

## 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**

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

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.).

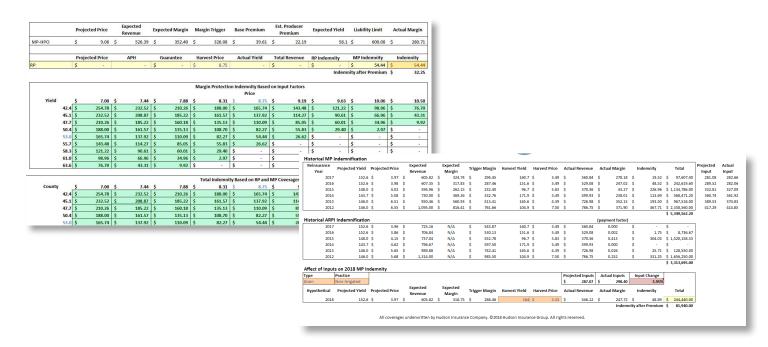
- Quotes are direct from the program developer and provide a realistic approximation of actual producer premium
- Allows the user to create "what if" scenarios based on changes to input costs, harvest yield and harvest price
- Detailed matrices show an indemnity due for each price/yield combination

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.



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