CLIP + SCO/ECO Update



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Overview

- CLIP
- SCO/ECO Update
- MCO recap
- 2026 Crop Year ARC/PLC Decision

CLIP

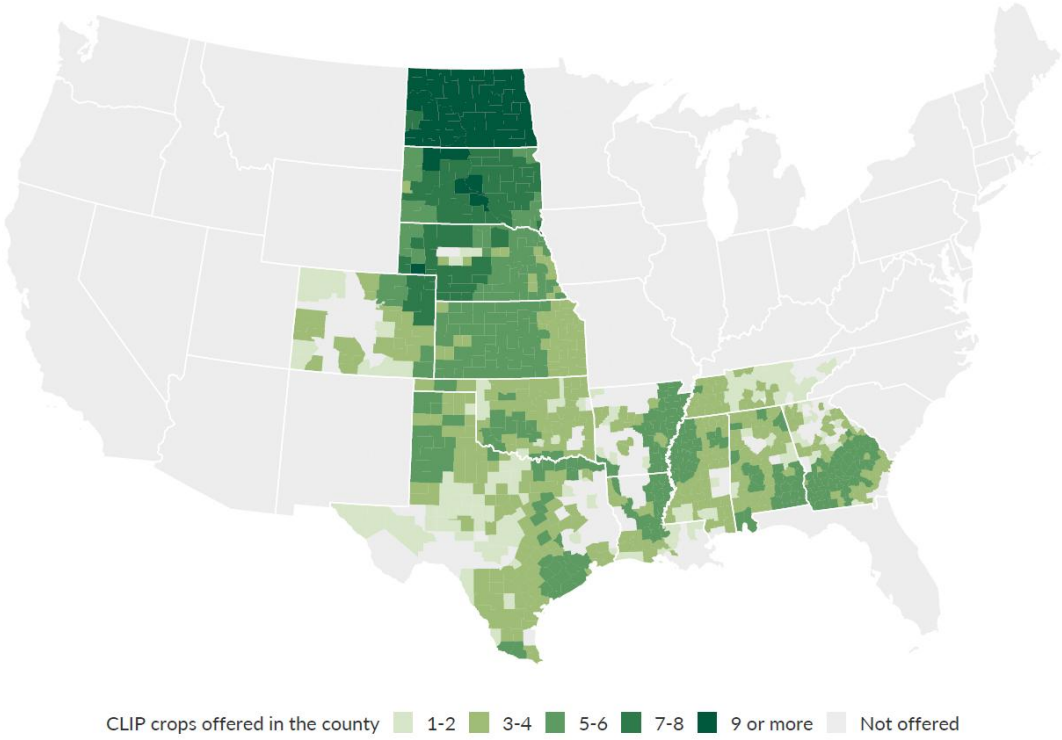
What is CLIP?

In brief: provides **pooled, farm level coverage** above underlying RP policies, up to 85%, for at least two eligible spring-planted crops in the same county

CLIP: Crop ~~and Livestock*~~ Income Protection: https://www.rma.usda.gov/about-crop-insurance/frequently-asked-questions/crop-livestock-income-protection-clip or https://clipfarmcoverage.com/

*The only eligible livestock policy is not available in KS currently (but in NE)

Plains and southern states

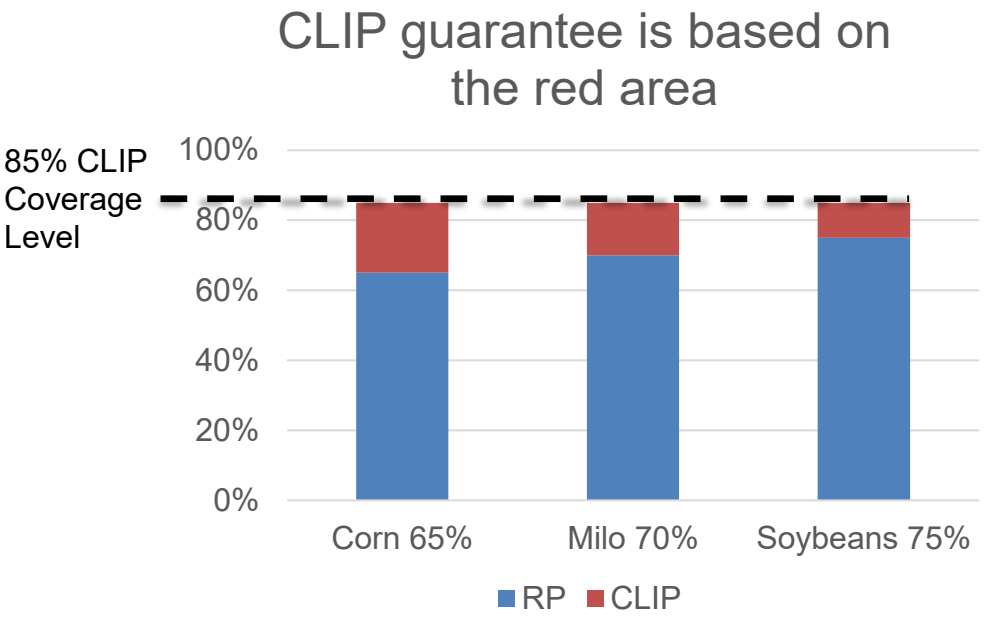


Counties Where CLIP Is Offered, by Number of CLIP Crops, 2026.Note: Counties where the 2026 actuarial insurance offer (ADM A00030) lists Crop and Livestock Income Protection (plan 77), shaded by the number of CLIP crops offered (weaned calves not counted); grey counties have no CLIP offer. Contiguous states.

Source: NDSU Agricultural Risk Policy Center (ARPC) using data from USDA Risk Management Agency (the actuarial data master), as of October 24, 2026.

