

## **MGR-18-006: Supplemental Coverage Option (SCO) Endorsement Changes - 2019 and Succeeding Crop Years**

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Date

June 22, 2018

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator /s/ Martin R. Barbre

Subject

Supplemental Coverage Option (SCO) Endorsement Changes - 2019 and Succeeding Crop Years

### **Background**

Under the current SCO Endorsement, coverage automatically begins at 86 percent of the expected area yield or revenue and provides an insurance guarantee based on the gap between 86 percent and the coverage level of the underlying policy. Currently there is no mechanism to allow a producer to further customize the coverage. In order to give producers more flexibility, along with more opportunity to manage total premium cost, RMA is updating the SCO endorsement.

### **Action**

Beginning with the 2019 crop year, RMA will provide producers with an option to reduce the liability of the SCO Endorsement by a percentage selected on or before the sales closing date.

- The election will be 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.
- The liability will be multiplied by the coverage percentage when determining the guarantee and premium.

Language pertaining exclusively to the 2015 crop year will also be removed from the SCO Endorsement in the revised policy.

RMA will place, by close of business today, the SCO Endorsement for the 2019 crop year on the RMA website at [www.rma.usda.gov](http://www.rma.usda.gov).

**DISPOSAL DATE:**

December 31, 201