



# MARGIN PROTECTION

## 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
- **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.

### Plan Clarifications

- Termination date is 11/15 for corn, soybeans and wheat;
- Base policy includes only plan types 01 (YP), 02 (RP) and 03 (RP HPE).
- Base policy must be at an additional level of coverage;
- In order to get premium credit for a base policy, the MP policy and base policy must be insured under the same type and practice;
- Production reporting (PR) requirements vary when MP is purchased as a stand-alone policy vs. with an underlying base policy; and
- High-Risk Coverage Endorsement and CAT Endorsements covering High Risk acres are allowed on the base policy, but those acres cannot be covered under the MP plan;

### Premium Subsidy

<b>Coverage</b>	70%	75%	80%	85%	90%	95%
<b>Subsidy</b>	<b>59%</b>	<b>55%</b>	<b>55%</b>	<b>49%</b>	<b>44%</b>	<b>44%</b>

The catastrophic (CAT) coverage level is not available for MP or 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.

An annual PR is required.

### SALES CLOSING DATE:

September 30

### PROJECTED PRICE DISCOVERY PERIOD:

August 16 - September 14

### COVERAGE LEVELS:

70% - 95%

### PROTECTION FACTORS:

0.8 - 1.20

### EXCLUSIONS:

Replant coverage and Written Agreements are not available under MP.

### 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.

- 2018 indemnity estimator based on current input costs
- User can estimate their county yield and harvest price in order to forecast an indemnity

**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](http://www.marginprotection.com).

	Projected Price	Expected Revenue	Expected Margin	Margin Trigger	Base Premium	Est. Producer Premium	Expected Yield	Liability Limit	Actual Margin
MP-HPO	\$ 9.06	\$ 526.39	\$ 352.40	\$ 326.08	\$ 39.61	\$ 22.19	58.1	\$ 600.08	\$ 280.71

  

	Projected Price	APH	Guarantee	Harvest Price	Actual Yield	Total Revenue	RP Indemnity	MP Indemnity	Indemnity
RP	\$ -	\$ -	\$ -	\$ 9.75	-	\$ -	\$ -	\$ 54.44	\$ 54.44
								Indemnity after Premium	\$ 32.25

Yield	Price									
	7.00	7.44	7.88	8.31	8.75	9.19	9.63	10.06	10.50	
42.4	\$ 254.78	\$ 232.52	\$ 210.26	\$ 188.00	\$ 165.74	\$ 143.48	\$ 121.22	\$ 98.96	\$ 76.70	
45.1	\$ 232.52	\$ 208.87	\$ 185.22	\$ 161.57	\$ 139.32	\$ 117.07	\$ 94.81	\$ 72.55	\$ 50.29	
47.7	\$ 210.26	\$ 185.22	\$ 160.18	\$ 135.11	\$ 110.09	\$ 85.05	\$ 60.01	\$ 34.96	\$ 9.92	
50.4	\$ 188.00	\$ 161.57	\$ 135.11	\$ 108.70	\$ 82.27	\$ 55.83	\$ 29.40	\$ 2.97	\$ -	
53.0	\$ 165.74	\$ 137.92	\$ 110.09	\$ 82.27	\$ 54.44	\$ 26.62	\$ -	\$ -	\$ -	
55.7	\$ 143.48	\$ 114.27	\$ 85.05	\$ 55.83	\$ 26.62	\$ -	\$ -	\$ -	\$ -	
58.3	\$ 121.22	\$ 90.61	\$ 60.01	\$ 29.40	\$ -	\$ -	\$ -	\$ -	\$ -	
61.0	\$ 98.96	\$ 66.96	\$ 34.96	\$ 2.97	\$ -	\$ -	\$ -	\$ -	\$ -	
63.6	\$ 76.70	\$ 43.31	\$ 9.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

County	7.00	7.44	7.88	8.31	8.75	9.19	9.63	10.06	10.50
42.4	\$ 254.78	\$ 232.52	\$ 210.26	\$ 188.00	\$ 165.74	\$ 143.48	\$ 121.22	\$ 98.96	\$ 76.70
45.1	\$ 232.52	\$ 208.87	\$ 185.22	\$ 161.57	\$ 139.32	\$ 117.07	\$ 94.81	\$ 72.55	\$ 50.29
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50.4	\$ 188.00	\$ 161.57	\$ 135.11	\$ 108.70	\$ 82.27	\$ 55.83	\$ 29.40	\$ 2.97	\$ -
53.0	\$ 165.74	\$ 137.92	\$ 110.09	\$ 82.27	\$ 54.44	\$ 26.62	\$ -	\$ -	\$ -

Reinsurance Year	Projected Yield	Projected Price	Expected Revenue	Expected Margin	Trigger Margin	Harvest Yield	Harvest Price	Actual Revenue	Actual Margin	Indemnity	Total	Projected Input	Actual Input
2017	152.6	3.97	605.82	324.74	294.45	160.7	3.49	560.84	278.10	15.52	97,607.40	281.08	282.66
2016	148.0	3.98	607.35	317.83	287.46	151.6	3.49	529.08	247.02	48.52	242,619.60	289.52	282.06
2015	148.0	4.02	594.96	262.15	232.40	96.7	3.83	370.36	43.27	226.96	1,134,786.00	332.81	327.09
2014	143.7	5.08	730.00	369.26	332.76	171.9	3.49	599.93	238.01	113.69	568,471.20	360.74	361.92
2013	146.0	6.51	950.46	560.93	513.41	165.6	4.39	726.98	352.15	193.50	907,518.00	389.53	374.83
2012	146.0	6.55	1,095.00	816.41	763.66	104.9	7.50	786.75	371.90	467.71	2,338,560.00	417.29	414.85
											\$ 5,349,662.20		

Year	Projected Yield	Projected Price	Expected Revenue	Expected Margin	Trigger Margin	Harvest Yield	Harvest Price	Actual Revenue	Actual Margin	Indemnity	Total
2017	152.6	3.96	725.16	N/A	343.87	160.7	3.49	560.84	0.000	\$ -	\$ -
2016	152.6	3.96	706.84	N/A	590.13	151.6	3.49	529.08	0.002	\$ 1.75	\$ 8,736.67
2015	148.0	4.15	737.04	N/A	552.78	96.7	3.83	370.36	0.413	\$ 304.03	\$ 1,520,158.33
2014	143.7	4.62	796.67	N/A	597.50	171.9	3.49	599.93	0.000	\$ -	\$ -
2013	146.0	5.65	989.88	N/A	742.41	165.6	4.39	726.98	0.026	\$ 25.71	\$ 128,550.00
2012	146.0	5.98	1,214.00	N/A	985.50	104.9	7.50	786.75	0.252	\$ 331.25	\$ 1,656,350.00
											\$ 3,313,695.00

Type	Practice	Projected Yield	Projected Price	Expected Revenue	Expected Margin	Trigger Margin	Harvest Yield	Harvest Price	Actual Revenue	Actual Margin	Indemnity	Total
Gram	Non-irrigated											
Hypothetical		152.6	3.97	605.82	318.75	288.46	164	3.33	546.12	247.72	48.89	\$ 244,440.00
												Indemnity after Premium \$ 83,900.00

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