

First Look at 2026 Crop Insurance Decisions



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Topic Outline

- Changes to Crop Insurance
- Crop Insurance Decisions
- Insurance Evaluator: The ECO and SCO Decision

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One Big Beautiful Bill Act (OBBBA)

- Major reconciliation bill impacting a wide range of provisions for federal programs and tax code
- Significant Farm Bill program components
 - Additional funding for commodity programs and **crop insurance**
 - Cuts to nutrition and conservation programs



Summary of crop insurance changes

- Higher subsidies for COMBO products (RP, RP-HPE, YP)
- Significantly higher subsidy for SCO
 - RMA also implementing for ECO and similar programs
- SCO no longer tied to ARC/PLC decision
 - Don't worry about impacts of commodity title choices when signing up for crop insurance

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Weekly Farm Economics

Impacts of Premium Support Increase of Basic and Optional Units in House Reconciliation Bill

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The House Reconciliation Bill includes provisions that would increase premium support rates on basic and optional units. Given that farmers do not change their policies, units, or coverage levels, we estimate this change would have increased Federal outlays and reduced farmers' cost of premiums by \$243 million for the 2024 crop year. This translates to an estimated increase in outlays of \$2,178 million over

Premium Support on Farm-Level Crop Insurance Programs

Coverage Level	Basic, Optional		Enterprise	
	Old	New	Old	New
CAT*	100%	100%		
50%	67%	67%	80%	80%
55%	64%	69% ↑	80%	80%
60%	64%	69% ↑	80%	80%
65%	59%	64% ↑	80%	80%
70%	59%	64% ↑	80%	80%
75%	55%	60% ↑	77%	80% ↑
80%	48%	51% ↑	68%	71% ↑
85%	38%	41% ↑	53%	56% ↑

*Catastrophic Coverage

Supplemental and Enhanced Coverage Options

SCO and ECO are area (county) products that supplement coverage from an underlying farm-level plan (RP, RP-HPE, YP)

OBBBA Changes to SCO

- Increase premium support rate from 65% to **80%**
Will also apply to ECO (and similar products) in 2026
- Increase coverage level from 86% to **90%**
will be phased in for 2027
(90% coverage through ECO available for 2026)

→ Every farm **should consider** SCO and ECO in 2026

Notes on SCO and ECO Coverage

1. Based on expected and actual county yields developed by RMA
 - These can and do differ from county yields from other USDA agencies (FSA and NASS)
 - Yields not released until mid-June of the next calendar year.
So, indemnity payments received later than farm-level policies.
 - Farm-level yields and loss experience can differ from the county
2. Use is optional. Can use either, both, or neither to supplement your farm-level policy.

Why Should I Consider SCO and ECO This Year?

- RMA sets total premium to reflect expected losses plus a reserve
 - Loss ratio of 1.0 would imply indemnity payments equal total premium over time
 - Accounting for reserve implies a target loss ratio of 0.88
- Thus, in addition to risk reduction benefits, farmers should receive back more in payments than in total premium
 - Indemnity payments occur in years when loss is experienced
 - Should expect a net positive return on insurance premiums over time
- The subsidy rate of SCO and ECO is 80%
 - Implies an expected return of 340% on SCO/ECO premiums!

