SUPPLEMENTAL COVERAGE OPTION (SCO)

The Supplemental Coverage Option (SCO) is a crop insurance option that provides additional coverage for a portion of your underlying crop insurance policy deductible. SCO must be purchased as an endorsement to one of the following policies:

- Yield Protection
- Revenue Protection
- Revenue Protection with Harvest Price Exclusion
- Actual Production History (for crops without revenue protection options)

HOW SCO WORKS

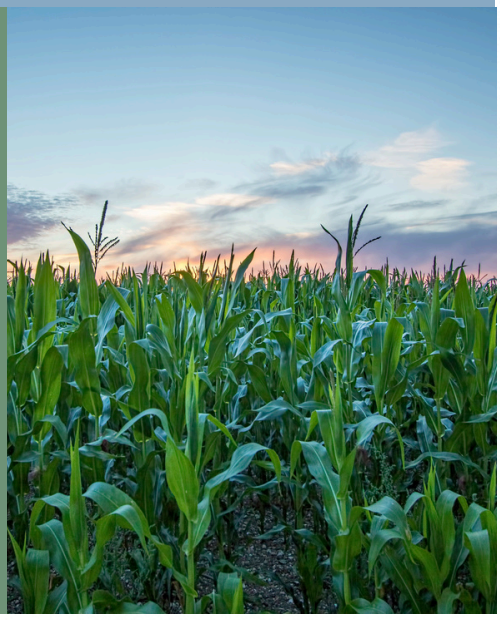
SCO coverage aligns with your underlying policy:

- Yield Protection Policies: SCO covers yield losses.
- Revenue Protection Policies: SCO covers revenue losses.

Unlike the underlying policy, which triggers payments based on individual losses, SCO triggers payments based on county-level losses. Coverage begins when county average revenue or yield falls below 86% of its expected level and continues until it matches the coverage level of your underlying policy.

BENEFITS OF SCO FOR YOUR FARM

1. Enhanced Risk Management: SCO provides additional protection against county-level losses, complementing individual policies.
2. Affordable Coverage: The 65% subsidy makes SCO a cost-effective option for reducing financial risk.
3. Customizable Protection: Choose a coverage percentage (50% to 100%) to align with your specific needs. By default, coverage is set at 100%.



AFBIS, INC.
AMERICAN FARM BUREAU INSURANCE SERVICES, INC.

EXAMPLE SCENARIO:

Suppose you grow corn with an expected value of $765 per acre (170 bushels at $4.50 per bushel). You purchase a Revenue Protection policy with a 75% coverage level, leaving 25% ($191.25) of the expected value uncovered. By adding SCO, you can cover the band between 86% and 75% of the expected value (11%).

Coverage Calculation: 11% of $765 = $84.15 per acre.

- If county revenue drops to 80%, the loss within the SCO band is calculated as:
  a. **Trigger Loss**: 86% - 80% = 6%
  b. **Percent of SCO Band Loss:** 6% / 11% = 54.55%
  c. **Indemnity:** 54.55% of $84.15 = $45.91 per acre.

SCO payments are independent of individual losses, meaning you can receive an SCO payment even if you do not experience an individual loss, or vice versa.

EXAMPLE:

Grower purchases an individual revenue policy, 75% coverage

<table>
<tr><th>Percent of Expected Grower Revenue</th><th>Individual Loss</th><th>Area-Based Loss</th></tr>
<tr><td colspan="3">100%
95%
90%</td></tr>
<tr><td colspan="2">86%
80%
75%</td><td>SCO Revenue (86% to 75%)</td></tr>
<tr><td>70%
65%
60%
55%
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%</td><td>Individual Revenue Policy (75% Coverage)</td><td></td></tr>
</table>

EXCLUSIONS AND LIMITATIONS:

SCO cannot be applied to crops enrolled in the Agriculture Risk Coverage (ARC) program. If a farm is covered by ARC, SCO coverage for that crop on that farm will be canceled.

SCO is incompatible with other area-based insurance products, such as:

- Margin Protection policies
- Stacked Income Protection Plan (STAX)

American Farm Bureau Insurance Services, Inc. is an equal opportunity provider and employer.