UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Common Crop Insurance Policy
MARGIN PROTECTION PLAN

This Margin Protection Plan (MP) provides protection against loss of margin that exceeds your deductible due to an area level production loss, a price decline or cost increase, or a combination of all factors. The MP coverage can be purchased in one of two forms. One form includes the Common Crop Insurance Policy Basic Provisions (Basic Provisions) (7 C.F.R. § 457.8), a base policy, MP, and the applicable MP Crop Provisions, and may be purchased as long as all policies are purchased through us. The other form is a stand-alone policy that includes the Basic Provisions, MP, and the applicable MP Crop Provisions. Individual farm revenues and input costs are not considered under MP and it is possible that your individual farm may experience reduced revenue or increased costs and not receive an indemnity under MP. All provisions of the Basic Provisions apply unless specified in these provisions even if you have not purchased the base policy.

MP is a revenue plan of insurance. Your margin projected prices and margin harvest prices for the eligible crop and for the specified inputs will be determined in accordance with the provisions of the Margin Price Provisions.

1. Definitions.

Allowed input – A resource identified in the MP link located at www.rma.usda.gov/policies/mp/index.html as typically used to produce the insured crop in the county where the insured acreage is located. Certain allowed inputs will be specified in dollars per acre and are not subject to price change; others will be specified in a quantity per acre and are subject to price change.

Base policy - A policy of insurance issued under the Basic Provisions that includes any of the following: the Coarse Grains Crop Provisions (7 C.F.R. § 457.113), the Rice Crop Provisions (7 C.F.R. § 457.141), and the Small Grains Crop Provisions (7 C.F.R. § 457.101) or other Crop Provision or plan of insurance designated in the Special Provisions, as applicable.

Dollar amount of insurance (per acre) – The amount we determine for a crop, type and practice insured under MP by multiplying your approved yield for the insured crop, type, and practice by 0.85 and by the margin projected price, and adding this amount to the trigger margin (per acre).

Expected cost (per acre) – The dollar amount determined by multiplying the quantity of each allowed input subject to price change by the projected input price for that input, summing the dollar values so determined, and adding to this amount the dollar amount for allowed inputs not subject to price change.

Expected county yield – The yield, established in accordance with section 14, for the insured crop, type, and practice, contained in the actuarial documents for the purpose of determining the expected revenue.

Expected margin (per acre) – The result obtained by subtracting the expected cost (per acre) from the expected revenue (per acre).

Expected revenue (per acre) – The value we determine by multiplying the expected county yield by the margin projected price.

Final county yield – The yield, established in accordance with section 14, for each insured crop, type, and practice, used to determine the harvest revenue (per acre), and released by RMA as specified in the actuarial documents.

Harvest cost (per acre) – The dollar amount determined by multiplying the quantity of each allowed input subject to price change by the harvest input price for that input, summing the dollar values so determined, adding to this amount the sum of the dollar per acre amounts of allowed inputs not subject to price change.

Harvest input price – A dollar amount per unit of an allowed input subject to price change, determined as specified in the Margin Price Provisions, used to determine the harvest cost.

Harvest margin (per acre) – The result of subtracting the harvest cost (per acre) from the harvest revenue (per acre).

Harvest revenue (per acre) – The result obtained by multiplying the final county yield by the margin harvest price.

Liability – The amount we determine by multiplying the dollar amount of insurance per acre by the number of acres of the insured crop, unit, type and practice; and multiplying the result by your share. The liability establishes the upper limit on the MP indemnity regardless of the outcome of the county yield, commodity price change, and input price change.

Margin harvest price – A price determined in accordance with the Margin Price Provisions and used to determine the harvest revenue of the insured crop.

Margin Price Provisions – The part of the policy that contains the information needed to determine the margin projected price and the margin harvest price for the insured commodity and to determine the projected input prices and the harvest input prices.

Margin projected price –The price for the insured crop determined in accordance with the Margin Price Provisions and used to determine the expected revenue of the insured crop.

Margin protection coverage level – A percentage factor that you elect from among those offered in the actuarial documents that is multiplied by your expected margin to determine your trigger margin (per acre).

Margin Protection Crop Provisions – MP policy materials containing specific terms of insurance for individual crops.

Margin Unit – The acreage structure we use to determine the amount of liability and indemnity, as follows:

(a) For MP without a base policy. all the planted acreage in the county in which you have a share of each type and practice identified as insurable in the actuarial documents; and

(b) For MP with a base policy, all the planted acreage in the county in which you have a share in each unit identified on your acreage report.

