Annual Forage Insurance: Policy Basics and Examples for Water-Limited Operations

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The deadline to purchase Annual Forage Insurance (AFI) is July 15 for any annual forage crop planted from August 2025 to July 2026, which is recognized as the 2026 commodity year. Producers who buy coverage will have premiums billed on Aug. 30, 2026. You are not required to secure AFI coverage for all annual forage acres planted.

This article covers key AFI policy characteristics and provides examples relevant to producers who grow annual forage crops as a tool to manage water shortages. Additionally, refer to this 2023 article, which discusses several AFI advantages and disadvantages. This 2024 AgManager.info article provides more details about interval selection.

What is Annual Forage Insurance?

An insurance product based on a precipitation (rainfall) index, AFI intends to protect policyholders if annual forage crops yield poorly due to insufficient rain.[1] When precipitation falls below a set amount, a policy provides a payout.

Precipitation is measured locally in a "grid" that roughly covers a 14- by 16-mile area. As such, a policyholder may not receive a payout for an insured field that records low rainfall if the grid has above-average rainfall. Likewise, if all of a policyholder's insured fields have sufficient rainfall but the grid has below-average rainfall, then the policy still could yield a payment. Such variation is less likely during severe droughts when rainfall shortages tend to be widespread.

Like other federal crop insurance products, the government shares the AFI premium cost with policyholders.

Who may want to consider purchasing Annual Forage Insurance?

Nearly anyone in Kansas or other select states who produces an annual crop and feeds it to livestock as a grazing forage, grain, silage, or other feedstock can use AFI. Coverage may be of interest to producers who (1) want to manage drought or rainfall risk or (2) cannot use regular multi-peril crop insurance or are looking for alternatives.

What major decisions must you make to use Annual Forage Insurance?

A producer must make three major choices:

[1] This includes annual crops used for grazing, haying, grazing/haying, grain/grazing, green chop, grazing/green chop, or silage.

1. *Coverage level:* The coverage level determines the local precipitation necessary to trigger a payout. The higher the coverage level, the higher the premium and the higher the likelihood and size of a payout. You may select a coverage level from 70% to 90%. A 90% coverage level will trigger a payout when precipitation within a grid is less than 90% of the historical average. A policy with a 90% coverage level would trigger a payout if precipitation is 80% of the historical average. If a policy had a 75% coverage level, then it would *not* pay out.

2. *Productivity factor:* A producer must select a productivity factor, which ranges from 60% to 150%. The productivity figures effectively scale AFI premiums and potential indemnities down or up — in effect decreasing or increasing the AFI guarantee, or the value of the forage crop that is insured. The highest productivity factor has the highest premium and the most potential payout when precipitation is lower than normal. Producers growing a high-value forage crop may want to select a higher productivity factor that will more likely match the value of their crop. For lower-value forage crops, a lower productivity factor may be preferred.

3. *Growing season and intervals:* Producers must select what months to use AFI. The "growing season" extends for seven months beginning in the month after a forage crop's planting date. For example, a crop planted in June would have a growing season from July through January. Within a growing season, the producer must select four months to six months to be covered by AFI. Known as intervals, the coverage periods can be structured as three 2-month intervals, or for select growing seasons, two 2-month intervals may be an option. Read more about interval selection later in this article.

Where is Annual Forage insurance used in Kansas?

For 2025 (commodity year)[2], nearly 435,000 acres in Kansas have AFI coverage to date — up from more than 408,000 acres in 2024 (commodity year) and more than 323,000 acres in 2023 (commodity year). The value of annual forage crop production insured (insurance liabilities or guarantee) totals nearly $103.7 million in 2025 (commodity year). Figures 1 and 2 show relatively high AFI participation in several western and south-central Kansas counties during 2025 and 2024, respectively, and limited participation in the eastern third of the state. AFI has only been used in Kansas since 2014. Producers more commonly grow annual forages in western Kansas than eastern Kansas, and western Kansas is more susceptible to drought than eastern Kansas.

Does it pay?

To date, commodity year 2025 AFI payouts in Kansas total more than $29 million compared with more than $12 million in producer-paid premiums. Thus far, 2025 payouts are higher than payouts in any other year on record. Current 2025 loss ratios are reported in Figure 3.

