Annual Forage Dual Use Option

Additional Coverage for Wheat Intended for Grazing and Grain

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Annual forage crop options in drylands

Item	J	F	M	A	M	J	J	A	S	O	N	D
Crop Residue												
Winter Annuals												
Spring Annuals												
Summer Annuals												
Summer legumes												

- Crop residue: grain sorghum, corn
- Winter: dual-purpose wheat, triticale, rye
- Spring: oat, triticale
- Summer: forage sorghum, sorghum-sudan, millet
- Summer legume: cowpea, lablab

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https://extension.k-state.edu/news-and-publications/news/stories/2026/03/agriculture-wheat-first-hollow-stem.html

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Outline

- Annual Forage Insurance Review
- Dual Use Option: How it works?
- Dual Use Example

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Annual Forage Insurance

- Like PRF, but for annually-produced forage crops
- When it rains less than usual in your area within a 2-month period during the USDA-defined growing season, you get paid
- Deadline: July 15
  - Crops used for forage planted from August 2026 through July 2027
  - Producer is not obligated to use annual forage insurance

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Why use Annual Forage?

- Standard multi-peril crop insurance (MPCI) might not be available
- MPCI might have some disadvantages
  - Written agreement
  - Producer doesn't have a production history
  - Forage yields may be difficult to establish

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Why now?

- July 15 purchase deadline for 2027 crop year
  - For annual forage crops planted from August 2026 through July 2027
  - Option, not obligation

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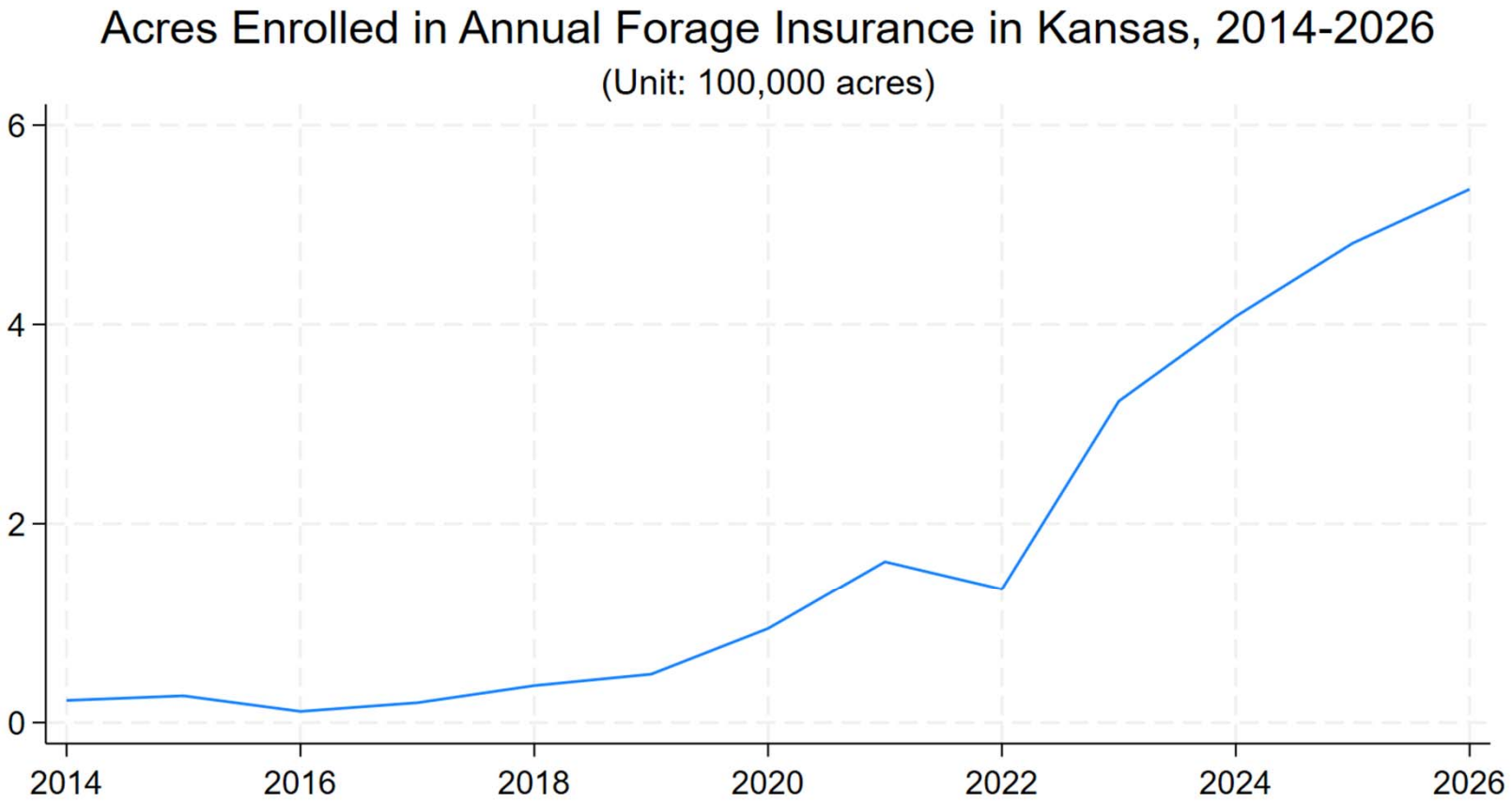

