SUMMARY OF CHANGES FOR THE MARGIN PROTECTION PLAN POLICY (19-MP)
(Released June 2018)

The following is a brief description of the changes to the Margin Protection Plan Policy that will be effective for the 2019 crop year.

The provisions have been revised to clarify specific terms of the MP coverage and the applicability of base policies, as described more fully below.

Preamble –	Deleted the words “provisions of the” from the phrase “in accordance with the provisions of the Margin Price Provisions” because the words are unnecessary.
Section 1	Added the words “at an additional coverage level” in the definition of Base Policy to clarify that the base policy must be at an additional level of coverage.
Section 1	Added the words “for each type and practice” in the definition of margin coverage level to clarify that separate coverage levels may be chosen for each insured crop type and practice.
Section 2(c)	Replaced the word “the” with “each” in reference to crop, type, and practice to clarify that multiple margin coverage levels can be elected at the choice of the insured.
Section 2(e)	Replaced the sentence “The provisions in Section 34 of the Basic Units regarding Whole Farm units are not applicable to MP” with the sentence “Whole Farm units are not allowed under MP” to clarify that Section 34 of the Basic Provisions applies to MP with the exception of those specific terms dealing with Whole Farm Units.
Section 2(i)	Clarified the sentence to state High-Risk Coverage Endorsement allowed on base policy.
Section 2(j)	Section added to clarify catastrophic risk protection (CAT) policy is not available with MP. The base policy may have CAT only on “high risk” acres as determined by RMA.
Section 2(k)	Section added to clarify that the protection factor can vary according to crop, type, and practice and that the value of each protection factor chosen must be between 80 and 120 percent. These provisions were in the actuarial documents for 2018.
Section 2(l)	Section added to clarify tenant and landlord policy structure for MP and base policy.
Section 2(m)	Section added to show MP acres only attach to the land in the county named on the application.
Section 2(n)	Section added to state acres insured under Whole Farm Revenue Protection Policy cannot be insured under MP or the base policy.
Section 2(o)	New section to clarify that any crop insurance policy that is not a base policy that is in effect on the insured crop on the sales closing date for MP must be cancelled for the subsequent crop year. The cancellation must be effective not later than the sales closing date for MP.
Section 2(p)	New section to clarify that a crop insurance policy that is a base policy that is in effect on the insured crop on the sales closing date for MP, but that is currently issued by an AIP other than us, must be transferred to us for the crop year for which the MP policy is in effect. The transfer must be effective not later than the sales closing date for MP.

19-MP

Section 2(q)	New section to clarify that you may exercise any choices available to you under the terms of the base policy until the cancellation date of that policy. These choices include cancellation, change of coverage levels, optional coverages, change of base policy insurance plan, etc., or any other choice offered for that policy.
Section 6(d)	Re-designated section 6(d) as 6 (e) and Replaced the word “annual” preceding “production report” with the word “margin.” ‘Margin production report’ is the defined term. Deleted the second sentence because the approved yield no longer is a variable used to determine the amount of the liability.
Section 6(e)	Deleted in its entirety because it is no longer relevant
Section 6(e)	Re-designated section 6(d)(1) as section 6(d). Re-designated sections 6(d)(2) through 6(d)(5) as sections 6(d)(1) through 6(d)(4). Changed the reference to (d)(2) in former sections 6(d)(3) to 6(d)(5) to (d)(1).
Section 7 (b)	Added language to clarify that in order to get premium credit for a base policy the MP policy and base policy must be insured under the same type and practice.
Section 13 (a)	Clarified base policy is not considered other insurance with MP and Section 22 doesn’t apply in that case.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Common Crop Insurance Policy
MARGIN PROTECTION PLAN

(This is a continuous policy. Refer to section 2 of the Basic Provisions.)

This Margin Protection Plan (MP) provides protection against loss of margin that exceeds your deductible due to an area level production loss, a price decline or increase, or cost increase, or a combination of all factors. The MP coverage can be purchased in one of two forms. **One form includes the Common Crop Insurance Policy Basic Provisions (Basic Provisions) (7 C.F.R. § 457.8), a base policy, MP, and the applicable MP Crop Provisions, and may be purchased as long as all policies are purchased through us. The other form is a stand-alone policy that includes the Basic Provisions, MP, and the applicable MP Crop Provisions.** Individual farm revenues and input costs are not considered under MP and it is possible that your individual farm may experience reduced revenue or increased costs and not receive an indemnity under MP. All provisions of the Basic Provisions apply unless specified in these provisions even if you have not purchased a base policy.

