SUPPLEMENTAL COVERAGE OPTION

The Supplemental Coverage Option (SCO) is a county-level revenue-based or yield-based optional endorsement that covers a portion of losses not covered by the same crop's underlying crop insurance policy. It's purchased in addition to your YP, RP, or RP-HPE or to the Actual Production History policy for crops that don't have revenue protection available.

How Does It Work?

- SCO follows the coverage of your underlying policy. For example, with Yield Protection SCO covers yield loss.
- The amount of SCO coverage depends on the liability, coverage level, and approved yield for your underlying policy.
- While your underlying plan pays for an individual loss, SCO pays a loss on an area or county basis.
- Coverage must be elected by the sales closing date for your underlying policy.

Benefits

- Coverage up to 86% of expected crop value
- Kicks in where underlying coverage stops
- Uses same MPCI figures for expected and final area yields, projected and harvest prices, and payment factors
- PLC participation has no impact on eligibility

IS SCO RIGHT FOR YOU?

When considering SCO, first consider whether to elect to participate in the FSA Agriculture Risk Coverage (ARC) program. Crops for which ARC is elected are not eligible for the SCO endorsement.

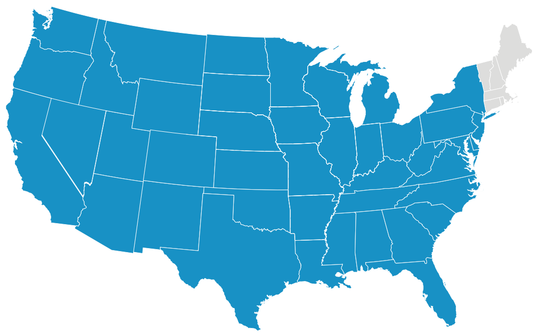
For those crops and farms eligible for SCO, the type and amount of SCO coverage are determined by the type and coverage level you choose for the underlying policy. Talk to your FMH agent to determine what risk managment plan best fits your needs.

AVAILABILITY

SCO must be elected by crop. It is available in select counties for the following crops:

Spring Barley, Corn, Soybeans, Wheat, Sorghum, Cotton, Rice, Blueberries, and Apples.

FMH WRITING AREA



RESTRICTIONS

- Any crop on a farm that you elect to participate in the Agriculture Risk Coverage (ARC) program is not eligible for SCO coverage.
- SCO does not provide coverage for Prevented Planting or Replanting.

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SCO
SUPPLEMENTAL COVERAGE OPTION

COVERAGE LEVELS AND PREMIUM SUBSIDIES

- Premium rates are generally released in November of each year for spring crops
- Includes separate administrative fee
- Billing dates match underlying policy billing dates
- Federal subsidy amount: 65%

LOSS REQUIREMENTS AND TRIGGERS

SCO differs from the underlying policy in how a loss payment is triggered.

- The underlying policy pays a loss on an individual unit basis and an indemnity is triggered when you have an individual loss in yield or revenue.
- SCO pays a loss on an area basis, and an indemnity is triggered when there is a county level loss in yield or revenue.

PAYMENTS

SCO payments are determined only by county average revenue or yield, and are not affected by whether you receive a payment from your underlying policy. It is possible to experience an individual loss but to not receive an SCO payment, or vice-versa.

SCO REVENUE SAMPLE CALCULATIONS

COVERAGE AND PREMIUM CALCULATIONS

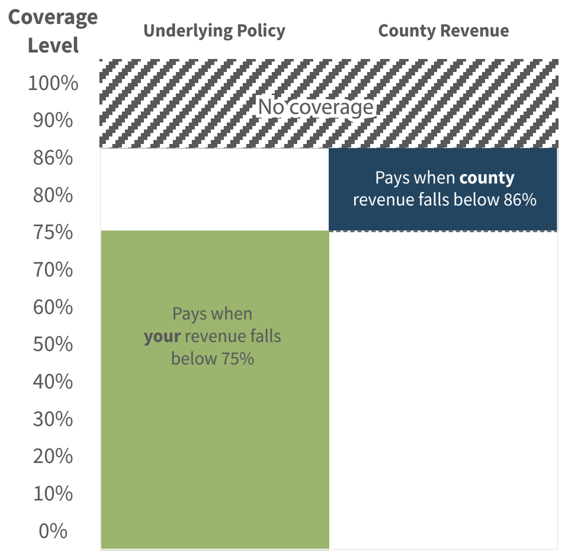
Crop: Corn	Projected Price: $4.02/bu
APH: 190 bu/ac	Coverage Level: 75%