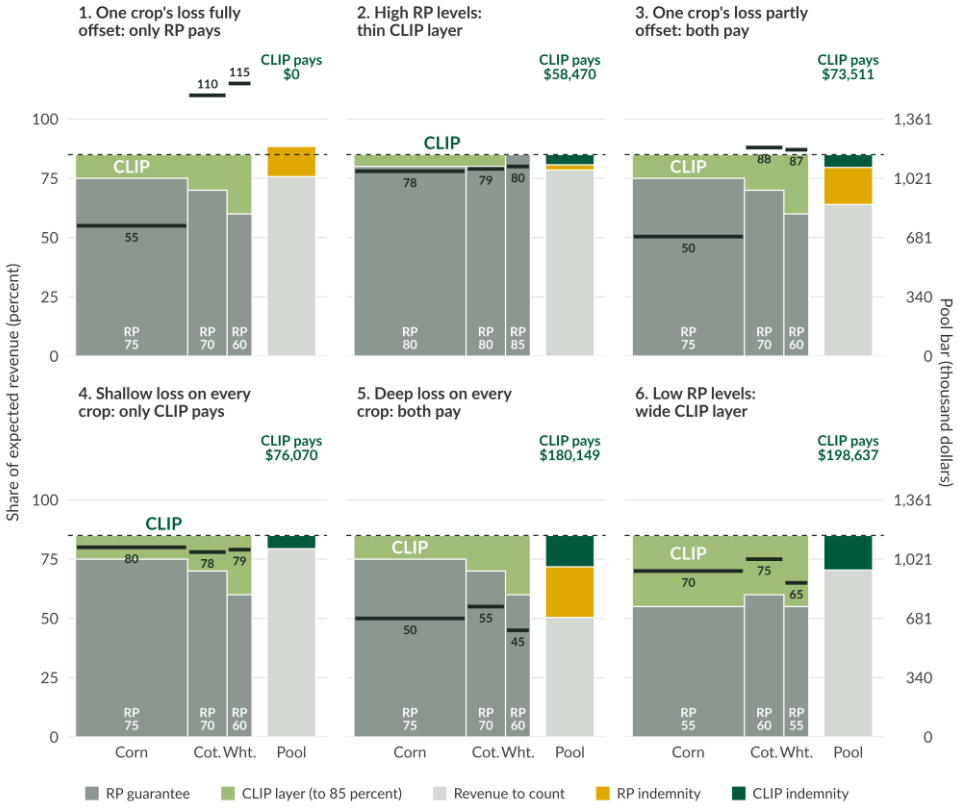
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What about CLIP?



- CLIP max is 85%: can be lower
  - Only 25% above lowest coverage RP policy
- It is possible for only CLIP to trigger or both CLIP and RP
- CLIP Indemnity: (RP + CLIP guarantee) – (RP production to count + RP indemnity)
- Caution: Higher revenue from one crop can offset another crop's low revenue
  - This also lowers premiums

Many Outcomes Possible



Source: Tsiboe, F., W. Davis, J. Ifft and A. Hagerman. Structural Basis for Crop and Livestock Income Protection (CLIP) Use and Expansion. ARPC Report (forthcoming). NDSU Agricultural Risk Policy Center. **Draft**

Details: How CLIP Pays: Six Outcomes on One Farm. Note: Illustrations, not data: every panel is RMA's Example 1 farm (Policy Provisions Section 12; Handbook paragraph 33C) with CLIP elected at 85 percent: approved production and projected prices are fixed, so expected revenue is $865,620 for corn, $303,780 for cotton and $192,080 for spring wheat; panels change only the RP coverage levels and the revenue outcomes. Bar width: the crop's share of expected revenue; black bar: revenue to count, as a share of the crop's expected revenue (y axis). Pool: revenue to count plus RP indemnities, as a share of the farm's expected revenue (right axis in thousand dollars); CLIP pays the gap to 85 percent, the same as RMA's crop-by-crop sum (no per-crop floor; P21). Panel 3 is RMA's own example outcome; the others are hypothetical outcomes for the same farm. At RMA's example rate of 0.20, panel 3's CLIP premium is $36,030 ($15,853 to the producer after the 56 percent subsidy). Source: NDSU Agricultural Risk Policy Center (ARPC) using data from USDA Risk Management Agency (CLIP Policy Provisions 26-CLIP, Insurance Handbook FCIC-20750U and Plan 77 indemnity calculation P21), as of October 24, 2026.

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What about CLIP?