MP is a revenue plan of insurance. Your margin projected prices and margin harvest prices for the eligible crop and for the specified inputs will be determined in accordance with the Margin Price Provisions.

1. Definitions.

Allowed input – A resource identified in the MP link located at www.rma.usda.gov/policies/mp/index.html as typically used to produce the insured crop in the county where the insured acreage is located. Certain allowed inputs will be specified in dollars per acre and are not subject to price change; others will be specified in a quantity per acre and are subject to price change.

Base policy - A policy of insurance at an additional coverage level issued under the Basic Provisions that includes any of the following: the Coarse Grains Crop Provisions (7 C.F.R. § 457.113), the Rice Crop Provisions (7 C.F.R. § 457.141) and the Small Grains Crop Provisions (7 C.F.R. § 457.101) or other Crop Provision or plan of insurance designated in the Special Provisions, as applicable.

Dollar amount of insurance (per acre) – The amount we determine by multiplying the expected revenue by the coverage level and the protection factor. Following release of the margin harvest price, your dollar amount of insurance may increase if you elected the Harvest Price Option and the margin harvest price is greater than the margin projected price.

Expected cost (per acre) – The dollar amount determined by multiplying the quantity of each allowed input subject to price change by the projected input price for that input, summing the dollar values so determined, and adding to this amount the dollar amount for allowed inputs not subject to price change.

Expected county yield – The yield, established in accordance with section 14, for the insured crop, type, and practice, contained in the actuarial documents for the purpose of determining the expected revenue.

Expected margin (per acre) – The result obtained by subtracting the expected cost (per acre) from the expected revenue (per acre). Following release of the margin harvest price, your expected margin may increase if you elected the Harvest Price Option and the margin harvest price is greater than the margin projected price.

Expected revenue (per acre) – The value we determine by multiplying the expected county yield by the margin projected price. Following release of the margin harvest price, your expected revenue may increase if you elected the Harvest Price Option and the margin harvest price is greater than the margin projected price.

Final county yield – The yield, established in accordance with section 14, for each insured crop, type, and practice, used to determine the harvest revenue (per acre), and released by RMA as specified in the actuarial documents.

Harvest cost (per acre) – The dollar amount determined by multiplying the quantity of each allowed input subject to price change by the harvest input price for that input, summing the dollar values so determined, adding to this amount the sum of the dollar per acre amounts of allowed inputs not subject to price change.

Harvest input price – A dollar amount per unit of an allowed input subject to price change, determined as specified in the Margin Price Provisions, used to determine the harvest cost.

Harvest margin (per acre) – The result of subtracting the harvest cost (per acre) from the harvest revenue (per acre).

Harvest Price Option – A plan of insurance that provides protection against loss of margin due to a county level production loss, a price decline or increase, an increase in input costs, or a combination of these events. This plan includes upside harvest price protection, which increases your expected margin at the end of the insurance period if the harvest price is greater than the projected price.

Harvest revenue (per acre) – The result obtained by multiplying the final county yield by the margin harvest price.

Liability – The amount we determine by multiplying the dollar amount of insurance per acre by the number of acres of the insured crop, unit, type and practice; and multiplying the result by your share. The liability establishes the upper limit on the MP indemnity regardless of the outcome of the county yield, commodity price change, and input price change. Following release of the margin harvest price, your liability may increase if you elected the Harvest Price Option and the margin harvest price is greater than the margin projected price.

Margin harvest price – A price determined in accordance with the Margin Price Provisions and used to determine the harvest revenue of the insured crop.

Margin Price Provisions – The part of the policy that contains the information needed to determine the margin projected price and the margin harvest price for the insured commodity and to determine the projected input prices and the harvest input prices.

Margin projected price –The price for the insured crop determined in accordance with the Margin Price Provisions and used to determine the expected revenue of the insured crop.

Margin coverage level – A percentage factor that you elect for each type and practice from among those offered in the actuarial documents that is multiplied by your expected margin to determine your trigger margin (per acre).

Margin Protection Crop Provisions – MP policy materials containing specific terms of insurance for individual crops.

Margin production report - A written record showing your annual production in accordance with section 6. The report contains yield information for the current year, including acreage and production. This report must be supported by written verifiable records from a warehouseman or buyer of the insured crop, by measurement of farm-stored production, or by other records of production approved by us in accordance with FCIC approved procedures.

