HUDSON INSURANCE GROUP®

SUPPLEMENTAL COVERAGE OPTION

OVERVIEW

The Supplemental Coverage Option (SCO) is a federally-reinsured insurance policy that provides coverage for a portion of your underlying crop insurance policy deductible. SCO is purchased as an endorsement to an individual (YP) or revenue (RP or RP-HPE) plan of insurance, or an APH policy for crops that do not have revenue protection available. Any crop on a farm that you elect to participate in the Agriculture Risk Coverage (ARC) program is not eligible for SCO coverage. SCO pays a loss on an area basis, and an indemnity is triggered when there is a county level loss in yield or revenue.

Sales Closing

A separate application must be completed and signed no later than the applicable sales closing date.

SCO is a continuous policy that covers planted acreage of the crop. Insurance attaches annually when planting begins. However, SCO will automatically be canceled should the underlying MPCI policy be canceled or terminated.

Coverage Range

Area Loss Trigger Less the Coverage Level of the Underlying Policy

If multiple coverage levels, types or practices for insured crop in each county, the supplemental coverage will be determined separately for each coverage level, type and practice.

PREMIUM SUBSIDY

65% (regardless of coverage level of the underlying policy)

AVAILABILITY

SCO does not provide replant or prevented planting coverage and cannot be combined with STAX.

What happens if I choose SCO and sign up for ARC?

Producers who elect SCO and ARC for the same crop on a farm will have the SCO coverage canceled for that crop on that farm. A producer must report the crop on that farm as covered by ARC on the acreage report or he/she will owe 60 percent of the SCO premium on that crop and farm to offset administrative expenses. The underlying policy will remain in effect.

The Coverage Percentage

- Producers will have the option to reduce the liability of the SCO Endorsement by a percentage selected on or before sales closing date. This election is referred to as a **"coverage percentage"** and will be elected from a range of 50 percent to 100 percent, with a default value of 100 percent. *(Default option of 100 percent means the insured is not required to submit a new application.)*
- The liability of the SCO Endorsement will be multiplied by the coverage percentage when determining the guarantee and premium of the Endorsement.

By the Numbers

PREMIUM			WHAT IF?	
COMMODITY	CORN	CORN		
PLAN	RP	RP		
LEVEL	70%	80%		
ACRES	100	100		
PRICE %	100%	100%		
UNIT	OU	OU		
SHARE	100%	100%		
TYPE	GRAIN	GRAIN		
PRACTICE	NON-IRR.	NON-IRR.		
OPTIONS	SCO	SCO		
PROJECTED PRICE	$ 3.96	$ 3.96		
VOLATILITY FACTOR	$ 0.15	$ 0.15		
T-YIELD/AREA	176.00	176.00		
RATE YIELD	190.00	190.00		
AREA EXPECTED YIELD	194.6 BU	194.6 BU		
GUAR/AC	133 BU	152 BU		
LIABILITY/AC (*SCO*)	**$ 647** *($120)*	**$ 647** *($45)*		
PREMIUM/AC (*SCO*)	**$ 14.29** *($8.99)*	**$ 17.96** *($4.86)*		
COST/BU	$ 0.03	$ 0.07		
TOTAL GUAR. *(MPCI/SCO)*	13,300 BU / 12,038 BU	15,200 BU / 4,514 BU		
TOTAL LIABILITY (*SCO*)	**$ 64,706** *($12,038)*	**$ 64,706** *($4,514)*		
BASE PREMIUM (*SCO*)	**$ 3,860** *($2,568)*	**$ 3,909** *($1,390)*		
GROWER PREMIUM (*SCO*)	**$ 1,429** *($899)*	**$1,796** *($486)*		

* The above numbers are only examples. To create premium estimate scenarios as shown above, utilize the "Estimator" tool in Hudson's eHarvest® processing system.

LOSS/INDEMNITY			WHAT IF?	
An indemnity is calculated using the final area yield or final area revenue for the area. If an indemnity is due for SCO, the loss will be paid within 30 days following the release of this information. Sample indemnity below is only for the SCO portion of the policy and does not include underlying RP.				
AREA YIELD EXPECTED	194.6 BU	194.6 BU		
PROJECTED PRICE	$ 3.96	$ 3.96		
SCO LIABILITY	$ 120	$ 45		
PAYMENT FACTOR	0.375	1		
* INDEMNITY/AC	$ 45	$ 45		
TOTAL INDEMNITY	$ 4,500	$ 4,500		
ACTUAL AREA YIELD	155.70 BU	155.70 BU		
HARVEST PRICE	$ 3.96	$ 3.96		
EXPECTED REVENUE	$ 770.62	$ 770.62		
ACTUAL REVENUE	$ 616.57	$ 616.57		

* The above loss scenarios were calculated using the payment factors found in the ADMs and the above premium scenario's parameters. (i.e., Coverage Level, Share, Acres, etc.)
* If using Revenue Protection, liability will be recalculated based on the harvest price (if the harvest price is greater than the projected price). Recalculation of Liability = Liability / Projected Price x Harvest Price
* Indemnity = Greater of Recalculation of Liability or Liability x ADM Payment Factor

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