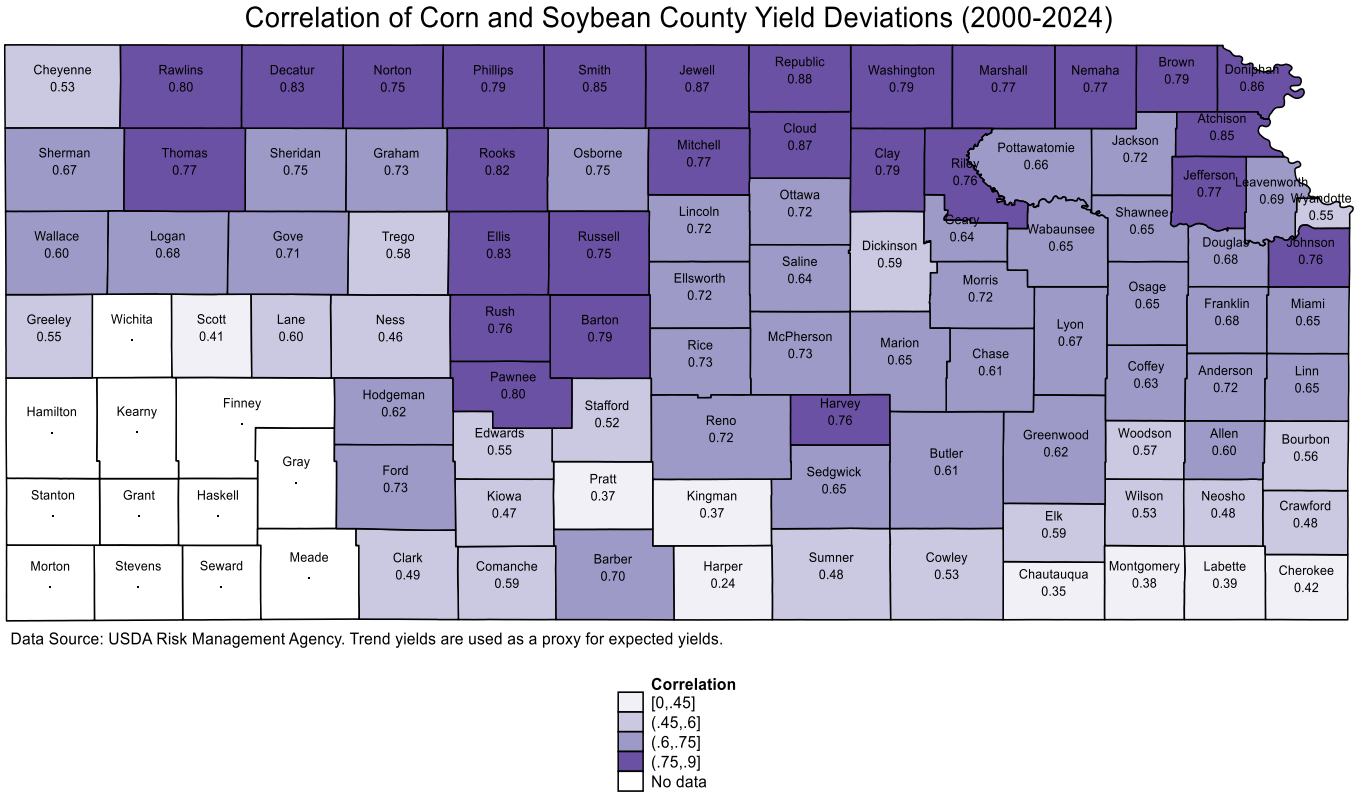
Benefit

- Relatively affordable coverage for protection beyond the standard 70-75% RP policy
  - Enterprise unit subsidies
  - Premiums lower due to risk pooling across commodities

Considerations

- Cannot be used with SCO
  - SCO has higher subsidy compared to CLIP 80/85%
  - Different "basis" risks: Within-farm cross commodity revenue risk versus farm-county yield correlation
  - May pay out earlier than SCO

Corn-soy yield correlation



Most popular in the Dakotas

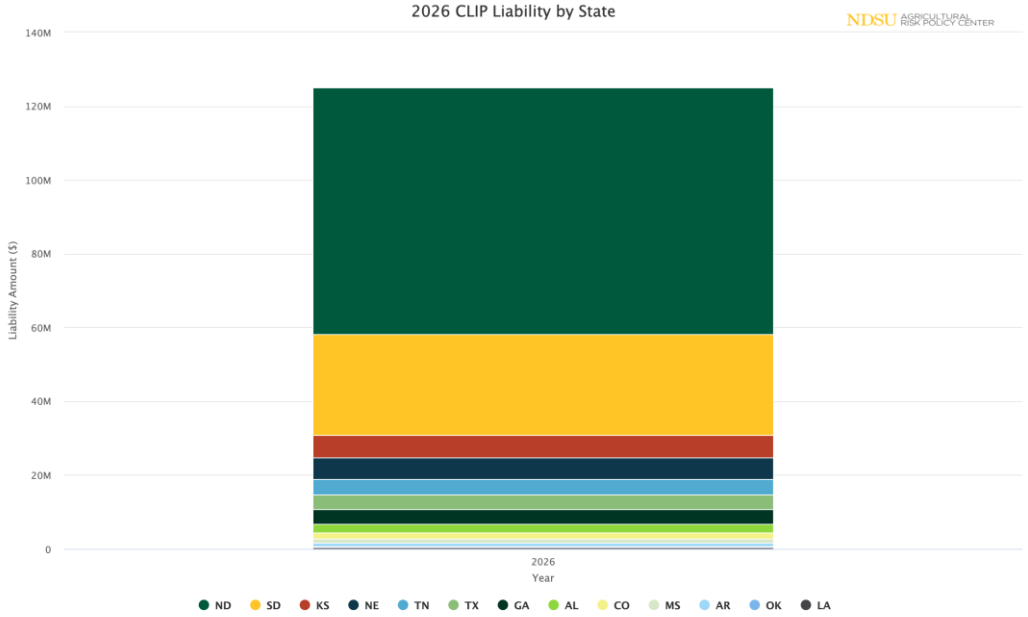
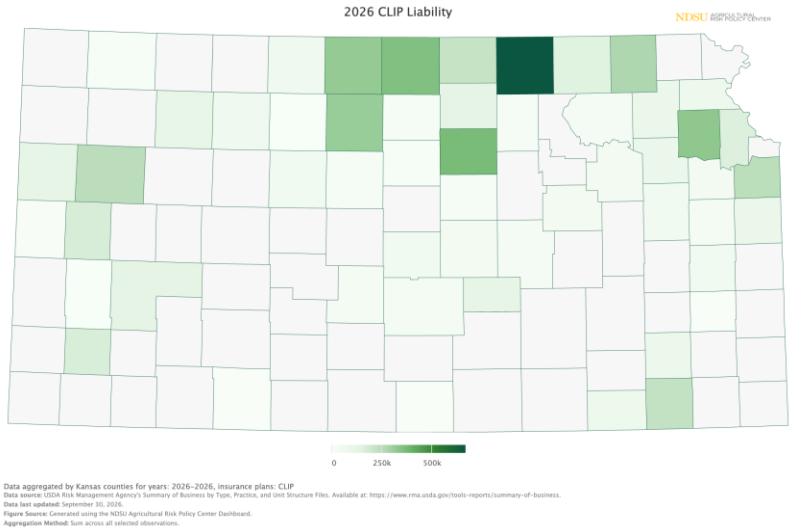


Chart displays data for years: 2026–2026, insurance plans: CLIP
Data source: USDA Risk Management Agency's Summary of Business by Type, Practice, and Unit Structure Files. Available at: https://www.rma.usda.gov/tools-reports/summary-of-business.
Data last updated: September 30, 2026.
Figure Source: Generated using the NDSU Agricultural Risk Policy Center Dashboard.

