



Margin Protection for Federal Crop Insurance

July 2015

Margin Protection

A new plan of insurance is now available from the USDA’s Risk Management Agency (RMA). Margin Protection provides you coverage against an unexpected decrease in your operating margin (revenue less input costs). Margin Protection is area-based, using county-level estimates of average revenue and input costs to establish the amount of coverage and indemnity payments. Because Margin Protection is area-based (average for a county), it may not reflect your individual experience. Margin Protection can be purchased by itself, or in conjunction with a Yield Protection or a Revenue Protection policy. To the extent that the average margin for a county is lower than expected, due to a decrease in revenue and/or an increase in input costs, Margin Protection will cover a portion of that shortfall.

Coverage Availability

Margin Protection is available starting with the 2016 crop year in select counties for corn, rice, soybeans, and wheat in the states listed below.

Rice (select counties)	Corn (all counties)	Soybeans (all counties)	Wheat (select counties)
Arkansas	Iowa	Iowa	Minnesota
California			Montana
Louisiana			North Dakota
Mississippi			South Dakota
Missouri			
Texas			

Eligible Insurance Plans

Margin Protection can be purchased by itself, or in conjunction with a Yield Protection or Revenue Protection policy. If another policy is purchased, it must be from the same Approved Insurance Provider that issued the Margin Protection policy. If you buy a Yield Protection or Revenue protection policy, you

will receive a Margin Protection premium credit to reflect that indemnity payments from one policy can offset payments from the other.

Important Dates

Sales Closing Date

- Corn, Soybeans, & Spring Wheat September 30, 2015
- Rice Varies by State and County

Coverage Levels and Premium Subsidies

Margin Protection provides coverage that is based on an expected margin for each applicable crop, type, and practice.

Expected Margin = Expected Revenue – Expected Costs, where:

- Expected revenue (per acre) is the expected county yield multiplied by a projected commodity price; and
- Expected cost (per acre) is the dollar amount determined by multiplying the quantity of each allowed input by the input’s projected price.

You may choose to cover anywhere from 70 percent to 90 percent of your expected margin. A higher level of coverage will have a higher premium rate.

Loss Payments

A loss may be paid if the harvest margin is less than 70 percent to 90 percent (depending on the coverage level selected) of the expected margin. If there is a loss paid under your Yield Protection or Revenue Protection policy, the indemnity amount from that policy will be subtracted from any loss under your Margin Protection policy.

Determining the Margin

When determining the margin two types of inputs are considered, those subject to price change as listed below, and those not subject to price change (i.e., fixed from planting to harvest). Inputs not subject to price change are not specifically identified, but include, seed, machinery, operating

costs (other than fuel), and similar expenses. Inputs subject to price change are identified in the Margin Provisions and include the following:

Crop	Allowed Inputs Subject to Price Change
Corn	Diesel, Urea, Diammonium Phosphate price (DAP), Potash, Interest
Soybeans	Diesel, DAP, Potash, Interest
Rice	Diesel, Urea, DAP, Potash, Interest
Wheat	Diesel, Urea, Monoammonium Phosphate(MAP), Potash, Interest

Payments

Any indemnities owed will be paid when final county yields are available, in the spring of the following year.

Insurable Types and Practices

All types and practices that are insurable for corn, rice, soybeans, and spring wheat in the respective county is listed in the Margin Protection actuarial documents.

Where to Buy Crop Insurance

All crop insurance, including Margin Protection policies, are available from authorized crop insurance agents. The purchase must be made before the Margin Protection sales closing date, which is generally earlier than traditional spring crop insurance policy sales closing dates. A list of crop insurance agents is available at all USDA service centers and on the RMA website at: www3.rma.usda.gov/apps/agents.

Contact Us

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