217	1,477

	Year		1	2	3	4	5
Number of Transactions							
New Business			1,750	1,750	1,750	1,750	0
Renewals		100%	0	1,750	3,500	5,250	7,000
Inforce at end			1,750	3,500	5,250	7,000	7,000

Farm Size	**SA**	**Random**					
Penetration in Regions	**RA**	**100% High Premiums**				30% +	
Premiums	Wheat		5,200	10,400	15,600	20,800	20,800
	Barley		1,300	2,600	3,900	5,200	5,200
	Canola		1,625	3,250	4,875	6,500	6,500
	Lupins		650	1,300	1,950	2,600	2,600
	Total		**8,775**	**17,550**	**26,325**	**35,100**	**35,100**
	Total Wheat & Barley		**6,500**	**13,000**	**19,500**	**26,000**	**26,000**
Govt Subsi	Wheat	25%	1,300	2,600	3,900	5,200	5,200
	Barley		325	650	975	1,300	1,300
	Canola		406	813	1,219	1,625	1,625
	Lupins		163	325	488	650	650
	Total		**2,194**	**4,388**	**6,581**	**8,775**	**8,775**
	Total Wheat & Barley		**1,625**	**3,250**	**4,875**	**6,500**	**6,500**
Farmers	Wheat	75%	3,900	7,800	11,700	15,600	15,600
	Barley		975	1,950	2,925	3,900	3,900
	Canola		1,219	2,438	3,656	4,875	4,875
	Lupins		488	975	1,463	1,950	1,950
	Total		6,581	13,163	19,744	26,325	26,325
	Total Wheat & Barley		4,875	9,750	14,625	19,500	19,500

Market Size Modelling

Number of Farms	35,000						
Scenario	CA, CB	PA	SA, SB	RC			
CA	Wheat, Barley						
CB	Wheat, Barley, Canola & Lupins						
Penetration	Year	1	2	3	4	5	
(by number)	PA	5%	10%	15%	20%	20%	
Crop Prices	Wheat	200					
	Barley	175					
	Canola	300					
	Lupins	150					

Farm Size		Total	Scenario - 5% Market Penetration		
		Premium	SA	SB	SC
	Wheat	56,000	2,800	936	6,362
	Barley	14,000	700	234	1,591
	Canola	17,500	875	293	1,988
	Lupins	7,000	350	117	795

	Year		1	2	3	4	5
Number of Transactions							
	New Business		1,750	1,750	1,750	1,750	0
	Renewals	100%	0	1,750	3,500	5,250	7,000
	Inforce at end		1,750	3,500	5,250	7,000	7,000

Farm Size **SA** **Random**

Penetration in Regions **RA** **100% High Premiums** 30% -

Premiums	Wheat		2,800	5,600	8,400	11,200	11,200
	Barley		700	1,400	2,100	2,800	2,800
	Canola		875	1,750	2,625	3,500	3,500
	Lupins		350	700	1,050	1,400	1,400
	Total		**4,725**	**9,450**	**14,175**	**18,900**	**18,900**
	Total Wheat & Barley		**3,500**	**7,000**	**10,500**	**14,000**	**14,000**
Govt Subsi	Wheat	25%	700	1,400	2,100	2,800	2,800
	Barley		175	350	525	700	700
	Canola		219	438	656	875	875
	Lupins		88	175	263	350	350
	Total		**1,181**	**2,363**	**3,544**	**4,725**	**4,725**
	Total Wheat & Barley		**875**	**1,750**	**2,625**	**3,500**	**3,500**
Farmers	Wheat	75%	2,100	4,200	6,300	8,400	8,400
	Barley		525	1,050	1,575	2,100	2,100
	Canola		656	1,313	1,969	2,625	2,625
	Lupins		263	525	788	1,050	1,050
	Total		3,544	7,088	10,631	14,175	14,175
	Total Wheat & Barley		2,625	5,250	7,875	10,500	10,500

Market Size Modelling

Number of Farms	35,000					
Scenario	CA, CB	PB	SA, SB	RA		
CA	Wheat, Barley					
CB	Wheat, Barley, Canola & Lupins					
Penetration	Year	1	2	3	4	5
(by number)	PA	5%	6%	7%	8%	10%
Crop Prices	Wheat	200				
	Barley	175				
	Canola	300				
	Lupins	150				