The data used in this map was downloaded on June 8, 2026 from the USDA Risk Management Agency Summary of Business. The 2026 crop year is not complete.

US acres enrolled: 178,000 in 2014 to ~5.7 million in 2026 in CO, KS, ND, NE, NM, OK, SD, TX

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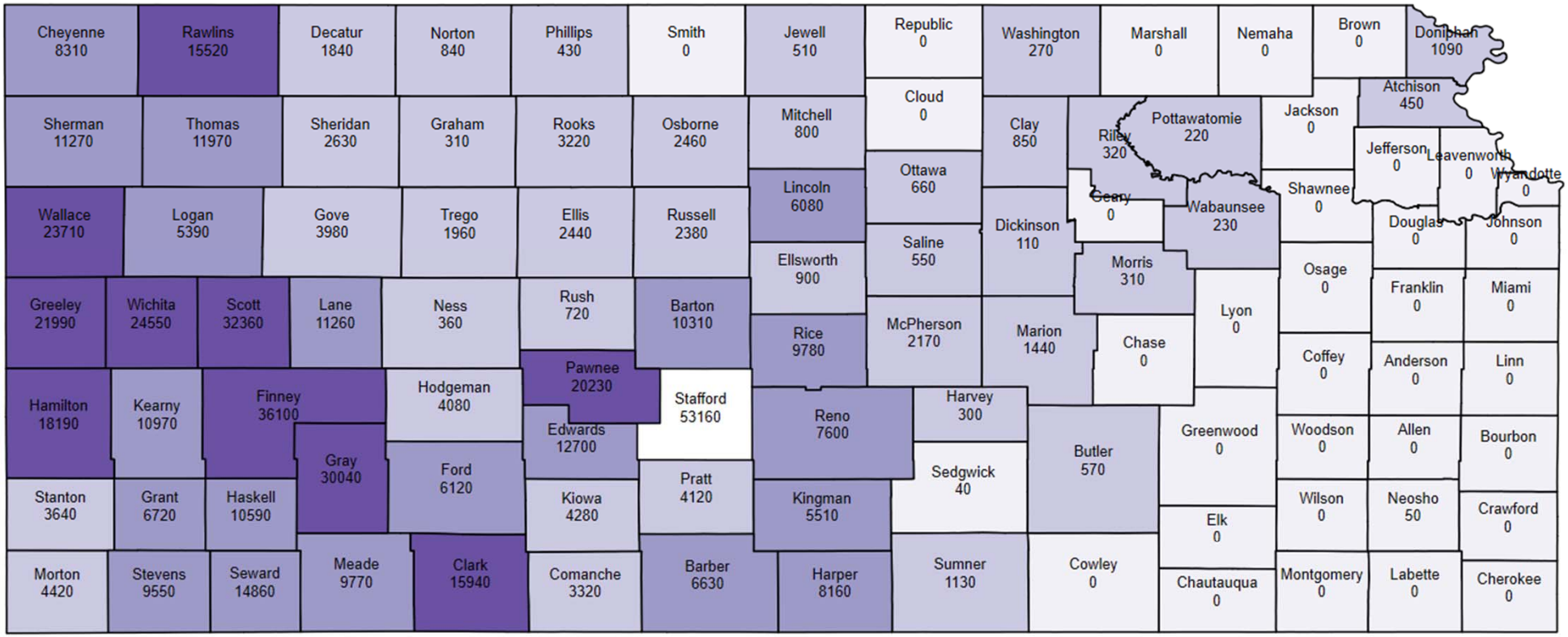
Acres Enrolled in Annual Forage Insurance for the 2026 Crop Year (to date)



