



As of 4/6/18



MPowerD expands the producers opportunity to establish the highest possible minimum margin.

April 2018

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Internet connection and audio speakers are required to play tutorial on slide 25 of Overview.

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Goal:

Take Less Risk and Make More Revenue

- First: **Lock out the bottom side.**
- Second: **Find opportunity to cover costs.**
- Third: **Take the most you can out of the markets.**

Use MPowerD to establish your minimum revenue on 110% of the most acres planted in the last 4 years. Only pay for acres planted.



Overview

- MPowerD allows the producer to complement the risk coverage of Margin Protection through additional crop price discovery methods starting in April the year before the crop is planted through August just before harvest.
- Growers are in business to make a Margin. Margin Protection insures risks associated with yield, crop prices, and the prices of production inputs.
- MPowerD allows growers to customizing the price discovery for crop prices to achieve their minimum margin goals whenever the opportunity presents itself.



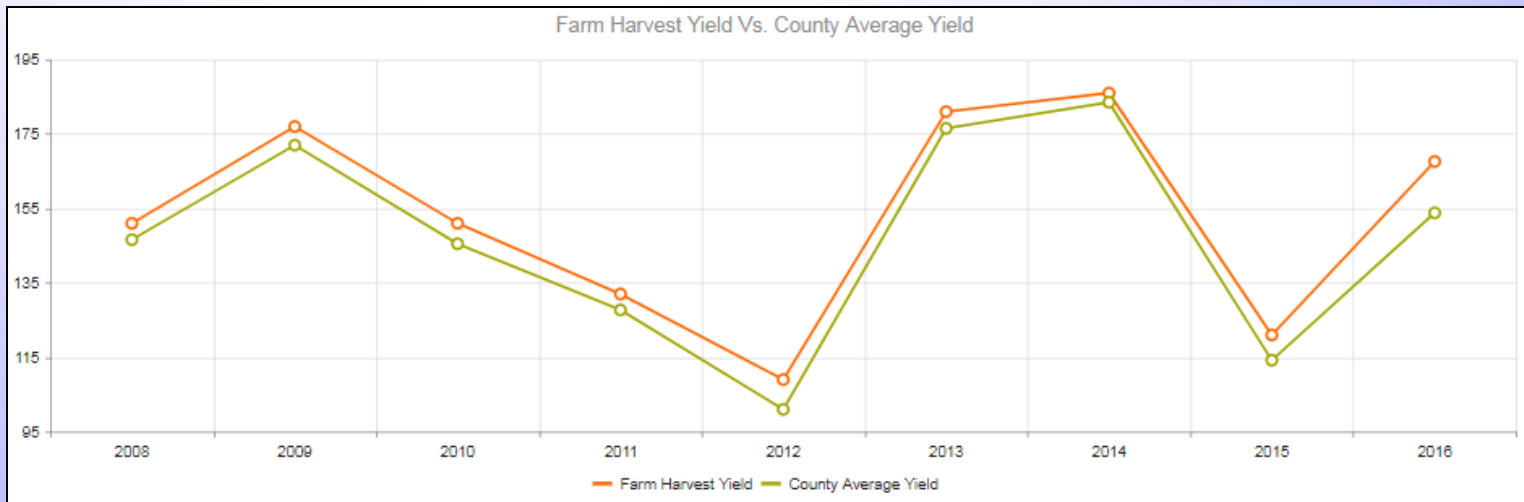
Overview

- MP-HPO provides growers with a highly subsidized insurance product that protects 95% of their expected operating margin starting in September the year before the crop is planted and pays \$1.20 for each \$1.00 of loss.
- MP-HPO protects against a drop in crop prices, reductions of yields, and increases in the prices of inputs used to grow the crop.
- 2019 Sales Closing Date for MP-HPO is Sept 30th



Overview

- MP-HPO is an area plan of coverage appropriate for producers who have farm yields that track MP County yields.



- Growers can also buy (RP or YP) in the spring. Growers who do so get a premium credit on the MP premium and receive the greater of the MP or RP indemnity in the fall.