Determine the Expected Crop Value

190 bu/ac x $4.02/bu = **$763.80/ac Expected Crop Value**

Determine Value and Coverage

$763.80 x 75% = **$572.85 Covered by Underlying Policy**



All calculations found in this brochure are for example purposes only.

SCO COVERAGE CALCULATION

1. The SCO Endorsement begins to pay when county average revenue falls below 86 percent of its expected level.
2. The full amount of the SCO coverage is paid out when the county average revenue falls to the coverage level of the underlying MPCI policy.
   Example MPCI Coverage Level = 75%
3. The dollar amount of SCO coverage is based on the percent of crop value covered. Determine the percent covered by calculating the difference between 86 percent and the MPCI coverage level.
   Example 86% – 75% = 11% covered by SCO
4. Determine the full amount of SCO coverage by multiplying the percent covered by SCO by the Expected Crop Value.
   Example 11% x $763.80/ac = $84.02/ac max SCO coverage
5. For the example, the SCO policy can cover up to $84.02 of the amount not covered by the underlying MPCI policy.

NEW! SCO+™

SCO+ is an endorsement to your SCO policy that offers individual protection above the county protection of your underlying plan.

States Available

SCO+ is available in the same counties as SCO coverage.

Covered crops include corn and soybeans. Coverage for wheat is available in select states. Talk to your FMH agent for more details.

How Does It Work?

- SCO+ provides individual-based coverage if you, or both the county and you, experience a loss.
- Your SCO+ doesn't have to follow SCO selection, option to choose Revenue or Yield protection.
  - Example: RP underlying policy with SCO revenue and SCO+ yield policy
- Available in two bands of coverage: 75%-86% or 80%-86%.
  - Option for different bands based on crop, practice, and/or SCO plan type.
- SCO+ is only offered with an Optional Unit structure.
- Coverage must be elected by the sales closing date for your underlying policy.

Benefits

- Offers individual loss coverage on top of underlying plan
- Doesn't have to follow underlying coverage, option to choose Revenue or Yield protection
- Follows same FSA requirements as SCO coverage

SCO+ INDEMNITY

Indemnities are determined after RMA provides Final Yields/ Revenues the following summer, which is a similar process to ECO, MP, and ARPI. Producers will receive the higher of an SCO or SCO+ payment or a combination of both.

Payment Scenarios

- County loss only = possible SCO payment
- Individual loss only = possible SCO+ payment
- Both individual and county loss = possible payment from both SCO and SCO+

SCO+ REVENUE SAMPLE CALCULATIONS

COVERAGE AND PREMIUM CALCULATIONS

MPCI Coverage: 75% Revenue Protection	Production to Count: 15,000 bushels
Coverage Band: 86% - 80%	Approved Yield Revenue: $80,000
Upper % of Coverage Band: 86%	MPCI Projected Price: $4.00
Coverage Spread: 6%	MPCI Harvest Price: $3.50
Acres: 100	Share: 100%
Approved Yield: 200 bu./acre	SCO Indemnity: $500

Determine the Total Limit of Insurance

75% x $4.00 Projected Price x 6% Coverage Spread x 200 APH x 100 acres x 100% Share **= $3,600 Total Limit of Insurance**

Determine the Harvest Revenue

15,000 Production to Count x $3.50 Harvest Price **= $52,500 Harvest Revenue**

Determine the Loss Percentage

86% – [52,500 Harvest Revenue/$80,000 Approved Yield Revenue] = **20.37% Loss Percentage** *(Cannot be greater than the coverage band spread so 6% is used instead)*

Determine Payment Factor

6%/6% **= 1.0000 Payment Factor**

Calculate the SCO+ Indemnity

$3,600/acre - $500 SCO Indemnity = **$3,100 SCO+ Payment**