

Margin Protection Example

Expected County Revenue Per Acre

Expected County Yield	150
MP Projected Price	\$4.00
Expected County Revenue	\$600.00

Expected Input Costs Per Acre

Diesel/ac (7.5 gal/acre)	\$26.25
Diesel Price	\$3.50
Nitrogen/acre (150 lbs/acre)	\$150.00
Nitrogen cost (\$/lb)	\$1.00
Other Inputs	\$300.00
Total Expected Costs	\$476.25

Trigger Margin Per Acre (90% Coverage level)

Expected Margin = Expected Revenue – Expected Cost	\$123.75
Margin Deductible = Expected Revenue * (1 - Coverage Level)	\$60.00
Trigger Margin = Expected Margin - Margin Deductible	\$63.75

Final Harvest Revenue Per Acre

Final County Yield	125
MP Harvest Price	\$4.25
Harvest Revenue = Yield x Price	\$531.25

Final Harvest Costs Per Acre

Diesel/ac (7.5 gal)	\$30.00
Diesel Price	\$4.00
Nitrogen/acre	\$187.50
Nitrogen cost	\$1.25
Other Inputs	\$300.00
Total Harvest Costs	\$517.50

Harvest Margin Per Acre

Harvest Margin = Harvest Revenue – Harvest Costs	\$13.75
--	---------

Indemnity Calculations (1.2 Protection Factor)

Deficiency = (Trigger Margin - Harvest Margin) x Protection Factor	\$60.00
Acres	500
Total Margin Deficiency @ 100% Share	\$30,000.00
Base Policy Indemnity	\$11,000.00
Final MP indemnity	\$19,000.00

Example is simplified and does not reflect any particular crop, region or historical year. Example is for training purposes only. Harvest Price Option not selected in the example.

The Rain and Hail Difference

The Rain and Hail Difference is what sets us apart from other agricultural insurance providers. Our commitment to always provide the best service possible to the American farmer and rural America, and our belief in a strong safety net for America's agricultural communities, make us a leader in the industry.

Unmatched Claims Service

Response in a loss situation brings out the true character of the company. Time and time again, Rain and Hail is there for our customers when they need us by providing:

- Tools to quickly and easily submit claims
- Prompt and accurate claims adjustment
- Expedited claim payments

Full Range of Products and Services

Rain and Hail offers the agricultural insurance products you need to properly protect your operation, including:

- Multiple Peril
- Crop-Hail
- Specialty Crop Lines

For more information, visit www.RainHail.com or contact your local Rain and Hail Insurance Professional.

About Us

Chubb is the world's largest publicly traded property and casualty insurer. With operations in 54 countries, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. The company is distinguished by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength, underwriting excellence, superior claims handling expertise and local operations globally.

Chubb's core operating insurance companies maintain financial strength ratings of AA from Standard & Poor's and A++ from A.M. Best.

Corporate Headquarters

9200 Northpark Drive • Johnston, Iowa 50131
www.RainHail.com

Margin Protection (MP)

MPCI



Rain and Hail
 A Chubb Company

Margin Protection

Margin Protection (MP) provides you coverage against an unexpected decrease in your operating margin (revenue less input costs). Margin Protection is area-based, using county-level estimates of average revenue and input costs to establish the amount of coverage and indemnity payments. To the extent that the average margin for a county is lower than expected, due to a decrease in revenue and/or an increase in input costs, Margin Protection will cover a portion of that shortfall.

Eligible Crops and States

Margin Protection is available in select counties for corn, rice, soybeans and wheat in the states listed below:

Rice	Corn	Soybeans	Wheat
Arkansas	Iowa	Iowa	Minnesota
California	Illinois	Illinois	Montana
Louisiana	Indiana	Indiana	North Dakota
Mississippi	Kansas	Kansas	South Dakota
Missouri	Michigan	Michigan	
Texas	Minnesota	Minnesota	
	Missouri	Missouri	
	Nebraska	Nebraska	
	North Dakota	North Dakota	
	Ohio	Ohio	
	South Dakota	South Dakota	
	Wisconsin	Wisconsin	

Eligible Insurance Plans

Margin Protection can be purchased by itself or in conjunction with a Yield Protection (YP) or Revenue Protection (RP) policy. If another policy is purchased, it must be from the same Approved Insurance Provider that issued the Margin Protection policy. If you buy a YP or RP policy, you will receive a Margin Protection premium credit to reflect that indemnity payments from one policy can offset payments from the other.