SCO and ECO Examples – Corn in Central, IL

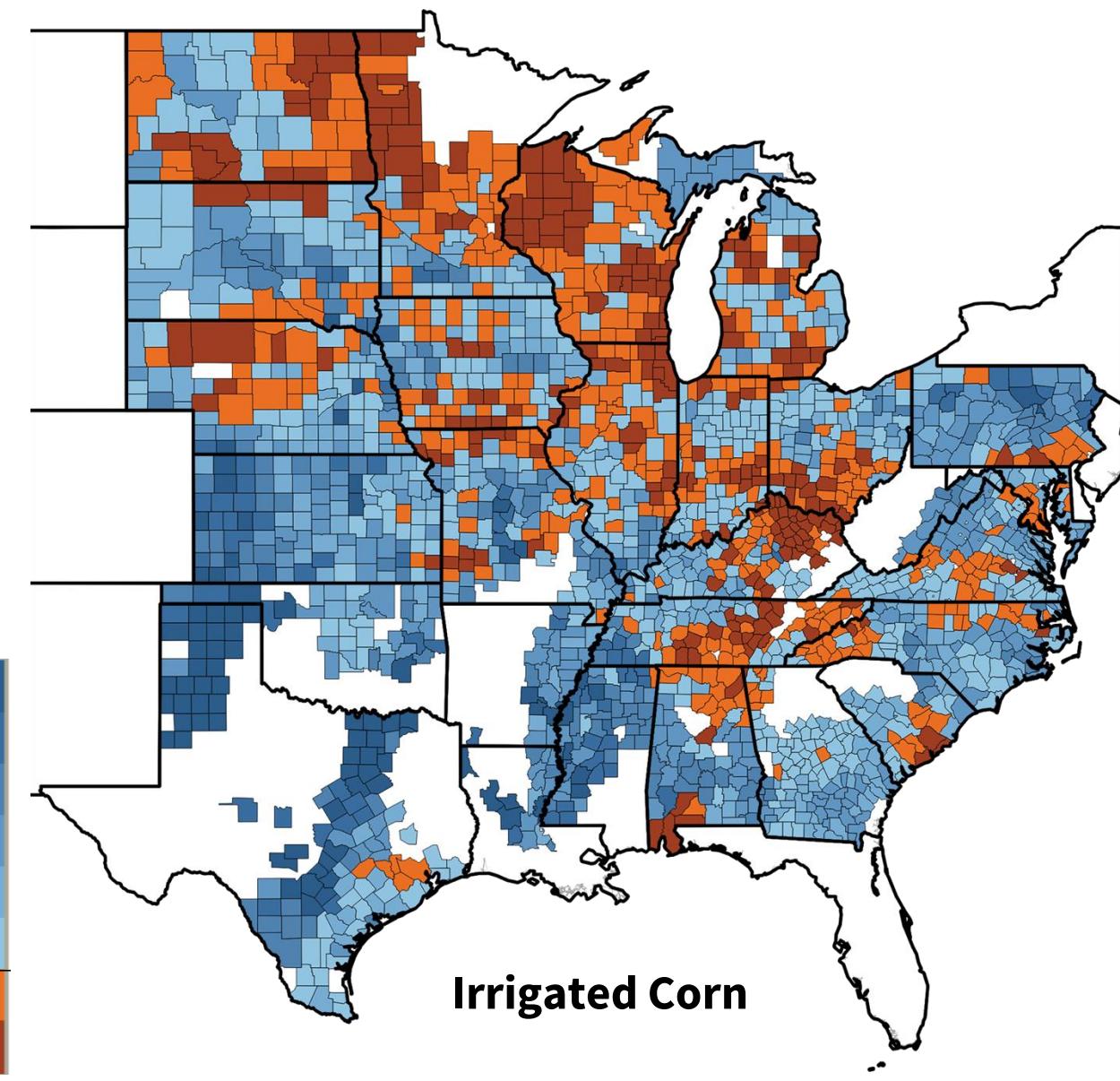
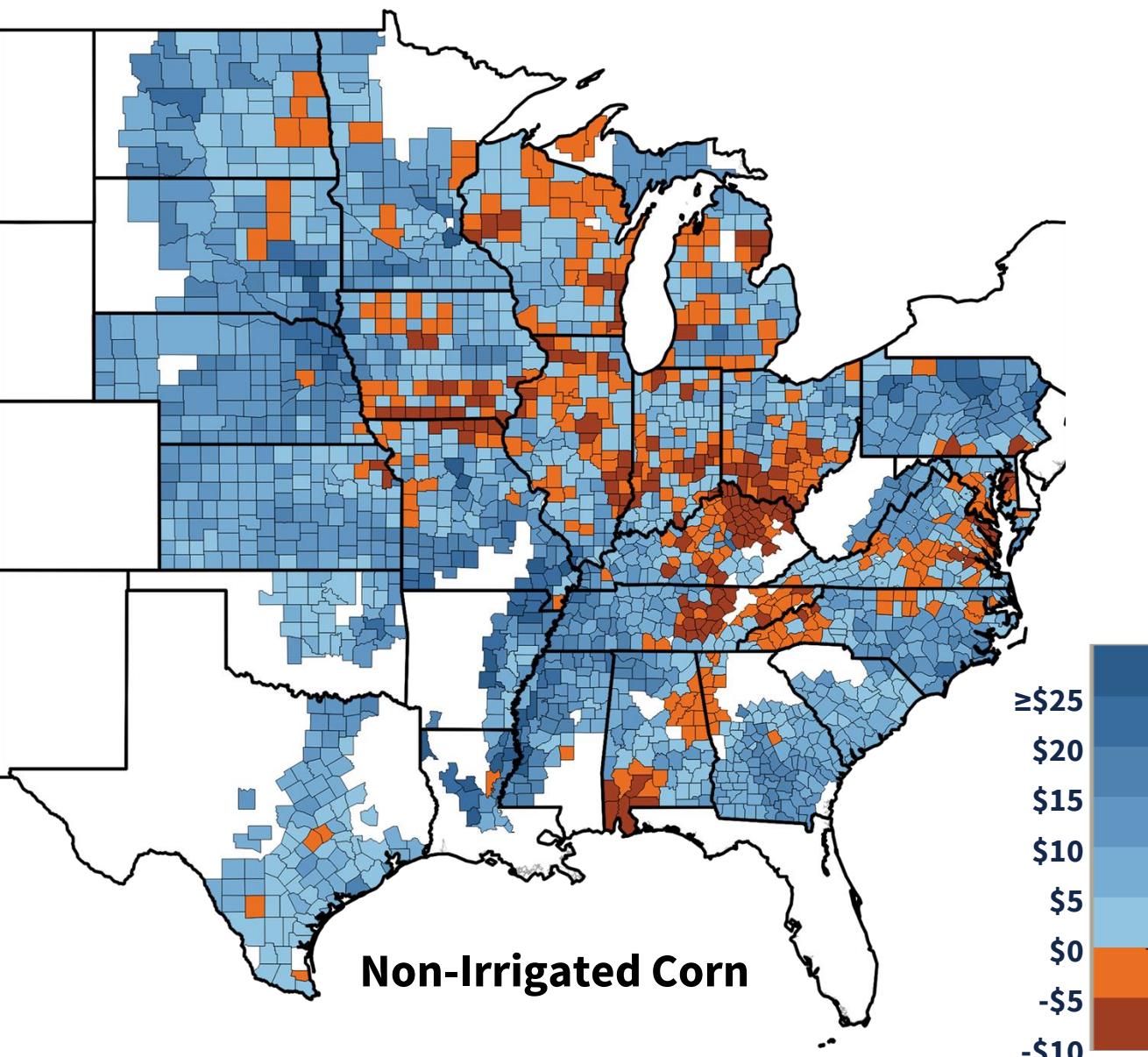
If premiums are set correctly:

	(A) Farmer Premium	(B) Total Premium (A ÷ 0.2)	(C) Expected Indemnity (0.88 x B)	Expected Return (C-A)
SCO*	\$3.00	\$15.00	\$13.20	\$10.20
ECO-90	\$4.00	\$20.00	\$17.60	\$13.60
ECO-95	\$11.00	\$55.00	\$48.40	\$37.40

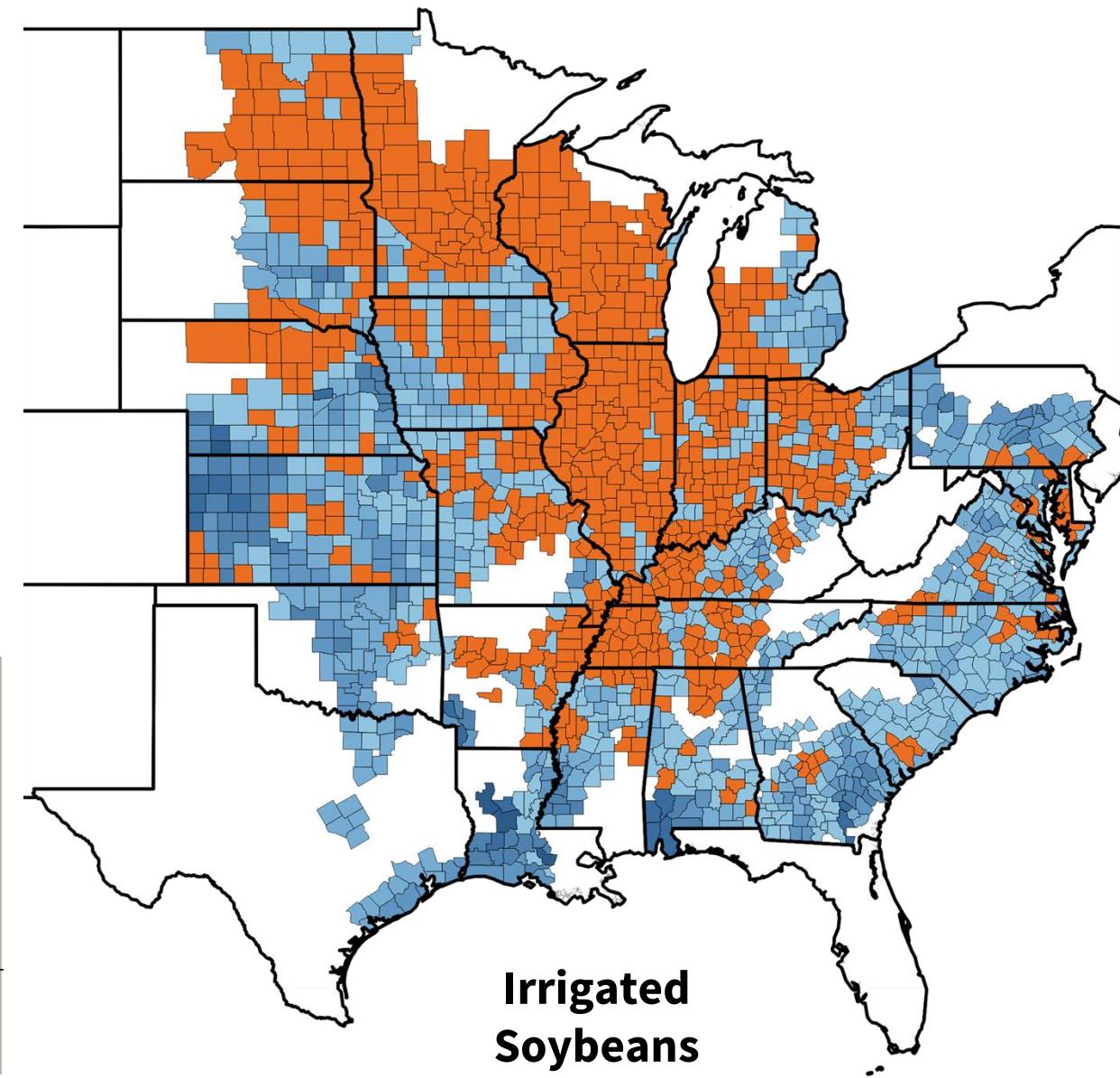
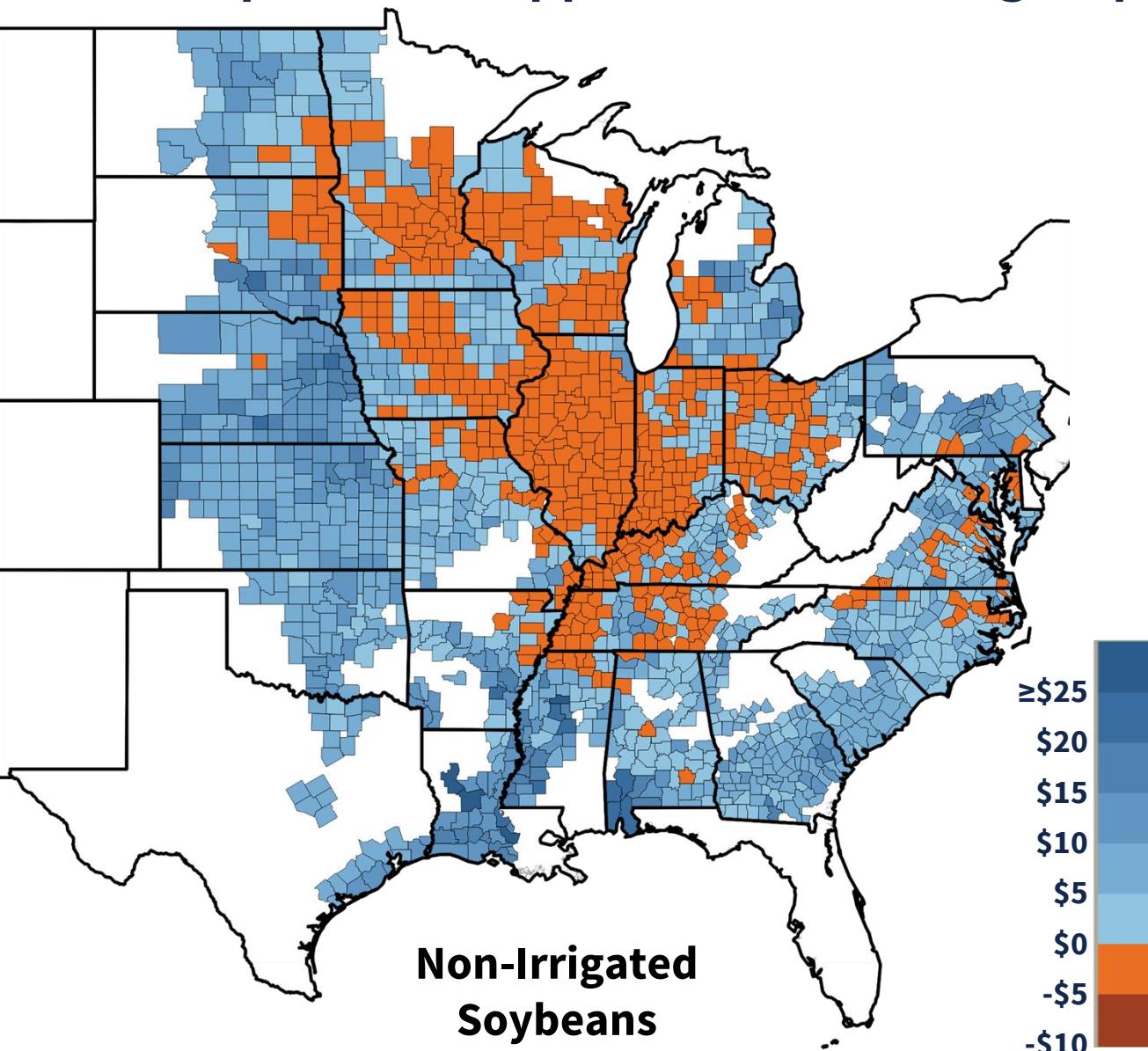
*underlying farm-level coverage with 80% RP