Margin Unit – The acreage structure we use to determine the amount of liability and indemnity, as follows:

(a) For MP without a base policy. all the planted acreage in the county in which you have a share of each type and practice identified as insurable in the actuarial documents; and

(b) For MP with a base policy, all the planted acreage in the county in which you have a share in each unit identified on your acreage report.

Projected input price – A dollar amount per unit of an allowed input subject to price change, determined as specified in the Margin Price Provisions, used to determine the expected value of an allowed input.

Protection Factor - The percentage you choose that is used to calculate the dollar amount of insurance (per acre).

RMA – Risk Management Agency, a USDA agency that manages the crop insurance programs for FCIC.

Trigger margin (per acre) – The expected margin (per acre) less the result of multiplying the expected revenue by (1.00 minus the Margin coverage level you select). This value is used to determine the dollar amount of insurance (per acre) and to determine if an indemnity payment is due. Following release of the margin harvest price, your trigger margin may increase if you elected the Harvest Price Option and the margin harvest price is greater than the margin projected price

2. Eligibility, Insurance Guarantees, Coverage Levels, and Prices.

(a) In addition to the provisions in section 3(a) of the Basic Provisions, the liability will be used to calculate your summary of coverage for the crop year.

(b) You must choose 100 percent of the margin projected and margin harvest price and 100 percent of the projected input prices and harvest input prices.

(c) You may select any margin coverage level shown on the actuarial documents for each insured crop, type, and practice.

(d) In addition to section 9 of the Basic Provisions, MP will only insure acreage that is:

(1) Planted to the first insured crop that was planted on or before the final planting date, as shown in the actuarial documents;

(2) Reported to us by the acreage reporting date;

(3) Located in the county shown on the application accepted by us; and

(4) Planted to a type and practice designated as insurable in the actuarial documents.

(e) Whole farm units are not allowed under MP.

(f) In addition to section 3(c)(5) of the Basic Provisions, if one or more projected input prices or one or more harvest input prices cannot be determined under the provisions of the Margin Price Provisions:

(1) For a projected input price:

(i) The margin projected price and the margin harvest price for that input will be set to zero for the crop year; and

(ii) Notice will be provided on RMA's web site by the date specified in the applicable projected input price definition contained in the Margin Price Provisions; or

(2) For a harvest input price:

(i) MP will continue to be available; and

(ii) The harvest input price for that input will be determined and announced by FCIC.

(g) You must elect MP or MP with Harvest Price Option on your application on or before the sales closing date specified in the actuarial documents.

(h) If you elect Supplemental Coverage Option on the policy issued under the Basic Provisions you are not eligible for MP.

(i) If you elect the High-Risk Alternate Coverage Endorsement on the base policy the acres covered by that Endorsement are not eligible for MP.

(j) With respect to Catastrophic Risk Protection Endorsement (CAT):

(1) CAT is not available under MP.

(2) The base policy cannot be at the CAT level of coverage except for acres insured under section 3(b)(2)(ii) of the Basic Provisions. Acres insured under the base policy at CAT level coverage will be excluded from MP.

(k) You must choose a protection factor:

(1) Unless otherwise specified in the Special Provisions from the range of 80 percent to 120 percent;

(2) As a whole percentage from amounts specified; and

(3) For each crop, type, and practice (you may choose a different protection factor for each insured crop, type, and practice).

(l) In addition to the provisions of section 10(a)(2) of the Basic Provisions, to be eligible for MP, the interests of both the tenant and the landlord must be insured under the same terms and conditions on both the MP policy and the base policy whenever a base policy exists.
(m) Insurance for MP acres attaches only to land located in the county named on the approved application.
(n) MP cannot attach to acres insured under the Whole Farm Revenue Protection Policy.
(o) If you have a crop insurance policy that is not a base policy in effect for the crop on the MP sales closing date and you do not cancel it, your MP application is not accepted and no coverage under MP will be in effect.
(p) If you have a base policy in effect for the crop on the MP sales closing date but that policy is not with us, you must transfer the base policy to us by the MP sales closing date. Failure to transfer the policy means your MP application is not accepted and no coverage under MP will be in effect.
(q) Except as provided herein, nothing in this section affects the terms of your base coverage and options, such as changing your coverage level, cancellation, choice of optional coverages, change to a different type of coverage for the base policy, etc., may be exercised until the cancellation date for that policy.

3. Contract Changes.
In accordance with section 4 of the Basic Provisions, the contract change date is specified in the applicable MP Crop Provisions.

4. Cancellation and Termination Dates.
In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are specified in the applicable MP Crop Provisions.