Farm Size

	Total Premium	Scenario - 5% Market Penetration SA	SB	SC
Wheat	80,000	4,000	1,337	9,089
Barley	20,000	1,000	334	2,272
Canola	25,000	1,250	418	2,840
Lupins	10,000	500	167	1,136

		Year	1	2	3	4	5
Number of Transactions							
	New Business		1,750	350	350	350	700
	Renewals	100%	0	1,750	2,100	2,450	2,800
	Inforce at end		1,750	2,100	2,450	2,800	3,500

Farm Size	**SA**	**Random**
Penetration in Regions	**RA**	**Random**

Premiums	Wheat		4,000	4,800	5,600	6,400	8,000
	Barley		1,000	1,200	1,400	1,600	2,000
	Canola		1,250	1,500	1,750	2,000	2,500
	Lupins		500	600	700	800	1,000
	Total		**6,750**	**8,100**	**9,450**	**10,800**	**13,500**
	Total Wheat & Barley		**5,000**	**6,000**	**7,000**	**8,000**	**10,000**
Govt Subsi	Wheat	25%	1,000	1,200	1,400	1,600	2,000
	Barley		250	300	350	400	500
	Canola		313	375	438	500	625
	Lupins		125	150	175	200	250
	Total		**1,688**	**2,025**	**2,363**	**2,700**	**3,375**
	Total Wheat & Barley		**1,250**	**1,500**	**1,750**	**2,000**	**2,500**
Farmers	Wheat	75%	3,000	3,600	4,200	4,800	6,000
	Barley		750	900	1,050	1,200	1,500
	Canola		938	1,125	1,313	1,500	1,875
	Lupins		375	450	525	600	750
	Total		5,063	6,075	7,088	8,100	10,125
	Total Wheat & Barley		3,750	4,500	5,250	6,000	7,500

Market Size Modelling

Number of Farms	35,000					
Scenario	CA, CB	PB	SA, SB	RB		
CA	Wheat, Barley					
CB	Wheat, Barley, Canola & Lupins					
Penetration	Year	1	2	3	4	5
(by number)	PA	5%	6%	7%	8%	10%
Crop Prices	Wheat	200				
	Barley	175				
	Canola	300				
	Lupins	150				

Farm Size		Total	Scenario - 5% Market Penetration		
		Premium	SA	SB	SC
	Wheat	104,000	5,200	1,738	11,816
	Barley	26,000	1,300	435	2,954
	Canola	32,500	1,625	543	3,693
	Lupins	13,000	650	217	1,477

	Year		1	2	3	4	5
Number of Transactions							
New Business			1,750	350	350	350	700
Renewals		100%	0	1,750	2,100	2,450	2,800
Inforce at end			1,750	2,100	2,450	2,800	3,500

Farm Size **SA** **Random**

Penetration in Regions **RA** **100% High Premiums** 30% +

Premiums	Wheat		5,200	6,240	7,280	8,320	10,400
	Barley		1,300	1,560	1,820	2,080	2,600
	Canola		1,625	1,950	2,275	2,600	3,250
	Lupins		650	780	910	1,040	1,300
	Total		**8,775**	**10,530**	**12,285**	**14,040**	**17,550**
	Total Wheat & Barley		**6,500**	**7,800**	**9,100**	**10,400**	**13,000**
Govt Subsi	Wheat	25%	1,300	1,560	1,820	2,080	2,600
	Barley		325	390	455	520	650
	Canola		406	488	569	650	813
	Lupins		163	195	228	260	325
	Total		**2,194**	**2,633**	**3,071**	**3,510**	**4,388**
	Total Wheat & Barley		**1,625**	**1,950**	**2,275**	**2,600**	**3,250**
Farmers	Wheat	75%	3,900	4,680	5,460	6,240	7,800
	Barley		975	1,170	1,365	1,560	1,950
	Canola		1,219	1,463	1,706	1,950	2,438
	Lupins		488	585	683	780	975
	Total		6,581	7,898	9,214	10,530	13,163
	Total Wheat & Barley		4,875	5,850	6,825	7,800	9,750

Market Size Modelling

Number of Farms	35,000					
Scenario	CA, CB	PB	SA, SB	RC		
CA	Wheat, Barley					
CB	Wheat, Barley, Canola & Lupins					
Penetration	Year	1	2	3	4	5
(by number)	PA	5%	6%	7%	8%	10%
Crop Prices	Wheat	200				
	Barley	175				
	Canola	300				
	Lupins	150				