Note: all values are \$ per acre

Per Acre Net Payments from SCO for **Corn** from 90% to 80%, House Reconciliation Bill Proposal for Supplemental Coverage Options, 2015 to 2023.



Per Acre Net Payments from SCO for **Soybeans** from 90% to 80%, House Reconciliation Bill Proposal for Supplemental Coverage Options, 2015 to 2023.



Summary of Crop Insurance Changes for 2026

- Crop insurance changes from OBBBA
 - Increased subsidy rates for basic and optional units
 - Increased subsidy rate and coverage level for SCO
 - SCO eligibility not tied to ARC/PLC choice
- RMA also implementing following changes
 - Higher subsidy rates for enterprise units
 - Higher subsidy rate for ECO and other supplemental area products



2026 Crop Insurance Decisions

- Price Discovery
- Insurance Evaluator Tool

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Base Contract: CBOT December Corn 2026 (ZCZ26)

Projected Price

\$4.58

per Bushel

Price Volatility

0.15

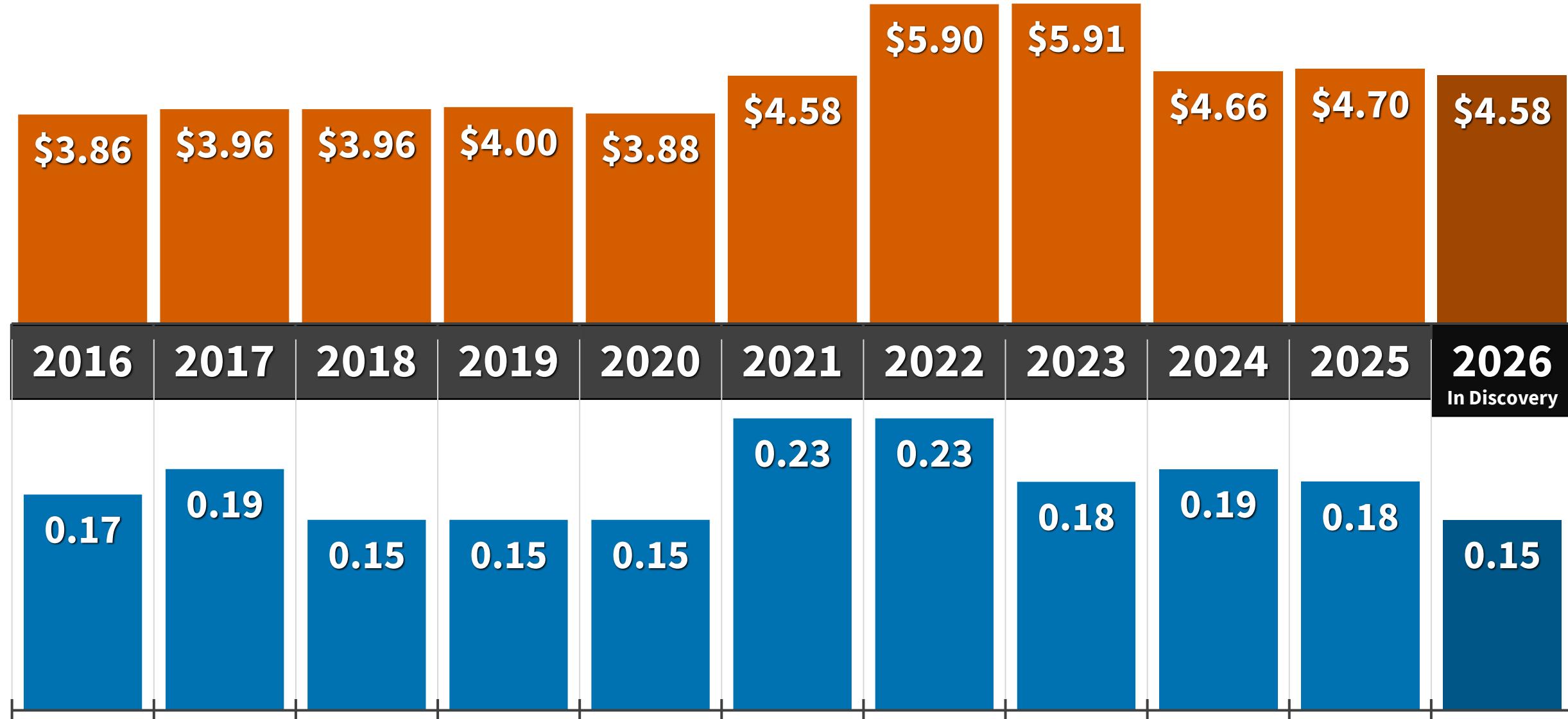
Status	In Discovery	In Discovery
Start Date	2/1/26	2/1/26
End Date	2/28/26	2/28/26