5. Insured Crop.
In accordance with section 8 of the Basic Provisions, the crop insured will be all acres in the county of the commodity of a type and practice for which premium rates are provided by the actuarial documents:
(a) In which you have a share;
(b) That is adapted to the area based on days to maturity and is compatible with agronomic and weather conditions in the area;
(c) Planted with the intent to be harvested; and
(d) For corn, soybeans and wheat, that is not (unless allowed by a MP Crop Provisions or the Special Provisions):
(1) Interplanted with another crop; or
(2) Planted into an established grass or legume.

6. Report of Acreage and Production.
(a) You must report all insurable planted acres in each margin unit in accordance with section 6 of the Basic Provisions. Acreage initially planted after the final planting date must be reported as uninsurable.
(b) In addition to the provisions of section 6 of the Basic Provisions, if you have submitted an estimated acreage report in accordance with section 6(d)(3) of the Basic Provisions and an acreage measurement is not provided to us by the time the harvest margin is calculated, we may apply the provisions contained in sections 6(d)(3)(ii)(A) or (B) of the Basic Provisions to finalize your claim.
(c) In addition to the provisions in section 6(f) of the Basic Provisions, if we deny liability for unreported acreage, no premium will be due on such acreage and no indemnity will be paid.
(d) If you do not have a base policy, an margin production report must be submitted to us on our form for each insured crop by the production reporting date specified in the actuarial documents.
(1) If you fail to submit a margin production report to us by the production reporting date, you will be limited to the lowest margin coverage level available for the next crop year. Since the production reporting date for corn, soybeans and wheat is after the sales closing date for the next crop year, this determination will be retroactive to the sales closing date for the next crop year.
(2) You must certify to the accuracy of the information on your margin production report and if you fail to accurately report your production, you will be subject to the provisions in section 6(d)(1), unless the information is corrected:
(i) On or before the production reporting date; or
(ii) Because the incorrect information was the result of our error or the error of someone from USDA.
(3) If you do not have records to support the information on your margin production report, you will be subject to the provisions in section 6(d)(2).
(4) At any time we discover you have misreported any material information on your margin production report, you will be subject to the provisions in section 6(d)(1).
(e) If you have a base policy, an acceptable production report for such policy will be used as the margin production report for MP.

7. Annual Premium and Administrative Fees.
(a) The premium amount for this coverage will be determined for each margin unit by multiplying the reported acres by the base rate (per acre) contained in the actuarial documents, by the protection factor you elect, and by your share at the time coverage begins.
(b) We will adjust your premium in accordance with our determination of the expected reduction in indemnities for MP if you elect a base policy for the crop and the conditions stated herein are met. The premium adjustment is made by us using information contained in your application and acreage report for the base policy. A premium credit will not be calculated unless both the MP policy and the base policy insure the crop under the same terms and conditions.
(c) You will owe a separate administrative fee for the MP policy even if you have a base policy.

8. Causes of Loss.

(a) MP provides protection when your harvest margin is less than your trigger margin due to natural causes of loss, in accordance with the Basic Provisions, that result in a reduction in the county yield, a reduction in market price for the insured commodity, an increase in the price of one or more allowed inputs subject to price change, or any combination of these factors, unless FCIC can prove any price change was the direct result of an uninsured cause of loss.

(b) Failure to follow good farming practices, or planting or producing a crop using a practice that has not been widely recognized as used to establish the expected county yield, is not an insurable cause of loss.

9. Replanting Payments.

The replanting payment provisions of the Basic Provisions do not apply to MP.

10. Prevented Planting.

The prevented planting provisions of the Basic Provisions do not apply to MP.

11. Late Planting.

The late planting provisions of the Basic Provisions are not applicable to MP.

12. Written Agreements.

Written Agreements are not allowed under MP.

13. Other Insurance.

(a) MP can be in addition to a base policy so the base policy is not considered other insurance for the purposes of section 22.

(b) If you have obtained other insurance issued under the authority of the Act not specifically authorized herein or under section 22 of the Basic Provisions, this policy will be void and you may be subject to the consequences authorized under this policy, the Act, or any other applicable statute.

(c) Nothing in this section prevents you from obtaining other insurance not authorized under the Act.

14. Yields.

(a) The data source used for the county yields will be based on the best available data and will be specified in the Special Provisions.

(b) Except as otherwise provided in this section, the data source used to establish the expected county yield will be the data source used to establish the final county yield.