Overview

www.AgenteVantage.com

- Graph actual farm yields vs MP county yields
- See expected MP county yields and costs
- Learn with the interactive Scenario Calculator worksheet
- Quote MPowerD, MP-HPO and base MPCl Policies
- Evaluate 10 years of on-leveled indemnity results for:
 - MP-HPO
 - RP
 - ARPI
 - MPowerD(both graph and table output formats)
- Estimate MP credit when adding a base MPCl policy
- Use the Matrix to view indemnities, revenue, margin and profit across any range of yields and prices



On-Leveling

- Historical Policy Performance Information in the MPowerD estimator is derived from a statistical method known as on-leveling.
- On-leveling analysis provides agents and producers a more relevant method to compare policy choices, rates and coverage available for the current year in light of how the policy would have performed in past years based on historical yields and prices.
- This is not the same as back-casting, which attempts to calculate actual indemnities for past years without consideration for offers available now.



On-Leveling

- With on-leveling we assume the same rates and coverage levels available for 2019 would have been applicable to past years.
- We then show historical indemnity payments based on actual price change and actual yield data from those years to answer the question:
- “If I had bought one of the policy options available to me right now, what would the indemnities have been in each of the last several historical years?”



3 ways to establish minimum Margin whenever the MPowerD price provides opportunity to meet the first goal (Locking out the bottom side):

1. Select Market Price

- Defined as: “The previous trading session’s closing price.”
- Two trading session “look-back”

2. Choose Price Discovery Periods

- Receive highest average interval price
- Up to 12 in full or ½ month intervals

3. Add a premium to MP projected price

Use one, two or all methods.