Projected input price – A dollar amount per unit of an allowed input subject to price change, determined as specified in the Margin Price Provisions, used to determine the expected value of an allowed input.

RMA – Risk Management Agency, a USDA agency that manages the crop insurance programs for FCIC.

Trigger margin (per acre) – The expected margin (per acre) multiplied by the MP coverage level you select and used to determine the dollar amount of insurance (per acre) and to determine if an indemnity payment is due.

2. Eligibility, Insurance Guarantees, Coverage Levels, and Prices.

(a) In addition to the provisions in section 3(a) of the Basic Provisions, the liability will be used to calculate your summary of coverage for the crop year.

(b) You must choose 100 percent of the margin projected and margin harvest price and 100 percent of the projected input prices and harvest input prices.

(c) You may select any coverage level shown on the actuarial documents for the insured crop, type, and practice. The catastrophic risk protection (CAT) level of coverage is not available under MP but the base policy may be elected at the CAT level of coverage.

(d) In addition to section 9 of the Basic Provisions, MP will only insure acreage that is:

(1) Planted to the first insured crop that was planted on or before the final planting date, as shown in the actuarial documents;

(2) Reported to us by the acreage reporting date;

(3) Physically located in the county shown on the application accepted by us; and

(4) Planted to a type designated as insurable in the actuarial documents.

(e) The provisions in section 34 of the Basic Provisions regarding Whole Farm units are not applicable to MP.

(f) In addition to section 3(b)(5) of the Basic Provisions, if one or more projected input prices or one or more harvest input prices cannot be determined under the provisions of the Margin Price Provisions:

(1) For a projected input price:

(i) The margin projected price and the margin harvest price for that input will be set to zero for the crop year; and

(ii) Notice will be provided on RMA's web site by the date specified in the applicable projected input price definition contained in the Margin Price Provisions; or

(2) For a harvest input price:

(i) MP will continue to be available; and

(ii) The harvest input price for that input will be determined and announced by FCIC.

(g) You must elect MP on your application on or before the sales closing date specified in the actuarial documents.

(h) If you elect Supplemental Coverage Option on the policy issued under the Basic Provisions you are not eligible for MP.

(i) If you elect the High-Risk Alternate Coverage Endorsement on policy issued under the Basic Provisions you are not eligible for MP.

3. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is specified in the applicable MP Crop Provisions.

4. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are specified in the applicable MP Crop Provisions.

5. Insured Crop.

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all acres in the county of the commodity of a type and practice for which premium rates are provided by the actuarial documents:

(1) In which you have a share;

(2) That is adapted to the area based on days to maturity and is compatible with agronomic and weather conditions in the area;

(3) Planted with the intent to be harvested; and

(4) For corn, soybeans and wheat, that is not (unless allowed by a MP Crop Provisions or the Special Provisions):

(i) Interplanted with another crop; or

(i) Planted into an established grass or legume.

(b) If the trigger margin (per acre) is zero or negative:

(1) MP will not be available for the applicable county, crop, type, and practice;

(2) Notice will be provided on RMA's Web site at http://www.rma.usda.gov/ by the date specified in the applicable margin projected price definition; and

(3) No premium will be due on such acreage and no indemnity will be paid.

6. Report of Acreage and Production.

(a) You must report all insurable planted acres in each margin unit in accordance with section 6 of the Basic Provisions. Acreage initially planted after the final planting date must be reported as uninsurable.

(b) In addition to the provisions of section 6 of the Basic Provisions, if you have submitted an estimated acreage report in accordance with section 6(d)(3) of the Basic Provisions and an acreage measurement is not provided to us by the time the harvest margin is calculated, we may apply the provisions contained in sections 6(d)(3)(ii)(A) or (B) of the Basic Provisions to finalize your claim.

(c) In addition to the provisions in section 6(f) of the Basic Provisions, if we deny liability for unreported acreage, no premium will be due on such acreage and no indemnity will be paid.

(d) If you have a base policy, your production report for such policy will be used as the production report for MP. If you do not have a base policy, you must provide a production report in accordance with the terms of section 3(f) of the Basic Provisions. If you fail to submit a production report to us by the production reporting date specified in the actuarial documents, you will be limited to the lowest coverage level available for the next crop year.

(e) If you have a base policy, the approved yield from such policy will be used as your approved yield for each MP unit for the purpose of calculating liability under MP. If you do not have a base policy, you must provide to us all the information we need to determine the approved yield for the insured acreage in accordance with section 6(d). We will assign a yield equal to 65 percent of the transitional yield for the crop type and practice if you fail to submit the information we need to determine your approved yield.