The data used in this map was downloaded on June 9, 2026 from the USDA Risk Management Agency Summary of Business.
This is a preliminary estimate only, the 2026 crop year may not be complete.

Total acres insured

- [0,100]
- (100,5000]
- (5000,15000]
- (15000,45000]

WHEN IT RAINS LESS THAN USUAL IN YOUR AREA WITHIN A 2-MONTH PERIOD DURING THE USDA-DEFINED GROWING SEASON, YOU GET PAID

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What: Rainfall index

- Single peril – precipitation* is *lower* than the historic average
  - Source: National Oceanic and Atmospheric Administration's (NOAA) Climate Prediction Center
  - Pulls from weather stations, may vary based on data availability
  - Estimated as a percent of average precipitation using data from 1948
- Index
  - 100 = average
  - 120 = higher than average
  - 75 = lower than average
- Note: data source set to change in 2027

https://www.rma.usda.gov/news-events/news/2026/washington-dc/usda-risk-management-agency-upgrades-rainfall-data-source

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WHEN IT RAINS LESS THAN USUAL IN YOUR AREA WITHIN A 2-MONTH PERIOD DURING THE USDA-DEFINED GROWING SEASON, YOU GET PAID

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What: Less than usual

- 100 = *normal* weather
- Producer selects a coverage level of 70-90%
- Payouts are made when rainfall index effectively falls below the coverage level
  - If the rainfall index is 60, payouts will be made
  - If the rainfall index is 80, payouts will be made depending on coverage level selected
    - 70% doesn't pay out, 90% does
  - If the rainfall index is 90 or higher, no policies will make a payout

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WHEN IT RAINS LESS THAN USUAL IN YOUR AREA WITHIN A 2-MONTH PERIOD DURING THE USDA-DEFINED GROWING SEASON, YOU GET PAID

