CROP INSURANCE UPDATE
JANUARY 2026

Phillips INSURANCE AGENCY

2026 Changes

Crop insurance received one of its biggest improvements in many years with the passage of the "One Big Beautiful Bill" last July. Producers will see enhanced subsidies for the basic Multi-Peril Crop Insurance they have carried for years. Subsidies have also increased for area plans such as the Supplemental Coverage Option (SCO) and the Enhanced Coverage Option (ECO), both of which will now receive an 80% subsidy.

Another improvement allows producers who elect Area Risk Coverage (ARC) through the FSA to also purchase SCO coverage. Prior to the 2026 crop year, producers could not have both SCO and ARC. An additional enhancement, which applies only to the 2025 crop year, involves the FSA support programs Price Loss Coverage (PLC) and Area Risk Coverage (ARC). Regardless of which option a producer selected for the 2025 crop year, they will receive the higher of the two payments—ARC or PLC. This provision has only been approved for the 2025 crop year and will be payable in the fall of 2026.

The "Beginning Farmer/Rancher" (BFR) benefit was also expanded. The additional subsidy period increased from 5 years to 10 years, and the subsidy rate increased from 10% to 15% during the first two years of farming. The subsidy then decreases to 13% in the third year, 11% in the fourth year, and returns to 10% for the remaining five years.

More details on these changes—and how they affect your coverage and costs—are included in other articles within this newsletter. See "BFR Expanded," "Subsidy Increases," and "ECO and SCO History."

A New Year - 2026

We hope you had a wonderful holiday season and wish you good health and prosperity in the new year. The past year brought its share of challenges to the agricultural sector, and we are hopeful that 2026 will be a stronger year for our area producers.

We sincerely appreciate the trust and confidence you place in our office and remain committed to providing the best possible service to our customers. If we ever fall short of your expectations, we welcome your feedback and suggestions. **We are always looking for ways to improve.**

Thank you for allowing us to serve as your crop insurance resource in central Nebraska. We truly appreciate your business.

ECO-SCO

Crop insurance includes many abbreviations used to describe specific types of coverage. Two important ones in the discussion for 2026 are ECO (Enhanced Coverage Option) and SCO (Supplemental Coverage Option). These products have been available for several years and are designed to protect against revenue fluctuations caused by **county-level yield results** combined with commodity price changes.

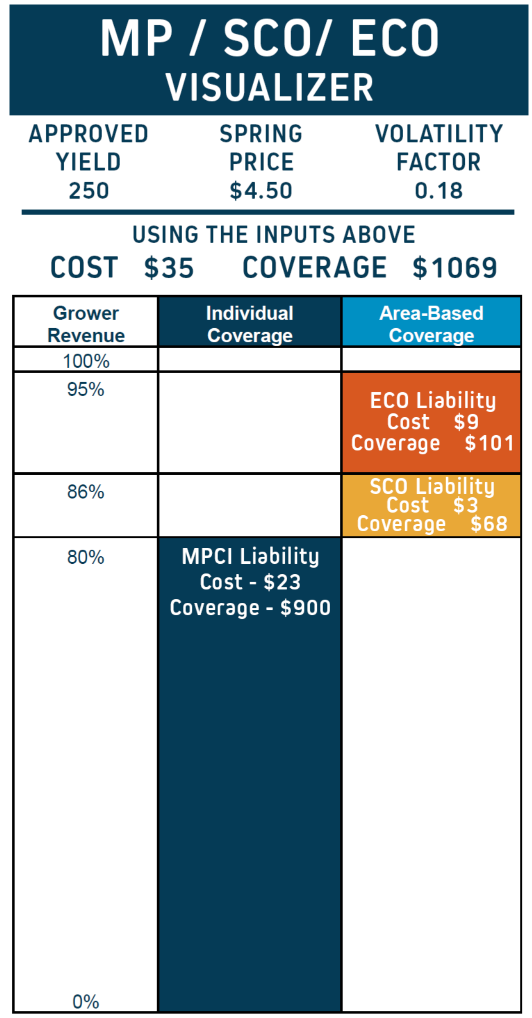
Prior to the 2025 crop year, these options have worked best in eastern states that experience less hail than our area, as well as in non-irrigated regions where widespread drought is the primary concern. For those reasons, ECO and SCO were not widely used locally prior to the 2025 crop year.