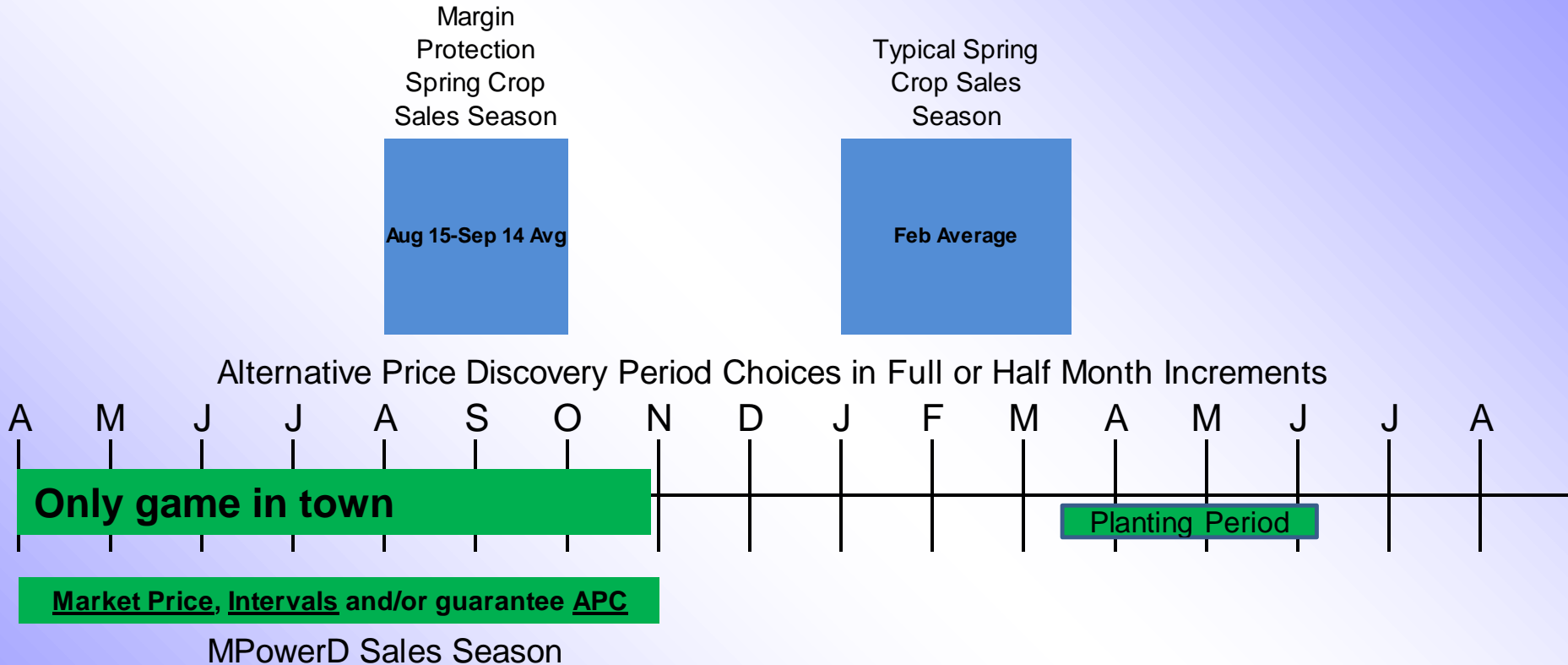
Overview

The only thing in farming that **guarantees** you money are the minimum margin and/or revenue guarantees in your crop insurance policies.

- With government subsidized policies, you