Limited KS use in 2026



- 150K acres total
- 72% were at 85% coverage level

When CLIP might be advantageous

- Timing matters
- Farm-level outcomes are critical
  - Lender considerations
- At 80%, CLIP could be considered an “intermediate” option between a standard policy (for example, 70% RP) and SCO
  - Premiums increase substantially between 80 and 85%, similar to enterprise units
- CLIP may become cost competitive with SCO for *farms with a larger number of commodities*
  - Based on preliminary research by Walker Davis, Oklahoma State Ag Econ PhD student)

ECO/SCO Update

SCO/ECO Basics

- County-based trigger, pays out when county yields released around June of the following year
  - Guarantee is based on the farm, amount of loss is based on the county
- SCO increases underlying YP or RP coverage to 86%*
- ECO (Enhanced Coverage Option)
  - 2 coverage choices: 86 to 90% **OR** 86 to 95%

* 90% in crop year 2027

High coverage policies tradeoffs

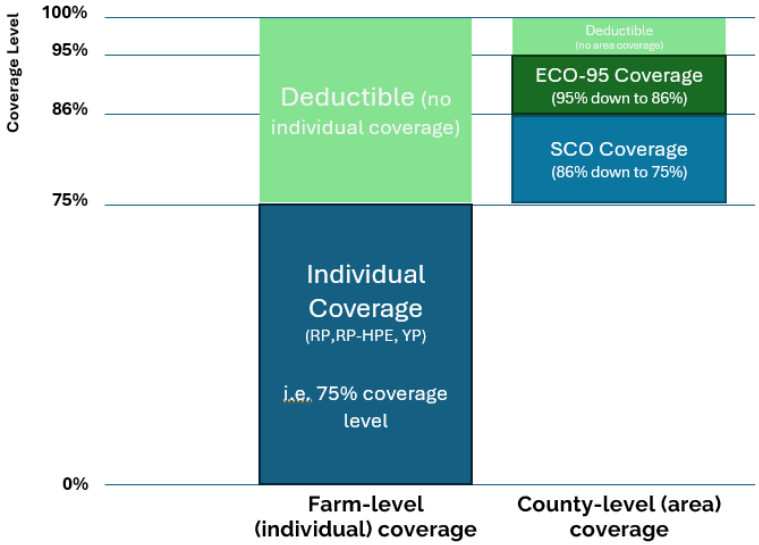
Benefits

- (More) predictable coverage of shallow losses
- SCO lower cost than 80-85% RP
- The premium subsidy is highly favorable to the producer in the long run

Concerns

- Tied to county yields
- Paid out in June
- Increases total premium cost substantially
- Can go a few years without triggering

SCO and ECO recap

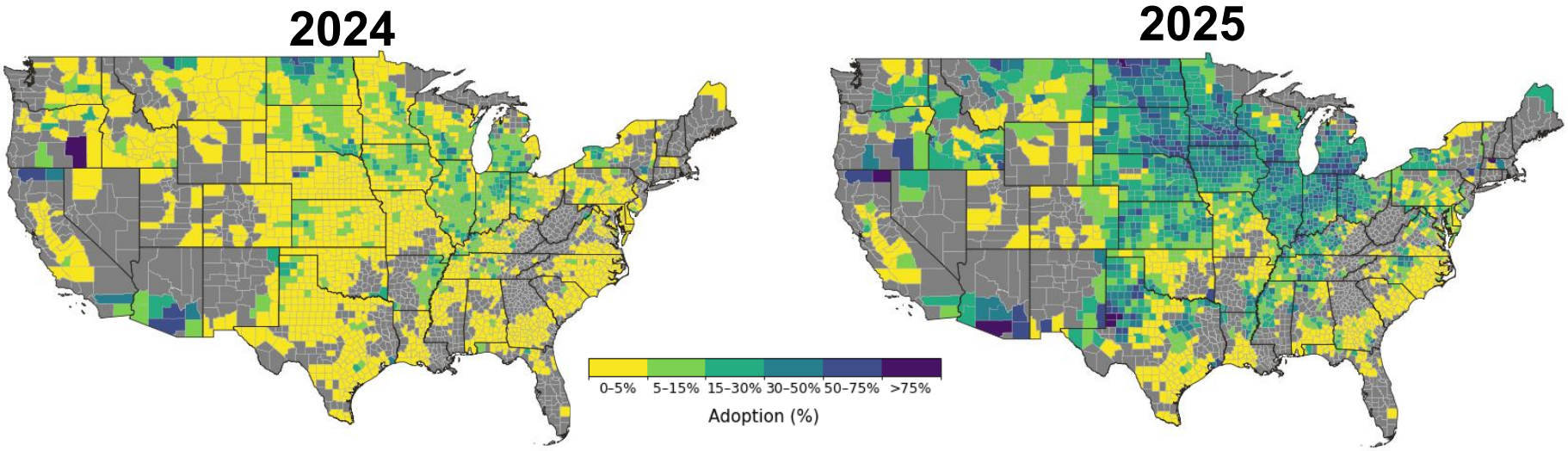


Key changes in ECO, SCO

	2025 Pre-OBBBA
SCO	Covers from 86% down to underlying Cannot be purchased with ARC 65% subsidy
ECO	Covers from 90/95% down to 86% No ARC/PLC restrictions **65% subsidy** (up from 44/51% in 2024)

Response in ECO-95 adoption

% of eligible acres



Subsidy Rate:

51% (YP/APH)
44% (RP/RP-HPE)

65% (YP/APH/ RP/RP-HPE)

Source: USDA Summary of Business; Includes: barley, corn, cotton, grain sorghum, oats, peanuts, rice, soybeans, wheat.

