Margin Protection

ARMtech INSURANCE SERVICES
Subsidiary of Sompo Holdings, Inc.

Overview

This plan provides coverage based on a margin equal to the expected area revenue minus the expected area operating costs. If the average margin for the county is lower than expected due to a decrease in revenue and/or an increase in input costs, the policyholder will be protected from a portion of the resulting shortfall.

This is an area-based plan, so only the county average is considered; the margin of the policyholder's individual farm is not taken into account.

Calculating Coverage and Loss Payment

A county's expected revenue is calculated by multiplying the expected county yield by the projected commodity price. A county's expected operating cost is calculated by multiplying the quantity of each allowed input by the input's projected price.

The county's expected margin is then calculated by subtracting the expected operating cost from the expected revenue. A separate margin is calculated for each applicable crop, type, and practice.

The policyholder may choose a coverage level from 70 to 95 percent of the expected margin. The resulting portion of the expected margin is known as the trigger margin. If the county's actual margin at time of harvest (known as the harvest margin) is below the trigger margin, the policyholder may receive a loss payment.

The loss payment will be equal to the trigger margin (per acre) minus the harvest margin (per acre), multiplied by the insured acres, then multiplied by the policyholder's share. (Trigger Margin - Harvest Margin x Acres x Share)

Loss Example

Expected revenue: $595 per acre (expected yield of 140 bu x projected price of $4.25/bu)

Expected operating cost: $517.50

- 7.5 gallon of diesel x $4.00 projected price = $30.00
- 150 pounds of nitrogen x $1.25 projected price = $187.50
- Other inputs = $300
- Total: $30 + $187.50 + $300 = $517.50.

Expected margin: $77.50 per acre ($595 - $517.50)

Policyholder chooses coverage level of 90%.

Trigger margin: $69.75 per acre ($77.50 x 90%)

Harvest margin: $55 per acre ($575 actual revenue at time of harvest - $520 actual operating cost).

Loss payment: $7,375 ($69.75 (trigger margin) - $55 (harvest margin) x 500 (acres) x 1.0 (share))

Options/Availability

Margin Protection may be purchased as a stand-alone policy or in conjunction with a Yield Protection or Revenue Protection policy, as long as the policyholder has not elected SCO or HR-ACE on the base policy.

Policyholders 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 to set the trigger margin is reset based on the harvest price.

The plan is available for the following crops and counties:

- Corn and Soybeans: Select counties in Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.
- Rice: Select counties in Arkansas, California, Louisiana, Mississippi, Missouri, and Texas.
- Spring Wheat: Select counties in Minnesota, Montana, North Dakota, and South Dakota.

Consult your ARMtech agent for specific county availability.

Dates

The Sales Closing Date, Cancellation Date, and Termination Date is 9/30 for Corn, Soybeans, and Wheat; and 1/31 or 2/28 for Rice.

The Contract Change Date is 6/30 for Corn, Soybeans, and Wheat; and 1/31 or 2/28 for Rice.

****This summary is for general illustration purposes only.** For more information, consult your crop insurance agent to obtain specific information regarding practices, options, planting dates, and other deadlines. Read the Policy Provisions before making your decision on any crop insurance product. Policy Provisions are available from your insurance agent.