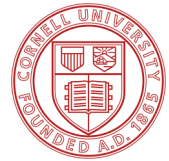


NY Crop Insurance Fact Sheet

Grape SCO for LERGP Counties 2018



What is SCO and how does it work?

The Supplemental Coverage Option (SCO) is an additional crop insurance option that provides coverage for a portion of the underlying crop insurance policy deductible. It follows the coverage of the underlying policy. For an underlying Yield Protection policy, the SCO covers yield loss.

Loss payments are made when there is a loss in yield for the designated SCO area. It is NOT based on the individual policyholder's yield performance.

What is the cost and coverage?

SCO increases the level of coverage to 86% of a producer's APH Yield. The SCO endorsement results in an additional premium and administrative fee.

The amount of protection and cost is based on the underlying policy coverage:

- Lower underlying coverage, higher SCO protection and cost
- Higher underlying coverage, lower SCO protection and cost
- There is no coverage overlap between underlying and SCO coverage
- Covers all planted acreage of the crop.

When is an indemnity paid?

The indemnity is based on area yield loss for yield protection plans. The producer should keep basis risk, or the relationship between a farm and area-level yields, in mind when considering an SCO endorsement for a crop insurance policy. Indemnity payments begin if area yield is less than 86% of the expected SCO yield (area loss more than 14%).

The actual amount of the SCO indemnity payment is based on the individual underlying policy. The maximum value of the indemnity payment is:

(86% - Individual Underlying Policy Coverage Level) X Expected Crop Value

where the Expected Crop Value is:
(APH yield X price election)

SCO for LERGP-county producers

New York state grape producers have the option of purchasing the SCO endorsement for an Actual Production History (APH) policy. Like the underlying APH Grape policy, the SCO will also be guaranteeing yield, based on the yield of a larger area. One price is used for all varieties covered by SCO in the state.

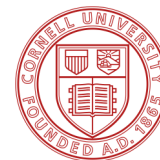
LERGP-county Grape SCO Areas

The counties that make up an SCO area can vary greatly across the areas. For example, if county A's SCO area consists of counties A and B, it does not necessarily mean that county B's SCO area also consists of counties A and B. It is also possible for a county's SCO area to consist of all counties where the crop of interest is insured within the state. **RMA's explanation for SCO area selection is based on data availability. If yield data are not sufficient for a county, other counties are added to the SCO group.**

**For more NY crop insurance information, visit:
www.agriskmanagement.cornell.edu**

NY Crop Insurance Fact Sheet

LERGP Grape SCO 2018 (reverse)



For the 2018 Crop Year these are the SCO Grape Areas for each LERGP county:

SCO Area	Included Counties
Cattaraugus	Cattaraugus, Chautauqua
Chautauqua	Chautauqua
Erie, NY	Chautauqua, Erie (NY)
Erie, PA	Erie (PA)
Niagara	Chautauqua, Erie (NY), Niagara

LERGP-county Grape SCO Expected and Actual Area Yields (tons/acre)

The SCO endorsement has been available for grapes since 2016. The expected area yields are shown in the table below as tons/acre:

	Cattaraugus	Chautauqua	Erie, NY	Erie, PA	Niagara
2016	7.2	7.2	7.0	8.3	7.0
2017	6.32	6.32	6.16	7.14	6.14
2018	6.49	6.49	6.36	7.41	6.33

Final area yields are published by May 1st of the following crop year. They are the following:

	Cattaraugus	Chautauqua	Erie, NY	Erie, PA	Niagara
2016	7.1	7.1	7.0	8.4	7.0
2017	7.81	7.79	7.72	8.77	7.69

We see that for both Cattaraugus and Chautauqua counties, the 2016 final area yield fell below the expected yield by 0.1 tons/acre. However, it still did not fall below the 86% trigger level of 6.19 tons/acre

(86% X 7.2 tons/acre). There was no indemnity on 2016 SCO grape policies in those counties.

How are the SCO yields calculated?

Final area yields are calculated as the acre-weighted average yield reported by producers who are participating in APH, YP, RP, and RPHPE, as applicable for the crop (only APH for NY grapes). In general, final area yields are calculated based on all yield data received up to a date within 1-2 weeks of May 1st (listed in the AIB SCO Price and Yields tab).

Expected area yields are calculated as a trend yield based on historical data available to RMA.

Reported yields for **all varieties** of grapes are used to determine the area yields.

In all the LERGP SCO areas, the hybrid variety acreage reported to RMA is less than 5% of the total reported acreage. The SCO area yields are predominantly based on the native variety yields in the areas. (Calculated from RMA—Summary of Business data)

For More Information...

Expected and actual area yields for all SCO areas are published at:

<http://cli.re/g3xnQp>

A crop insurance agent can provide you with detailed information regarding crop insurance for your farm. A list of crop insurance agents is available online at the RMA agent locator at:

<http://cli.re/gzPVWwy>

**For more NY crop insurance information, visit:
www.agriskmanagement.cornell.edu**