<https://public-rma.fpac.usda.gov/apps/PriceDiscovery>



Projected Daily Prices			
Date	Ending Value	Price	Volatility
Feb 02	\$4.55	\$4.55	0.1472
Feb 03	\$4.57	\$4.56	0.1466
Feb 04	\$4.57	\$4.56	0.1479
Feb 05	\$4.61	\$4.57	0.1500
Feb 06	\$4.58	\$4.58	0.1493
Feb 09	\$4.57	\$4.57	0.1470
Feb 10	\$4.58	\$4.58	0.1460
Feb 11	\$4.60	\$4.58	0.1466
Feb 12			
Feb 13			
Feb 16			
Feb 17			
Feb 18			
Feb 19			
Feb 20			
Feb 23			
Feb 24			
Feb 25			
Feb 26			
Feb 27			

Corn Projected Price and Price Volatility for Illinois



Base Contract: CBOT November Soybeans 2026 (ZSX26)

Projected Price

\$10.93

per Bushel

Price Volatility

0.13

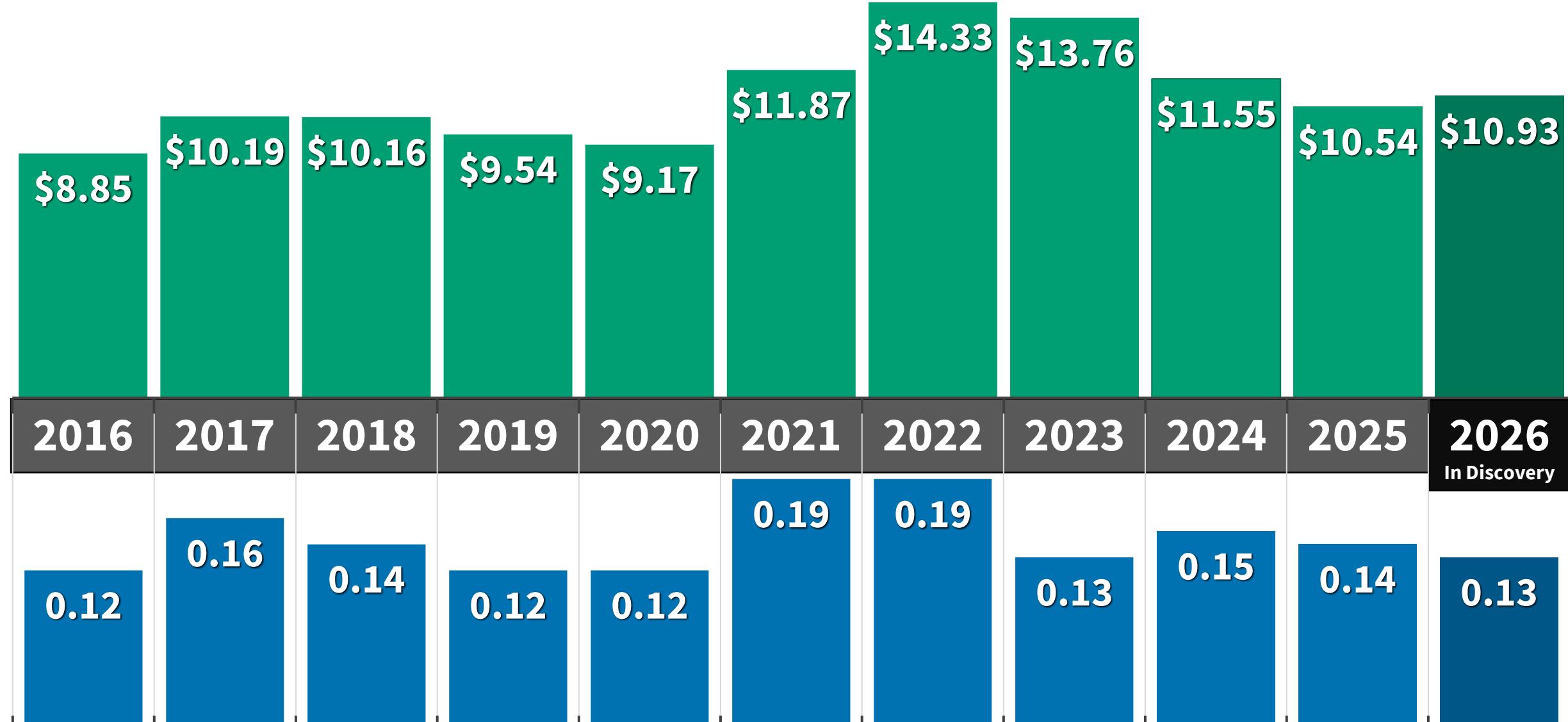
Status	In Discovery	In Discovery
Start Date	2/1/26	2/1/26
End Date	2/28/26	2/28/26

