



HUDSON
INSURANCE GROUP®

ENHANCED COVERAGE OPTION

OVERVIEW

The Enhanced Coverage Option (ECO) is a crop insurance option that provides additional area-based coverage for a portion of your underlying crop insurance policy deductible. It must be purchased as an endorsement to the Yield Protection, Revenue Protection, Revenue Protection with the Harvest Price Exclusion, Actual Production History or Yield Based Dollar Amount of Insurance policy. ECO offers producers a choice of 90 or 95 percent trigger levels. Trigger means the percentage of expected yield or revenue at which a loss becomes payable.

Availability

ECO will be available for 31 crops (shown below), starting with the 2021 crop year, in most counties where these crops are grown. Additional crops will be added in subsequent years based on producer interest and data availability.

*Wheat, Canola, Oats, Millet, Rice, Cotton, Cotton (Ex. Long Staple), Flax, Hybrid Sorghum Seed, Cigar Binder Tobacco, Popcorn, Dry Beans, Sugar Beets, Grain Sorghum, Corn, Sesame, Silage Sorghum, Hybrid Corn Seed, Peanuts, Sunflowers, Hybrid Seed Rice, Soybeans, Cultivated Wild Rice, Buckwheat, Flue Cured Tobacco, Fire Cured Tobacco, Burley Tobacco, Barley, Dark Air Tobacco, Safflower and Dry Peas

**Only for "spring" type counties in 2021*

How it Works

- ECO follows the coverage of your underlying MPCI policy. If you choose Yield Protection or a yield-based policy, then ECO covers yield loss. If you choose a Revenue Protection policy, then ECO covers revenue losses. The amount of ECO coverage depends on the liability of your underlying policy.
- ECO differs from the underlying policy in how a loss payment is triggered. The underlying policy pays a loss on an individual basis, and an indemnity is triggered when you have an individual loss in yield or revenue.
- ECO pays a loss on an area basis, and an indemnity is triggered when there is a decrease in the county level yield or revenue. ECO has two trigger levels: 90 and 95 percent. ECO provides a band of coverage between the elected trigger level and 86 percent. If the county yield or revenue is reduced beyond the trigger level, you will receive an ECO indemnity. If the reduction in yield or revenue exceeds the 86 percent threshold, you will receive an indemnity equal to the full insured liability.

Exceptions

- ECO cannot be elected if you have a Margin Protection or an Area Risk Protection Insurance policy.
- The underlying policy for ECO cannot have the Hurricane Insurance Protection – Wind Index Endorsement.
- ECO coverage cannot attach to any acres that are insured by a Stacked Income Protection Plan (STAX). Acres not insured under STAX may be insured under ECO.
- You can select SCO on all acres covered by ECO, but you are not required to elect SCO to purchase ECO.

AVAILABLE PLANS

Yield Protection, Revenue Protection, Revenue Protection with Harvest Price Exclusion, APH and Yield Based Dollar plans of insurance for certain crops. (See left)

ECO & FARM PROGRAMS

Unlike the Supplemental Coverage Option (SCO), ECO coverage is unaffected by participating in Agriculture Risk Coverage (ARC) for the same crop, on the same acres. You may elect ECO regardless of your farm program election.

By the Numbers

Crop: Corn

Revenue Protection Policy: 75% Coverage

Expected Crop Value = \$765.00 / acre (170 bushels at \$4.50 per bushel)

The underlying policy covers \$573.75 (75%) of the expected crop value and leaves \$191.25 (25%) uncovered as a deductible. At this point, the grower has the option to buy ECO coverage. Since the underlying policy is Revenue Protection, ECO will also provide revenue protection, except that payments will be determined at a county level. The ECO revenue coverage is described in the following table. ECO yield coverage performs in the same manner.

Step	ECO Coverage Calculation for 95 percent Area Trigger Level
1	Begins to pay when county revenue falls below 95% of its expected level
2	Pays out its full amount when county revenue falls to 86% of its expected level
3	Percent of expected crop value covered by ECO (95% - 86% = 9%)
4	Amount of ECO Protection (\$765 x 9% = \$68.85 / acre)

- ECO payments are determined only by county average revenue or yield and are not affected if you receive a payment from your underlying policy. Therefore, it is possible for a grower to experience an individual loss but not receive an ECO payment, or vice-versa. They may also receive a loss on both the underlying policy and ECO.
- The dollar amount of ECO coverage is based on the percent of crop value covered. In this example, there are 9 percentage points of coverage – from 95 percent to 86 percent. Nine percent of the expected crop value is \$68.85. Thus, the ECO policy can cover up to \$68.85 of the \$191.25 deductible amount not covered by your underlying policy. You may cover a portion of the remaining amount of the deductible with other coverage such as SCO.
- Now consider an event where the actual county revenue falls to 89 percent of the expected value. This loss is 6 percentage points less than the trigger level elected (95% - 89%). This indicates a loss of 66.67% of the ECO coverage range (6 percent / 9 percent = 66.67). This loss is then applied to the amount of ECO protection to determine an indemnity of \$45.90 per acre (66.67 percent x \$68.85 = \$45.90).

NON DISCRIMINATION STATEMENT: Hudson Insurance Company is an equal opportunity provider. In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

The information contained in this brochure is for general information only and shall not modify the terms of any insurance policy.



Hudson Crop

7300 West 110th Street, Suite 400 | Overland Park, KS 66210
T 866 450-1445 | F 913 345-1671 | HudsonCrop.com

