Hidden Safety Net of Underutilized Supplemental Insurance in US Agriculture

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**Book of business**

Our study focuses on data from 2015-23 for 50 crops across 2174 counties, encompassing 11672 crop/county programs where SCO and ECO offerings were available.[[1]](#footnote-20) Table S1 presents the descriptive statistics of our dataset. During this period, the annual net insured area averaged 230.39 million acres with a total liability of $106.22 billion, and the program collected premiums totaling $10.2 billion annually. Additionally, it paid out $7.9 billion in indemnities to producers each year. corn, soybeans, wheat, cotton, sorghum, and rice comprised most of this business with insured area (liability) accounting, respectively, for 80.61 million acres ($46.99 billion), 75.18 million acres ($29.93 billion), 38.6 million acres ($7.74 billion), 11.38 million acres ($4.92 billion), 5.06 million acres ($1.01 billion), and 2.64 million acres ($1.91 billion). These crops also led in all other metrics listed in Table S1. The cumulative loss ratio across all crops was 0.77 but varied among the six major crops, ranging from 0.56 for soybeans to 2.14 for and rice. The sample represents 84.21% of the total non-livestock liability within the FCIP from 2015-23. See Table S2 in the online appendix for the book of business summaries of other crops not shown on Table S1.

**3. Supplemental Coverage Offering and Participation**

Figure 2 illustrates that SCO and ECO have been available for purchase across nearly all eligible commodity/county programs since their introduction. Eligibility for SCO and ECO is determined by whether the commodity/county program offers an individual-based basic insurance policy – i.e., APH, YP, RP, or RP-HPE. As of 2023, out of 20517 eligible county crop programs, 15782 (76.92%) offered SCO and 14181 (69.12%) offered ECO. Specifically for the 89 commodities eligible in 2023, 56 (62.92%) provided SCO, while only 33 (37.08%) had ECO available. Despite the availability of individual-based basic policies in Hawaii and some areas of Alaska, neither SCO nor ECO are available to producers in these states as of 2023. However, both options have been consistently accessible from 2015 to 2023 in all eligible counties for cotton, 98% for corn and soybeans, 92% for wheat, and 91% for rice (see Figure S1).

Despite their widespread availability, usage of SCO and ECO is relatively small compared to the number of eligible county-crop program offers, Particularly, Table S1 shows that of the 230.39 million acres with SCO/ECO availability that were annually enrolled in the FCIP from 2015-23, only 10.74 million acres (i.e., 4.66% of the total) were enrolled in a supplemental program. The portion of insured eligible acres annually enrolled in SCO [ECO] in 2023 for corn, soybeans, wheat, cotton, sorghum, and rice, were 7.16% [6.26%], 6.06% [4.89%], 8.78% [5.32%], 2.26% [0.63%], 6.03% [3.91%], and 10.61% [4.33%], respectively. Figure S1 shows that while SCO adoption declined by 15.85 percentage points among rice producers from 2015-23, corn, soybeans, sorghum, wheat, and cotton experienced growth estimated at 6.79, 5.63, 3.17, 2.91, and 2.15 percentage points, respectively. Aside from these major crops, notable exceptions of SCO adoption that is more than 5% of eligible acres from 2015-23 include canola (19.15), dry peas (5.12), barley (5.01), peanuts (5.4), potatoes (5.08), flax (5.94), tobacco (20.4), tomatoes (5.08), mustard (20.14), onions (9.23), blueberries (13.65), peaches (17.61), and buckwheat (9.21). On the contrary, sugar beets, millet, grapes, orange, sesame, mandarin/tangerine, lemon, pumpkins, grapefruit, and tangelos recorded SCO adoption rates of less than 1% of eligible acres from 2015-23 (see Table S3 in the online appendix).

**Agent characteristics**

The lower part of Table S1 presents selected descriptive statistics for our sample agents, totaling 1005245 across all crops. Among the six major crops, the number of agents is as follows: corn with 331780 agents, soybeans with 316204, wheat with 166829, cotton with 66651, sorghum with 36314, and rice with 14803. The most utilized basic insurance plan among these agents is Revenue Protection (RP), featuring a weighted average coverage level of 75% and an average insured area of 1825 acres per agent. On average, these agents pay a premium of 12 cents per dollar of liability and receive a subsidy of 63 cents per dollar of premium for the basic policy. The agents included in our simulations represent 84.65% of the total liability of the 11672 crop/county programs where SCO and ECO offerings were available from 2015-23. Among the six major crops, the simulation representation was highest for soybeans at 96.23%, followed by corn at 96.16%, wheat at 87.96%, rice at 87.6%, and cotton at 86.11%.

1. The crops included alfalfa seed, almonds, apples, barley, blueberries, buckwheat, canola, corn, cotton, cranberries, cucumbers, cultivated wild rice, dry beans, dry peas, flax, forage production, grapefruit, grapes, grass seed, green peas, lemons, mandarins/tangerines, millet, mint, mustard, oats, onions, oranges, peaches, peanuts, popcorn, potatoes, processing beans, prunes, pumpkins, rice, rye, safflower, sesame, sorghum, soybeans, sugar beets, sugarcane, sunflowers, sweet corn, tangelos, tobacco, tomatoes, walnuts, and wheat. [↑](#footnote-ref-20)