

Optimize profitability. Maximize protection.

ENHANCED COVERAGE OPTION



Compeer Financial® is working with industry partners to get you more coverage than ever before. Enhanced Coverage Option (ECO) provides area-based coverage for a portion of the deductible for your underlying policy, similar to the Supplemental Coverage Option (SCO).

ECO uses the same expected and final area yields, projected and harvest prices and payment factors as SCO. However, ECO covers a band from 86% up to 90% or 95% of expected crop value (SCO coverage ends at 86%). Additionally, ECO is not tied to any FSA Farm Program (unlike SCO).

Using your farm data, our experienced insurance officers can help you determine what types of financial outcomes you can anticipate based on different coverage levels. Together we can find the best coverage for your farm operation.

ECO DETAILS

- ECO will be available for the 2021 crop year for both corn and soybeans
- ECO must be elected by the spring sales closing date of March 15, 2021
- 44% subsidy rate (ECO is federally subsidized so you don't have to bear the full premium like you would for a private product)
- Bands of coverage from 86-90% or 86-95%
- Option to purchase revenue and/or yield protection
- Can leave a gap in coverage between underlying RP/YP policy and ECO. SCO does not need to be purchased.
- Both ECO and SCO can be purchased due to no overlap in coverage
- ECO cannot be purchased in conjunction with Margin Protection or Area Risk Protection Insurance
- Claims are settled in June the following year

ECO on an RP policy

Example 1:

The Area Expected Yield is 200 bu/ac and the Projected Price is \$4.00/bu. The producer elects 95% ECO coverage.

- Coverage Range is the selected ECO coverage level less 86%
 $95\% - 86\% = 9\%$
- Producer's approved yield is 210 bu/ac
- ECO Amount of Insurance is the Expected Revenue multiplied by the Coverage Range
 $\{\$4.00 \times 210 \text{ bu/ac}\} \times 9\% = \$75.60/\text{ac}$

Example 2:

The Harvest Price is \$3.80/bu and the Area Final Yield is 190 bu/ac. The Final Area Revenue is \$722/ac.

- Loss Percentage is the Loss Trigger less the Final Area Revenue divided by Expected Area Revenue
 $\text{Max}(95\% - \{\$722 / \$800\}) = 4.75\%$
- Payment Factor is the Loss Percentage divided by the Coverage Range
 $4.75\% / 9\% = 52.78\%$
- ECO Indemnity is the Payment Factor multiplied by the ECO Amount of Insurance
 $\$75.60/\text{ac} \times 52.78\% = \$39.90/\text{ac}$



TO LEARN MORE:

Connect with a Compeer Financial insurance officer at (844) 426-6733. Also visit us online: compeer.com/EnhancedCoverageOption

#CHAMPIONRURAL

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Compeer Financial is a member-owned Farm Credit cooperative that provides financial services, resources and expertise to champion the hopes and dreams of agriculture and rural America.