Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO): Program Changes and Considerations for the 2026 Crop Insurance Decision

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This article covers the fundamentals of SCO and ECO (high coverage policies)[1], recent program changes, and considerations for the 2026 crop insurance decision, with examples of how these options interact with underlying crop insurance policies. Several tools for analyzing high coverage polices are available on AgManager.info, with links at the end of the article.

What are SCO and ECO?

SCO (Supplemental Coverage Option) and ECO (Enhanced Coverage Option) policies (also referred to as endorsements) allow crop producers to purchase additional coverage beyond the coverage level of an underlying policy. SCO and ECO pay indemnities based on county-level revenue or yield shortfalls, rather than farm-level outcomes.

SCO was introduced in the 2014 Farm Bill and provides coverage from the coverage level of the underlying policy up to 86% of expected revenue (or yield). ECO was introduced in 2021 and is available for major crops produced in Kansas. ECO provides additional county-level coverage from 86% up to either 90% or 95%, depending on the option selected.

SCO and ECO use have become common across Kansas. As indicated in Figure 1, in several counties, acreage enrolled in SCO, ECO, and other high coverage or companion policies is equivalent to more than a quarter of total insured acres.

What's new?

The One Big Beautiful Bill Act (OBBBA), passed in July 2025, led to two major changes that affect SCO and ECO coverage beginning with the 2026 crop year.[2] First, use of SCO is no longer tied to Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) elections. Producers may now purchase SCO regardless of whether they select ARC or PLC. Second, premium subsidies for both SCO and ECO increased to 80 percent, substantially reducing producer-paid premiums. Previously, SCO had a 65 percent premium subsidy, and ECO's subsidy was increased to 65 percent for the 2025 crop year.

[1] The other major high coverage policy, the Margin Coverage Option (MCO), has a purchase deadline of September 30 for eligible spring-planted crops. More information on MCO will be published in advance of this deadline. For additional information, see https://www.rma.usda.gov/policy-procedure/general-policies/margin-coverage-option.

[2] Further, starting in 2027, SCO policies will provide coverage from the underlying policy coverage level to 90%.

How do these policies work?

A producer may purchase SCO or ECO from their crop insurance agent after selecting an underlying policy (such as Revenue Protection, RP). The producer will pay an additional premium for this added coverage. SCO and ECO guarantees are tied to the producer's underlying policy guarantee, but losses are determined using county-level expected and actual revenue or yields, rather than farm-level outcomes. As a result, indemnities are not paid until county yields are finalized, which typically occurs the following summer. For example, for the 2025 crop year, indemnities would generally be paid in June 2026.

Why Purchase SCO and ECO?

There are several reasons producers may purchase SCO or ECO policies:

- Additional risk protection
  - In Kansas, the most common individual crop insurance policy is RP with a 70% or 75% coverage level.
  - SCO provides coverage similar to an 85% individual policy (e.g., 85% RP), but SCO premiums are typically much lower. In this case, the tradeoffs below are especially important to consider.
  - ECO allows a producer to have a higher level of risk protection than is available through individual policies, up to 95% of expected revenue.
- Additional benefits
  - Crop insurance policies with an 80 percent premium subsidy are likely, but not guaranteed, to generate positive net benefits for producers in the long run. In other words, indemnities may exceed producer premiums over time.

What are potential drawbacks of high coverage policies?

High coverage policies work differently than the typical crop insurance policies producers are accustomed to. *If these differences are not well understood, producers may be disappointed—or worse—with the outcomes of high coverage policies.*

- **County yields are used** SCO and ECO indemnities are based on county yields, which may diverge from farm-level yields. As a result, a producer may experience a loss but not receive a payout if county yields are relatively high. The opposite may also occur: a farm may not experience a loss but still receive a payout. Tools available on AgManager.info allow producers to analyze the historical relationship between their farm's yields and county yield outcomes.
- **Payouts arrive later** Indemnities are not paid until the middle of the subsequent year. For example, losses from the 2025 crop year would typically be paid in June 2026. For producers with tight cash flow, this delay could be challenging.
- **Higher costs** While high coverage policies now cost less than in the past, they still increase total producer premiums. The increase varies by crop, county, and coverage level, but in some cases, premiums could rise by around 50 percent.

- **Payouts may be infrequent or inconsistent:** As with weather and yields, SCO and ECO payouts are not guaranteed to occur regularly. Even when long-run net benefits are expected to be positive, several years may pass without a payout.
    - For example, corn yields in Northeast Kansas have been above average for several consecutive years, making SCO or ECO payouts unlikely. In contrast, some counties in other parts of the state may have received frequent payouts in recent years. This variability may not be acceptable for all producers.