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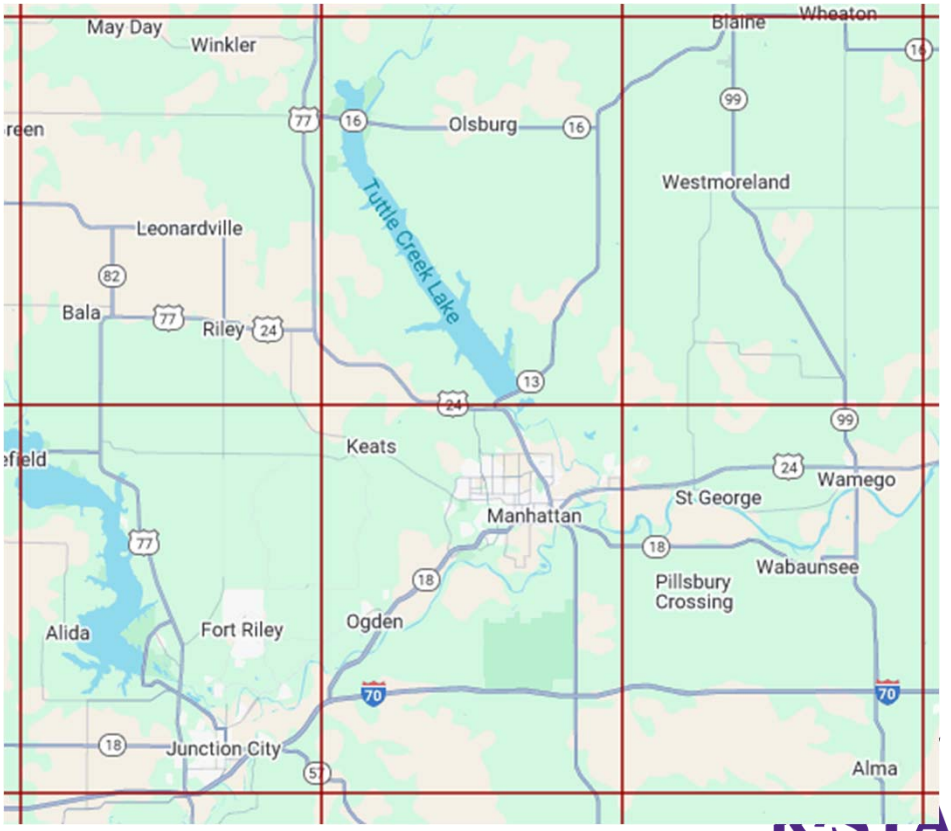
Where: Area Insurance

Rainfall is measured for an approximately 14 X 16* mile grid.



http://af.agforceusa.com/ri

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Where: Area Insurance

- Payouts are based on what happens for the entire grid, not a particular operation/field
- Payouts might not match field-level experience
  - Management approaches
    - Study historic data
    - Take a long-term approach

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When: Growing Season

- Crop is planted during a given month
- The next seven months are the growing season for which you can purchase AF coverage
- Growing Season 1
  - Planting in August 2026
  - Growing season 1 is September 2026-March 2027
- Growing Season 12
  - Planting in July 2027
  - Growing season 12 is August 2027-February 2028

Note: Growing seasons 5 & 6 not eligible for coverage in Kansas. Crops planted in Dec/Jan would be reported as growing season 7

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When: Acreage reporting

- Acreage reporting
  - 5th day of the month immediately following the planting period for the growing season
  - No insurance if not reported

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Growing season: agronomic considerations

- Uninsurable but moisture during this period is most critical for forage yield:
  - Moisture ahead of planting (fallow period) and available soil water at planting (ASWP)
  - Month of planting
  - AF often requires coverage outside the insured crop growing season

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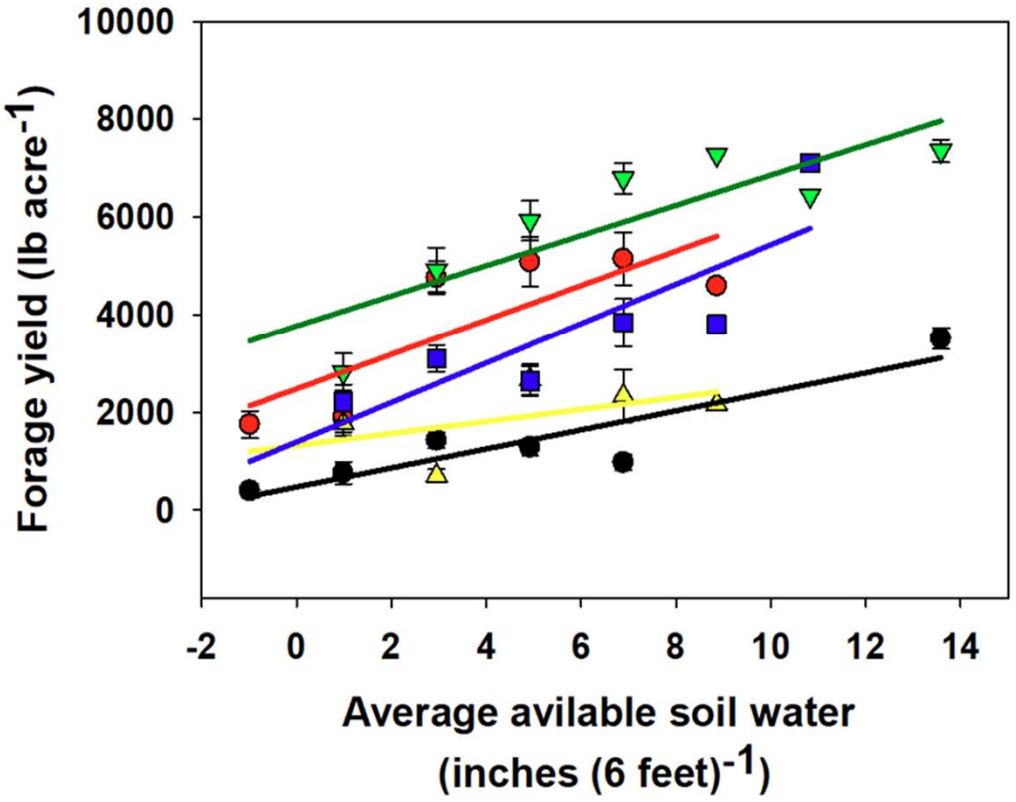
Forage Biomass 2006-2026, ASWP



