SUPPLEMENTAL CROP INSURANCE COVERAGE

EXCESS MOISTURE - OVERVIEW

Excess Moisture (EM) is a non federally-reinsured policy that provides the opportunity for additional protection if a single day's rainfall exceeds the combination of the historical average rainfall amount for a given interval and the qualifier selected by the rancher. It normalizes the final interval indices by removing the most excess rainfall event in a specific period of time.

Coverage and Options

- The EM Insured Acres can be equal to or less than the insured acres from the underlying Rainfall Index (RI) PRF policy for the selected Grid ID. The insured acres per interval will be the EM insured acres times the percent of value for the given interval from the RI policy.
- Producer must elect two or more of the grid/intervals covered on the underlying RI policy to be covered on the EM policy.
- Daily Threshold: Value between 0% and 50% (in 5% increments and identical for all grid/intervals elected on EM). This percentage multiplied by the historical average rainfall for a given interval establishes the daily rainfall threshold qualifier amount (in inches).
- Maximum Payment Factor (MPF): Elected value from 20% to 50% (in 5% increments) that sets the highest payment factor possible for EM's liability (identical for all EM grid/intervals).

Premium

- Liability for each elected interval is calculated as the product of the coverage level, productivity factor, base value, MPF, acres and share
- Premium for each elected interval is then calculated as: Liability * Premium Rate (based on the Grid ID, Coverage Level, EM Threshold and Limit and elected interval) / 100

Loss Situation | To determine the amount of any loss payment due, Hudson will:

1. Determine if the Rainiest Day of a given interval exceeds the elected Daily Threshold. If not, then no indemnity is due.
2. If step 1 exceeds the daily threshold, the final rainfall index published by the RMA is recalculated by subtracting the Rainiest Day from the actual rainfall amount and dividing that result by the expected average rainfall.
3. Calculate the EM payment factor by dividing the difference of the result of step 2 and the coverage level elected on the MPCI RI by the coverage level elected on the MPCI RI.
4. The final EM payment factor is calculated by subtracting the MPCI RI payment factor from result of step 3 not to exceed the MPF.
5. The EM indemnity is calculated by multiplying the EM Liability by the result of dividing the value of step 4 and the MPF.

ELIGIBILITY

Must have an underlying RI PRF policy. If the RI policy is not with Hudson, a copy of the underlying RI Application must accompany the EM Application.

POLICY ELECTIONS

All elections made on the underlying PRF policy (productivity factor, coverage level, intended use, type, etc.) are also used for EM.

KEY DATES

Sales Closing: December 1st (Follows underlying RI policy)

Premium Due: November 1st

Coverage Expires: December 31st

The information contained in this brochure is for general information only and shall not modify the terms of any insurance policy. An underlying Rainfall Index policy on PRF ground must be purchased for this supplemental product; however, that policy does not have to be purchased from Hudson.

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