Considerations for the 2026 Crop Insurance Decision

Many crop producers are entering 2026 facing a third consecutive year of tight profit margins. Current profit margins are lower than in earlier years, when higher insurance coverage levels may have protected profits rather than simply covering breakeven revenue. While insurance premiums can feel especially burdensome in this environment, a revenue loss when margins are tight could be even more difficult to absorb.

High coverage policies offer an opportunity to insure a larger share of revenue, potentially at lower cost per dollar of coverage. This may be attractive to some producers, even though these savings come with the tradeoffs discussed above. There are hundreds of possible combinations of underlying policy coverage levels and high coverage policies. Crop insurance agents can play an important role in helping producers navigate this complex set of choices. In 2026, it may be especially useful to revisit existing crop insurance decisions, while recognizing the tradeoffs associated with any change.

Unit structure may also be worth revisiting. Optional units (OU) typically have higher premiums but can trigger indemnities for losses on individual fields. Enterprise units (EU) generally have lower premiums, but trigger indemnities based on whole-farm losses. Producers may choose OU because (1) they want field-level protection, (2) the additional cost still pencils out relative to EU, (3) yields vary substantially across fields, (4) fields are spread across a larger geographic area, and/or (5) tradition. There is no right or wrong unit structure choice, as it depends on producer risk tolerance and other preferences.

With higher crop insurance subsidies and continued tight profit margins in 2026, it may be worthwhile for producers to confirm that their unit structure aligns with their risk management goals. In some cases, a higher coverage level using EU (e.g., 80%) may provide protection comparable to—or greater than—a lower-coverage OU policy (e.g., 70%) at a lower total premium. SCO and ECO can also be used to increase overall coverage levels, potentially at a lower or comparable cost than relying on an OU policy alone.

The examples below illustrate how these considerations play out using current crop budgets, including expected expenses, expected revenue, liability, and premiums for Revenue Protection (RP) policies under different unit structures (EU or OU) and with SCO and ECO. The protection provided and the relative costs across scenarios highlight the tradeoffs discussed above.

Example 1: Non-irrigated corn in Jackson County (NE KS)

This example is for a producer in Jackson County (Northeast Kansas) with dryland corn that has a 145 bushel per acre yield (or average production history, APH). 2026 AgManager.info crop budgets estimate that an average Northeast Kansas non-irrigated corn farm with this yield could expect returns above variable (direct) and fixed expenses of approximately $68 per acre. Expected revenue is $651 per acre, assuming a $4.49 local cash price, variable expenses of $426 per acre and direct expenses of $157 per acre. Total expenses are approximately $583 per acre.

Table 1 shows the RP liability, premiums under optional units (OU) and enterprise (units), and SCO premiums, for 60-85% coverage levels. ECO 90% and 95% premiums are the same regardless of underlying coverage level. A projected price of $4.60 and price volatility of 0.16 was used in this example. These are preliminary estimates only; price discovery will not be completed until the end of February. Only a crop insurance agent can provide official premium estimates.

Table 1. Estimated Liability and Premiums for 2026 Non-Irrigated Corn in Jackson County

	Coverage Level					
	85%	**80%**	**75%**	**70%**	**65%**	**60%**
RP Liability	$567	$534	$500	$467	$434	$400
OU premium	$53	$37	$25	$19	$15	$11
EU Premium	$30	$17	$9	$8	$6	$5
SCO Premium	$1	$3	$5	$7	$8	$9
ECO 90%			$3			
ECO 95%			$7			

80% and 85% policies are substantially more expensive than lower coverage policies. 70% RP (EU) + SCO costs $15 per acre, compared to 85% RP (EU) + SCO at $31 per acre. 75% RP (OU) costs $25 per acre, compared to 75% RP (EU) + SCO + 95% ECO at $21 per acre. Total expenses for an average farm are predicted to be $583 per acre.[3] An 85% RP policy or any underlying policy with SCO may not fully cover all costs.

Example 2: Irrigated corn in Haskell County (SW KS)

This example is for a producer in Haskell County (Southwest Kansas) with irrigated corn that has a 225 bushel per acre yield (or average production history, APH). 2026 AgManager.info crop budgets estimate that an average Southwest Kansas irrigated corn farm with this yield could expect returns above variable (direct) and fixed expenses of approximately $56 per acre. Expected revenue is $1,064 per acre,

[3] The cost budgets assume cash rent is paid. For farms that do not rent land, this can be treated an economic measure of costs that accounts for opportunity cost of land ownership.

assuming a $4.73 local cash price, variable expenses of $554 per acre and direct expenses of $454 per acre. Total expenses are approximately $1,008 per acre.

Table 2 shows the RP liability, premiums under optional units (OU) and enterprise (units), and SCO premiums, for 60-85% coverage levels. ECO 90% and 95% premiums are the same regardless of underlying coverage level. A projected price of $4.60 and price volatility of 0.16 was used in this example. These are preliminary estimates only; price discovery will not be completed until the end of February. Only a crop insurance agent can provide official premium estimates.

