2025 Crop Year

NAU Country
A QBE Insurance Company

Enhanced Coverage Option (ECO) Fact Sheet

ECO product details

ECO is an area-based supplemental shallow-loss coverage that covers loss from 86% up to 90% or 95%. The endorsement is offered on select crops across the U.S. Please contact your NAU Country Agent or Marketing Representative for further information about coverage level and crop availability.

Why enhance with ECO

- ECO offers up to 95% coverage, which is the highest subsidized coverage available.
- ECO is county-based*, which benefits producers whose yield and revenue correlate with the county.
- ECO can trigger an indemnity on only a 5% loss in revenue or yield (dependent on the underlying MPCI coverage plan).

Example 1: 95% ECO Trigger	
Deductible (no coverage)	100% - 95%
ECO coverage range	95% - 86%
SCO or ARC coverage range	86% - MPCI coverage level
MPCI coverage level	up to 85%

Example 2: 90% ECO Trigger	
Deductible (no coverage)	100% - 90%
ECO coverage range	90% - 86%
SCO or ARC coverage range	86% - MPCI coverage level
MPCI coverage level	up to 85%

**ECO is based on Production Area, which many times is equivalent to the county. However, it is important to remember that they can differ. Production Area for ECO/SCO/ARP: The geographical area that the expected and final area yields are based on, designated generally as a county, but may be a smaller or larger geographical area as specified in the actuarial documents.*

ECO endorsement overview

- Producers must purchase an individual buy-up policy to purchase ECO.
  - o ECO is an endorsement to Actual Production History (APH), Yield Protection (YP), Revenue Protection (RP), Revenue Protection with the Harvest Price Exclusion (RP-HPE), or a Yield-Based Dollar Amount of Insurance policy.
  - o ECO Sales Closing Date matches the underlying individual coverage.
  - o ECO is continuous and remains in effect for the insured crop until canceled.
  - o ECO follows the coverage of your underlying policy.
    - A Yield Protection coverage means ECO covers yield losses.
    - A Revenue Protection coverage means ECO covers revenue losses.
  - o The amount of ECO coverage depends on the liability, coverage level, and approved yield of your underlying policy.
    - If there are multiple types or practices for the insured crop in the county, the supplemental protection will be determined separately for each coverage level, type, and practice.

NAU Country
A QBE Insurance Company

Enhanced Coverage Option (ECO) Fact Sheet

- o The ECO liability (maximum payout) will be based on the expected crop value (the insured's APH) for the individual grower. Since there are no units for ECO, policy protection is based on all planted acres of the crop in the county insured by the underlying policy, excluding acres covered under STAX.
- o Producers have the ability to reduce their ECO liability by a "coverage percentage" elected on or before the Sales Closing Date. The range is from 50%-100%.
  - Adjusting the "coverage percent", allows producers the ability to reduce coverage and cost by 50%.
- o Projected and harvest prices for ECO will match the individual coverage.
- o High Risk Land acreage:
  - Insured by the underlying policy is insured under ECO.
  - Excluded from an underlying policy under the High Risk Land Exclusion Option (HRLE) is not insured under ECO.
  - Insured under a separate policy by the High Risk Land Alternative Coverage Endorsement (HRACE), must have ECO elected on the HRACE policy when it is selected on the underlying policy.

- There will be separate premium and administrative fees for ECO by crop/county.
- ECO's subsidized rate for revenue and yield plans is 65%.
- Producers may purchase the Supplemental Coverage Option (SCO) with along with ECO.
  - o Producers are not required to purchase SCO, they can leave a gap in coverage.
  - o Example of how ECO and SCO Coverage would work together:

ECO (95%) with SCO Coverage Example

*Grower purchases an individual revenue policy at a 75% coverage level. They add the SCO and ECO (95%) endorsements.

Percent of Expected Grower Revenue	Individual Loss	Area-Based Loss
100%		
95%		ECO Revenue (95% to 86%)
90%		
86%		SCO Revenue (86% to 75%)
80%		
75%		
70%	Individual Revenue Policy (75% coverage)	
65%		
60%		
55%		
50%		
45%		
40%		
35%		
30%		
25%		
20%		
15%		
10%		
5%		
0%		

- ECO is not impacted by Farm Program decisions, including Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC).
- If a producer buys ECO, the producer **may not:**
  - o Purchase Margin Protection (MP), Margin Protection with the Harvest Price Option (MP-HPO), Area Revenue Protection Insurance (ARPI), Hurricane Insurance Protection Wind Index (HIP-WI), or other area plans.
  - o Apply ECO on acres that are already covered by Stacked Income Protection (STAX).

NAU Country
A QBE Insurance Company

Enhanced Coverage Option (ECO) Fact Sheet

Indemnity overview

- ECO expected and final yields are based on RMA data, NOT producer yields.
- ECO indemnities will be paid in the summer following the crop year, NOT at harvest time.
- ECO and individual coverage trigger independently, it is possible for a grower to have:
  - o An ECO indemnity, but no individual indemnity.
  - o An individual indemnity, but no ECO indemnity.
  - o Indemnities from both programs.
  - o No Indemnities.

ECO on a Revenue Protection policy example**:

The Expected Area Yield is 200 bu./acre and the Projected Price is $5.00/bu. The producer elects a 95% ECO coverage.

- The Coverage Range is the selected ECO coverage level less 86%:
  95% - 86% = 9%

The producer has an Approved Yield of 210 bu./acre.

- The ECO Amount of Insurance is determined as the Expected Revenue (using the insured's APH) is multiplied by the Coverage Range:
- ($5.00 x 210 bu./acre) x 9% = $94.50/acre

For illustrative purposes, suppose the Premium Rate is 45%.

- Total Premium is calculated by multiplying the ECO Amount of Insurance and Premium Rate:
  $94.50/acre x 45% = $43.00/acre
- Premium Subsidies are determined by multiplying Total Premium by the Subsidized Rate:
  $43.00/acre x 65% = $28.00/acre
- Producer Premium is determined by subtracting the Premium Subsidy from the Total Premium:
  $43.00/acre - $28.00/acre = $15.00/acre

The Harvest Price is $4.80/bu. and the Final Area Yield is 190 bu./acre.

- Multiply these numbers to find the Final Area Revenue:
  $4.80/bu. x 190 bu./acre = $912/acre
- The Loss Percentage is determined by taking the Loss Trigger (90%/95%) less the Final Area Revenue divided by the Expected Area Revenue:
  Max (95% - ($912/acre ÷ $1,000/acre) = 3.80%), 0
- The Payment Factor is determined as the Loss Percentage divided by the Coverage Range:
  3.80% ÷ 9% = 42.22%
- The Payment Factor is then multiplied by the ECO Amount of Insurance to determine the ECO indemnity:
  $94.50/acre x 42.22% = $39.90/acre

***Yields, prices, and rating data are examples only.*

Toll Free: 866.942.6724 | www.naucountry.com