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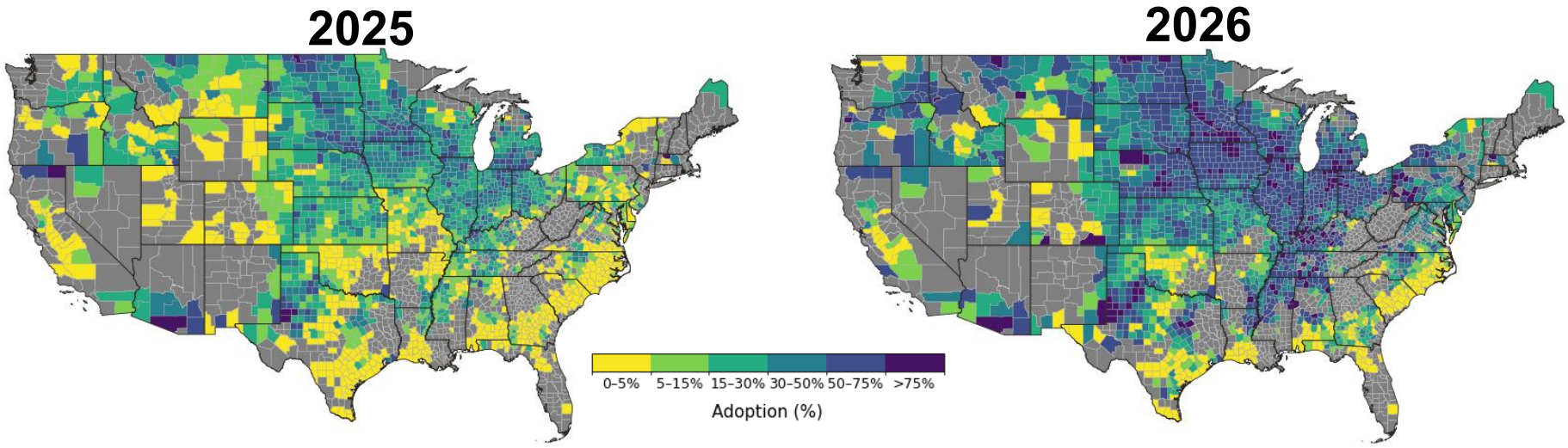
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Key changes in ECO, SCO

	2025 Pre-OBBBA	2026 Post-OBBBA
SCO	Covers from 86% down to underlying Cannot be purchased with ARC 65% subsidy	Covers from 86% down to underlying **Can be purchased with ARC/PLC** **80% subsidy**
ECO	Covers from 90/95% down to 86% No ARC/PLC restrictions **65% subsidy**	Covers from 90/95% down to 86% No ARC/PLC restrictions **80% subsidy**

Response in ECO-95 adoption

% of eligible acres



Subsidy Rate:

65% (YP/APH/ RP/RP-HPE)

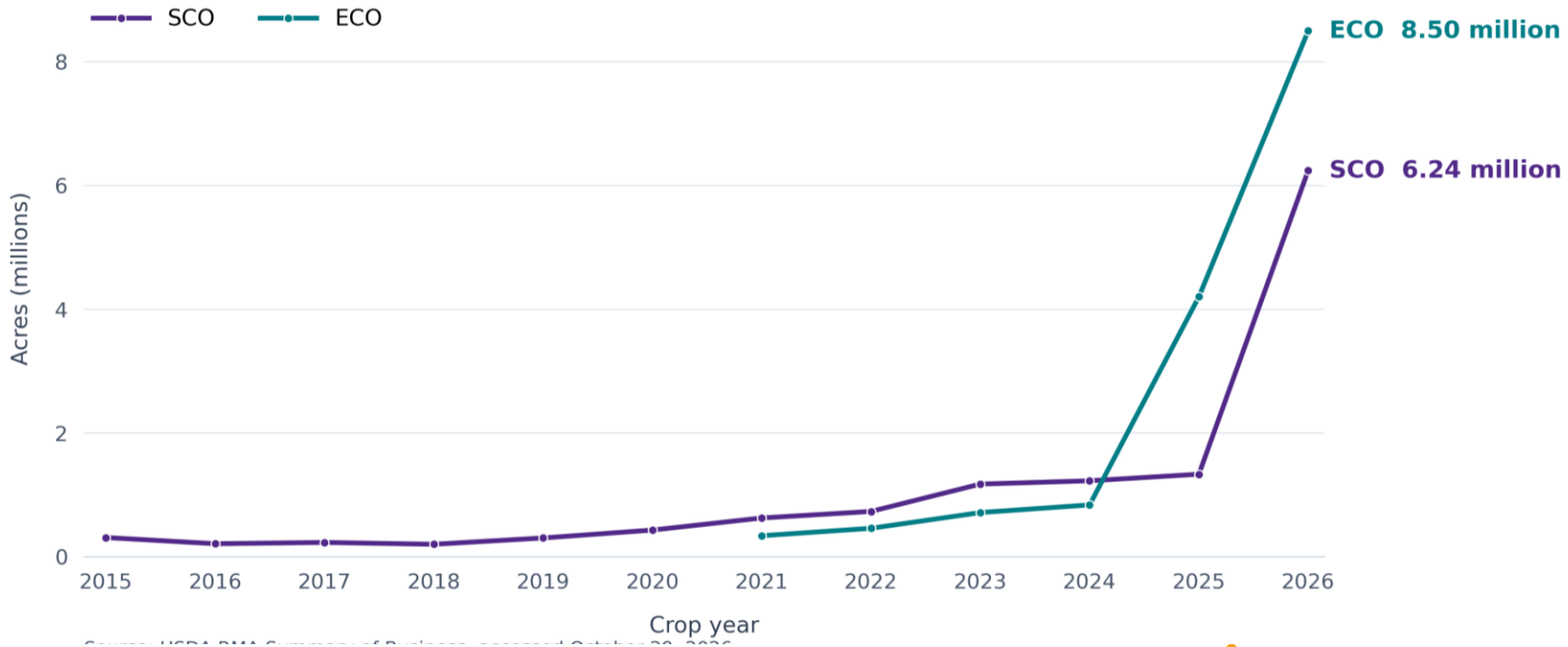
80% (YP/APH/ RP/RP-HPE)

Source: USDA Summary of Business; Includes: barley, corn, cotton, grain sorghum, oats, peanuts, rice, soybeans, wheat.