Farm Size		Total	Scenario - 5% Market Penetration		
		Premium	SA	SB	SC
	Wheat	56,000	2,800	936	6,362
	Barley	14,000	700	234	1,591
	Canola	17,500	875	293	1,988
	Lupins	7,000	350	117	795

	Year		1	2	3	4	5
Number of Transactions							
New Business			1,750	350	350	350	700
Renewals		100%	0	1,750	2,100	2,450	2,800
Inforce at end			1,750	2,100	2,450	2,800	3,500

Farm Size		**SA**	**Random**				
Penetration in Regions		**RA**	**100% High Premiums**			30% -	
Premiums	Wheat		2,800	3,360	3,920	4,480	5,600
	Barley		700	840	980	1,120	1,400
	Canola		875	1,050	1,225	1,400	1,750
	Lupins		350	420	490	560	700
	Total		**4,725**	**5,670**	**6,615**	**7,560**	**9,450**
	Total Wheat & Barley		**3,500**	**4,200**	**4,900**	**5,600**	**7,000**
Govt Subsi	Wheat	25%	700	840	980	1,120	1,400
	Barley		175	210	245	280	350
	Canola		219	263	306	350	438
	Lupins		88	105	123	140	175
	Total		**1,181**	**1,418**	**1,654**	**1,890**	**2,363**
	Total Wheat & Barley		**875**	**1,050**	**1,225**	**1,400**	**1,750**
Farmers	Wheat	75%	2,100	2,520	2,940	3,360	4,200
	Barley		525	630	735	840	1,050
	Canola		656	788	919	1,050	1,313
	Lupins		263	315	368	420	525
	Total		3,544	4,253	4,961	5,670	7,088
	Total Wheat & Barley		2,625	3,150	3,675	4,200	5,250

Market Size Modelling

Number of Farms	35,000						
Scenario	CA, CB	PC	SA, SB	RA			
CA	Wheat, Barley						
CB	Wheat, Barley, Canola & Lupins						
Penetration	Year	1	2	3	4	5	
(by number)	PA	10%	15%	20%	25%	25%	
Crop Prices	Wheat	200					
	Barley	175					
	Canola	300					
	Lupins	150					

Farm Size

	Total	Scenario - 5% Market Penetration		
	Premium	SA	SB	SC
Wheat	80,000	4,000	1,337	9,089
Barley	20,000	1,000	334	2,272
Canola	25,000	1,250	418	2,840
Lupins	10,000	500	167	1,136

		Year		1	2	3	4	5
Number of Transactions								
	New Business			3,500	1,750	1,750	1,750	0
	Renewals		100%	0	3,500	5,250	7,000	8,750
	Inforce at end			3,500	5,250	7,000	8,750	8,750

Farm Size SA **Random**

Penetration in Regions RA **Random**

			1	2	3	4	5
Premiums	Wheat		8,000	12,000	16,000	20,000	20,000
	Barley		2,000	3,000	4,000	5,000	5,000
	Canola		2,500	3,750	5,000	6,250	6,250
	Lupins		1,000	1,500	2,000	2,500	2,500
	Total		**13,500**	**20,250**	**27,000**	**33,750**	**33,750**
	Total Wheat & Barley		**10,000**	**15,000**	**20,000**	**25,000**	**25,000**
Govt Subsi	Wheat	25%	2,000	3,000	4,000	5,000	5,000
	Barley		500	750	1,000	1,250	1,250
	Canola		625	938	1,250	1,563	1,563
	Lupins		250	375	500	625	625
	Total		**3,375**	**5,063**	**6,750**	**8,438**	**8,438**
	Total Wheat & Barley		**2,500**	**3,750**	**5,000**	**6,250**	**6,250**
Farmers	Wheat	75%	6,000	9,000	12,000	15,000	15,000
	Barley		1,500	2,250	3,000	3,750	3,750
	Canola		1,875	2,813	3,750	4,688	4,688
	Lupins		750	1,125	1,500	1,875	1,875
	Total		10,125	15,188	20,250	25,313	25,313
	Total Wheat & Barley		7,500	11,250	15,000	18,750	18,750

Market Size Modelling

Number of Farms	35,000					
Scenario	CA, CB	PC	SA, SB	RB		
CA	Wheat, Barley					
CB	Wheat, Barley, Canola & Lupins					
Penetration	Year	1	2	3	4	5
(by number)	PA	10%	15%	20%	25%	25%
Crop Prices	Wheat	200				
	Barley	175				
	Canola	300				
	Lupins	150				

