



HUDSON
INSURANCE GROUP®

MARGIN PROTECTION PROGRAM (MP)

OVERVIEW

The Margin Protection (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 (YP) or Revenue Protection (RP) policies.

Availability

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
New for 2020: White and waxy types are only insurable under MP as the grain type if they are insured as the grain type under the base policy.
- **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

Harvest Price Option (HPO)

HPO allows a grower to choose to include replacement cost coverage to the MP 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.

2020 Program Updates and Clarifications

- The data source for determining yields used for MP is now RMA, not NASS. Therefore, final county revenues will now be released prior to 6/16 for Corn, Rice and Soybeans and 4/16 for Wheat. Final County Yields will be released prior to 7/16 for Corn, Rice and Soybeans and 5/16 for Wheat.
- The earliest sales closing date for policyholders who have a base policy is the sales closing date of the base policy and not MP.
- Insureds with MP may not elect SCO on the base policy. If SCO is elected, the SCO election will be void.
- Acres used to determine the basic or enterprise unit discount include only insured planted acreage acres in the unit (do not include any prevented planting acres). The applicable basic or enterprise unit discount will apply to both insured and prevented planting acres, if there are insured planted acres.

Premium Subsidies

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

The CAT coverage level is not available for MP, only the base policy.

REQUIREMENTS:

If MP will be combined with a base policy (plan types 01 (YP), 02 (RP) and 03 (RP HPE)), the base policy must be at an additional coverage level and must be purchased from the same insurance company as the issuer of the MP policy.

An annual Production Report is required.

EXCLUSIONS:

Replant coverage and Written Agreements not available under MP.

SALES CLOSING DATE:

September 30, 2019

PROJECTED PRICE DISCOVERY PERIOD:

August 16 - September 14

COVERAGE LEVELS:

70% - 95%

PROTECTION FACTORS:

0.8 - 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.)

Margin Protection Analysis Tool

Hudson Crop agents have access to our industry-leading MP Analysis Tool. To see how it works with your policyholder, download from the myHudson Marketing Collateral page.

Calculator Tab - Provides premium estimates for MP Coverage based on the chosen coverage (crop, type, practice, etc.).

- Quotes are direct from the program developer and provide a realistic approximation of actual producer premium
- Allows the user to create "what if" scenarios based on changes to input costs, harvest yield and harvest price
- Detailed matrices show an indemnity due for each price/yield combination

Historical Indemnity Tab - Compares MP to traditional area plans.

- 2019 indemnity estimator based on current input costs
- User can estimate their county yield and harvest price in order to forecast an indemnity

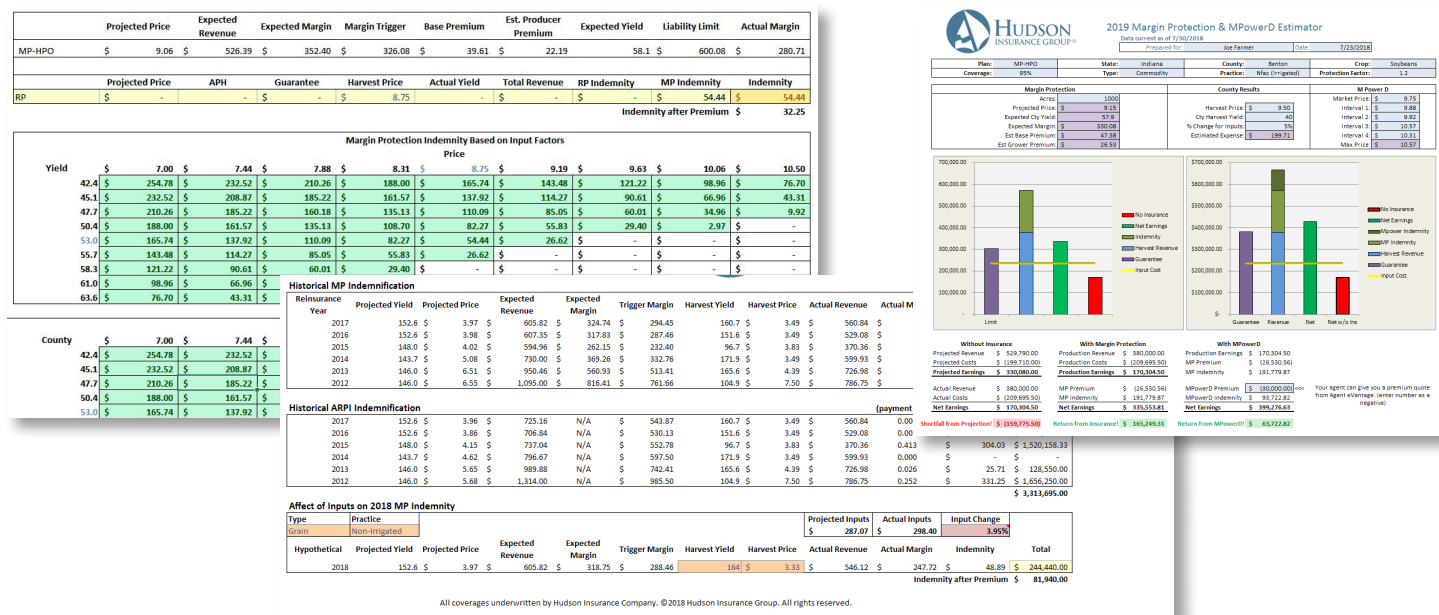
MP with MPowerD™ Tab - Allows the user to see a detailed breakdown of how MP will protect the insureds bottom line, as well as a plug in for MPowerD.

- Set five different interval prices in to see how the return is affected
- Estimate an after-premium indemnity by inputting premium values

NOTE: All analyses are for educational purposes only. Final numbers will be provided by the RMA.

If you have questions about this tool or need assistance, please contact your Regional Sales Manager.

MP premium estimates can also be generated at www.marginprotection.com.



MPowerD is a trademark of Watts & Associates, Inc., Billings, MT.

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