- $F_{oat} = 473 + 194X$; $R^2=0.83$
- $F_{sorgD} = 2478 + 354X$; $R^2=0.66$
- $F_{sorgS} = 3768 + 309X$; $R^2=0.73$
- $F_{SPtrit} = 1320 + 123X$; $R^2=0.25$
- $F_{Wtrit} = 1392 + 404X$; $R^2=0.72$

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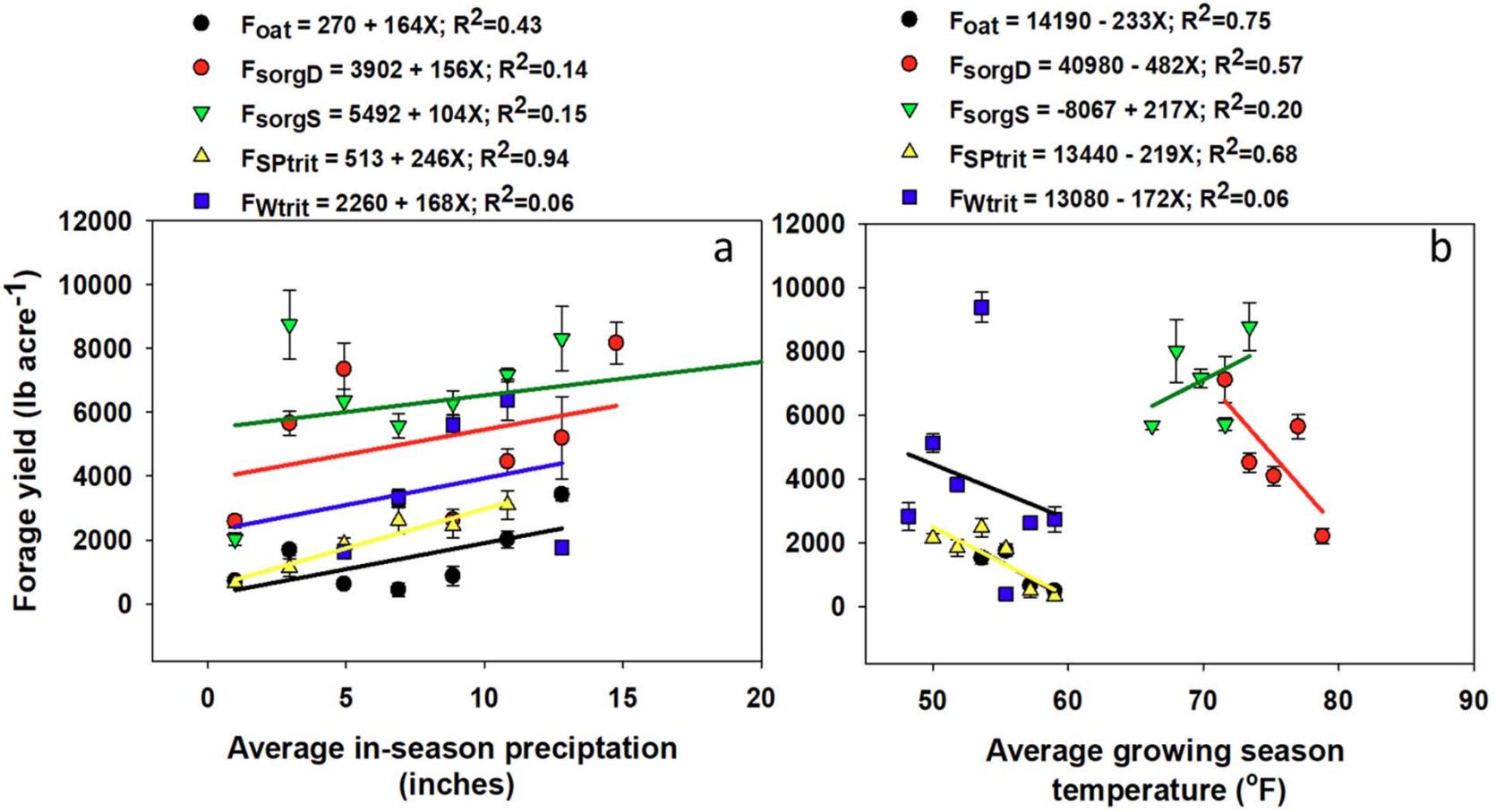
Forage Biomass 2006-2026, ISP and T



