Updates & Considerations for Crop Insurance Decisions Due September 30, 2025

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Several changes to the federal crop insurance program in the One Big Beautiful Bill Act (OBBBA) affect decisions due by September 30. For wheat and other fall-planted small grains, September 30 is the sales-closing date. The new Margin Coverage Option (MCO) is also available to Kansas corn and soybean producers for the 2026 crop year, with the same September 30 sales-closing date. Below are key considerations for 2026.

Wheat prices. The 2025 projected price was **$5.90/bu**. If the 2026 price-discovery period ended today (September 9), the projected price would be about **$5.62/bu**. With fertilizer costs still rising and many 2025 crop budgets showing tight or negative margins, profit margins are likely to remain tight in 2026.

Premium changes for individual policies. Premium subsidies for Revenue Protection (RP), Yield Protection (YP), and related plans increased under OBBBA. For many coverage levels under all three unit structures choices (basic, optional, enterprise), producer-paid premiums decline by about **$1 per acre**, though actual changes will vary by county, practice, yield levels, and coverage selection.

Changes to the Supplemental Coverage Option (SCO). The SCO premium subsidy rate increases from **65% to 80%**, lowering producer costs. For 2026, SCO remains available at the **86%** coverage level; in subsequent years it moves to **90%**. Taken together, these changes are expected to substantially increase expected net indemnities (SCO payments minus the producer-paid premium).

Changes to other high-coverage policies. The Enhanced Coverage Option (ECO), Margin Coverage Option (MCO), and other area-based policies now carry an **80% premium subsidy**. Producer costs fall, and—similar to SCO—expected net indemnities likely rise; impacts will vary by crop, county, and coverage choices.

Increased benefits for beginning farmers. Eligibility now extends to producers with fewer than **10 crop years**, and benefits last up to **10 years**. In addition to the existing **+10 percentage points** premium subsidy, BFRs get **+5 points in years 1–2, +3 in year 3, and +1 in year 4**.

Introduction of MCO (corn and soybeans). MCO uses the Margin Protection framework but is structured to operate like ECO and SCO. It triggers on a county-level gross margin—revenue (futures price × county yield) minus selected input-cost indexes—yet, in practice, payouts will likely most often driven by price and/or yield declines. A key feature is earlier price discovery (mid-August to mid-September instead of February), which may appeal to producers who (1) expect lower February prices,

(2) want to diversify the timing of price-risk management, and (3) prefer to lock in coverage before fall marketing, input purchases, and operating-loan decisions. MCO is not a hedge: it has a deductible and falling input costs or stronger-than-expected yields can reduce or eliminate payments even when prices fall.

Tradeoffs for SCO and other high-coverage policies. Producers may opt for SCO/ECO/MCO because they offer (1) greater risk protection, (2) high premium subsidies, and (3) better cost-effectiveness than 80–85% RP. Despite the improved value, the usual tradeoffs remain:

1. **County trigger:** payouts may not match farm-level losses.
2. **Total cost:** premiums still increase versus buying only 70–75% RP, even with subsidies.
3. **Timing:** indemnities are typically paid around June following the crop year (e.g., June 2026 for 2025).
4. **Frequency:** even with high coverage, several years can pass with no payout.

Unit structure. Optional units (OU) cost more but can pay on losses for individual fields. Enterprise units (EU) cost less but trigger on whole-farm losses. Producers use OU because (1) they want field-level protection, (2) the added cost still pencils out versus EU, or (3) tradition. With higher subsidies and tight margins, it's worth confirming that your unit choice matches your risk goals. In some cases, a higher coverage level with EU (e.g., 80%) can provide protection comparable to, or better than, lower-coverage OU (e.g., 70%) at a lower total premium.

References and Resources

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

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

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

Risk and Profit Conference 2025 Agricultural Policy Update: https://agmanager.info/events/risk-and-profit-conference/previous-conference-proceedings/2025-risk-and-profit-conference/1

ARC/PLC/SCO Tradeoff Tool (can be used as a 2025 ARC and PLC payout estimator, has been updated to account for OBBBA changes): https://agmanager.info/crop-insurance/crop-insurance-papers-and-information/advanced-arc-plc-sco-tradeoff-tool

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