are limited to the higher of the projected or harvest price established by the government.

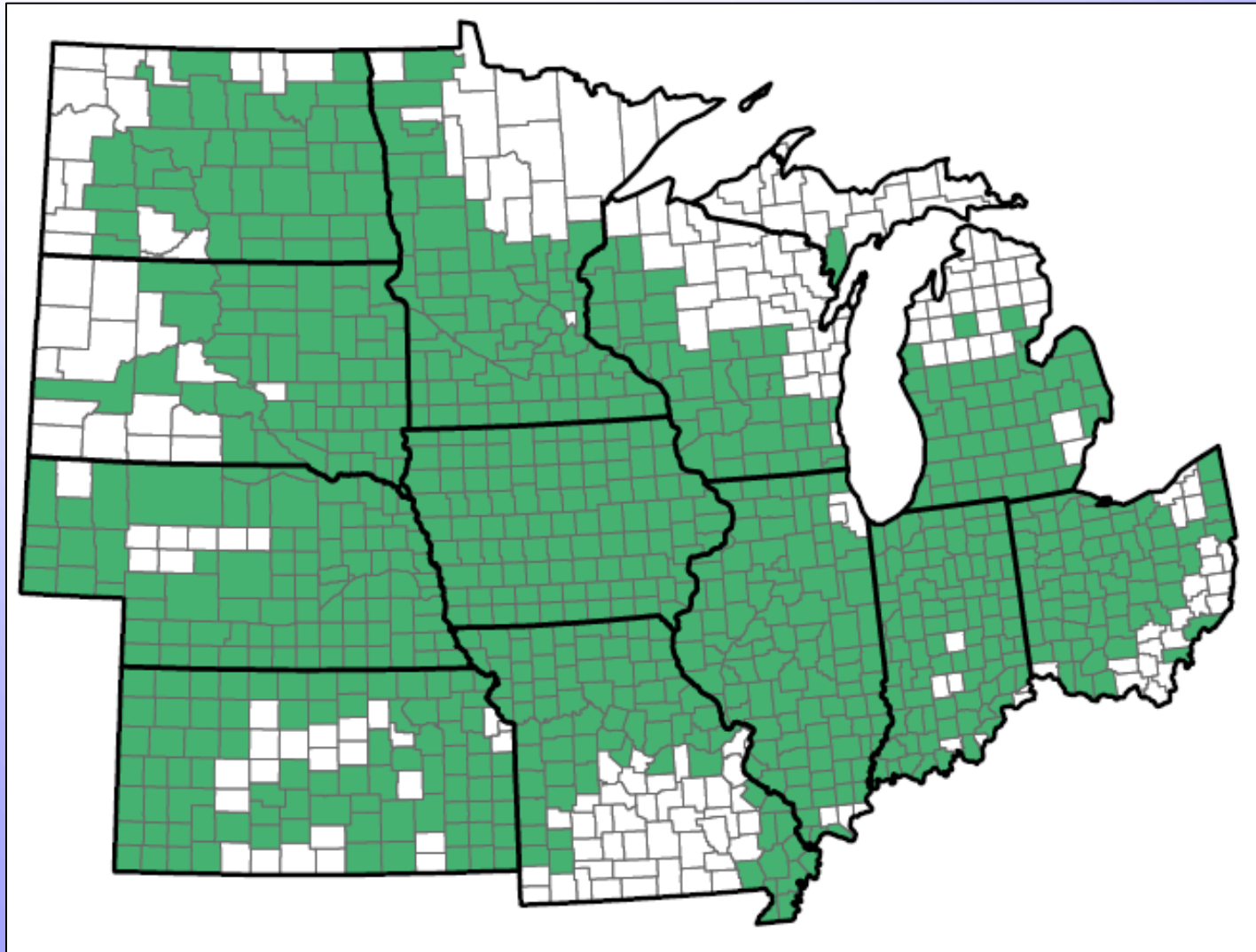
MPowerD expands the producers opportunity to establish the highest possible Minimum Margin.