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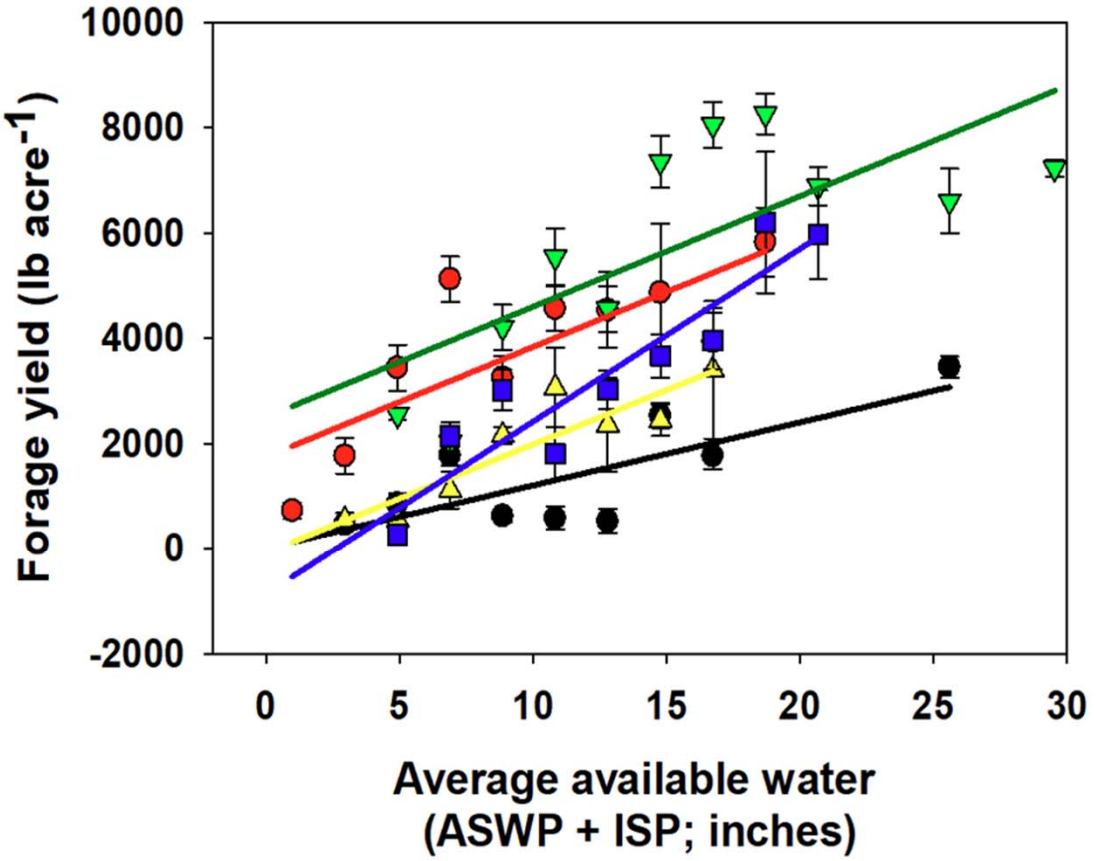
Forage Biomass 2006-2026 ASWP & ISP