In 2024 (commodity year), *$21.1 million in indemnities*, averaging about $52 per insured acre, were paid to Kansas producers using AFI. Kansas producers paid nearly *$9.6 million in premiums*. Figure 4 shows 2024 county-level loss ratios, which represent the ratio of total indemnities to total premiums including the government-paid portion. Loss

[2] The 2025 commodity year is still in progress. It refers to AFI policies purchased by the July 15, 2024, deadline with growing seasons that began in September 2024 and will extend through August 2025. Because the 2025 commodity year is in progress, any statistics reported here are subject to change.

ratios were highest in far northwest, southwest, and select central Kansas counties; this reflects rainfall outcomes as well as producer-selected coverage ratios and intervals. Of the 72 counties with some acreage enrolled in AFI, 44 counties received more indemnities than they paid in premiums. However, individual policy performance may differ from county averages or totals.

A producer who consistently uses AFI year over year is likely to receive more indemnities than what's paid in premiums because the federal government pays at least half of the premium; the subsidy amount varies based on coverage level. That said, producers are not guaranteed an indemnity, and several years can pass without indemnities.

How does selecting a growing season work?

The AFI growing season refers to the seven months following the month when the forage crop is planted. Like with other crop insurance programs, an AFI-covered forage crop must be planted between early and final planting dates stipulated by a policy. Acreage reporting must take place by the fifth day of a growing season's first month. Take the following scenarios as examples.

- Growing season 1 for commodity year 2026 begins in September 2025 and ends in March 2026. For growing season 1, the earliest planting date is Aug. 1, 2025, and the final planting date is Aug. 31, 2025. Acreage reports are due on Sept. 5, 2025.
- Growing seasons 5 and 6 — those beginning in January and February with planting dates in December and January, respectively — are **not** allowed in Kansas. Any forage crops planted in December or January would be reported in growing season 7, which begins in March.
- The final (12th) growing season for commodity year 2026 begins in August 2026 and ends in February 2027. The earliest planting date for this growing season is July 1, 2026, and the final planting date is July 31, 2026. Acreage reports are due on Aug. 5, 2026.

How does interval selection work?

Interval selection has some rules. Either two or three 2-month intervals must be selected.

- For growing seasons 1-4 and 7-9, three 2-month intervals within the growing season must be selected and assigned weights that add to 100% — for example, 30%, 30%, and 40%. These weights scale up or down the protection — both premium and potential indemnities — provided in each interval. No single month can be insured twice within a growing season, so the producer must insure six of a growing season's seven months. For a single interval, the highest weight is 40%, and the lowest is 20%.
- For growing seasons 10, 11, and 12, which begin in June, July, and August, respectively, two or three intervals are allowed. The highest single interval weight allowed is 50%.

Examples and strategies for interval selection are available in this 2024 AgManager.info article.

Below are two examples of using Annual Forage Insurance when producers regularly face water shortages or drought.

Example 1: Triticale Production for Silage in Scott County

Context: Producers facing limited irrigation water availability — due to declining well yields or groundwater use restrictions — may consider switching to crop rotations that require less irrigation. For instance, instead of planting continuous corn, a producer could rotate between corn and triticale. Triticale typically requires at least one-third less water than corn, so it is a more drought-resilient option. Depending on how it's managed, triticale can be insured through AFI or Triticale APH (yield-based) insurance. This example highlights how AFI insurance works.

Scenario: A producer in Scott County (grid 22016) planted winter triticale in early September 2024 and used AFI in growing season 2, which extends from October (**2024**) to April (**2025)**. The grower selected a **90%** coverage level and **100** productivity factor. The farm insured the following intervals: October to November at a **40%** weight, January to February at **20%**, and March to April at **40%**. For protection (guarantee/liability) of **$296**, the producer would have paid a **$41** premium per acre. The producer would have received a **$53** indemnity per acre for very low rainfall during the January to February interval. Rainfall during the October to November interval was double the historical average (no indemnity), and the March to April interval has not yet been reported.

Example 2: Dual-Purpose Wheat in Ford County

Context: Grazing wheat or other small grains during the fall can extend the typical grazing season, provide a very high-quality forage, and have little to no effect on subsequent grain yield if managed correctly. The AFI "dual-use option" or "graze and grain" practice can help producers make full use of limited moisture by capturing forage and grain value from a single planting. To avoid negative effects on grain yield, livestock must be removed prior to first hollow stem or the insurance cutoff date — whichever comes first. This approach can be especially useful when water availability or irrigation capacity is constrained, and it provides flexibility in maximizing economic returns based on grain and livestock prices.