No longer must you be limited to accepting the MP or RP Projected Price to Establish your Revenue Floor.

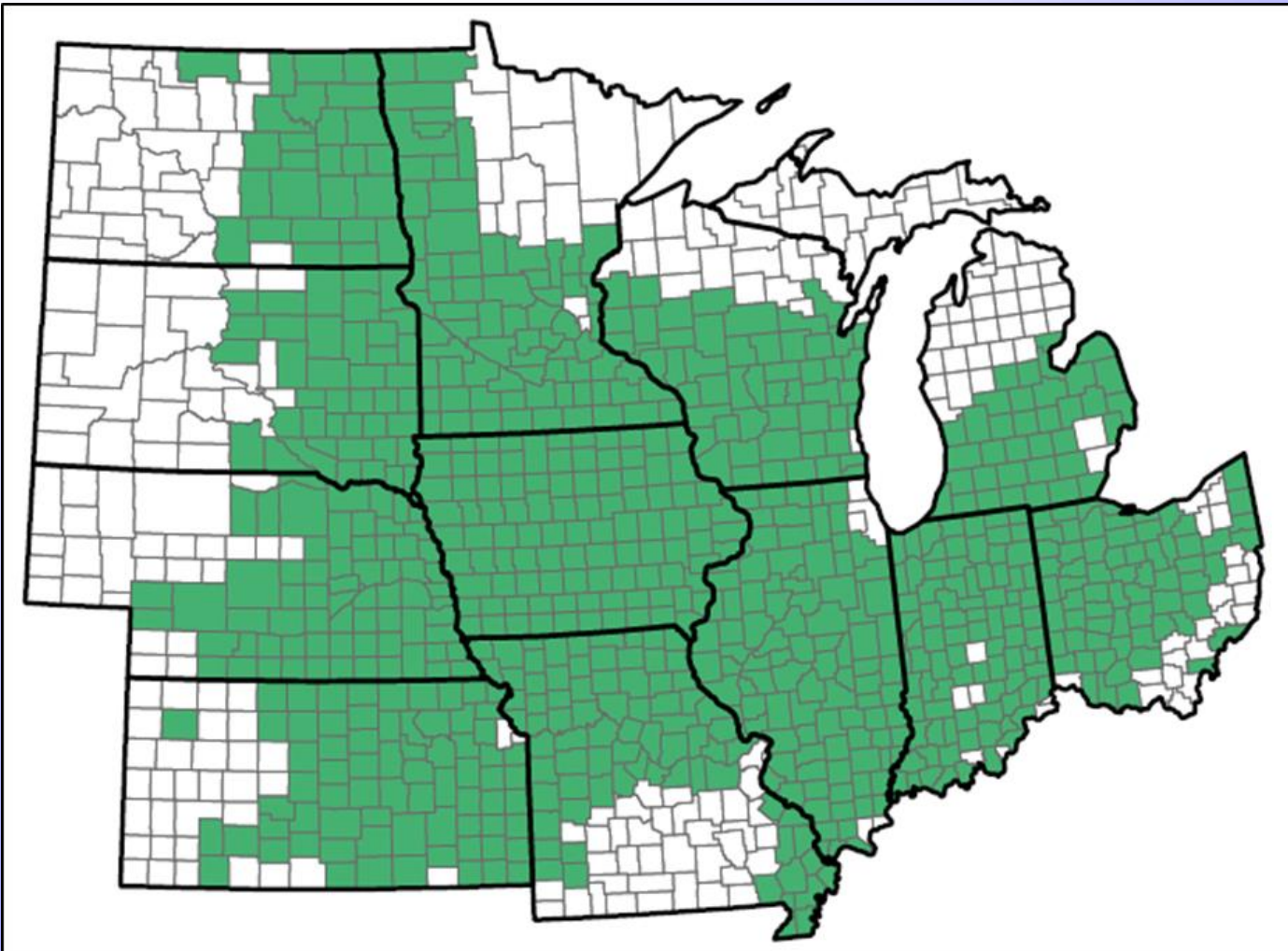


All sales for 2019 crop year must be completed by Oct 31, 2018
 Sales for 2019 crop year start April 2018
 Sales for 2020 crop year begin in April 2019

- 2019 Crop Year Corn MP and MPowerD



- 2019 Crop Year Soybean MP and MPowerD





Overview

Think about this...

Government safety nets are so far below the cost of production that the full weight of risk management responsibility lies squarely on the producer's shoulders.

Armed with MPowerD, you are in a unique position to help your customer make money.



Overview

Now think about this...

Agents are no longer in the business of helping producers save money, you are now in the business of helping your customers make money.

- Now your customer can avoid locking in a delivery location when they want to set a price and avoid associated cash contract service fees and delivery obligations.
- Now your customer can avoid trading futures and options and associated brokerage fees and margin calls and stress.
- Now you can help them establish a minimum price without hassle.



Remember, the only thing in farming that guarantees your customer money are the minimum revenue and margin guarantees in their crop insurance policies.

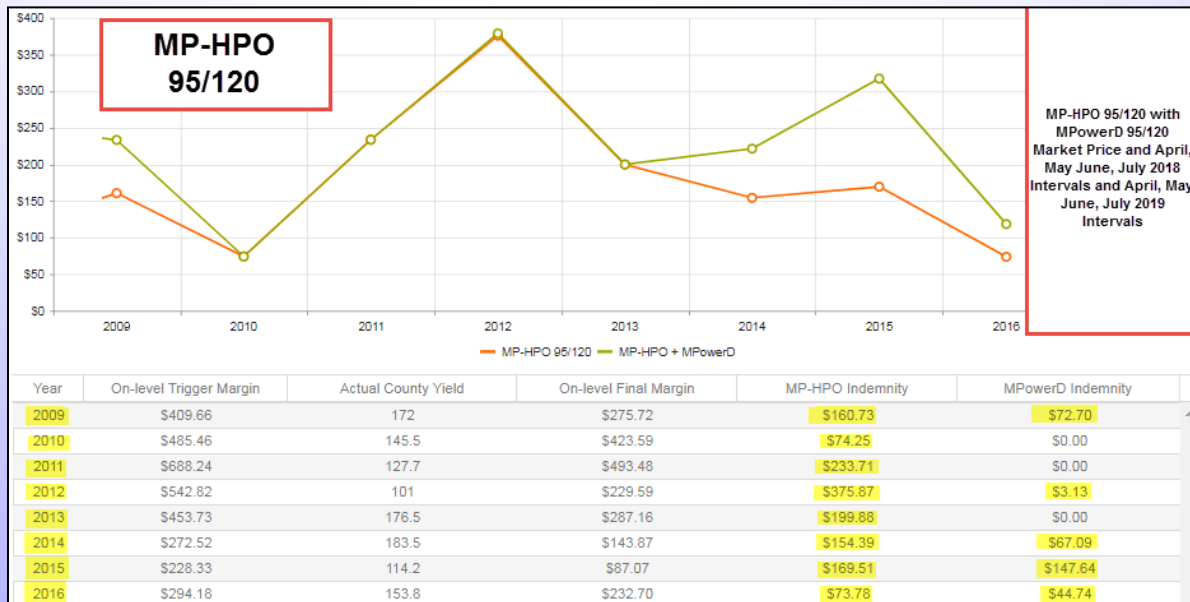
MPowerD minimum margin trigger is \$67/acre more than MP-HPO