Coverage Levels

Margin Protection provides coverage that is based on an expected margin for each applicable crop, type and practice. You may choose to cover anywhere from 70 percent to 95 percent of the expected margin. Expected Margin is the expected revenue minus expected costs, where:

Expected revenue (per acre) is the expected county yield multiplied by a projected commodity price; and

Expected cost (per acre) is the dollar amount determined by multiplying the quantity of each allowed input by the input's projected price.

Harvest Price Option

You may also choose to purchase MP with the Harvest Price Option (MP-HPO). Under MP-HPO, if the harvest price exceeds the projected price, the expected revenue used in setting trigger margins is reset based on the harvest price.

Insurable Types and Practices

All insurable types and practices for corn, rice, soybeans and spring wheat are listed in the respective county Margin Protection actuarial documents.

Insurable Acreage

Margin Protection will only insure acreage that is:

- Planted to the insured crop on or before the final planting date;
- Reported to the company by the acreage reporting date;
- Physically located in the county shown on the application accepted by the company; and
- Planted to a type and practice designated as insurable in the actuarial documents.

Determining the Margin

When determining the margin, two types of inputs are considered; those subject to price change as listed below, and those not subject to price change (i.e., fixed from planting to harvest). Inputs not subject to price change are not specifically identified, but include, seed, machinery, operating costs (other than fuel) and similar expenses. Inputs subject to price change are identified in the Margin Provisions and include the following:

Crop	Allowed Inputs Subject to Price Change
Corn	Diesel, Urea, Potash, Interest, Diammonium Phosphate (DAP)
Soybeans	Diesel, Potash, Interest, DAP
Rice	Diesel, Urea, Potash, Interest, DAP
Wheat	Diesel, Urea, Potash, Interest, Monoammonium Phosphate (MAP)

Indemnity Calculations and Loss Payments

A loss may be paid if the harvest margin is less than the trigger margin. The trigger margin is the expected margin - the margin deductible. The margin deductible is the expected revenue times the result of 1.00 - the coverage level. Any loss payment (excluding replant or prevented plant payments) from a base RP or YP policy will be subtracted from any loss under the Margin Protection policy. Any indemnities owed will be paid when final county yields are available, in the spring of the following year.

A protection factor is used in the loss calculation. Protection factors can range from 0.8 to 1.2 and are elected at sales closing.

Important Dates

Sales Closing Date (SCD)	
Corn, Soybeans and Wheat	September 30
Rice	Varies by State and County
Production Reporting Deadline (PRD)	
Stand-Alone MP Policy	February 15
MP Policy written with Base YP or RP Policy	Earlier of ARD or 45 days after SCD for the Base Policy

Margin Unit

For Margin Protection without a base policy, the unit is all the planted acreage in the county in which the producer has a share of each type and practice identified as insurable in the actuarial documents.

For Margin Protection with a base policy, the unit is all the planted acreage in the county in which the producer has a share in each unit identified on their acreage report.

Premium Subsidies, Credits and Fees

Margin Protections offers the same premium subsidy factors as existing area-based plans.

Coverage Level	0.70	0.75	0.80	0.85	0.90	0.95
Subsidy Factor	0.59	0.55	0.55	0.49	0.44	0.44

A premium credit will be available for the producers who elect a base RP or YP policy. The credit amount will be determined when all information needed to establish liability under the base policy is known.

A separate administrative fee for the MP policy will be due even if the producer has elected a base RP or YP policy.