Scenario: A producer planted winter wheat for dual-purpose use (graze plus grain) in late September 2024 in Ford County (grid 20820) and used AFI in growing season 2: October (**2024**) to April (**2025**). Dual-purpose wheat is insurable under the AFI dual-use option but at a **40%** lower county base value; note, if grown strictly for forage, then the base value is 100%. The grower selected a **90%** coverage level and **100%** productivity factor. Since fall growth is most important for dual-purpose wheat, the producer selected the October to November interval at the highest rate possible (i.e., **40%** weight) and chose a **40%** weight for the December to January interval and **20%** weight for the February to March interval. The producer would have paid a premium of **$15** per acre for protection of **$104** per acre and received indemnities of **$49** for very low rainfall during the December to January and February to March intervals.

What else should be considered?

- For the 2026 commodity year, the **AFI sign-up deadline is July 15, 2025,** and Aug. 30, 2026, is the premium billing date. You may purchase AFI coverage from a local crop or livestock insurance agent. Find one at https://www.rma.usda.gov/tools-reports/agent-locator.
- As of commodity year 2024, producers are **not** required to purchase an AFI policy for all annual forage crops they produce.

- Premiums vary based on location, growing season, coverage leverage, and productivity factor. For commodity year 2025, premiums typically ranged from $10 to $60 per acre. On average, the producer-paid premium per acre in commodity year 2024 was about $23. Higher premiums reflect a higher likelihood and value of a payout.
- The acreage reporting deadline — the fifth day of the month following the planting period — is important to note. If the acreage isn't used for annual forage or other conditions are not met, then the policy may not "attach," meaning no payouts are made and the producer doesn't pay a premium. Producers using AFI should discuss acreage reporting deadlines with their insurance agents.
- Small grains used for *both* grazing and grain production have a "dual-use option." See the RMA FAQs for more information. This option is available for growing seasons 1-3 only, and the county base value is adjusted to be 40% of the full county base value. This lowers the AFI guarantee in terms of the premium and potential payouts. The dual-use option would be used when grazing a crop through the winter and harvesting it for grain in the summer. The producer would also purchase a separate multi-peril crop insurance policy for grain yield (i.e., a revenue protection policy for wheat).
    - Separately, multi-peril crop insurance for wheat (small grains) could be "short-rated" or fully grazed out instead of harvested for grain. If this "short-rated" practice is reported before the insurance cutoff date (March 15), it allows for reducing the grain coverage premium. However, no coverage would be applied for grain production. Based on the price of grain and livestock gain, this may be beneficial. *This option applies to the multi-peril policy only, regardless of AFI* coverage.
- Indemnities are based on deviations from normal or average precipitation. If certain months are typically dry, then they would have to be *even drier* to trigger an AFI indemnity.

