

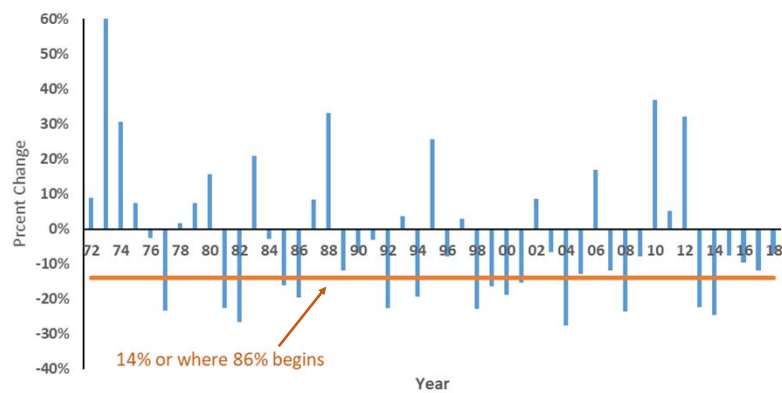
Supplemental Coverage Option (SCO)

1. Overview and motivations for using SCO
2. Dates and decisions for SCO in 2019
3. Example of SCO payment
4. Likelihood and size of payments from SCO

Available on farmdocTube on YouTube
 Linked in March 12, 2019 farmdocDaily article:
SCO for 2019