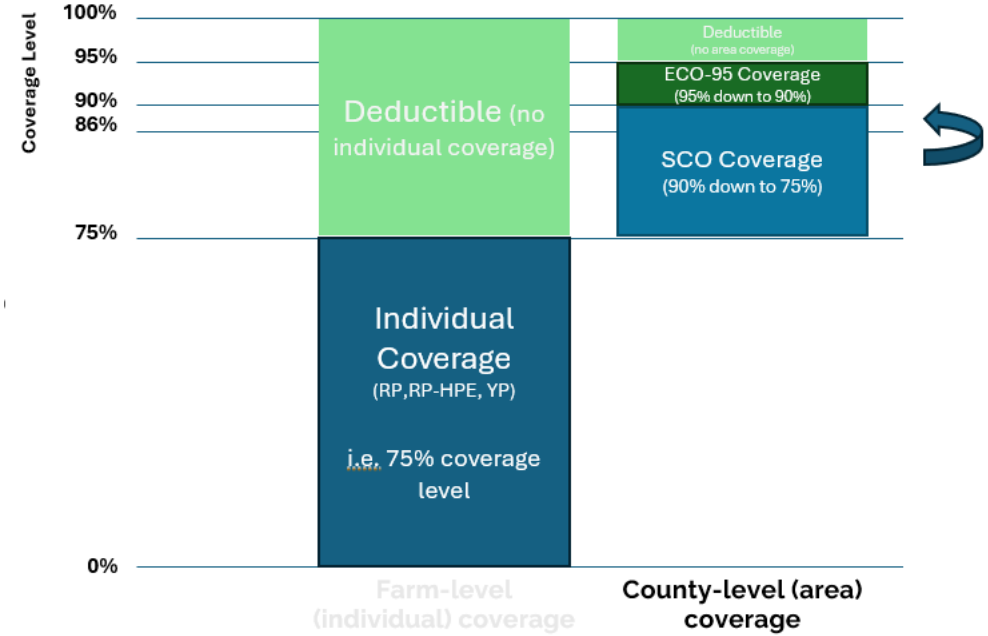
Key changes in ECO, SCO

	2025 Pre-OBBBA	2026 Post-OBBBA	2027
SCO	Covers from 86% down to underlying Cannot be purchased with ARC 65% subsidy	Covers from 86% down to underlying **Can be purchased with ARC/PLC** **80% subsidy**	**Covers from 90% down to underlying** Can be purchased with ARC/PLC 80% subsidy
ECO	Covers from 90/95% down to 86% No ARC/PLC restrictions **65% subsidy**	Covers from 90/95% down to 86% No ARC/PLC restrictions **80% subsidy**	**Covers from 95% to 90%** No ARC/PLC restrictions 80% subsidy