Farm Size		Total	Scenario - 5% Market Penetration		
		Premium	SA	SB	SC
	Wheat	104,000	5,200	1,738	11,816
	Barley	26,000	1,300	435	2,954
	Canola	32,500	1,625	543	3,693
	Lupins	13,000	650	217	1,477

		Year		1	2	3	4	5
Number of Transactions								
	New Business			3,500	1,750	1,750	1,750	0
	Renewals		100%	0	3,500	5,250	7,000	8,750
	Inforce at end			3,500	5,250	7,000	8,750	8,750

Farm Size SA **Random**

Penetration in Regions RA **100% High Premiums** 30% +

			1	2	3	4	5
Premiums	Wheat		10,400	15,600	20,800	26,000	26,000
	Barley		2,600	3,900	5,200	6,500	6,500
	Canola		3,250	4,875	6,500	8,125	8,125
	Lupins		1,300	1,950	2,600	3,250	3,250
	Total		**17,550**	**26,325**	**35,100**	**43,875**	**43,875**
	Total Wheat & Barley		**13,000**	**19,500**	**26,000**	**32,500**	**32,500**
Govt Subsi	Wheat	25%	2,600	3,900	5,200	6,500	6,500
	Barley		650	975	1,300	1,625	1,625
	Canola		813	1,219	1,625	2,031	2,031
	Lupins		325	488	650	813	813
	Total		**4,388**	**6,581**	**8,775**	**10,969**	**10,969**
	Total Wheat & Barley		**3,250**	**4,875**	**6,500**	**8,125**	**8,125**
Farmers	Wheat	75%	7,800	11,700	15,600	19,500	19,500
	Barley		1,950	2,925	3,900	4,875	4,875
	Canola		2,438	3,656	4,875	6,094	6,094
	Lupins		975	1,463	1,950	2,438	2,438
	Total		13,163	19,744	26,325	32,906	32,906
	Total Wheat & Barley		9,750	14,625	19,500	24,375	24,375

Market Size Modelling

Number of Farms	35,000					
Scenario	CA, CB	PC	SA, SB	RC		
CA	Wheat, Barley					
CB	Wheat, Barley, Canola & Lupins					
Penetration	Year	1	2	3	4	5
(by number)	PA	10%	15%	20%	25%	25%
Crop Prices	Wheat	200				
	Barley	175				
	Canola	300				
	Lupins	150				

Farm Size		Total Premium	Scenario - 5% Market Penetration SA	SB	SC
	Wheat	56,000	2,800	936	6,362
	Barley	14,000	700	234	1,591
	Canola	17,500	875	293	1,988
	Lupins	7,000	350	117	795

	Year		1	2	3	4	5
Number of Transactions							
New Business			3,500	1,750	1,750	1,750	0
Renewals		100%	0	3,500	5,250	7,000	8,750
Inforce at end			3,500	5,250	7,000	8,750	8,750

Farm Size	**SA**	**Random**					
Penetration in Regions	**RA**	**100% High Premiums**			30% -		

			1	2	3	4	5
Premiums	Wheat		5,600	8,400	11,200	14,000	14,000
	Barley		1,400	2,100	2,800	3,500	3,500
	Canola		1,750	2,625	3,500	4,375	4,375
	Lupins		700	1,050	1,400	1,750	1,750
	Total		**9,450**	**14,175**	**18,900**	**23,625**	**23,625**
	Total Wheat & Barley		**7,000**	**10,500**	**14,000**	**17,500**	**17,500**
Govt Subsi	Wheat	25%	1,400	2,100	2,800	3,500	3,500
	Barley		350	525	700	875	875
	Canola		438	656	875	1,094	1,094
	Lupins		175	263	350	438	438
	Total		**2,363**	**3,544**	**4,725**	**5,906**	**5,906**
	Total Wheat & Barley		**1,750**	**2,625**	**3,500**	**4,375**	**4,375**
Farmers	Wheat	75%	4,200	6,300	8,400	10,500	10,500
	Barley		1,050	1,575	2,100	2,625	2,625
	Canola		1,313	1,969	2,625	3,281	3,281
	Lupins		525	788	1,050	1,313	1,313
	Total		7,088	10,631	14,175	17,719	17,719
	Total Wheat & Barley		5,250	7,875	10,500	13,125	13,125