United States Department of Agriculture

A Risk Management Agency Fact Sheet

Margin Protection for Federal Crop Insurance

May 2017

Margin Protection

Margin Protection provides coverage against an unexpected decrease in 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. A payment may be made when the harvest margin for the county is lower than the trigger margin 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 in select counties for corn, rice, soybeans, and wheat in the states listed below.

Rice	Corn and Soybeans	Wheat
Arkansas	Illinois	Minnesota
California	Indiana	Montana
Louisiana	Iowa	North Dakota
Mississippi	Kansas	South Dakota
Missouri	Michigan	
Texas	Minnesota	
	Missouri	
	Nebraska	
	North Dakota	
	Ohio	
	South Dakota	
	Wisconsin	

Eligible Insurance Plans

Margin Protection can be purchased by itself, or in conjunction with a Yield Protection or Revenue Protection policy purchased 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, and Spring Wheat .... September 30

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.

Trigger Margin = Expected Margin – Deductible, where the deductible is 1.00 minus the coverage level multiplied by the expected revenue.

Coverage levels are offered from 70 to 95%. A higher level of coverage will have a higher premium rate. You may also choose to purchase Margin Protection with the Harvest Price Option (MP-HPO). Under MP-HPO, if the harvest price exceeds the projected price, the expected revenue used in setting trigger margins is reset based on the harvest price.

Loss Payments

A loss may be paid if the harvest margin is less than the trigger 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 changes 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 Federal reinsured crop insurance policies, including Margin Protection policies, are available from authorized crop insurance agents. The purchase must be made before the Margin Protection sales closing date, which for most MP crops is 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 www.rma.usda.gov/tools/agent.html.

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