164	x	\$3.85	=	\$631	-	\$32	-	\$295	=	\$305
1. MP-HPO Expected Yield		2a. Higher of MP-HPO Projected (Aug 15 - Sep 15) or Harvest Price		3. Expected MP-HPO County Revenue		5a. MP-HPO Deductable [(1- 95% coverage level) x Expected County		6. MP Projected Costs		7. MP-HPO Trigger Margin

164	x	\$4.28	=	\$702	-	\$35	-	\$295	=	\$372
1. MP-HPO Expected Yield		2. MPowerD Price = Higher of 2b, 2c, or 2d		3. Expected MPowerD County Revenue		5b. MPowerD Deductable		6. MP Projected Costs		7. MPowerD Trigger Margin

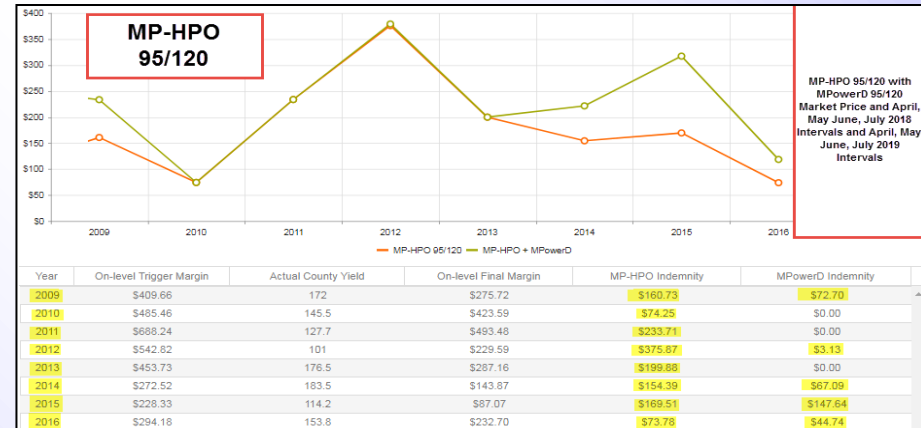
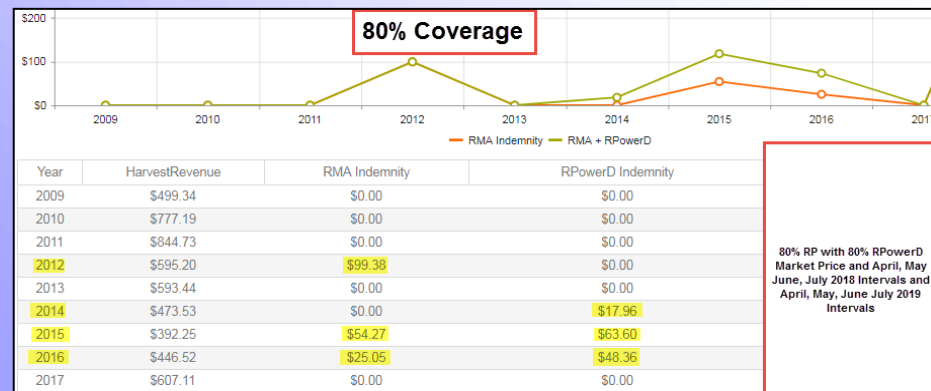
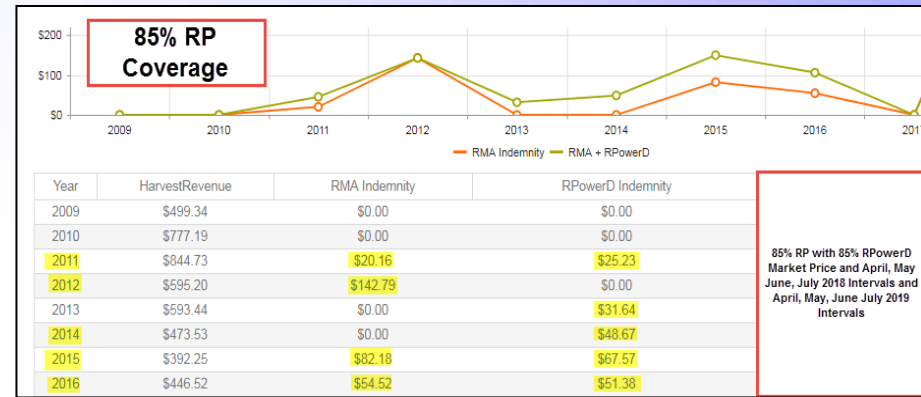
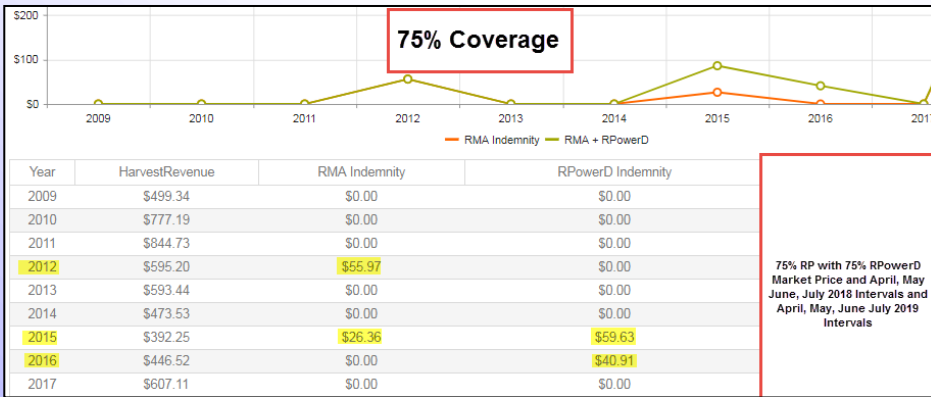
We sell math