Change in Harvest Price from Projected Price, Corn,
 1972 -2018

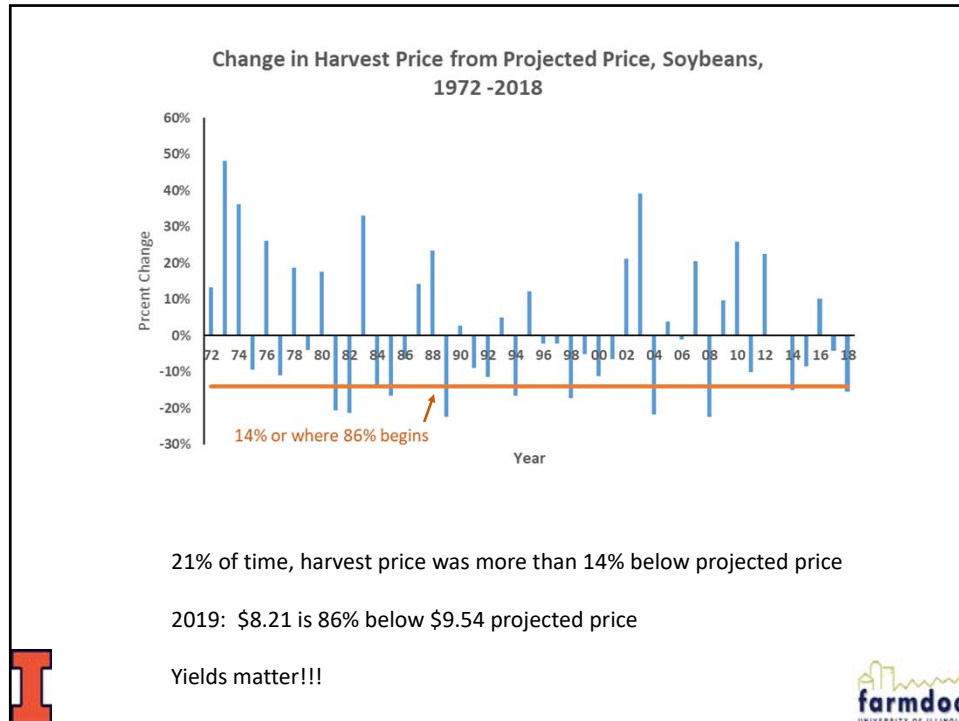


32% of time, harvest price was more than 14% below projected price

2019: \$3.44 is 86% below \$5.00 projected price

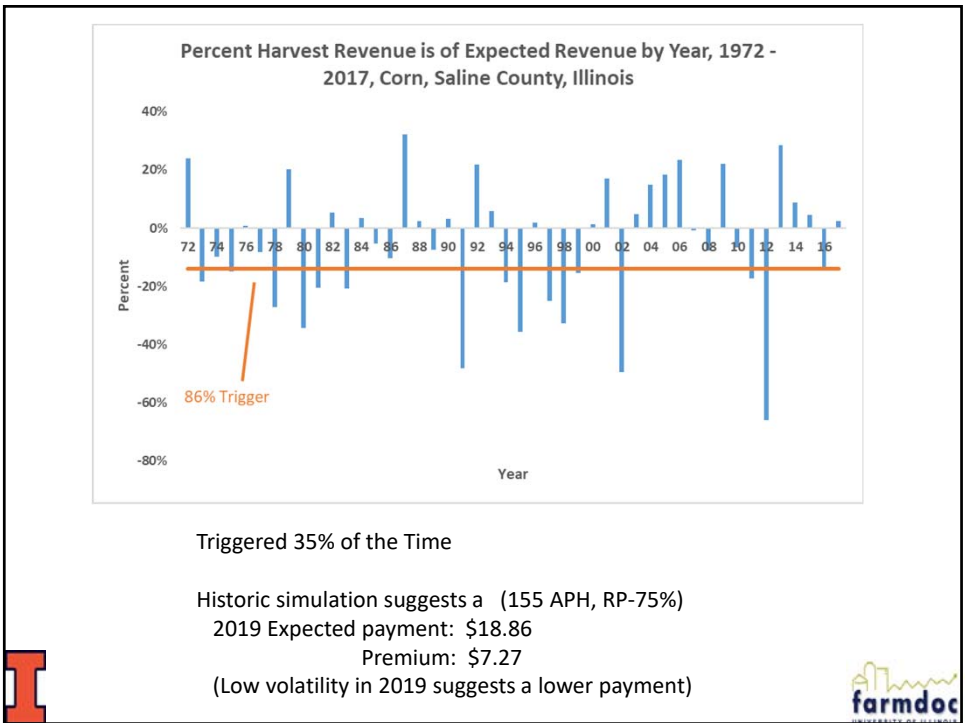
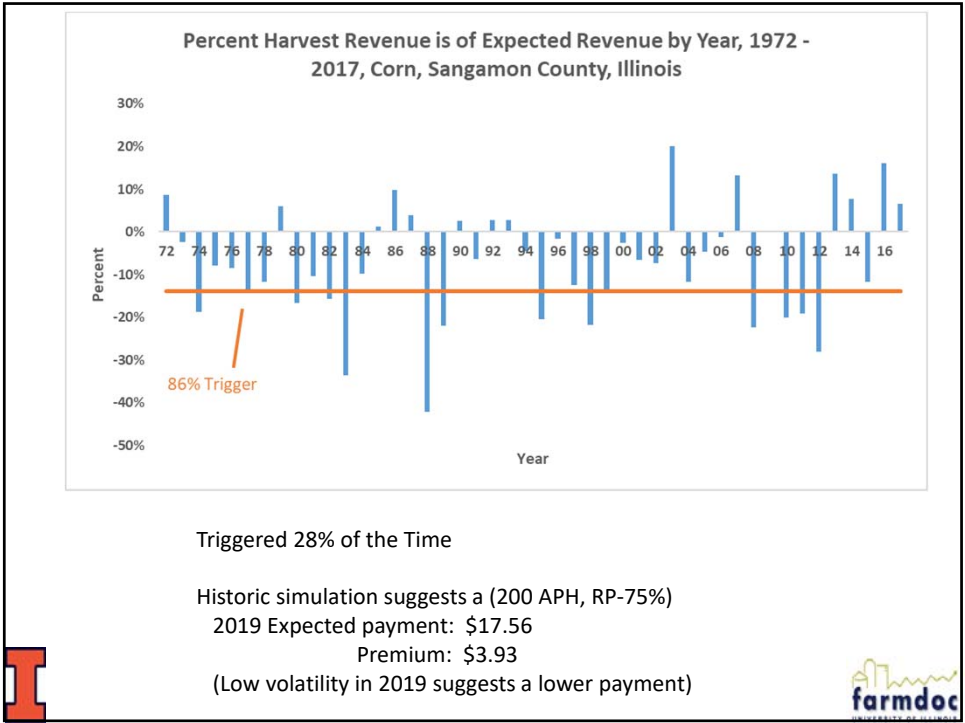
Yields matter!!!