(c) If the data source used to establish the expected county yield is not able to provide credible data to establish the final county yield because the data is no longer available, credible, or reflects changes that may have occurred after the yield was established:

(1) FCIC will determine the final county yield based on the most accurate data available from subsection (g), as determined by FCIC; or

(2) To the extent that practices used during the crop year change from those upon which the expected county yield is based, the final county yield may be adjusted to reflect the yield that would have resulted but for the change in practice. For example, if the county is traditionally 90 percent irrigated and 10 percent non-irrigated, but this year the county is now 50 percent irrigated and 50 percent non-irrigated, the final county yield will be adjusted to an amount as if the county had 90 percent irrigated acreage.

(d) If the final county yield is established from a data source other than that used to establish the expected county yield, FCIC will provide notice of the data source and the reason for the change at the time the final county yield is published.

(e) If yields are based on NASS data, the final county yield will be the most current NASS yield at the time FCIC determines the harvest margin in accordance with section 14.

(f) The final county yield determined by FCIC is considered final for the purposes of establishing whether an indemnity is due and will not be revised for any reason.

(g) Yields used under this insurance program for a crop, may be based on:

(1) Data collected by NASS, if elected by FCIC, regardless of whether such data is published or unpublished; or

(2) Crop insurance data, other USDA data, or other data sources, if elected by FCIC.

15. Duties in the Event of Damage, Loss, Abandonment, Destruction, or Alternative Use of Crop or Acreage.

The terms of section 14 of the Basic Provisions do not apply to a MP policy that does not include a base policy. The base policy is subject to those provisions.

16. Production Included in Determining an Indemnity and Payment Reductions.

(a) In lieu of the terms contained in sections 15(b) and 15(c) of the Basic Provisions, all determinations of the amount of any indemnity for MP without a base policy will be based upon the expected and final county yields and the projected and harvest prices for the commodity and for the allowed inputs. Those terms do apply to the base policy included with a MP endorsement.

(b) The amount of any indemnity you received from a base policy will be deducted when determining the amount of any indemnity due under MP as specified in section 17. The indemnity to be included for this purpose will not include any payment you received for replanting or prevented planting from your base policy.

17. Calculation of Indemnity.

(a) Our payment will not exceed the liability.

(b) In the event of loss or damage covered by this policy, we will settle your claim for each insured margin unit in the following manner:

(1) Subtract the harvest margin (per acre) from the trigger margin (per acre). (If the harvest margin is negative then the result of this calculation will be to add these two numbers. For example: trigger margin is $200. Harvest margin is -$50. Therefore ($200 - (-$50) = $250);

(2) Multiply the result of section 17(b)(1) by the number of insured acres;

(3) Multiply the result of section 17(b)(2) by your share;
(4) Multiply the result of section 17(b)(3) by your protection factor.
(5) Determine the amount of any indemnity as follows:
    (i) If you have not elected a base policy and the result of section 17(b)(4) is greater than zero, the lesser of that amount or the liability will be your indemnity; or
    (ii) If you have elected a base policy, we will subtract the amount of any indemnity you received for the margin unit under the base policy from the result of section 17(b)(4) and, if that difference is greater than zero, the lesser of that difference or the liability will be your indemnity.

18. Example.

Assume the following quantities (per acre basis) and input prices:

Input	Quantity	Projected	Harvest
Diesel	8.0 gal.	$3.75	$4.50
Fertilizer	50.0 lbs.	$0.40	$0.55
Fixed Costs	$170	N/A	N/A

Example 1:

Other data:

Approved Yield	51 bu.
Expected county yield	50 bu.
Protection factor	1.00
Planted acreage	100.0
Share	100%
Margin projected price (per bu.)	$7.25
Margin harvest price (per bu.)	$6.50
Margin coverage level	90%
Final county yield	40 bu.
Indemnity paid under base policy	$5,300

The following calculations are needed to determine the trigger margin and the dollar amount of insurance:

Expected cost (per acre) = 8.0 gal. x $3.75 + 50.0 x $0.40 + $170 = $220.

Expected revenue (per acre) = 50 bu. x $7.25 = $363

Expected Margin (per acre = $363 - $220 = $143

Trigger margin (per acre) = $143 – [363 x (1.00 - 0.90)] = $107.

Dollar amount of insurance (per acre) = $363 x 0.90 x 1.000 share = $327.

Liability = $327 x 100 acres x 1.00 protection factor = $32,700

Harvest revenue (per acre) = 40 bu. x $6.50 = $260.