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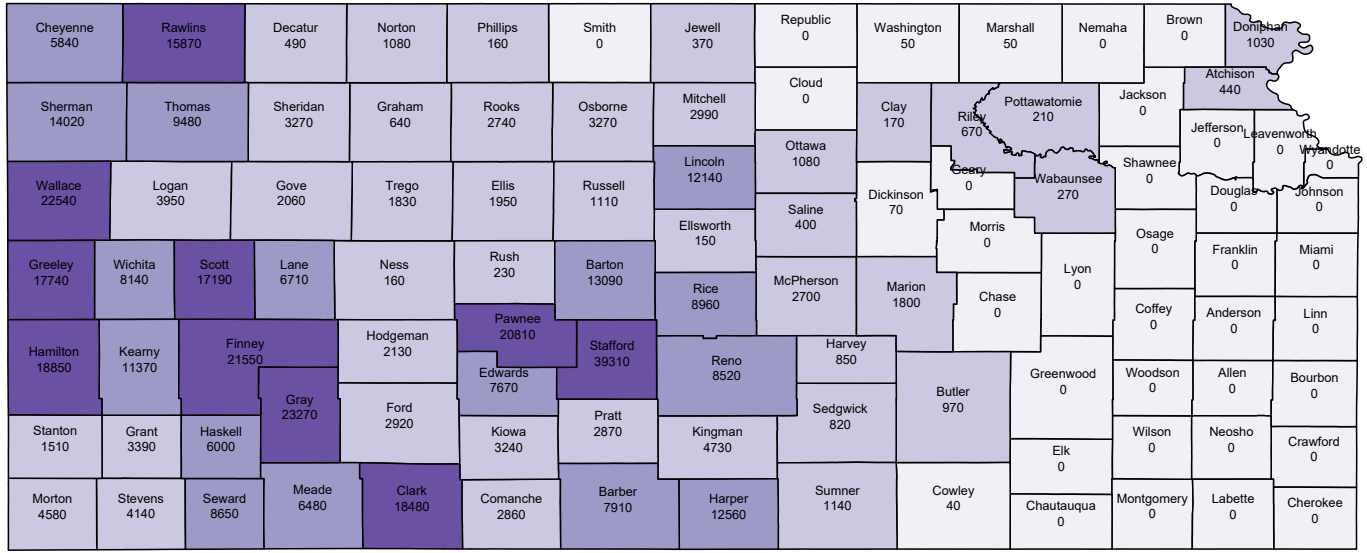
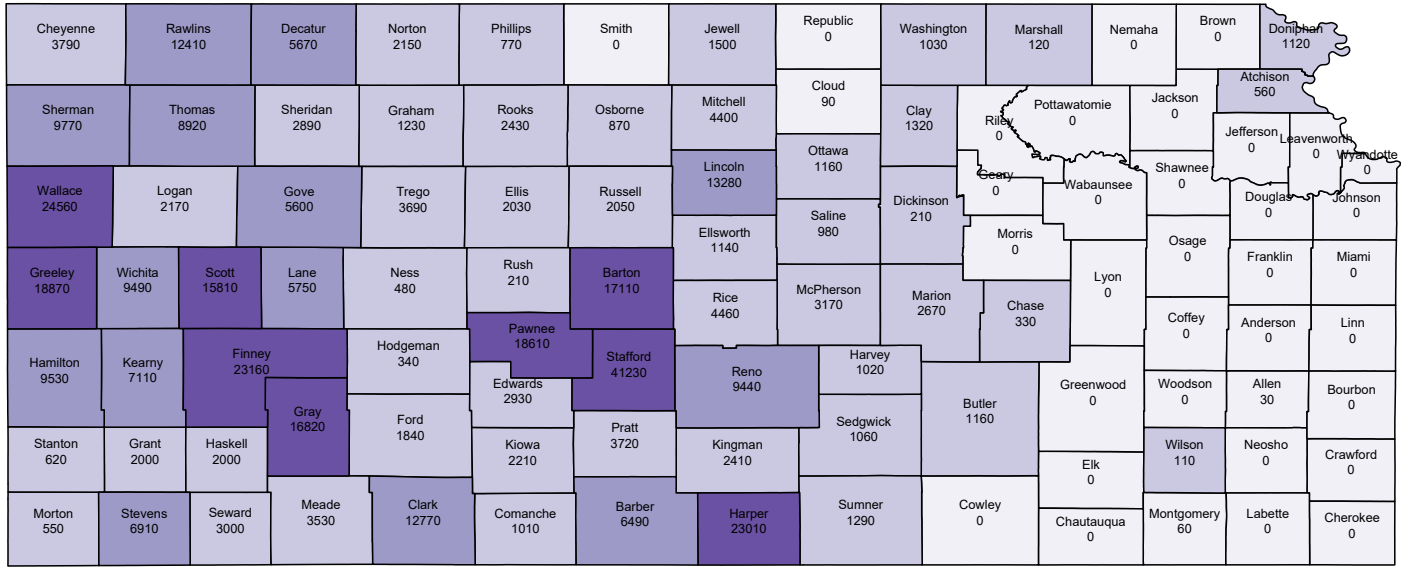
Figure 1. Acres Enrolled in Annual Forage Insurance for the 2025 Crop Year (to date)



Source: The data used in this map was downloaded on June 7, 2025 from the USDA Risk Management Agency Summary of Business.
This is a preliminary estimate only, the 2025 crop year is not complete.

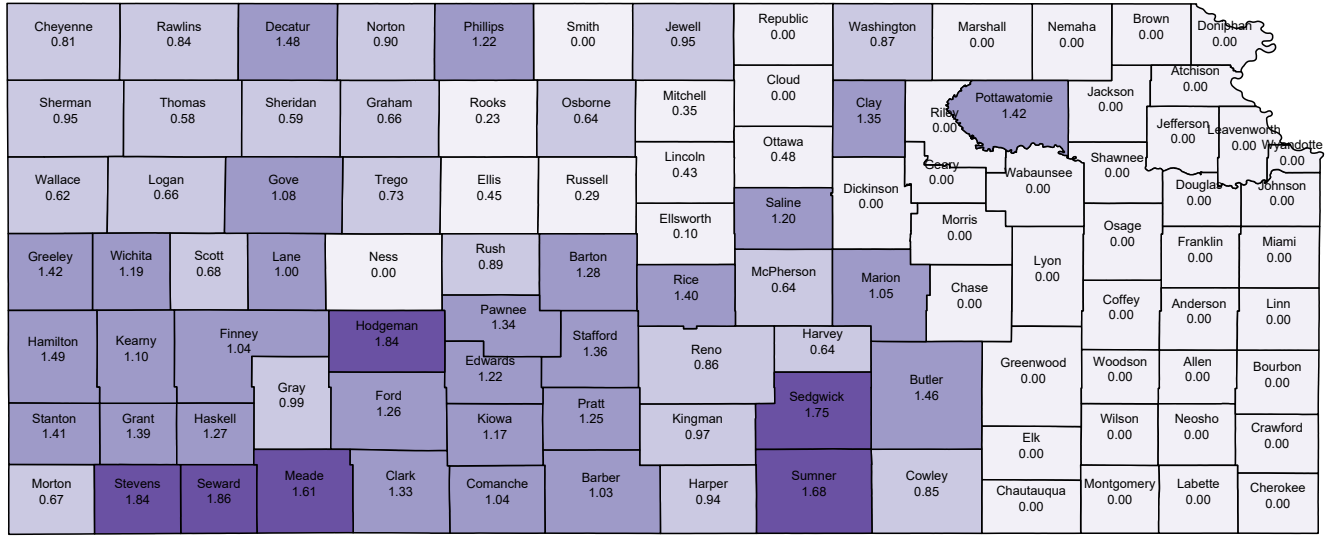
Total acres insured
- [0,100]
- (100,5000]
- (5000,15000]
- (15000,45000]