What changed in 2025 was a significant increase in the subsidy, from 44% to 65%, which sharply reduced the cost. Last spring, the base price for corn was established at $4.70—a favorable price given market conditions such as tariff concerns, high planting intentions, and ongoing drought at the time. Expectations of lower dryland yields made ECO a reasonable purchase based on historical projections. SCO, which covers larger losses, did not pencil out as well based on expected premiums and historical returns and therefore saw limited use in 2025.

What ultimately transpired during the 2025 growing season was a substantial reduction in revenue due to a lower harvest price of $4.22 for corn. Summer rains followed by challenging fall conditions resulted in exceptional dryland yields but lower-than-expected irrigated yields. Although final results will not be known until May 2026, this policy is expected to pay between $50 and $100 per acre on irrigated corn, at an approximate premium cost of $16 per acre.

For 2026, the subsidy has increased dramatically to 80% for both ECO and SCO. Coverage that cost nearly $30 per acre two years ago and $16 last year is now expected to cost approximately $9 per acre for irrigated corn. At this higher subsidy level, both ECO and SCO perform well, with ECO in particular showing the potential to return several times its premium cost.

We can run a historical analysis for each customer using their actual yields, county-wide yields, and commodity price history to show how this coverage would have performed over the past 10 years. These options are worth serious consideration for inclusion in your crop insurance portfolio for 2026. Coverage must be added by the March 15 deadline if it was not already included on your 2025 policy.



Beginning Farmer or Rancher (BFR) - Discount Extended

The increase in subsidies for Beginning Farmers/Ranchers (BFR) during the first two years is significant, along with the extension of eligibility from 5 years to 10 years. In the first two years, a BFR can see up to a 30% reduction in their cost to insure. Even after the subsidy levels out at 10%, BFRs continue to receive approximately 20% premium savings compared to standard rates.

If you are a producer who has been farming for fewer than 10 years, be sure your policy is set up correctly to qualify for this benefit. Producers who previously qualified for the BFR discount but exceeded the original 5-year limit will automatically be reinstated and eligible for the full 10-year benefit—provided they remain insured with the same company under which the original BFR application was filed.

Producers who switched insurance companies after their initial qualification will not automatically receive the extended benefit. We encourage you to check with your agent to ensure your policy is properly set up.

Subsidy Increases

The recent increase in subsidies for Multi-Peril Crop Insurance may appear modest—ranging from 3% to 5%—but when applied, it can translate into a 20% to 25% reduction in the cost of Multi-Peril Revenue coverage, using 75% corn coverage as a comparison.

When comparing 2025 and 2026 rates, this change may justify increasing coverage levels by 5%. Doing so can help reduce the higher costs associated with insuring the 15%–25% deductible at upper Multi-Peril coverage levels (75%, 80%, and 85%) with private hail and wind products.

Basic and Optional Units

	50%	55%	60%	65%	70%	75%	80%	85%
2025	67%	64%	64%	59%	59%	55%	48%	38%
2026	67%	69%	69%	64%	64%	60%	51%	41%

Enterprise Units

	70%	75%	80%	85%
2025	80%	77%	68%	53%
2026	80%	80%	71%	56%

Graph above shows Multi-Peril Coverage levels (Blue) and subsidy rate (Grey). Pre OBBBA is the 2025 subsidy rate. Post OBBBA is the new 2026 subsidy rate. (Green)

USDA Disaster Programs

There are currently two disaster assistance programs that may provide payment support through the United States Department of Agriculture (USDA). Both programs are administered by the local Farm Service Agency (FSA) office, and sign-up may require an appointment.

The Supplemental Disaster Relief Program (SDRP) – Stage 2 is now open for enrollment. Producers with shallow losses in the 2023 and 2024 crop years that were not covered by Multi-Peril Crop Insurance may be eligible. FSA personnel will determine eligibility based on crop insurance guarantees and reported production.

The second program is the Farmer Bridge Assistance Program (FBA). This program was announced with specific payment rates per acre, including $44.36 for corn, $30.88 for soybeans, and $39.35 for wheat. Other crops may also be eligible if planted in 2025.

Please contact your local FSA office to schedule an appointment or obtain additional information. If you have questions or would like assistance, feel free to contact our office as well.