7. Annual Premium and Administrative Fees.

(a) The premium amount for this coverage will be determined for each margin unit by multiplying the reported acres by the dollar amount of premium (per acre) contained in the actuarial documents and by your share at the time coverage begins.

(b) We will adjust your premium in accordance with our determination of the expected reduction in indemnities for MP if you elect a base policy for the crop. The premium adjustment is made by us using information contained in your application and acreage report for the base policy.

(c) You will owe a separate administrative fee for the MP policy even if you have a base policy.

8. Causes of Loss.

(a) MP provides protection when your harvest margin is less than your trigger margin due to natural causes of loss, in accordance with the Basic Provisions, that result in a reduction in the county yield, a reduction in market price for the insured commodity, an increase in the price of one or more allowed inputs subject to price change, or any combination of these factors, unless FCIC can prove any price change was the direct result of an uninsured cause of loss.

(b) Failure to follow good farming practices, or planting or producing a crop using a practice that has not been widely recognized as used to establish the expected county yield, is not an insurable cause of loss.

9. Replanting Payments.

The replanting payment provisions of the Basic Provisions do not apply to MP.

10. Prevented Planting.

The prevented planting provisions of the Basic Provisions do not apply to MP.

11. Late Planting.

The late planting provisions of the Basic Provisions are not applicable to MP.

12. Written Agreements.

Written Agreements are not allowed under MP.

13. Other Insurance.

(a) In lieu of section 22 of the Basic Provisions, you may obtain a base policy for the insured crop provided such policy is obtained through us.

(b) If you have obtained other insurance issued under the authority of the Act not specifically authorized by section 13(a), this policy will be void and you may be subject to the consequences authorized under this policy, the Act, or any other applicable statute.

(c) Nothing in this section prevents you from obtaining other insurance not authorized under the Act.

14. Yields.

(a) The data source used for the county yields will be based on the best available data and will be specified in the Special Provisions.

(b) Except as otherwise provided in this section, the data source used to establish the expected county yield will be the data source used to establish the final county yield.

(c) For crops with an MP sales closing date prior to the sales closing date for the base policy, the county expected yield is lagged one year.

(c) If the data source used to establish the expected county yield is not able to provide credible data to establish the final county yield because the data is no longer available, credible, or reflects changes that may have occurred after the yield was established;

(1) FCIC will determine the final county yield based on the most accurate data available from subsection (g), as determined by FCIC; or

(2) To the extent that practices used during the crop year change from those upon which the expected county yield is based, the final county yield may be adjusted to reflect the yield that would have resulted but for the change in practice. For example, if the county is traditionally 90 percent irrigated and 10 percent non-irrigated, but this year the county is now 50 percent irrigated and 50 percent non-irrigated, the final county yield will be adjusted to an amount as if the county had 90 percent irrigated acreage.

(d) If the final county yield is established from a data source other than that used to establish the expected county yield, FCIC will provide notice of the data source and the reason for the change at the time the final county yield is published.

(e) If yields are based on NASS data, the final county yield will be the most current NASS yield at the time FCIC determines the harvest margin in accordance with section 14. .

(f) The final county yield determined by FCIC is considered final for the purposes of establishing whether an indemnity is due and will not be revised for any reason.

(g) Yields used under this insurance program for a crop, may be based on:

(1) Data collected by NASS, if elected by FCIC, regardless of whether such data is published or unpublished; or

(2) Crop insurance data, other USDA data, or other data sources, if elected by FCIC.

15. Duties in the Event of Damage, Loss, Abandonment, Destruction, or Alternative Use of Crop or Acreage.

The terms of section 14 of the Basic Provisions do not apply to a MP policy that does not include a base policy. The base policy is subject to those provisions.

16. Production Included in Determining an Indemnity and Payment Reductions.

(a) In lieu of the terms contained in sections 15(b) and 15(c) of the Basic Provisions, all determinations of the amount of any indemnity for MP without a base policy will be based upon the expected an final county yields and the projected and harvest prices for the commodity and for the allowed inputs. Those terms do apply to the base policy included with a MP endorsement.

(b) The amount of any indemnity you received from a base policy will be deducted when determining the amount of any indemnity due under MP as specified in section 17. The indemnity to be included for this purpose will not include any payment you received for replanting or prevented planting from your base policy.

17. Calculation of Indemnity.

(a) Our payment will not exceed the liability.