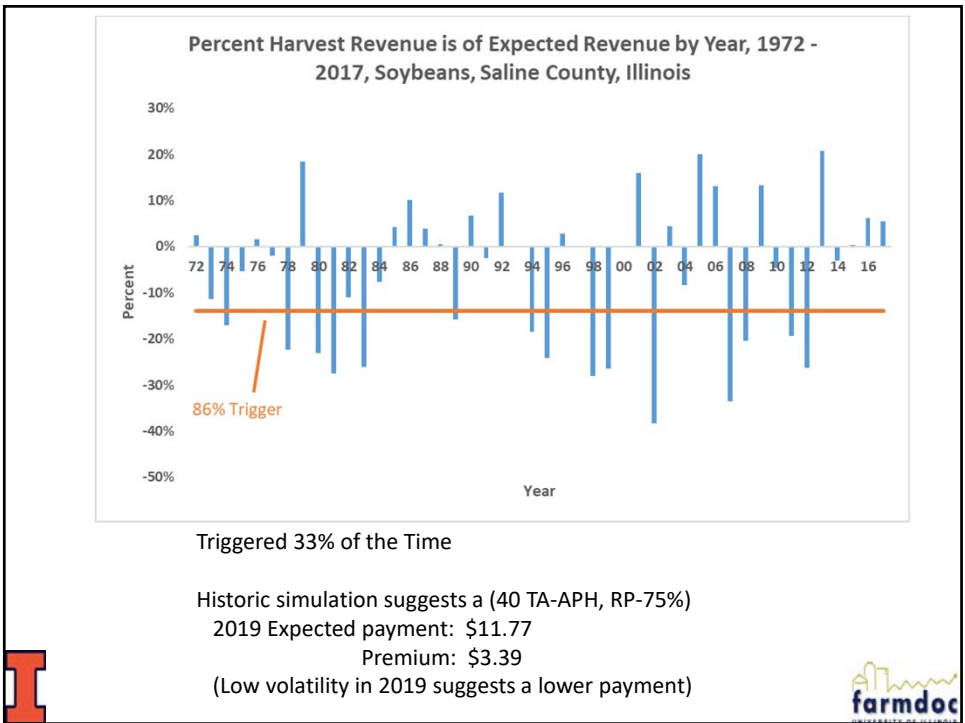
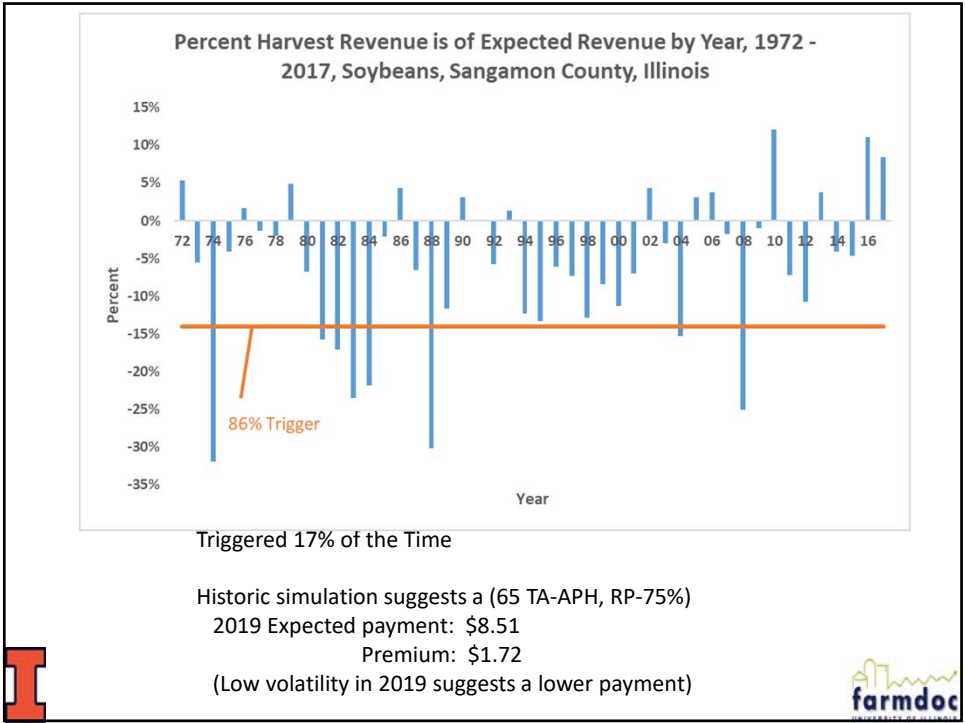




Following

- Simulates historical payments from NASS county yields
- Note differences from current SCO
 - SCO uses RMA yields not NASS yields
 - Uses a different approach for calculating payments





Summary

- SCO will pay and likely has higher expected payment than farmer-paid premium.
- Is this worth the offset from giving up farm-level protection for county-level protection for farmers at max coverage level?
- SCO may be a worthwhile expenditure when RP has been taken at lower than maximum coverage levels.



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