Why SKCI?

SKCI has been looking out for the best interest of the producers it serves since 1986. As an independent agency, it is all about the producer and not meeting quotas or sales goals. At SKCI, we understand that insurance is individualized and specific to your farm needs. We offer a full range of products and services with wealth of experience and trusted personal agents to guide you.

SKCI

The experience you need...from the people you trust.

SUPPLEMENTAL COVERAGE OPTION (SCO)

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ABOUT SUPPLEMENTAL COVERAGE OPTION (SCO)

As a grower, you know you can't predict what the crop year will bring you. Give your business the most protection possible. SCO provides additional coverage for a portion of your underlying crop insurance policy deductible, which means less out of pocket for you when the crop year doesn't go as planned.

SCO is a continuous endorsement to either a Yield Protection (YP), Revenue Protection (RP) or Revenue Protection with the Harvest Price Exclusion (RPHPE) policy. For crops that do not have revenue protection plans, SCO is also available as an endorsement to the Actual Production History (APH) policy.

If you have elected to participate in the ARC program through FSA, you are not eligible to add SCO to your risk management plan for that farm number.

HOW SCO WORKS

SCO works in conjunction with your underlying MPCI policy so if your underlying policy is RP, SCO covers revenue loss and if your underlying policy is YP, SCO covers yield loss. SCO works with the policy you already buy!

SCO is simple. Unlike your underlying MPCI policy that works on an individual-basis, SCO works on an area-basis. That means a loss is triggered when there is a county level loss in revenue or yield. Adding SCO to your risk management plan makes sure your crops are covered on an individual and area-basis, better preparing your operation for whatever comes this crop year!

SCO SUBSIDY

The SCO subsidy has increased from 65% to 80% for the 2026 crop year!

SCO AVAILABILITY

SCO is available for over 50 different crops across the country. Ask your local Rain and Hail agent if SCO is available in your area for your crops.

SCO COVERAGE OPTIONS

Your amount of SCO coverage depends on the liability, coverage level and approved yield of your underlying MPCI policy. It must be elected by your underlying MPCI policy's sales closing date. The SCO trigger percentage is 86%.

COVERAGE DETERMINATION

The Endorsement triggers an indemnity when the final county yield or revenue falls below 86 percent of the expected county revenue. To determine the SCO coverage you must first use the data on the underlying policy.

For example, a grower has an underlying RP policy with 70 percent coverage. The crop has an APH yield of 175, and the RP projected price is $4.10. The value of the crop is $717.50 (175 bushels at $4.10 per bushel). The underlying policy covers 70 percent (or $502.25) of the expected crop value and leaves 30 percent (or $215.25) uncovered as a deductible. The coverage provided by SCO is the difference between 86 percent and the coverage election on the underlying policy (70 percent) multiplied by the value of the crop. For this example that equates to $114.80 [(86% - 70%) x $717.50]. Given the underlying policy is RP, if the harvest price is higher than the projected price, the RP coverage value will increase as will the SCO coverage. If the example price increases to $4.45, the SCO coverage will increase to $124.60 [175 x $4.45 x (86% - 70%)].

STACKED INCOME PROTECTION POLICY (STAX)

Producers may elect both the SCO Endorsement and STAX for upland cotton if they meet the eligibility requirements of both programs. However, the producer cannot insure the same acreage under both the SCO Endorsement and STAX. No later than the STAX sales closing date, the producer must designate the acres of upland cotton in the county that will be covered by STAX and which acres will be covered by SCO. If no designation is made, eligible acreage will be covered under the SCO Endorsement.

Example is simplified and does not reflect any particular crop, region or historical year. Example is for training purposes only.

This brochure shows illustrations only.

SCO-RP INDENMITY CALCULATION

SCO COVERAGE CALCULATION	
Unit APH	175
Projected Price/Harvest Price	$4.10/$4.45
Unit Revenue (175 x $4.45)	$778.75
Coverage Level	70%
Revenue Coverage ($778.75 x .70)	$545.13
Deductible amount ($778.75 x .30)	$233.63
SCO Coverage Percent (86% - Coverage Level)	16%
SCO Coverage value ($778.75 x .16)	$124.60
COUNTY-BASED DATA	
Expected County Yield	185
Projected Price	$4.10
Minimum Expected County Revenue (185 x $4.10)	$758.50
Final Expected County Revenue (185 x $4.45)	$823.25
Actual County Yield	150
Harvest Price	$4.45
Actual County Revenue (150 x $4.45)	$667.50
INDEMNITY CALCULATIONS	
Percent of Expected County Revenue	81.1%
Amount below Trigger	4.9%
Indemnity Payment Factor	30.6%
SCO Indemnity (30.6% x $124.60)	$38.13