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
- Price Loss Coverage (PLC) participation has no impact on eligibility
- Uses same MPCI figures for expected and final area yields, projected and harvest prices, and payment factors

IS SCO RIGHT FOR YOU?

When considering SCO, first consider if you are participating in the FSA Agriculture Risk Coverage (ARC) program. Crops for which ARC is elected are not eligible for the SCO endorsement.

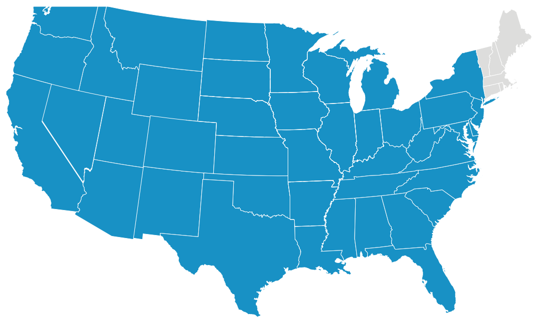
For those crops and farms eligible for SCO, the type and amount of SCO coverage are determined by the type and coverage level you choose for the underlying policy. Talk to your FMH agent to determine what risk management plan best fits your needs.

AVAILABILITY

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

- Corn
- Soybeans
- Wheat
- Rice
- Cotton
- Sorghum
- Spring Barley
- Blueberries
- Apples

FMH WRITING AREA



RESTRICTIONS

- Any crop on a farm that you elect to participate in the 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

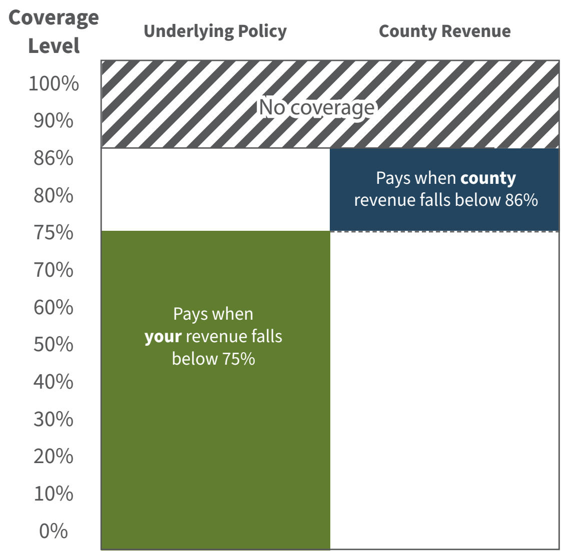
Crop: Corn	Projected Price: $4.50/bu
APH: 190 bu/ac	Coverage Level: 75%

Determine the Expected Crop Value

190 bu/ac x $4.50/bu = **$855/ac Expected Crop Value**

Determine Value and Coverage

$855 x 75% = **$641.25 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 $855/ac = $94.05/ac max SCO coverage
5. For the example, the SCO policy can cover up to $94.05 of the amount not covered by the underlying MPCI policy.

SCO+™

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

Availability

SCO+ is available throughout the FMH writing area for corn, soybeans, wheat, and canola in the same counties as SCO coverage. Certain crops may not be available in all states; ask your FMH agent for details.

How Does It Work?

- SCO+ follows the same SCO coverage level selected
- You have the option to select an SCO+ yield policy with an underlying SCO revenue policy, but not an SCO+ revenue policy with 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
- Can elect coverage up to 100% of the MPCI projected price

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.

SCO+™ FORWARD PLUS

Add the SCO+ Forward Plus endorsement to your revenue or yield policy stack to secure coverage for higher fall prices if your liability, or Production to Count, falls below your SCO+ guarantee and the Harvest Price is higher than the MPCI Projected Price.

SCO+ REVENUE SAMPLE CALCULATIONS

COVERAGE AND PREMIUM CALCULATIONS

MPCI Coverage: 80% Revenue Protection	Production to Count: 16,200 bushels
Coverage Band: 86% - 80%	Approved Yield Revenue: $90,000
Upper % of Coverage Band: 86%	MPCI Projected Price: $4.50
Coverage Spread: 6%	MPCI Harvest Price: $4.00
Acres: 100	Share: 100%
Approved Yield: 200 bu/ac	SCO Indemnity: $500

Determine the Total Coverage

80% x $4.50 Projected Price x 6% Coverage Spread x 200 APH x 100 acres x 100% of price x 100% Share **= $4,320 Total Coverage**

Determine the Harvest Revenue

16,200 Production to Count x $4.00 Harvest Price **= $64,800 Harvest Revenue**

Determine the Loss Percentage

86% – [64,800 Harvest Revenue/$90,000 Approved Yield Revenue] = **14% Loss Percentage**
(Cannot be greater than the coverage band spread so 6% is used instead)

Determine Payment Factor

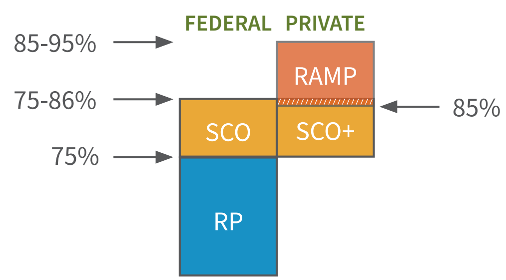
6%/6% **= 1.0000 Payment Factor**

Calculate the SCO+ Indemnity

$4,320 Total Limit - $500 SCO Indemnity = **$3,820 SCO+ Payment**

FMH BAND STACKING

Combine any RAMP, ECO+™ or SCO+™ products from FMH with band stacking. This option allows you to secure any of these coverages together with a max overlap of 1%. For example, opt to secure a Revenue Protection policy at 75% coverage level with added SCO, SCO+ and RAMP policies.



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