

## MARGIN PRICE PROVISIONS

### 2018 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

**Average daily settlement price** – The sum of all daily settlement prices divided by the total number of daily settlement prices included in the sum. All daily settlement prices during the price discovery period for the contract specified in the applicable crop’s margin projected price, margin harvest price, projected input price, or harvest input price definition will be included in the sum, provided the threshold requirements, as defined below, are met. If the threshold requirements are not met for the specified contract, see the terms under the substitute average daily settlement price definition. If the threshold requirements are not met under the terms of the substitute average daily settlement price definition, the applicable margin projected price, margin harvest price, projected input price, or harvest input price will be established in accordance with I.2(c) or I.2(d).

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

**Basic Provisions** – The Common Crop Insurance Policy Basic Provisions (17-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 trading day.

**DAP** - Diammonium Phosphate price.

**Diesel** – The diesel price is obtained from the NYMEX New York Harbor Ultra Low Diesel Contract (ULSD)

**Full active trading day** – For all futures exchanges, any day on which a minimum of one open interest contract for the relevant futures contract are available.

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

**Harvest Input Price** – See the definition 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** – See the definition in section II.

**Margin Projected Price** – See the definition in section II.

**MP** - Margin Protection Plan Provisions.

**MGEX** – Minneapolis Grain Exchange.

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

**NYMEX** – New York Mercantile Exchange

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

**Projected Input Price** – See the definition in section III.

**Substitute Average Daily Settlement Price** – An average daily settlement price used when the threshold requirements for the contract specified in the applicable margin

projected price, margin harvest price, projected input price, or harvest input price definition are not met. The substitute average daily settlement price is generally obtained from the contract immediately prior to the contract specified in the applicable insured crop's margin projected price or margin harvest price definition, or another contract as determined by RMA. It must represent the same crop year as the insured crop. Threshold requirements must be met for the substitute average daily settlement price. If threshold requirements are not met, the margin projected price, margin harvest price, projected input price, or harvest input price will be established in accordance with I.2(c) or I.2(d).

**Threshold Requirements** – The minimum number of full active trading day(s) and the minimum trading volume that must occur during the price discovery period for the contract specified in the applicable crop's margin projected price or margin harvest price for Margin Protection to be offered. There must be one full active trading day during the price discovery period. The contract must also trade at least once during the discovery period, i.e., there must be one trading day with a volume of at least one. Threshold requirements only apply to futures exchanges and not cash or swaps markets.

**UFN** – FOB US Gulf urea price.

**Urea** – A fertilizer rich in nitrogen.

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

## (2) Price Determinations

(a) In accordance with the MP Crop Provisions, the Margin Price Provisions specify how and when the margin projected price, the margin harvest price, the projected input price and the 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 substitute 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, margin harvest price, projected input price, or 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>.