Spring Sales Closing Deadline

Before the March 15 sales closing deadline, we will be reviewing key changes to Multi-Peril Crop Insurance policies. Important updates may include adjusting coverage levels, updating approved yields (APH), adding or removing options such as ECO or SCO, and verifying unit structures. Once March 15 passes, most policy changes cannot be made for the 2026 crop year.

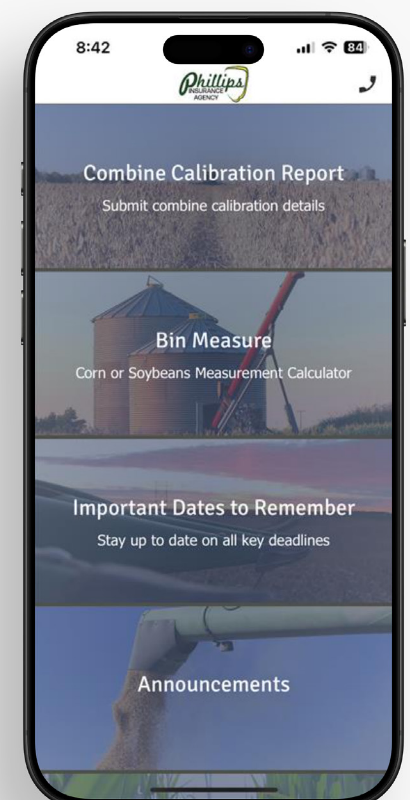
Tech News

We're excited to introduce our new app, designed to keep important information right at your fingertips. From announcements and key date reminders to tools for combine calibration and bin measurements, this app is built to make busy seasons easier.

The app is available now on our website and will be free soon on the Apple App Store and Google Play Store.

Phillips Insurance Agency

BUILT FOR FARMERS



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C.L.I.P.

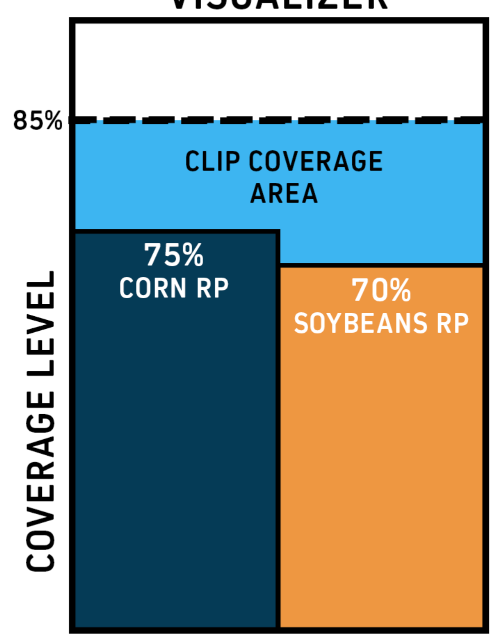
You'll see lots of advertising this winter about a new pilot program in the crop insurance bundle of subsidized insurance coverage options. "CLIP" stands for "Crop Livestock Insurance Protection". It is an umbrella form of protection allowing up to 85% coverage when utilizing a minimum of at least two crops (required). One Livestock product is also currently available to bundle under this coverage referred to as the Weaned Calf Risk Protection. However, this type of insurance hasn't been well excepted due to cost and reporting requirements.

Underlying crops can be insured under either an Optional or Enterprise unit at lower, cost-effective levels. The CLIP policy then protects the combined crop revenue up to a maximum of 85% of the approved revenue for the combination of all crops within the bundle.

The cost of this product just became available in mid-January. Initial cost estimates range from $8 - $11 per acre for irrigated corn at the 75% level, and $4-$6 range for dryland corn. Soybeans range from $7-$9 for irrigated and $4-$6 for dryland. These costs can vary widely depending on coverage details.

All acres of each crop and practice must be included for coverage and all crop revenues are combined to determine a loss. There are more details on how this pilot program works and most can be answered on an extensive information website found at rma.usda.gov with a search for "CLIP". Contact our office for more details.

CLIP COVERAGE VISUALIZER



Spring Update Meetings

Our annual update meetings will be held on February 12. A meal will be provided by Country Catering. We will contact you by postcard to schedule your meeting time.

We are currently attending industry update meetings with our insurance companies to review new options and changes within the crop insurance program. Many updates are coming as a result of legislation passed during the summer of 2025. We are reviewing all available options and will be prepared to answer any questions you may have at the meeting.

SAVE THE DATE
SPRING UPDATE MEETINGS
Thursday February 12th