P goes down, Q goes up



2027 Changes



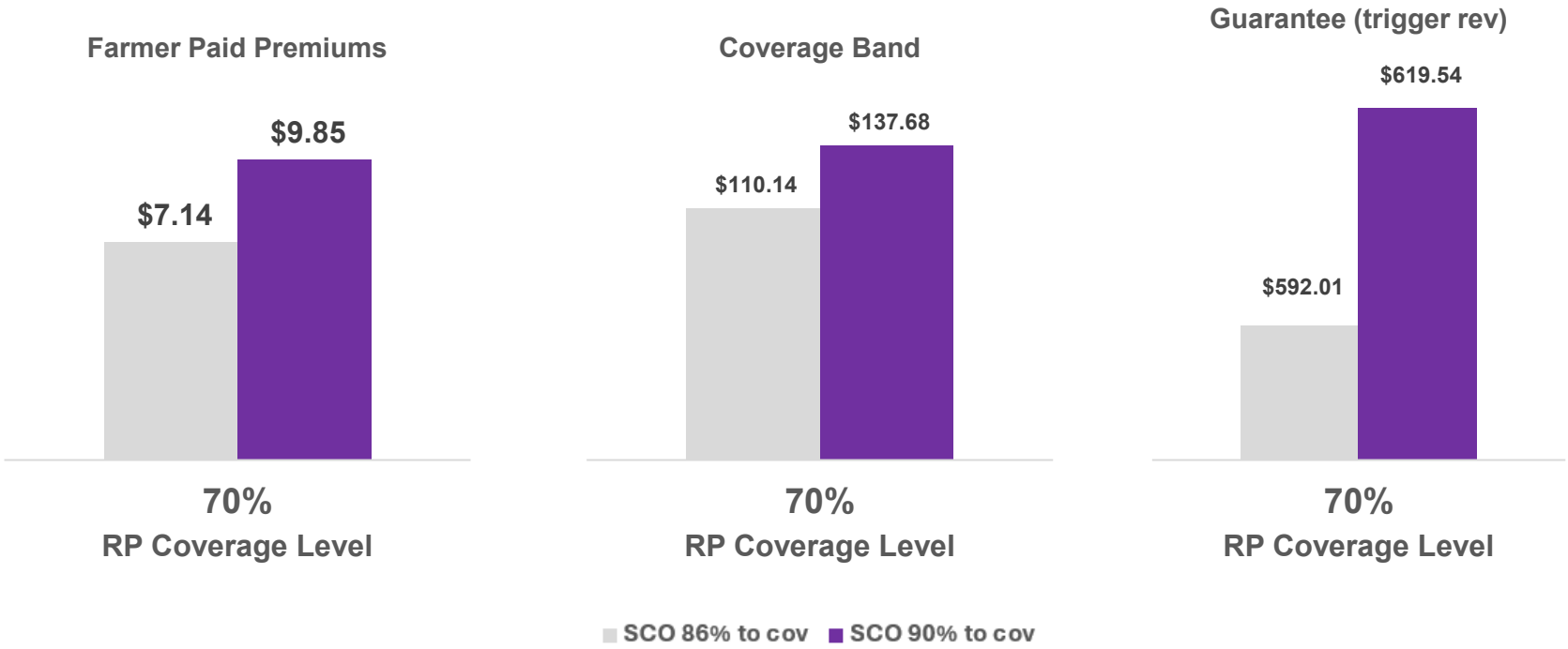
SCO "incorporates" ECO-90

Impacts of change

	Premium	Trigger	Maximum payout
ECO	↓ Lower	Same: 5% revenue loss	↓ Lower
SCO	↑ Higher	More likely: 10% vs. 14% loss	↑ Higher

Example SCO premiums, Nemaha Co

Corn, Non Irrigated, APH = 149 bu/ac

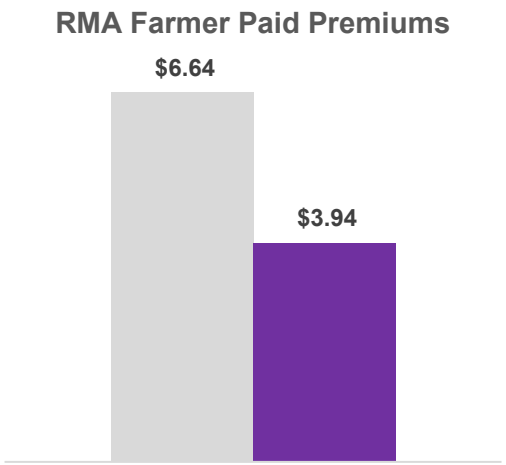


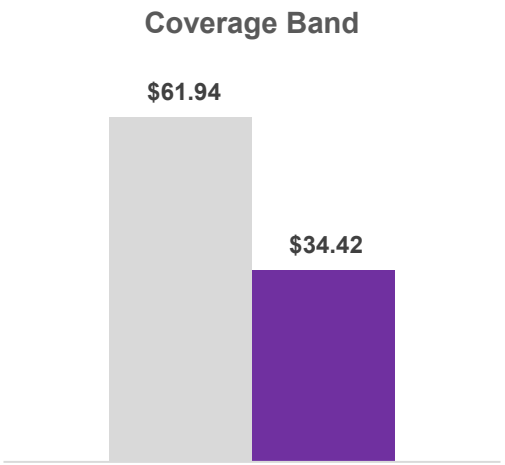
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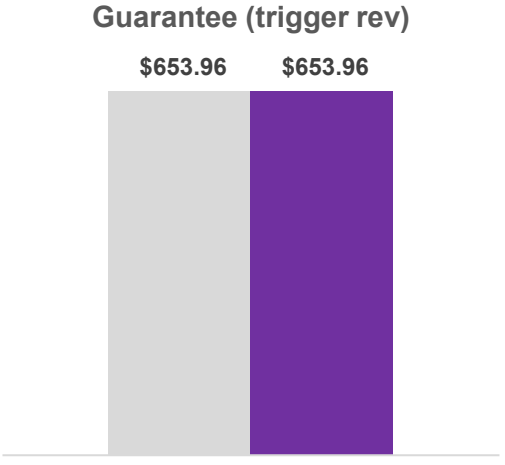
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Example ECO changes, Nemaha Co

Corn, Non Irrigated, APH = 149 bu/ac







ECO 95% to 86% ECO 95% to 90%

ECO vs. SCO in 2027

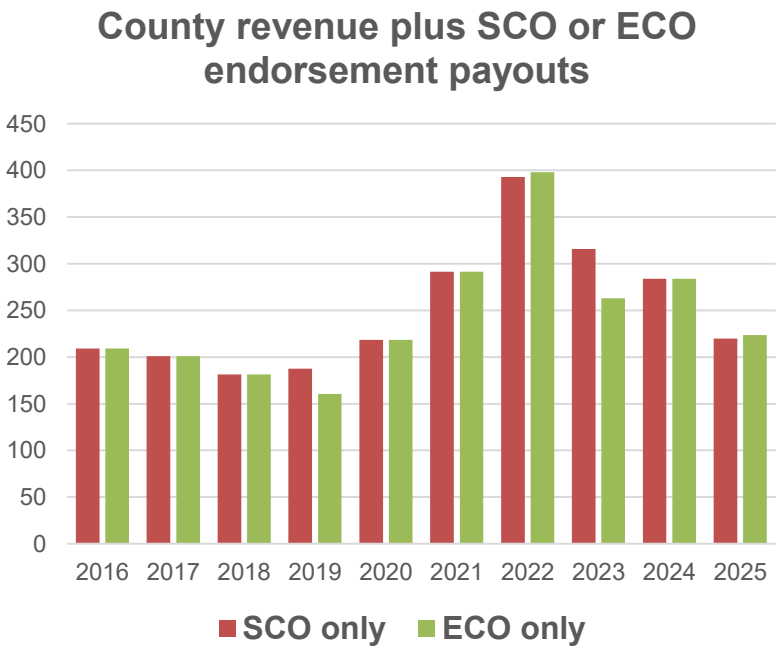
- Some producers may choose to select ECO (MCO) *or* SCO, but not both, for budget or other reasons
  - **ECO:** smaller payouts, more often
  - **SCO:** higher payouts in worse years