The numbers are clear. The highest minimum margin, yield guarantees, indemnities, and dollars of subsidy are associated with the highest coverage levels.





In most counties, the highest net positive cash flow and number of claims occur at the highest coverage levels.



Estimate Details		Actuarial Information		Estimate Grid		Tools	
Revenue Matrix Calculator				Historical Crop Information			
Historical weighted average actual farm yields on this crop year's intended acres							
2018	151.0	2017	167.6	2016	133.0	2015	121.0
2014	186.0	2013	181.0	2012	109.0	2011	132.0
2009	177.0	2010	151.0	2009	177.0		



Overview

Waiting until the projected price is established to know your minimum margin guarantee exposes your customer's farm, family and future to unknown and unpredictable financial risks.

Establishing a minimum crop insurance margin with MPowerD whenever the market presents the opportunity to achieve minimum margin goals allows your customer to take less risk while leaving the opportunity open to make more revenue.



Overview

Do you care where the money comes from or do you just want the most money you can get?

Once you have determined which type of subsidized crop insurance policy (individual, area or both), coverage level, and unit structure provides you with the highest minimum revenue or margin, you are ready to select which private policy(ies) allow(s) you to take even less risk and make even more revenue.

RPowerD policy is designed to accompany RP plans of Insurance and MPowerD is designed for Margin Protection.



Overview

If you select a margin plan of coverage, such as MP-HPO, MPowerD will be your private product of choice.

With MPowerD, you can simply **“Set it and Forget it”**.

The purpose of MPowerD is to establish the Margin floor whenever it is available and meets your customer’s minimum margin goals.

 Revenue Power Decision Guide	Customer:	Fill in all highlighted cells	
		Crop Year	Crop
		<input type="text"/>	<input type="text"/>
	1. What is the minimum revenue per acre needed? \$/ac		<input type="text"/>
2. What board price would you not want to see get away from you?		<input type="text"/>	



Indemnity Calculation Example

$$\begin{aligned} & \text{Expected MP County Yield} \\ & \times \text{MPowerD Price} \\ & = \text{MPowerD Expected Revenue} \\ & - \text{MPowerD Deductible } [(1 - \text{MPowerD Coverage Level}) \times \text{MPowerD Expected Revenue}] \\ & = \text{MPowerD Trigger Margin} \end{aligned}$$

$$\begin{aligned} & \text{MPowerD Trigger Margin} \\ & - \text{MP-HPO Harvest Margin } [(\text{MP County harvest yield} \times \text{RMA harvest price}) - \text{MP Harvest cost}] \\ & = \text{MPowerD un-factored loss} \\ & \times \text{MPowerD Protection Factor} \\ & = \text{MPowerD Margin Loss} \end{aligned}$$

$$\begin{aligned} & \text{MPowerD Margin Loss} \\ & - \text{MP Policy Indemnity } (\text{Calculated based in indicated MP coverage level}) \\ & = \text{MPowerD Indemnity} \\ & \quad (\text{Indemnity is limited to Maximum Liability}) \end{aligned}$$