Table 2. Estimated Liability and Premiums for 2026 Irrigated Corn in Haskell County

	Coverage Level					
	85%	**80%**	**75%**	**70%**	**65%**	**60%**
RP Liability	$880	$828	$776	$725	$673	$621
OU premium	$42	$27	$17	$12	$9	$6
EU Premium	$26	$13	$7	$5	$4	$3
SCO Premium	$1	$3	$4	$5	$5	$5
ECO 90%			$3			
ECO 95%			$9			

80% and 85% policies are substantially more expensive than lower coverage policies. 70% RP (EU) + SCO costs $10 per acre, compared to 85% RP (EU) + SCO at $27 per acre. 75% RP (OU) costs $17 per acre, compared to 75% RP (EU) + SCO + 95% ECO at $20 per acre. Total expenses for an average farm are predicted to be $1,008 per acre. An 85% RP policy or any underlying policy with SCO may not fully cover all costs.

Example 3: Non-irrigated grain sorghum in Phillips County (NW KS)

This example is for a producer in Phillips County (Northwest Kansas) with dryland grain sorghum that has an 85 bushel per acre yield (or average production history, APH). 2026 AgManager.info crop budgets estimate that an average Northwest Kansas non-irrigated grain sorghum farm with this yield could expect returns above variable (direct) and fixed expenses of approximately $52 per acre. Expected revenue is $400 per acre, assuming a $4.70 local cash price, variable expenses of $221 per acre and fixed expenses of $126 per acre. Total expenses are approximately $347 per acre.

Table 3 shows the RP liability, premiums under optional units (OU) and enterprise (units), and SCO premiums, for 60-85% coverage levels. ECO 90% and 95% premiums are the same regardless of underlying coverage level. A projected price of $4.60 and price volatility of 0.16 was used in this example, as crop insurance prices for grain sorghum are based on and similar to corn prices. These are preliminary

estimates only; price discovery will not be completed until the end of February. Only a crop insurance agent can provide official premium estimates.

Table 3. Estimated Liability and Premiums for 2026 Non-Irrigated Grain Sorghum in Phillips County

	Coverage Level					
	85%	**80%**	**75%**	**70%**	**65%**	**60%**
RP Liability	$333	$313	$293	$274	$254	$235
OU premium	$39	$27	$18	$14	$12	$8
EU Premium	$22	$13	$7	$6	$5	$4
SCO Premium	$0	$2	$3	$5	$6	$7
ECO 90%			$2			
ECO 95%			$4			

80% and 85% policies are substantially more expensive than lower coverage policies. 70% RP (EU) + SCO costs $11 per acre, compared to 85% RP (EU) + SCO at $22 per acre. 75% RP (OU) costs $18 per acre, compared to 75% RP (EU) + SCO + 95% ECO at $14 per acre. Total expenses for an average farm are predicted to be $347 per acre. An 85% RP policy or any underlying policy with SCO may not fully cover all costs.

Example 4: Non-irrigated soybeans in Butler County (SC KS)

This example is for a producer in Butler County (South Central Kansas) with dryland soybeans that has a 40 bushel per acre yield (or average production history, APH). 2026 AgManager.info crop budgets estimate that an average South Central Kansas dryland soybean farm with this yield could expect returns above variable (direct) and fixed expenses of approximately $149 per acre. Expected revenue is $421 per acre, assuming a $10.53 local cash price, variable expenses of $182 per acre and fixed expenses of $90 per acre. Total expenses are approximately $272 per acre.

Table 4 shows the RP liability, premiums under optional units (OU) and enterprise (units), and SCO premiums, for 60-85% coverage levels. ECO 90% and 95% premiums are the same regardless of underlying coverage level. A projected price of $10.70 and price volatility of 0.14 was used in this example, under the NFAC (not following another crop) non-irrigated practice. These are preliminary estimates only; price discovery will not be completed until the end of February. Only a crop insurance agent can provide official premium estimates.

Table 4. Estimated Liability and Premiums for 2026 Non-Irrigated Soybeans in Butler County

	85%	80%	75%	70%	65%	60%
RP Liability	$364	$342	$321	$300	$278	$257
OU premium	$42	$28	$19	$14	$11	$8
EU Premium	$23	$12	$7	$5	$4	$3
SCO Premium	$0	$2	$4	$5	$7	$8
ECO 90%				$2		
ECO 95%				$4		

80% and 85% policies are substantially more expensive than lower coverage policies. 70% RP (EU) + SCO costs $10 per acre, compared to 85% RP (EU) + SCO at $23 per acre. 75% RP (OU) costs $19 per acre, compared to 75% RP (EU) + SCO + 95% ECO at $15 per acre. Total expenses for an average farm are predicted to be $272 per acre. An 85% RP policy or any underlying policy with SCO would likely cover all costs.

