WHY CHOOSE **MCO**?

SIMPLER, COMBINED PROTECTION
MCO uses a unique combination of area coverage with a margin-based trigger.

HIGHER COVERAGE BAND
MCO offers a band of protection from 90 to 95% of your expected crop value.

STAX-FRIENDLY
When combined with the Stacked Income Protection Plan (STAX) using the 90% area loss trigger, MCO covers a band from 90 to 95%.

AVAILABILITY
MCO is available for corn, cotton, grain sorghum, rice, soybeans, and spring wheat in select counties in the following states:

States Available (In Select Counties)

CORN & SOYBEANS	IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI
COTTON & GRAIN SORGHUM	TX, OK, KS
RICE	AR, CA, LA, MS, MO, TX
SPRING WHEAT	CA, ID, MN, MT, ND, OR, SD, WA

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MCO
MARGIN
COVERAGE OPTION

MARGIN **COVERAGE OPTION**

Margin Coverage Option (MCO) is a federal crop insurance product that provides area-based coverage against an unexpected decrease in operating margin caused by:

- Reduced county yields
- Reduced commodity prices
- Increased prices of certain inputs
- Any combination of these perils

MCO covers a portion of your underlying policy's deductible similar to other area products like the Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO) but with a margin-based trigger like Margin Protection (MP).

How Does It Work?

- MCO is purchased as an endorsement to your underlying federal crop insurance policy: YP, RP, RP-HPE or APH.
- You may choose a coverage percentage from 50 to 100%. Each unit by irrigation practice may have a different coverage percentage.
- MCO covers a band from 90 to 95% of expected crop value. The value is based on the producer's approved yields and the applicable projected price or price election.

COVERAGE **ELECTIONS**

Coverage Percentage: Producers can elect a coverage percentage between 50% and 100%.

Premium Support Rate: The federal government provides an 80% premium support rate for all MCO policies.

MCO COVERAGE RANGE EXAMPLES

EXAMPLE 1: 95% MCO TRIGGER

Deductible (no coverage)	100-95%
MCO Coverage Range	5%
SCO Coverage Range	90-75%
MPCI Policy Coverage Range	75%

EXAMPLE 2: 95% MCO TRIGGER WITH 90% STAX

Deductible (no coverage)	100-95%
MCO Coverage Range	5%
STAX Coverage Range	90-75%
MPCI Policy Coverage Range	75%

LOSS **PAYMENT**

A payment is possible when the harvest margin for the county is lower than the trigger margin from a decrease in revenue and/or an increase in input costs.

MCO begins to pay when area margin falls below 95% of the expected margin.

PAYMENT CALCULATIONS

CALCULATE THE TRIGGER MARGIN

Expected Area Margin - (Deductible x Expected Area Revenue) = Trigger Margin

DETERMINE THE LOSS

Trigger Margin – Harvest Margin = Area Margin Loss

DETERMINE THE PAYMENT FACTOR

Amount of Area Margin Loss ÷ Band of Area Coverage = Payment Factor *(ranges from 0.50 to 1.00)*

CALCULATE THE INDEMNITY PAYMENT

MCO Protection × Payment Factor = Indemnity Amount

DETERMINING **THE MARGIN**

When determining the margin calculation for a loss payment, the following inputs are included for most crops, except soybeans, which do not factor urea.

- **CORN | COTTON | GRAIN SORGHUM | RICE | WHEAT:** Diesel, natural gas (irrigated crops), diammonium phosphate, urea, and potash.
- **SOYBEANS:** Diesel, diammonium phosphate, and potash.

ELIGIBILITY **AND RESTRICTIONS**

- MCO must be purchased as an endorsement to the Yield Protection (YP), Revenue Protection (RP), Revenue Protection with the Harvest Price Exclusion (RP-HPE), or Actual Production History (APH) policy.
- MCO must be purchased with the same agent and Approved Insurance Provider (AIP) as your underlying federal policy.
- MCO can't be purchased with Area Risk Plan Insurance (ARPI), Enhanced Coverage Option (ECO), or Hurricane Insurance Protection – Wind Index Endorsement (HIP-WI), or Margin Protection.

IMPORTANT **DATES**

Sales Closing Dates (SCD)

CORN, SOYBEANS, COTTON, GRAIN SORGHUM & WHEAT: September 30

RICE: Varies by state & area; aligns with area's spring MPCI Sales Closing Date of January 31 or February 28

PAYMENTS

Any indemnities owed are paid within 30 days after the FCIC releases final area yield and revenue, generally in June of the following year.