



MARGIN PROTECTION PROGRAM (MP)

OVERVIEW

The **Margin Protection Program (MP)** pilot plan of insurance is a federally-reinsured area-based product that provides coverage for protection of the insured's expected margin, the difference between expected revenue and specific expected costs. MP considers changes in crop prices, county yields, and input prices in determining the indemnity. MP is an area-based policy that can be purchased as a stand-alone policy or in conjunction with Yield Protection or Revenue Protection policies.

NEW for 2018 - Harvest Price Option (HPO)

HPO allows a grower to choose to include replacement cost coverage to the Margin Protection policy. Similar to many popular revenue-based policies, if the harvest price is greater than the projected price, the expected margin and the trigger margin are recalculated based on the higher harvest price.

Availability - 2018 Crop Year

MP is available in selected counties for the following states, where applicable information is filed in the actuarial documents for the county:

- **Corn** - IA, IL, IN, KS, MI, MN, MO, NE, ND, OH, SD, WI
- **Soybeans** - IA, IL, IN, KS, MI, MN, MO, NE, ND, OH, SD, WI
- **Rice** - AR, CA, LA, MS, MO, TX
- **Spring Wheat** - MN, MT, ND, SD

Premium Subsidies

Coverage Level	70% coverage	75% coverage	80% coverage	85% coverage	90% coverage	95% coverage
Subsidy	59%	55%	55%	49%	44%	44%

The catastrophic (CAT) coverage level is not available for MP but may be selected for the base policy.

REQUIREMENTS:

If MP will be combined with a base policy, it must be purchased from the same insurance company as the issuer of the MP policy.

SALES CLOSING DATE:

September 30, 2017

PROJECTED PRICE DISCOVERY PERIOD:

August 16 - September 14

PROTECTION FACTORS:

.8 - 1.20

ALLOWED INPUTS

Resources typically used to produce the insured crop in the county where the insured acreage is located. This includes production inputs which will have differing projected and harvest prices (diesel, interest, fertilizer, etc.) and those whose insurance prices will not change during the year (machinery costs, seed, chemicals, etc.)

By the Numbers

PREMIUM EXAMPLES				WHAT IF?
COMMODITY	RICE-LONG GRAIN	RICE-LONG GRAIN	RICE-LONG GRAIN	
STATE	Arkansas	Arkansas	Arkansas	
COUNTY	Ashley	Ashley	Ashley	
COVERAGE LEVEL	90%	95%	95%	
PROTECTION FACTOR	120%	120%	120%	
HARVEST PRICE OPTION	—	—	HPO	
EXPECTED COUNTY YIELD	6,500 LBS.	6,500 LBS.	6,500 LBS.	
* EXPECTED REVENUE/AC	\$ 845	\$ 845	\$ 975	
EXPECTED COST/AC	\$ 298.89	\$ 298.89	\$ 298.89	
EXPECTED MARGIN/AC	\$ 546.11	\$ 546.11	\$ 676.11	
* TRIGGER MARGIN	\$ 461.61	\$ 503.86	\$ 627.36	
* EST. PREMIUM	\$ 31.29/AC	\$ 37.55/AC	\$ 41.30/AC	
* EST. PRODUCER PREMIUM	\$ 17.52/AC	\$ 21.03/AC	\$ 23.13/AC	

* **Expected Revenue** = Expected County Yield x Projected Price

Expected Revenue w/ HPO = Expected County Yield x Higher of Projected and Harvest Price

See in loss examples below the discovery prices.

* **Trigger Margin** = Expected Margin - (Expected Revenue x (1-Coverage Level))

* **Estimated Premium** = Reported Acres x Base Premium Rate x Protection Factor x Insured's Share

Base rates can be found in the RMA actuarial database.

* **Estimated Producer Premium** = MP Premium x (1 - Subsidy Rate)

Our premium estimates are only examples and do not represent what the insured's actual premium rates may be.

To create premium estimate scenarios as shown above, use the Margin Protection Estimator at www.marginprotection.com.

LOSS/INDEMNITY EXAMPLES				WHAT IF?
HARVEST PRICE OPTION	—	—	HPO	
PROTECTION FACTOR	120%	120%	120%	
PROJECTED PRICE	\$.13	\$.13	\$.13	
HARVEST PRICE	\$.12	\$.15	\$.15	
FINAL COUNTY YIELD	6,200 LBS.	6,200 LBS.	6,200 LBS.	
* FINAL COUNTY REVENUE	\$ 744	\$ 930	\$ 930	
HARVEST COST/ACRE	\$ 365.18	\$ 365.18	\$ 365.18	
* HARVEST MARGIN/AC	\$ 378.82	\$ 564.82	\$ 564.82	
* INDEMNITY	\$ 99.35	\$ 0.00	\$ 75.05	

* **Final County Revenue** = Harvest Price x Final County Yield

* **Harvest Margin** = Final County Revenue - Final Harvest Cost

* **Indemnity** = (Trigger Margin - Harvest Margin) x Protection Factor x Acres X Share

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