



## MPowerD™ expands opportunity for MP-HPO users

NAU's Sales Closing Date to buy or adjust a MPowerD policy is October 16, 2017.

Sales closing for RMA's Margin Protection Policy was Oct. 2 (extended because Sept 30 fell on a Sunday). Reports from agents across the country, who invested the time to learn and proactively inform their customers about the area based Margin Protection policy that covers up to 95% of Expected Margin, say producers were very interested in learning about the policy, to the point quite a few agents expressed surprise by the high amount of interest. Producer interest and agents hard work has translated into good sales numbers for those agents. Many agents are reporting picking up new customers. Agents also report quite a few existing customers have upgraded to MP-HPO and will be ready to evaluate the possibility of adding a YP or RP base policy to the MP-HPO coverage when we get toward the Spring SCD. Uptake has been best with producers whose historical yields tend to track county yields. We certainly expect even more interest for 2019.

The MPowerD policy is designed to expand the opportunity for producers who use the MP-HPO policy to set a higher Margin Floor by using the higher of the RMA's Projected or Harvest Price or the MPowerD price. NAU agents have until October 16 to add MPowerD to their customers risk management portfolio. The Projected Price for MP Corn was \$3.97 and Beans came in at \$9.66.

MPowerD expands opportunity for a higher Margin Trigger in three ways. Producers can choose one, two, or all of the methods. For Corn, since the projected price and the current Market Price are nearly identical most will "Opt-out" of locking in the Market Price because doing so will add cost and will not raise their Margin Trigger. Since the Projected Price is already known, the cost to guarantee a premium to the Projected Price by adding Additional Price Coverage (APC) will be considered expensive. It now costs nearly the full amount of the APC amount selected. (Just a note on APC: APC will be least expensive when policy is established well ahead of the Project Price being known.)

At this point in time there are two very valuable strategies MP-HPO buyers will want to consider using MPowerD alternative price discovery period intervals.

First, consider selecting the February interval, especially if the MP-HPO user is not 100% sure they will want to buy a YP or RP base policy. Buying the February Interval for those with March 15 SCD for YP and RP will give the MPowerD user the benefit of the February average price which has Historically been \$0.51 higher or lower than the (August 15 – September 14) Margin Protection Projected price. If 2018 is a year when the February average is Higher, the producers Minimum Margin Trigger will be adjusted upward and they may find it advantageous economically to save the money they would have spent on a YP or RP base policy. For beans the February average has been \$1.02 higher or lower than the (August 15 – September 14) Margin Protection Projected price.

	MP				MP			
	MP Projected	RP Projected	Premium to RP Projected Price	Absolute Value of Price Change	MP Projected	RP Projected	Premium to RP Projected Price	Absolute Value of Price Change
1996	\$2.65	\$3.08	-\$0.43	\$0.43	\$6.29	\$7.23	-\$0.94	\$0.94
1997	\$3.02	\$2.73	\$0.29	\$0.29	\$7.26	\$6.97	\$0.29	\$0.29
1998	\$2.69	\$2.84	-\$0.15	\$0.15	\$6.34	\$6.64	-\$0.30	\$0.30
1999	\$2.48	\$2.40	\$0.08	\$0.08	\$5.77	\$5.11	\$0.66	\$0.66
2000	\$2.49	\$2.51	-\$0.02	\$0.02	\$5.20	\$5.32	-\$0.12	\$0.12
2001	\$2.34	\$2.46	-\$0.12	\$0.12	\$5.27	\$4.67	\$0.60	\$0.60
2002	\$2.53	\$2.32	\$0.21	\$0.21	\$4.87	\$4.50	\$0.37	\$0.37
2003	\$2.54	\$2.42	\$0.12	\$0.12	\$5.22	\$5.26	-\$0.04	\$0.04
2004	\$2.43	\$2.83	-\$0.40	\$0.40	\$5.43	\$6.72	-\$1.29	\$1.29
2005	\$2.59	\$2.32	\$0.27	\$0.27	\$5.93	\$5.53	\$0.40	\$0.40
2006	\$2.53	\$2.59	-\$0.06	\$0.06	\$6.12	\$6.18	-\$0.06	\$0.06
2007	\$2.90	\$4.06	-\$1.16	\$1.16	\$6.16	\$8.09	-\$1.93	\$1.93
2008	\$3.96	\$5.40	-\$1.44	\$1.44	\$8.91	\$13.36	-\$4.45	\$4.45
2009	\$6.10	\$4.04	\$2.06	\$2.06	\$12.54	\$8.80	\$3.74	\$3.74
2010	\$3.71	\$3.99	-\$0.28	\$0.28	\$9.20	\$9.23	-\$0.03	\$0.03
2011	\$4.46	\$6.01	-\$1.55	\$1.55	\$10.12	\$13.49	-\$3.37	\$3.37
2012	\$6.56	\$5.68	\$0.88	\$0.88	\$13.61	\$12.55	\$1.06	\$1.06
2013	\$6.51	\$5.65	\$0.86	\$0.86	\$13.42	\$12.87	\$0.55	\$0.55
2014	\$5.09	\$4.62	\$0.47	\$0.47	\$11.97	\$11.36	\$0.61	\$0.61
2015	\$4.03	\$4.15	-\$0.12	\$0.12	\$10.33	\$9.73	\$0.60	\$0.60
2016	\$3.98	\$3.86	\$0.12	\$0.12	\$8.75	\$8.86	-\$0.11	\$0.11
2017	\$3.74	\$3.87	-\$0.13	\$0.13	\$9.38	\$10.19	-\$0.81	\$0.81
		Average	-\$0.02	\$0.51		Average	-\$0.21	\$1.02



NAU Country Insurance Company Corporate  
 Phone: 763.427.3770  
 Toll Free: 800.942.6557