<https://public-rma.fpac.usda.gov/apps/PriceDiscovery>



Projected Daily Prices			
Date	Ending Value	Price	Volatility
Feb 02	\$10.75	\$10.75	0.1198
Feb 03	\$10.79	\$10.77	0.1194
Feb 04	\$10.88	\$10.81	0.1245
Feb 05	\$10.99	\$10.85	0.1293
Feb 06	\$10.94	\$10.87	0.1264
Feb 09	\$10.96	\$10.88	0.1222
Feb 10	\$11.07	\$10.91	0.1257
Feb 11	\$11.11	\$10.93	0.1276
Feb 12			
Feb 13			
Feb 16			
Feb 17			
Feb 18			
Feb 19			
Feb 20			
Feb 23			
Feb 24			
Feb 25			
Feb 26			
Feb 27			

Soybean Projected Price and Price Volatility for Illinois



Insurance Evaluator Tool

Available at farmdoc.illinois.edu and farmdocdaily.illinois.edu

↳ **Tools**

↳ **Crop Insurance Tools**

↳ **Crop Insurance Payment Evaluator**

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McLean County Soybeans Example



Farm Information

STATE

Illinois

COUNTY

McLean

CROP

Soybeans

ACRES

500

APH YIELD

67.05

bu/acre

FARM TA YIELD

70

bu/acre

Insurance Plan

 Revenue Protection (RP)**COVERAGE LEVEL**

55%

80%

85%

 Revenue Protection With Harvest Price Exclusion (RP-HPE) Yield Protection (YP)**→ RUN EVALUATOR**

Individual Farm Level Policies

Yield & Price info

 View case farm info

\$10.89

Estimated Projected Price

\$11.06

Nov 26 Future Price**Compare Mode**

Compare multiple insurance plans to determine the best fit for your farm

Enterprise Unit



Insurance Impact Summary

Revenue Protection (RP)

 COVERAGE LEVEL: 80%**COUNTY ADD-ON OPTION**

Supplemental Coverage Option (SCO)

Enhanced Coverage Option (ECO)

 Farm Paid Premium (\$/acre)

\$3.05

Avg. Indemnity Payment (\$/acre)

\$2.14

Net Insurance Benefit (\$/acre)

\$-0.91

Payment Frequency (%)

6.1%

Net Revenue (worst case) (\$/acre)

\$581.70

McLean County Soybeans Example

[← BACK](#)

Compare insurance plans

[+ ADD INSURANCE PLAN](#)

Farm information

STATE	COUNTY	CROP	ACRES	APH YIELD	FARM TA YIELD
Illinois	McLean	Soybeans	500	67.05 bu/acre	70 bu/acre

Yield & Price info

Estimated Projected Price
Nov 26 Future Price[+ New insurance plan](#) Maximum Insurance Benefit Minimum Risk (one-in-twenty event)

Insurance Impact Summary

YOUR BASE SELECTION

Revenue Protection (RP)

 COVERAGE LEVEL: 80%

COUNTY ADD-ON OPTION

Supplemental Coverage Option (SCO)

 On Off

Enhanced Coverage Option (ECO)

90%

95%

 Off

Farm Paid Premium (\$/acre) \$4.31

Avg. Indemnity Payment (\$/acre) \$5.41

Net Insurance Benefit (\$/acre) \$1.10

Payment Frequency (%) 13.6%

Net Revenue (worst case) (\$/acre) \$608.23

PLAN 2

Revenue Protection (RP)