Conclusion

Crop insurance premiums are lower than last year, particularly for high coverage options. Producers who want to insure more than their variable costs for 2026, while also managing premium costs, may want to (re)consider high coverage options and their unit structure choices. The examples above demonstrate that *(1) 75% RP policies combined with SCO are typically lower cost than 80–85% RP policies,* and *(2) RP policies with enterprise units combined with SCO and ECO may have lower or comparable total premiums than RP policies with optional units.* However, these changes involve important tradeoffs. Careful evaluation of multiple crop insurance options across different price and yield outcomes is warranted in today's low–profit-margin environment.

References and Resources

Kansas Crop Insurance Maps https://agmanager.info/crop-insurance/kansas-crop-insurance-maps

SCO Expected Net Indemnity Maps https://agmanager.info/crop-insurance/crop-insurance-papers-and-information/sco-expected-net-indemnity-payments-map

Kansas Yield Correlation Tool (compares operation yields to county yields): https://agmanager.info/crop-insurance/crop-insurance-papers-and-information/kansas-yield-correlation-tool

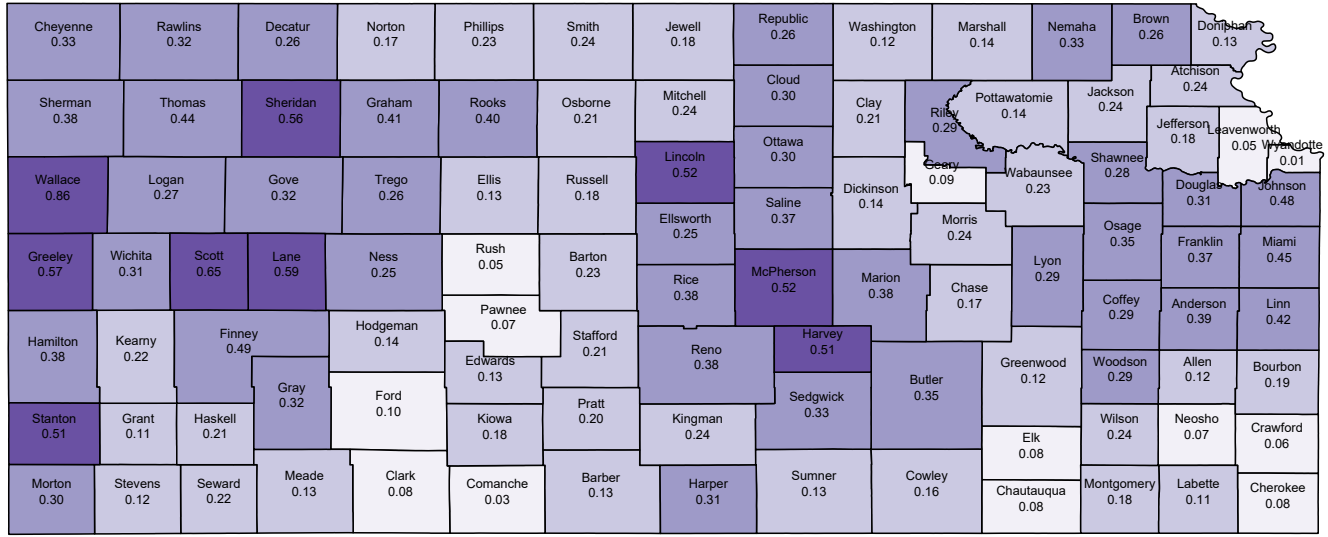
2025 Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO) Payment Calculator: https://agmanager.info/crop-insurance/crop-insurance-papers-and-information/2025-supplemental-coverage-option-sco-and (2026 version forthcoming)

Frequently Asked Questions: Crop Provisions of the One Big Beautiful Bill Act: https://agmanager.info/ag-policy/farm-bill-0/frequently-asked-questions-crop-provisions-one-big-beautiful-bill-act

RMA Summary of OBBBA changes: https://www.rma.usda.gov/policy-procedure/bulletins-memos/managers-bulletin/mgr-25-006-one-big-beautiful-bill-act-amendment

MCO Fact Sheet: https://www.rma.usda.gov/sites/default/files/2025-05/Margin-Coverage-Option-Fact-Sheet_0.pdf

Figure 1. Acres Enrolled in High Coverage Policies as a Share of Total Insured Acres for Major Crops, 2025



Source: The data used in this map was downloaded on Jan. 6, 2026 from the USDA Risk Management Agency Summary of Business. Numbers displayed are total companion acres divided by net acres. Some acres may be enrolled in more than one high coverage policy or endorsement, thus the share of acres enrolled in a high coverage policy may be lower than in the map. Major crops include corn, grain sorghum, soybeans, and wheat.