Figure 2. Acres enrolled in Annual Forage Insurance in 2024 (Crop Year)



Source: The data used in this map was downloaded on June 5, 2025 from the USDA Risk Management Agency Summary of Business.

Figure 3. Annual Forage Insurance Loss Ratio for the 2025 Crop Year (to date)

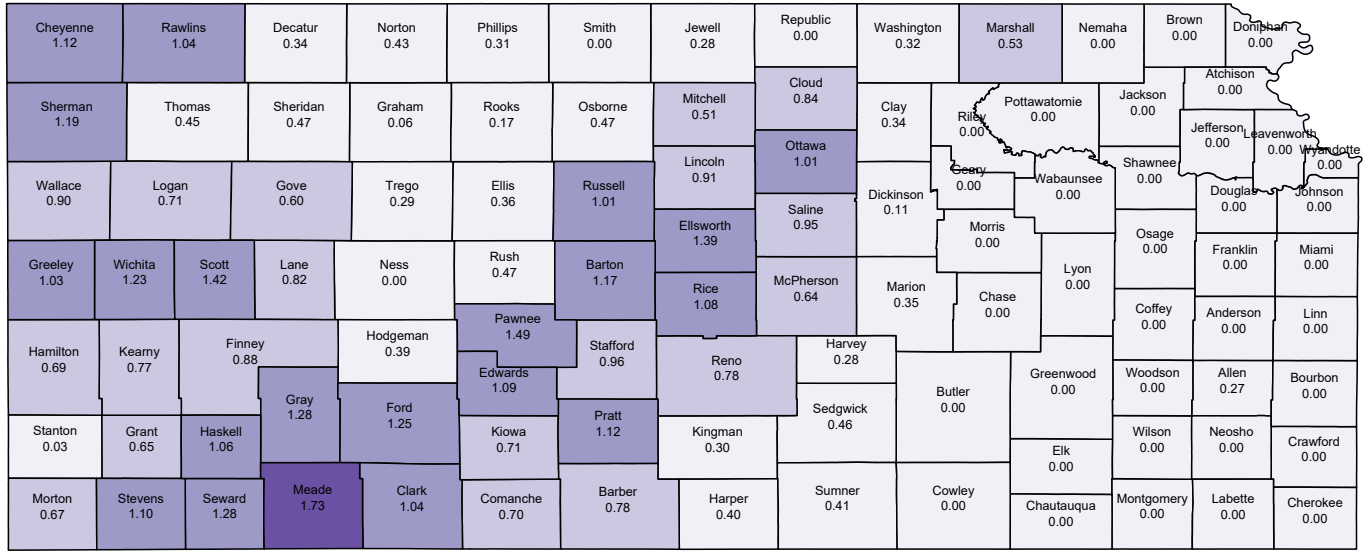


Note: The data used in this map was downloaded on June 7, 2025 from the USDA Risk Management Agency Summary of Business. Loss ratio is the ratio of total indemnities to total premium (producer premium plus premium subsidy). Counties reported as zero either had no indemnities or no Annual Forage insurance purchased.
This is a preliminary estimate only, the 2025 crop year is not complete.

Loss ratio

- [0,.5]
- (.5,1]
- (1,1.5]
- (1.5,2]

Figure 4. Annual Forage Insurance Loss Ratio for the 2024 Crop Year



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Loss ratio

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- (1.5,2]