Harvest cost (per acre) = 8.0 gal. x $4.50 + 50.0 lbs. x $0.55) + $170 = $234

Harvest margin (per acre) = $260 - $234 = $26

Following the steps specified in section 17(b), your MP indemnity will be determined as follows:

(1) Subtract the harvest margin (per acre) from the trigger margin (per acre)
    $107 - $26 = $81
(2) Multiply the result of (1) by the number of insured acres
    $81 x 100 acres = $8,100
(3) Multiply the previous result by your share
    $8,100 x 1.000 = $8,100
(4) Multiply the previous result by your protection factor
    $8,100 x 1.00 = $8,100.
(5) The amount of the indemnity is:
    (i) The indemnity cannot exceed the liability, which is $32, 700.
    (ii) If a base policy was not elected, your indemnity is $8,100; or
    (iii) If a base policy was elected and your indemnity from that policy was $5,300. Your indemnity for MP is $2,800 ($8,100 - $5,300).

Example 2:

All the data in example 1 remain the same except the margin projected price is $6.50 and the margin harvest price is $7.25 per bushel.

The following calculations are needed to determine the trigger margin and the dollar amount of insurance:

Expected cost (per acre) = 8.0 gal. x $3.75 + 50.0 lbs. x $0.40 + $170 = $220.

Expected revenue (per acre) **=** 50 bu. x $6.50 = $325.

Expected margin (per acre) = $325 - $220 = $105.

Trigger margin (per acre) = $105 – [325 x (1.00 - 0.90)] = $73.

Dollar amount of insurance (per acre) = $325 x 0.90 x 1.00 protection factor = $293.

Liability = $293 x 100 acres x 1.000 share = $29,300

Harvest revenue (per acre) = 40 bu. x $7.25 = $290

Harvest cost (per acre) = 8.0 gal. x $4.50 + 50.0 lbs x $0.55 + $170 = $234

Harvest Margin (per acre) = $290 - $234 = $56

Following the steps specified in section 17(b), your indemnity will be determined as follows:

(1) Subtract the harvest margin (per acre) from the trigger margin (per acre)
    $73 - $56 = $17
(2) Multiply the previous result by the number of insured acres
    $17x 100 acres = $1,700.
(3) Multiply the previous result by your share
    $1,700 x 1.000 = $1,700.
(4) Multiply the previous result by your protection factor
    $1,700 x 1.00 = $1,700
(5) The amount of the indemnity is:
    (i) The indemnity cannot exceed the liability, which is $29,300.
    (ii) If you have not elected a base policy your indemnity is $1,700
    (iii) Assume you have elected a base policy and your indemnity from that policy was $2,300. Your indemnity for MP is $0 (your base policy indemnity exceeds your MP indemnity).

Example 3:

All the data in example 2 remain the same except Harvest Price Option was purchased.

The following calculations are needed to determine the expected revenue, the expected margin, the trigger margin, the dollar amount of insurance, the liability, and the harvest margin. The expected cost, the harvest revenue, the harvest cost, and the harvest margin do not change.

When policy is purchased:

Expected revenue (per acre) = 50 bu. x $6.50 = $325.

Expected margin (per acre) = $325 - $220 = $105.

Trigger margin (per acre) = $105 – [$325 x (1.00 – 0.90)] = $73.00.

Dollar amount of insurance (per acre) = $325 x 0.90 x 1.00 protection factor = $293.

Liability = $293 x 100 acres x 1.000 share = $29,300

Following release of Harvest Price:

Expected revenue (per acre) = 50 bu. x the larger of $6.50 or $7.25 = $363.

Expected margin (per acre) = $363 - $220 = $143.

Trigger margin (per acre) = $143 – [$363 x (1.00 – 0.90)] = $107.

Dollar amount of insurance (per acre) = $363 x 0.90 x 1.00 protection factor = $327.

Liability = $327 x 100 acres x 1.000 share = $32,700

Following the steps specified in section 17(b), your indemnity will be determined as follows:

(1) Subtract the harvest margin (per acre) from the trigger margin (per acre)
$107 - $56 = $51

(2) Multiply the previous result by the number of insured acres
$51 x 100 acres = $5,100.

(3) Multiply the previous result by your share
$5,100 x 1.000 share = $5,100.

(4) Multiply the previous result by your protection factor
$5,100 x 1.00 protection factor = $5,100

(5) The amount of the indemnity is:

- (i) The indemnity cannot exceed the liability, which is $32,700.
- (ii) If you have not elected a base policy your indemnity is $5,100
- (iii) Assume you have elected a base policy and your indemnity from that policy was $2,300. Your indemnity for MP is $2,800 ($5,100 – $2,300).