

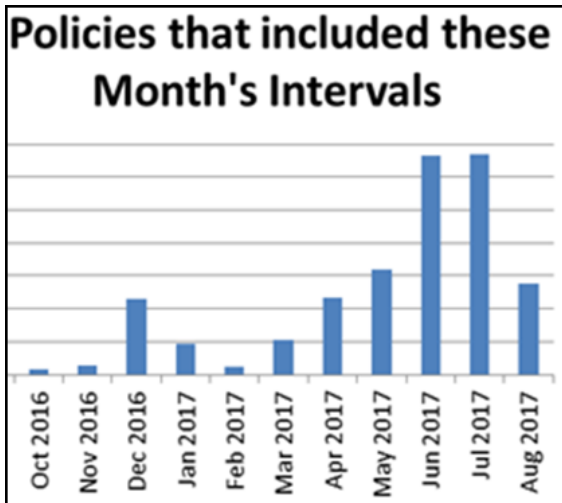


MPowerD™ expands opportunity for MP-HPO users

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

Adding Alternative Price Discovery Periods with MPowerD expands the probability for producers to achieve the highest possible Margin Trigger on their MP-HPO policy.

In the October 3 issue of RPG we talked about adding the February alternative discovery period 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. For beans, the February average has been \$1.02 higher or lower than the (August 15 – September 14) Margin Protection Projected price.



In addition, over the past four years we have experienced 4 in 10 producers shown the opportunity to expand their minimum policy trigger to the highest possible price, purchase a policy. The most popular intervals in the past four years have been June and July of the year after the crop has been planted to “take advantage” of possible market moves higher during the key parts of the growing season. This is shown in the graphic for 2017 crop year intervals purchased.

The next table shows the value of choosing multiple intervals. Notice that compared to \$11.00 /acre for just selecting the February interval a producer could spend just \$6.00 more for a total of five intervals that include splitting June and July into first half and last half month intervals. That's less than 1 cent per bushel per month for a 30.8% higher probability that one of the interval prices that will be used to set his Margin Trigger will be the highest available for the months still available to purchase. The cost is less than 2 cents per bushel per month for a market that has a trading range that averages 7 cts/bu per day.

Interval(s) Selected	Prem/Acre	Expected Yield Bushel	Cost per Month of Opportunity (\$/Expected Yield Bu)	% Probability of one of the intervals selected (including the Projected and harvest Price Intervals) being the highest price of the 13 available interval months
Feb '18	\$11.00	\$0.059	\$0.059	7.7%
Jun, Jul '18	\$7.64	\$0.041	\$0.021	15.4%
FH Jun, LH Jun, FH Jul, LH Jul '18	\$9.36	\$0.050	\$0.025	15.4%
Feb, Jun, Jul '18	\$14.77	\$0.080	\$0.027	23.1%
Feb, FH Jun, LH Jun, FH Jul, LH Jul '18	\$15.86	\$0.085	\$0.028	23.1%
Feb, May, Jun, Jul, Aug '18	\$16.37	\$0.088	\$0.018	38.5%
Feb, May, FH Jun, LH Jun, FH Jul, LH Jul, Aug '18	\$17.03	\$0.092	\$0.018	38.5%



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