 COVERAGE LEVEL: 80%

COUNTY ADD-ON OPTION

Supplemental Coverage Option (SCO)

 On Off

Enhanced Coverage Option (ECO)

90%

95%

 Off

Farm Paid Premium (\$/acre) \$5.92 ↑

Avg. Indemnity Payment (\$/acre) \$10.74 ↑

Net Insurance Benefit (\$/acre) \$4.82 ↑

Payment Frequency (%) 23.5% ↑

Net Revenue (worst case) (\$/acre) \$623.31 ↑

PLAN 3

Revenue Protection (RP)

 COVERAGE LEVEL: 80%

COUNTY ADD-ON OPTION

Supplemental Coverage Option (SCO)

 On Off

Enhanced Coverage Option (ECO)

90%

95%

 Off

Farm Paid Premium (\$/acre) \$9.48 ↑

Avg. Indemnity Payment (\$/acre) \$23.92 ↑

Net Insurance Benefit (\$/acre) \$14.44 ↑

Payment Frequency (%) 45.0% ↑

Net Revenue (worst case) (\$/acre) \$644.34 ↑

McLean County Soybeans Example



YOUR BASE SELECTION

Revenue Protection (RP)

COVERAGE LEVEL: 80%

COUNTY ADD-ON OPTION

Supplemental Coverage Option (SCO)

On Off

Enhanced Coverage Option (ECO)

90% 95% Off

Farm Paid Premium (\$/acre)	\$4.31
Avg. Indemnity Payment (\$/acre)	\$5.41
Net Insurance Benefit (\$/acre)	\$1.10
Payment Frequency (%)	13.6%
Net Revenue (worst case) (\$/acre)	\$608.23

PLAN 2

Revenue Protection (RP)

COVERAGE LEVEL: 80%

COUNTY ADD-ON OPTION

Supplemental Coverage Option (SCO)

On Off

Enhanced Coverage Option (ECO)

90% 95% Off

Farm Paid Premium (\$/acre)	\$5.92 ↑
Avg. Indemnity Payment (\$/acre)	\$10.74 ↑
Net Insurance Benefit (\$/acre)	\$4.82 ↑
Payment Frequency (%)	23.5% ↑
Net Revenue (worst case) (\$/acre)	\$623.31 ↑

PLAN 3

Revenue Protection (RP)

COVERAGE LEVEL: 80%

COUNTY ADD--ON OPTION

Supplemental Coverage Option (SCO)

On Off

Enhanced Coverage Option (ECO)

90% 95% Off

Farm Paid Premium (\$/acre)	\$9.48 ↑
Avg. Indemnity Payment (\$/acre)	\$23.92 ↑
Net Insurance Benefit (\$/acre)	\$14.44 ↑
Payment Frequency (%)	45.0% ↑
Net Revenue (worst case) (\$/acre)	\$644.34 ↑

PLAN 4

Revenue Protection (RP)

COVERAGE LEVEL: 50%

COUNTY ADD-ON OPTION

Supplemental Coverage Option (SCO) On

Enhanced Coverage Option (ECO) 95%

Farm Paid Premium (\$/acre)	\$7.40 ↑
Avg. Indemnity Payment (\$/acre)	\$22.68 ↑
Net Insurance Benefit (\$/acre)	\$15.28 ↑
Payment Frequency (%)	44.8% ↑
Net Revenue (worst case) (\$/acre)	\$640.87 ↑

PLAN 5

Revenue Protection With Harvest Price Exclusion (RP-HPE)

COVERAGE LEVEL: 85%

COUNTY ADD-ON OPTION

Supplemental Coverage Option (SCO) Off

Enhanced Coverage Option (ECO) 95%

Farm Paid Premium (\$/acre)	\$6.19 ↑
Avg. Indemnity Payment (\$/acre)	\$18.12 ↑
Net Insurance Benefit (\$/acre)	\$11.93 ↑
Payment Frequency (%)	33.1% ↑
Net Revenue (worst case) (\$/acre)	\$652.10 ↑

Observations and Guidance

- ECO is a reasonable choice for 2026
 - Risk benefits, high subsidy suggests positive expected return
 - 95% coverage maximizes risk and return benefits
 - Use ECO before SCO
- SCO may not be needed, particularly for high coverage levels
- Some farmers may consider lowering individual (RP) coverage to save on premium
 - SCO can cover this gap at lower cost, but county-based coverage
 - More advisable for soybeans than corn
 - Need to consider impact on prevent plant coverage

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