- $F_{oat} = 12.08 + 119.6X$; $R^2=0.61$
- $F_{sorgD} = 1750 + 208.6X$; $R^2=0.63$
- $F_{sorgS} = 2504 + 209.7X$; $R^2=0.57$
- $F_{sptrit} = -71.56 + 205.9X$; $R^2=0.82$
- $F_{Wtrit} = -859.2 + 327.9X$; $R^2=0.86$

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When: Intervals

- Coverage is provided in consecutive 2-month periods called intervals
  - Producer selects specific intervals and decides how important each interval is: interval weight
- Growing seasons 1-4 and 7-9
  - 3 intervals must be selected
  - Weights of 20-40% that add up to 100%
- For growing seasons 10-12 (only)
  - **Two** OR **three** intervals can be selected
  - Highest weight is 50% when selecting two intervals

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Example: Interval 1

- Planting in August 2026
- Growing season 1 is Sept 2026-Mar 2027
- Sept-Oct Interval: 40%
- Nov-Dec Interval: 40%
- Jan-Feb Interval: 20%
- March: not covered

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Value of insured crop

- Big picture: the value of the crop is determined county-by-county, but producers have some flexibility to increase or decrease their insurance guarantee
- The county base value (CBV) is the estimated value of the insured crop.
  - In KS, the CBV ranges from $243 (Morton)-$385 (Doniphan) for the 2027 crop year.
- Productivity factor
  - CBV can be scaled up or down, from 60%-150%
- Guarantee: CBV X Productivity Factor X Coverage Level (70-90%)

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DUAL USE OPTION

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Dual Use details

- Small grains, primarily wheat, intended for both grazing and grain production at planting
  - MPCI policy for grain: full/regular coverage
  - AF policy for grazing: restricted to 40% of CBV
- Elected by acreage reporting date
- Check county eligibility

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How dual use works

Cattle must be removed before whichever comes first:

1. First hollow stem (agronomic yield)
2. MPCI purchase deadline (March 15th in KS)

Short rate option: what happens?

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Short-Rate Option

- March 15th deadline
- ~40% premium cost, but loose grain coverage
- Provides option to graze or hay wheat rather than take to grain OR free up irrigated wheat acres for spring planted crop
- No grain indemnity (loss) payment, crop must not be taken to grain

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Example: Dual Use Wheat

- Scenario: Dryland wheat after fallow
  - Planted in (mid) September – growing season 2, Ford County
- Wheat is grazed over the winter, cattle removed March 15, 1st hollow stem April 1, harvested for grain end of June

Note: The same API must write both policies

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Example: Annual Forage (Dual Use), 90% coverage level in 2026

Interval	Weight (% of Value)	Producer Premium	Protection	Actual Index	Indemnity
Oct-Nov	40	$6	$42	74.2	$7
Dec-Jan	40	$6	$42	24.1	$30
Feb-Mar	20	$3	$21	7.2	$19
TOTAL	100	$15	$105		$56

Estimate (only) from http://af.agforceusa.com/ri for the 2026 commodity year. Grid is 20820.
County base value was $288.17, but this is reduced by 40% for the dual use option.
Protection/guarantee is thus $288.17*0.4 *0.9=$105/acre.

