Crop Division

Enhanced Coverage Option (ECO)

An area-based endorsement to supplement a grower's MPCI policy.

for all the great you do®

Our GREAT story

With over **100 crop and livestock offerings**, we understand American agriculture.

Coverages available in **over 40 states**.

Great American is the only **American Owned AIP** in the top 5.

We are backed by the strength of "A" or better rating by AM Best for **115 years or more.**

American Owned℠

ECO Overview

The Enhanced Coverage Option (ECO) is area-based coverage that supplements a producer's underlying MPCI policy. While MPCI coverage levels are capped at 85%, ECO offers additional coverage at the 90% or 95% levels. ECO can be purchased with any of the underlying policy types listed below and must be elected by the sales closing date of the underlying policy.

- Yield Protection
- Revenue Protection
- Revenue Protection with the Harvest Price Exclusion
- Actual Production History
- Yield Based Dollar Amount

Premium and Subsidy Levels

ECO provides coverage on a portion of a grower's deductible where losses are more frequent, so premiums reflect that higher risk. This premium cost is shared between a producer and the government, where the government pays 80 percent of the premium for yield and revenue policies. Exact premium costs will vary based on crop, county, coverage level, coverage type, and market prices.

80% Premium Subsidy

How Does ECO Work?

ECO coverage aligns with the underlying policy purchased. If added to Yield Protection or a yield-based policy, ECO covers yield loss. If added to Revenue Protection, it covers revenue losses. The coverage amount depends on the underlying policy's liability, but ECO triggers differently. While the underlying policy pays for individual losses, ECO pays based on area losses. It has two trigger level options: 90% and 95%, providing coverage between the chosen level and 86%. If area yield or revenue drops below the trigger level, an ECO indemnity is owed. If it drops below 86%, the full ECO insured liability is paid.

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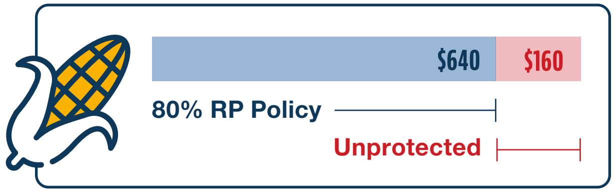
ECO and Other Programs

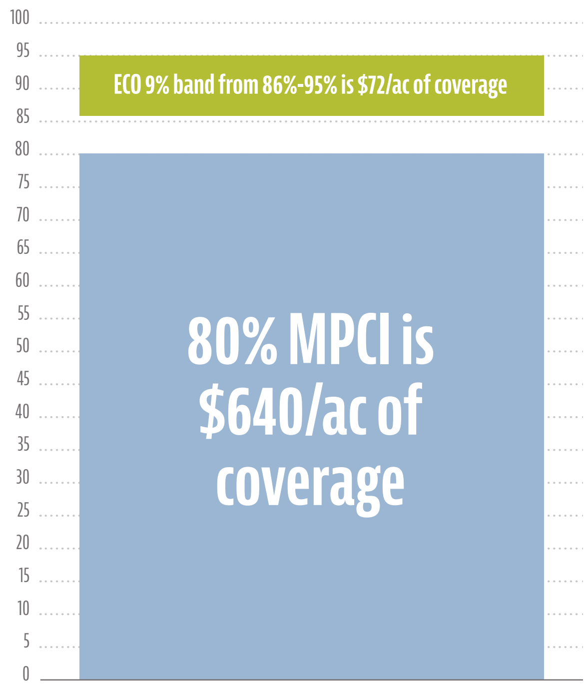
- ✓ ECO coverage is unaffected by participating in Agriculture Risk Coverage (ARC) for the same crop, on the same acres. Producers may elect ECO regardless of farm program election.
- ✓ Producers can select SCO on all acres covered by ECO, but are not required to elect SCO to purchase ECO.
- ✓ A gap in coverage is allowed between the underlying policy and ECO's 86% lower threshold.
- ✗ ECO can not be elected with Margin Protection, Margin Coverage Option 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 Stacked Income Protection Policy (STAX). Acres not insured under STAX may be insured under ECO.

ECO Coverage Example

Though an ECO indemnity is triggered based on how an area or county performs, the amount of coverage is determined by the underlying policy's liability. For example, a grower with a corn crop valued at $800 (200 bu APH and $4.00 Projected Price) that purchases a Revenue Protection (RP) policy at 80% coverage has protected $640 of the crop's value, leaving 20% ($160/ac) unprotected.



If the grower purchases ECO at the 95% level, they have covered an additional 9% of the crop value (86% to 95%) with $72/ac of coverage. Reducing the unprotected revenue.



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Consider the below scenario to see how an ECO indemnity is triggered and calculated:

MPCI Plan: RP	**ECO Coverage Level:** 95%
Approved Yield: 230 bu/acre	**ECO Coverage Range:** 9% (95% - 86%)
Projected Price: $4.50	**Harvest Price:** $4.25
Expected Area Yield: 210.3	**Final Area Yield:** 195 bu/ac
Expected Area Revenue: $946.35 *(210.3 Expected Area Yield X $4.50 projected price)*	**Final Area Revenue:** $828.75/ac *(195 Final Area Yield x $4.25 Harvest Price)*

ECO Indemnity Example

ECO Amount of Insurance:

(APH of 230 bu x Projected Price of $4.50) x Coverage Range of 9% = **$93.15/acre**

Loss Percentage:

ECO Coverage Level of 95% - (Final Area Revenue of $828.75 / Expected Area Revenue of $946.35) = **7.43% Loss Percentage**

The Payment Factor:

Loss Percentage of 7.43% / Coverage Range of 9% = **82.5% Payment Factor**

The ECO Indemnity:

Payment Factor of 82.5% x ECO Amount of Insurance of $93.15 = **$76.85/ac ECO Indemnity**

ECO Indemnity Payments

Since ECO expected and final yields are based on RMA data, not individual yields, ECO indemnities are paid the summer after the crop year once RMA final yields are available. ECO and individual coverages trigger independently, so a grower can have:

- Only an ECO indemnity
- Only an individual policy indemnity
- Indemnities from both policies
- No indemnities

ECO Availability

ECO is available for the crops below in most counties where these crops are grown. Additional crops will be added in subsequent years based on producer interest and data availability.

Alfalfa Seed	Cotton
Almonds	Cotton - Ex. Long Staple
Apples	
Barley	Cultivated Wild Rice
Blueberries	Dark Air Tobacco
Buckwheat	Dry Beans
Burley Tobacco	Dry Peas
Canola	Fire Cured Tobacco
Cigar Binder Tobacco	Flax
Citrus	Flue Cured Tobacco
Corn	Forage Production

Grain Sorghum	Safflower
Grapes	Sesame
Hybrid Corn Seed	Silage Sorghum
Hybrid Seed Rice	Soybeans
Hybrid Sorghum Seed	Sugar Beets
Millet	Sugarcane
Oats	Sunflowers
Peanuts	Walnuts
Popcorn	Wheat
Rice	
Rye	



GREAT AMERICAN INSURANCE GROUP | Crop Division

301 E. Fourth St.
Cincinnati, OH 45202
800-545-4269
GreatAmericanCrop.com

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