

## MARGIN PRICE PROVISIONS

### 2016 AND SUCCEEDING CROP YEARS

The Margin Price Provisions consist of three sections. Section I of the Margin Price Provisions applies to all crops and counties where the Margin Protection Plan Provisions is available in the actuarial documents. Each crop insured under the Margin Protection Plan has its own sections II and III that contain the commodity price and commodity input information specific to the crop.

#### Section I: General Information

##### (1) Definitions

**Additional daily settlement price** – A price(s) used in the establishment of the average daily settlement price when at least eight daily settlement prices for the contract specified in the applicable insured crop’s margin projected price, margin harvest price, projected input price, or harvest input price definition are not available. The price(s) are generally obtained from the contract immediately prior to the contract specified in the applicable insured crop’s margin projected price, margin harvest price, projected input price, or harvest input price definition, or another contract as determined by RMA. The price must represent the same crop year as the insured crop. Additional daily settlement prices will be those closest to the dates where daily settlement prices for the specified contract(s) do not qualify or are missing. If enough additional daily settlement prices are not available to meet the minimum of eight prices for the applicable crop year, see paragraph 2(c), or 2(d). This definition applies only to those prices derived from a futures market.

**Average daily settlement price** – The sum of all daily settlement prices divided by the total number of full active trading days included in the sum. The average must include a minimum of eight prices established on full active trading days. If eight qualifying prices are not available for the applicable contract month specified for the insured crop in Section II of the Margin Price Provisions, additional daily settlement prices will be used to

establish the average daily settlement price until eight qualifying prices are available. If enough additional daily settlement prices are not available to meet the minimum of eight prices for the applicable crop year, see paragraph 2(c) or 2(d). This definition applies only to those prices derived from a futures market.

**AMS** – Agricultural Marketing Service, a USDA agency.

**Basic Provisions** – The Common Crop Insurance Policy Basic Provisions (11-BR) (7 C.F.R. § 457.8).

**CME** – Chicago Mercantile Exchange Group.

**Daily settlement price** – A price established in accordance with the Margin Price Provisions, which is available for the crop at the end of a full active trading day.

**DAP** - Diammonium Phosphate price.

**Diesel** – The diesel price is obtained from the CME Heating Oil Futures.  
**Full active trading day** – For all exchanges, any day on which a minimum of 25 open interest contracts for the relevant futures contract are available.

**DNO** - New Orleans Diammonium Phosphate price.

**FIS** - Freight Investor Services.

**Harvest Input Price** – Has the same definition as defined in section III.

**Harvest Year** – The calendar year in which the crop is normally harvested.

**Interest rate** - Determined by adding 6.0 percentage points to the underlying unit (as defined by the CME) for the applicable CME 30 Day Federal Funds Futures Contract (see Section II). The contract is used to derive the effective federal funds interest rate.

**Inputs Subject to Price Change** – The inputs defined in Section III.

**KCBT** – Kansas City Board of Trade.

**MAP** – A type of fertilizer referred to as Monoammonium Phosphate. The MAP price is derived from the DAP price.

**Margin Harvest Price** – Has the same definition as defined in section II.

**Margin Projected Price** – Has the same definition as defined in section II.

**MP** - Margin Protection Plan Provisions.

**MGE** – Minneapolis Grain Exchange.

**NASS** – National Agricultural Statistics Service, a USDA agency.

**Potash** – Potash fertilizer, an input rich in potassium.

**Projected Input Price** – Has the same definition as defined in section III.

**UNO** – New Orleans urea price

**Urea** – A fertilizer rich in nitrogen

**USDA** – United States Department of Agriculture.

## (2) Price Determinations

- (a) In accordance with MP and the MP Crop Provisions, the Margin Price Provisions specifies how and when the margin projected price, the margin harvest price, and the projected input price and harvest input price for the inputs subject to price change will be determined by crop. These provisions are a part of the MP Plan Provisions. These provisions **do not apply** to a base policy.
- (b) The Margin Price Provisions will be used to determine:
  - (1) The margin projected price and margin harvest price for insured crops; and
  - (2) The projected input price and the harvest input price for the inputs subject to price change.
- (c) RMA reserves the right to omit any daily settlement price or additional daily settlement price if market conditions are different than those used to rate or price the MP plan of insurance.
- (d) If a margin projected price, a margin harvest price, a projected input price, or a harvest input price cannot be calculated by the procedures outlined in these Margin Price Provisions, the terms of section 3(c)(5) of the Basic Provisions and of section 2(f) of MP will apply.
- (e) The margin harvest price will not be greater than the margin projected price multiplied by 2.00.

(f) Margin projected prices, margin harvest prices, projected input prices, and harvest input prices, and associated factors and adjustments for all crops, can be found at <http://www.rma.usda.gov/policies/mp/index.html>