MARGIN COVERAGE OPTION (MCO)

Margin Coverage Option (MCO) provides area-based coverage against an unexpected decrease in operating margin (revenue minus input costs) caused by reduced county yields, reduced commodity prices, increased prices of certain inputs or any combination of these perils. Because MCO is area-based (average for an area), it may not reflect your individual experience. It uses the same expected and final area yields and harvest prices as the Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO), but covers a band from 86% (where SCO coverage triggers) up to 90% or 95% of expected crop value. When combined with the Stacked Income Protection Plan (STAX) at the 90% area loss trigger, MCO covers a band from 90% to 95%.

Like SCO and ECO, MCO is based on your underlying policy plan of insurance. A payment may be made when the harvest margin for the county is lower than the trigger margin due to a decrease in revenue and/or an increase in input costs.

COVERAGE AVAILABILITY

MCO is available in select counties for corn, cotton, grain sorghum, rice, soybeans and spring wheat in the states listed.

CORN AND SOYBEANS	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
COTTON	Kansas, Oklahoma, Texas
GRAIN SORGHUM	Kansas, Oklahoma, Texas
RICE	Arkansas, California, Louisiana, Mississippi, Missouri, Texas
SPRING WHEAT	California, Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, Washington

ELIGIBLE INSURANCE PLANS

MCO must be purchased as an endorsement to a Yield Protection (YP), Revenue Protection (RP), Revenue Protection with the Harvest Price Exclusion (RP-HPE) or Actual Production History (APH).

SALES CLOSING DATES

CORN, COTTON, GRAIN SORGHUM, SOYBEANS AND SPRING WHEAT	RICE
September 30	Varies by state and county

COVERAGE LEVELS

As an endorsement, MCO is offered in two primary coverage level bands, each starting at a 86% coverage level and extending up to 90% or 95%. Additionally, producers with a 90% STAX endorsement can elect 95% MCO with a 5% coverage band.

LOSS PAYMENTS

MCO begins to pay (triggers) when the area margin falls below 90% or 95% of the expected margin, depending on which MCO trigger you select.

The trigger margin is calculated by subtracting the deductible of **5% or 10%** of the expected area revenue from the expected area margin.

The amount of area margin loss is calculated by subtracting the harvest margin from the trigger margin.

A payment factor is calculated by dividing the amount of area margin loss by the band of area coverage value.

The payment factor ranges from **0.50 to 1.00**. The MCO protection is then multiplied by the payment factor to get the indemnity.

PAYMENTS

Any indemnities owed will be paid when final county yields are available in the spring of the following year.

INSURABLE TYPES AND PRACTICES

You may choose any coverage level shown on the actuarial documents on a crop by county basis and by irrigation practice. Coverage levels cannot be varied by type and will apply to all applicable (insurable) acres.

DETERMINING THE MARGIN

When determining the margin, the following inputs are included:

CROP	ALLOWED INPUTS
Corn	Diesel, natural gas, diammonium phosphate (DAP), urea, potash
Cotton	
Grain Sorghum	
Rice	
Wheat	
Soybeans	Diesel, natural gas, diammonium phosphate (DAP), potash

EXAMPLES

Example 1: 90% MCO Trigger	
Deductible (no coverage)	100-90%
MCO coverage range	4%
SCO or ARC coverage range	86-75%
MPCI coverage range	75%

Example 2: 95% MCO Trigger	
Deductible (no coverage)	100-95%
MCO coverage range	9%
SCO or ARC coverage range	86-75%
MPCI coverage range	75%

Example 3: 95% MCO Trigger w/90% STAX	
Deductible (no coverage)	100-95%
MCO coverage range	5%
STAX coverage range	90-95%
MPCI coverage range	75%

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Agriculture is America's most important industry, delivering essential food, fuel and fiber to the world. ProAg is proud to protect American farmers and ranchers with innovative crop insurance solutions — bringing together industry-leading resources and personal service to deliver superior experiences for agents and policyholders.

Many of our team members are farmers and ranchers, bringing important insights, experience and compassion to our work.

Together with our agency partners, we help policyholders navigate risks, recover financially from unexpected perils and grow with confidence.

Everything we do today helps us prepare for tomorrow. Combining industry knowledge, confidence, an A++ financial rating from A.M. Best and support from our parent company, Tokio Marine HCC, we make strategic moves to ensure we'll be there for policyholders year after year.

For questions, please reach out to your local ProAg agent or info@proag.com. Visit proag.com/findanagent to find your nearest agent.

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