Maximum Price Movement Limit is the maximum amount the MPowerD price can exceed the MP Projected Price.

<p>2b Expanded Opportunity of Alternative Discovery Periods</p>	<p>2c Ability to lock in the current Market Price*</p>	<p>2d Guaranteed Additional Price Coverage</p>
<p>\$4.2800</p>	<p>\$4.0600</p>	<p>\$4.1000</p>

Max Price Movement Limit ⓘ

\$0.50 ✕ ⓘ

Maximum Price Movement establishes policy **maximum potential** liability.


If the Projected Price + Maximum Price Movement Limit amount is less than the highest price achieved with 2b or 2c, the producer's MPowerD Price used in the revenue equation will be limited accordingly.


Selecting **2d, APC**, establishes a guaranteed minimum to MP Projected Price. This is a more costly way to establish an MPowerD Price than 2b or 2c.



Maximum Price Movement establishes policy **maximum potential** liability.

Maximum Price Movement Limit is the maximum amount the MPowerD price can exceed the MP Projected Price.

Max Price Movement Limit  ← Click this icon to open the wizard.

\$0.50 x 

If the MP Projected Price + Maximum Price Movement Limit amount is less than the highest price achieved, the producer's MPowerD Price used in the revenue equation will be limited accordingly.


Use the Maximum Price Movement Limit Wizard in the estimator to select the amount of potential liability desired.

Creating an estimate is as easy as asking four questions. (Click Video Link)

[Link](#) to Quick Start Post Card suitable for local printing

[Link](#) to Interactive Quick Start Spreadsheet

[Link](#) to Quick Start Post Card demo video (internet connection required)



MPowerD™
margin power
Protecting Farm Wealth.

Customer:

	Crop Year	Crop																																		
Revenue Power Decision Guide	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>																																		
1. What is the minimum revenue per acre needed? \$/ac		<input style="width: 100%;" type="text"/>																																		
2. What board price would you not want to see get away from you?		<input style="width: 100%;" type="text"/>																																		
3. When is this price most likely to occur? Check up to 12. (you can split Months in the quarter)																																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">A</td><td style="text-align: center;">M</td><td style="text-align: center;">J</td><td style="text-align: center;">J</td><td style="text-align: center;">A</td><td style="text-align: center;">S</td><td style="text-align: center;">O</td><td style="text-align: center;">N</td><td style="text-align: center;">D</td><td style="text-align: center;">J</td><td style="text-align: center;">F</td><td style="text-align: center;">M</td><td style="text-align: center;">A</td><td style="text-align: center;">M</td><td style="text-align: center;">J</td><td style="text-align: center;">J</td><td style="text-align: center;">A</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<div style="border: 1px solid black; background-color: #2e8b57; color: white; padding: 5px; display: inline-block;">Planting Period</div>	
A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A																				
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4. What is the lowest average MP projected price we could expect?																																				
		<input style="width: 100%;" type="text"/>																																		



Overview

Offered for corn, soybeans. Crop availability by state and county available in www.agentevantage.com

Allows flexibility in insuring only a portion of your liability (acres, bushels, \$'s paid per \$ of loss).

Irrigated and Non-irrigated Practice indemnities are paid independently.

MP and MPowerD Indemnities are paid in May of 2020.

Premium is due October 31, 2019.



Overview

- Contact your AIP Representative to get your username and password to:

www.agentevantage.com

Users can link accounts from the various AIPs with whom they have appointments. This allows the user to easily access each AIP's unique MPowerD estimator without having to log in to each separately every time they want to create an MPowerD estimate under that AIP.

Or email newuser@wattsandassociates.com