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## CROP INSURANCE PAYMENT POTENTIAL WILL VARY IN 2026

Due to the good yield potential in some areas of the Upper Midwest, the number of corn and soybean producers that qualify for 2026 crop insurance indemnity payments may be limited. However, in other portions of the region that are dealing with severe or extreme drought, or have dealt with excessive rainfall and severe storms, crop insurance payments may be more prevalent. Due to likely higher Fall harvest prices for corn and soybeans, compared to the Spring base prices, any 2026 crop insurance indemnity payments will likely be solely based on reductions in crop yield, rather than on a combination of yield reduction and price decline.

With Federal Crop Insurance, every year is different, and with the multiple options available to producers, there are many variable results from crop insurance coverage at harvest time. The 2026 crop year will be no different, with some producers choosing Yield Protection (YP) policies (yield only) versus Revenue Protection (RP) policies (yield and price), and producers having different levels of coverage on various crops. Producers also vary on having “optional units” versus “enterprise units” for their crop insurance coverage. In addition, some producers also have enhanced insurance coverage through private insurance companies, or through the “Supplemental Crop Option” (SCO) and “Enhanced Coverage Option” (ECO) policies that were available this year.

In the Midwest, most corn and soybean producers in recent years have tended to secure some level of revenue (RP) crop insurance coverage, rather than standard yield-only (YP) policies. Farm operators like the flexibility of the RP policies that provide insurance coverage for reduced yields, as well as in instances where the harvest price drops below initial base price. In 2026, crop insurance loss calculations for corn and soybeans with RP policies will likely function similarly, due to the harvest price for corn and soybeans being higher than the 2026 crop insurance Spring base prices, which were finalized on March 1.

The established crop insurance Spring base prices for 2026 YP and RP crop insurance policies are $4.62 per bushel for corn and $11.09 per bushel for soybeans. These base prices will determine potential payment eligibility and amount for 2026 YP policies for corn and soybeans. These base prices will also serve as the final price to calculate revenue guarantees for determining potential RP crop insurance indemnity payments for corn and soybeans, if the harvest price is lower than the base price. If the harvest price is higher than the base price, the harvest price will be used to calculate crop insurance payment potential for RP policies with harvest price protection.

The final harvest price for RP crop insurance policies is based on the average Chicago Board of Trade (CBOT) price for December corn futures and CBOT November soybean futures during the month of October, with prices finalized on November 1, 2026. If the final CBOT price for December corn futures or November soybean futures is higher than the established base prices, the harvest price would then be used to determine the insurance guarantees for RP policies with harvest price protection, as opposed to the base price. The harvest price is also used to calculate the value of the actual harvested bushels for all RP insurance policies. As of September 25, the crop insurance harvest price estimates were near $5.26 per bushel for corn and $13.20 per bushel for soybeans.

The level of RP insurance coverage can result in some producers receiving crop insurance indemnity payments, while other producers receive no payments, even though both producers had the same adjusted APH yield and the same final yield. For example, at an adjusted APH corn yield of 200 bushels per acre, and an adjusted price guarantee of 5.26 per bushel, a producer with 85% RP coverage would have a yield guarantee of 170 bushel per acre, and a revenue guarantee of $894 per acre, while a producer with 75% coverage would have a yield guarantee of 150 bushels per acre, and a guarantee of $789 per acre. If the actual 2026 yield is 160 bushels per

acre, with a $5.26 per bushel harvest price, the producer with 85% coverage would receive a gross indemnity payment near $53 per acre, while the producer with 75% coverage would not receive an indemnity payment.
It appears likely that the corn harvest price will exceed the Spring base price of $4.62 per bushel., and thar the soybean harvest price will exceed the Spring price of $11.09 per bushel. This means that the final harvest price for both corn and soybeans will likely serve as the price guarantee for RP insurance policies that have harvest price protection This would also result in payment calculations for RP policies functioning very similarly to YP calculations. The only exception being that RP policies with harvest price protection will use the higher corn and soybean harvest price for calculations, rather than the Spring base price that is used for YP policies. If producers have a RPE policy with "harvest price exclusion", the base revenue is calculated using the Spring price, and the final revenue is calculated using the harvest price. Use of an RPE policy will likely not work very well in 2026 with the current price scenario for corn and soybeans.

In order to reduce premium costs, a large number of Midwest corn and soybean producers utilize *"enterprise units"* for their crop insurance coverage, which combines all acres of a crop in a given county into one crop insurance unit. By comparison, *"optional units"* allow producers to insure crops separately in each township section. Enterprise units work quite well with RP policies to protect against price drops during the growing season, and when a producer has most of their land in the same general area. Optional units are usually preferable when a producer has a variety of land that is spread across a wide area in a county, or when producers have individual farms that are highly susceptible to natural disasters, such as flooding, drought, etc.

For example …… assume that producers A and B both have 5 separate farms in the same county with an APH corn yield of 200 bushels per acre, and that the overall average 2026 corn yield on all farms was 180 bushels per acre. However, three of the farms were 200 bushels per acre each, and the other two farms were 150 bushels per acre each. Also assume a final corn harvest price of $5.26 per bushel. Producer A has an 85% RP policy with optional units and producer B has an 85% RP policy with enterprise units. Producer A, with the optional units, would receive no insurance payment on the three farms with the higher yield; however, that farmer would receive a gross indemnity payment of $105 per acre on the two farms with the lower yield. Producer B with the enterprise units would receive no insurance payments on any farms, based on the average yield for all farms.

Many farmers carried expanded Supplemental Crop Option (SCO) and Enhanced Coverage Option (ECO crop insurance coverage in 2026. SCO and ECO crop insurance policies utilize the same Spring price and harvest price as individual crop insurance policies; however, SCO and ECO indemnity payments are based on the final 2026 county average yields compared to the established average county yields. As a result, it could be possible for a producer not to qualify for a crop insurance indemnity payment on an individual policy, but still qualify for a SCO or ECO payment, or vice versa to qualify for an individual insurance payment, but not qualify for a SCO or ECO payment. Any ECO or ECO indemnity payments will not be paid until June, 2027.

Producers that have crop revenue losses in 2026, which could result in potential crop insurance indemnity payments, should properly document the yield losses, regardless of their type or level of insurance coverage. A reputable crop insurance agent is the best source of information to make estimates for potential 2026 crop insurance indemnity payments, and to find out about documentation requirements for crop insurance losses. Farm operators that collect very large indemnity payments should be aware that they may be subject to an audit by the USDA Risk Management Agency (RMA), which may require more detailed documentation of losses. It is important for producers who are facing crop losses in 2026 to understand their crop insurance coverage and the calculations used to determine crop insurance indemnity payments.

Kent Thiesse has prepared an Information Sheet titled ***"2026 Crop Insurance Payment Potential"***, which is available by contacting: **kentthiesse@gmail.com.** The University of Illinois FarmDoc web site also contains some good crop insurance information and spreadsheets to estimate crop insurance payments. The FarmDoc web site is located at: **https://farmdoc.illinois.edu/crop-insurance.**

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