(b) In the event of loss or damage covered by this policy, we will settle your claim for each insured margin unit in the following manner:

(1) Subtract the harvest margin (per acre) from the trigger margin (per acre). (If the harvest margin is negative then the result of this calculation will be to add these two numbers. For example: trigger margin is $200. Harvest margin is -50. Therefore ($200 - (-$50) = $250);

(2) Multiply the result of section 17(b)(1) by the number of insured acres;

(3) Multiply the result of section 17(b)(2) by your share;

(4) Determine the amount of any indemnity as follows:

(i) If you have not elected a base policy and the result of section 17(b)(3) is greater than zero, the lesser of that amount or the liability will be your indemnity; or

(ii) If you have elected a base policy, we will subtract the amount of any indemnity you received for the margin unit under the base policy from the result of section 17(b)(3) and, if that difference is greater than zero, the lesser of that difference or the liability will be your indemnity.

18. Example.

Assume the following quantities (per acre basis) and input prices:

Input	Quantity	Projected	Harvest
Diesel	8.0 gal.	$3.75	$4.50
Fertilizer	50.0 lbs.	$0.40	$0.55
Fixed Costs	$170	N/A	N/A

Example 1:

Other data:

Approved Yield	51 bu.
Expected county yield	50 bu.
Planted acreage	100.0
Share	100%
Margin projected price (per bu.)	$7.25
Margin harvest price (per bu.)	$6.50
MP coverage level	90%
Final county yield	40 bu.
Indemnity paid under base policy	$5,300

The following calculations are needed to determine the trigger margin and the dollar amount of insurance:

Expected cost (per acre) = 8.0 gal. x $3.75 + 50.0 x $0.40 + $170 = $220.

Expected revenue (per acre) = 50 bu. x $7.25 = $363

Expected Margin (per acre = $363 - $220 = $143

Trigger margin (per acre) = $143 x 0.90 = $129.

Dollar amount of insurance (per acre) = (51 bu. x 0.85 x $7.25) + $129 = $443.

Liability = $443 x 100 acres x 1.000 = $44,300

Harvest revenue (per acre) = 40 bu. x $6.50 = $260.

Harvest cost (per acre) = 8.0 gal. x $4.50 + 50.0 lbs. x $0.55) + $170 = $234

Harvest margin (per acre) = $260 - $234 = $26

Following the steps specified in section 17(b), your indemnity will be determined as follows:

(1) Subtract the harvest margin (per acre) from the trigger margin (per acre)

$129 - $26 = $103

(2) Multiply the result of (1) by the number of insured acres

$103 x 100 acres = $10,300

(3) Multiply the previous result by your share

$10,300 x 1.000 = $10,300.

(4) The amount of the indemnity is:

(i) The indemnity cannot exceed the liability, which is $44, 300.

(ii) If a base policy was not elected, your indemnity is $10,300; or

(iii) If a base policy was elected and your indemnity from that policy was $5,300. Your indemnity for MP is $5,000 ($10,300 - $5,300).

Example 2:

All the data in example 1 remain the same except the margin projected price is $6.50 and the margin harvest price is $7.25 per bushel.

The following calculations are needed to determine the trigger margin and the dollar amount of insurance:

Expected cost (per acre) = 8.0 gal. x $3.75 + 50.0 lbs. x $0.40 + $170 = $220.

Expected revenue (per acre) **=** 50 bu. x $6.50 = $325.

Expected margin (per acre) = $325 - $220 = $105.

Trigger margin (per acre) = $105 x 0.90 = $95.

Dollar amount of insurance (per acre) = (51 bu. x 0.85 x $6.50) + $95 = $377.

Liability = $377 x 100 acres x 1.000 = $37,700

Harvest revenue (per acre) = 40 bu. x $7.25 = $290

Harvest cost (per acre) = 8.0 gal. x $4.50 + 50.0 lbs x $0.55 + $170 = $234

Harvest Margin (per acre) = $290 - $234 = $56

Following the steps specified in section 17(b), your indemnity will be determined as follows:

(1) Subtract the harvest margin (per acre) from the trigger margin (per acre)
$95 - $56 = $39

(2) Multiply the previous result by the number of insured acres
$39 x 100 acres = $3,900.

(3) Multiply the previous result by your share
$3,900 x 1.000 = $3,900.

(4) The amount of the indemnity is:

(i) The indemnity cannot exceed the liability, which is $37,700.

(ii) If you have not elected a base policy your indemnity is $3,900

(iii) Assume you have elected a base policy and your indemnity from that policy was $2,300. Your indemnity for MP is $1,600 ($3,900 – $2,300).