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Example: Wheat RP

- Revenue Protection (RP) Policy for with Summer-fallow (dryland) practice
- 2026 Crop Year Guarantee
  - 75% coverage level
  - $5.61/bushel X 42 bushels/acre (approved yield, 40 bu rate yield)
  - $177/acre guarantee
  - Approximate premium per acre
    - $4/acre if using enterprise units, $11 for optional units
- 2026 yield appears to be low
  - $6.29 harvest price, currently in discovery (w/HPO guarantee resets)
  - For 20 bu/acre actual yield, payout would be about $72 per acre

Unofficial estimate from https://ewebapp.rma.usda.gov/apps/costestimator/

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Using dual use

- Must have intent to graze
- Increases total guarantee of wheat crop relative to insuring grain only
- CBV is limited to 40, but the insured value is flexible through use of productivity factor
  - For our example, CBV is $288.17: 288.17 X 0.4 = $115
  - $115 scaled by productivity factor can range from $69-$173
- AF premium could be 3 times the RP premium, especially under enterprise units!
  - Reflects risk + lower premium subsidy

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Using dual use: grazing value

- Grazing generates value for cattle

$$\text{Feed value} = \frac{\text{lb forage DM/ac}}{\text{lb forage DM per lb gain}} \times \text{value of gain}$$

Where:

- lb forage DM/ac = forage dry matter produced per acre
- lb forage DM per lb gain = dry matter needed for 1 lb of cattle gain
- Value of gain = value of each additional lb of cattle gain

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Using dual use: example

- Expected wheat yield: 40 bu/ac
- Nov 15 - Mar 15 forage yield (120 days): 1200 lbs/ac
  - 350-2000 lbs/ac
- Feed conversion: 10:1 lb DM per lb gain
  - 1.5 – 2.5 lb/d gain
- 500 lb stocker ---> 740 lb stocker, 240 lbs gain
- 2 acres/stocker = [240/(1200 lbs/10)]

Sources: KSU MF3312, *Dual-purpose Wheat Variety Performance*; UNL EC185, *Grazing Winter Wheat in Nebraska*; OSU CR-212, *Should I Buy (or Retain) Stockers to Graze Wheat Pasture?*

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Example calculation: Economics

- Stocking rate: 2 acres/stocker
- Cattle:
  - 500 lb steer ($440 cwt) & 740 lb steer ($335 cwt)
  - Value of gain: $2.52/lb OR $302/acre

VS

- Grain yield penalty:
  - 6% wheat seeding date
    - 40 bu/ac x $5.5 x 6% = -$13.2
  - 18% early seeding date
    - 40 bu/ac x $5.5 x 18% = -$39.6

Many forage insurance options!

- MPCI
  - Regular
  - Sorghum Silage Endorsement
  - Forage Seeding
  - Triticale APH
  - Alfalfa Revenue Protection (RP) under development
- Rainfall Index
  - Pasture, Rangeland, and Forage (PRF)
  - Annual Forage
- Whole Farm Revenue Protection (WFRP)

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Wrap up

- Wheat can be used and insured for both grazing and grain
- AF insurance covers rain shortfalls, is not perfectly correlated to forage yield
- There is a learning curve for using Annual Forage Insurance, especially if no PRF experience
  - Work closely with an insurance agent
  - Acreage reporting!
- You are not required to insure all acreage

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Resources

- Local insurance agents

https://www.rma.usda.gov/tools-reports/agent-locator

- Online decision tool

http://af.agforceusa.com/ri

- Last year's webinar

https://agmanager.info/news/recent-videos/annual-forage-insurance-slides-and-webinar-recording

- AgManager.info

https://agmanager.info/crop-insurance/kansas-crop-insurance-maps

https://agmanager.info/crop-insurance/livestock-insurance-papers-and-information/annual-forage-insurance-policy-basics-0

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