Tradeoff: More frequent modest payouts or larger payouts during bad years



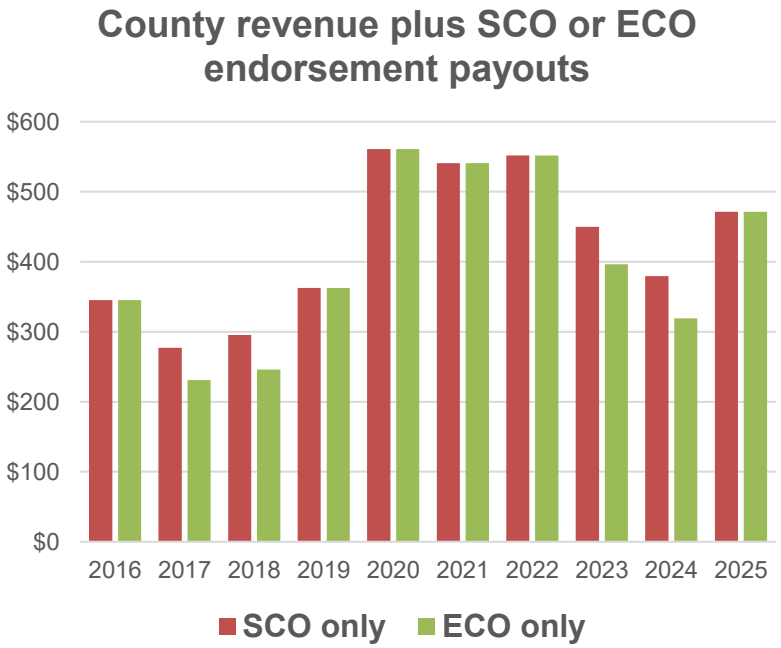
SCO and ECO, Sumner County, Winter Wheat

- County revenue = Crop insurance county actual revenue (harvest price times actual yield) plus payouts under a 70% RP policy
- 2019: modest yield and price declines
  - SCO $38, ECO $10
- 2022: small yield decline, price increase
  - ECO $5
- 2023: large yield decline, modest price decline
  - SCO $70, ECO $18
- 2025:nearly average yield, modest price decline
  - ECO $4



SCO and ECO, Saline County, Dryland Corn

- County revenue = Crop insurance county actual revenue (harvest price times actual yield) plus payouts under a 70% RP policy
- 2017: yield -28%, price -12%
  SCO $62, ECO $15
- 2018: yield -54%, price -7%
  SCO $66, ECO $16
- 2023: yield -10%, price -17%
  SCO $79, ECO $25
- 2024: yield -21%, price -11%
  SCO $82, ECO $21



Example assumes 70% RP, 2027 crop year parameters

SCO vs ECO: considerations

- Outcomes can vary widely over time and county
- SCO only: payouts may feel infrequent while premiums are annual
- ECO only: larger deductible has more “bite” when actual revenue declines substantially from expected

MCO Recap

September Webinar Highlights

The MCO decision for 2027



Jenny Ifft
Kansas State University



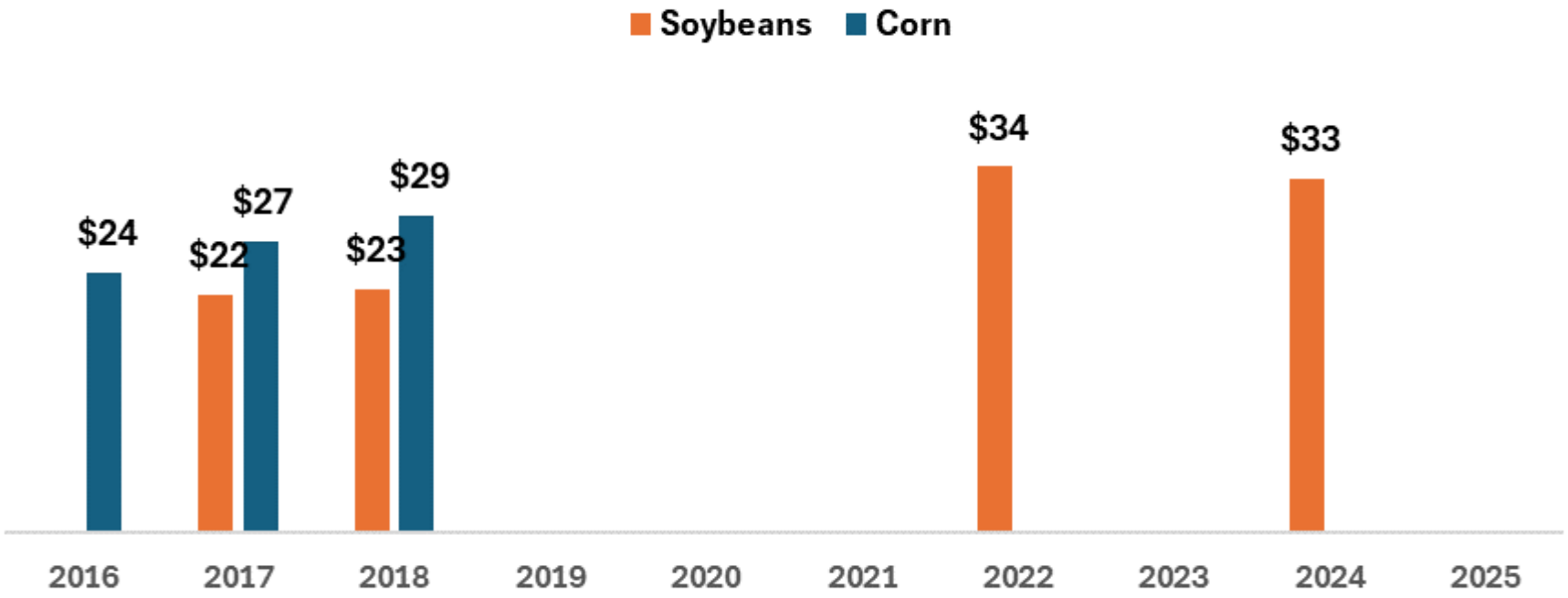
Henrique Monaco
University of Minnesota

https://www.agmanager.info/events/crop-insurance-catch-webinar-series

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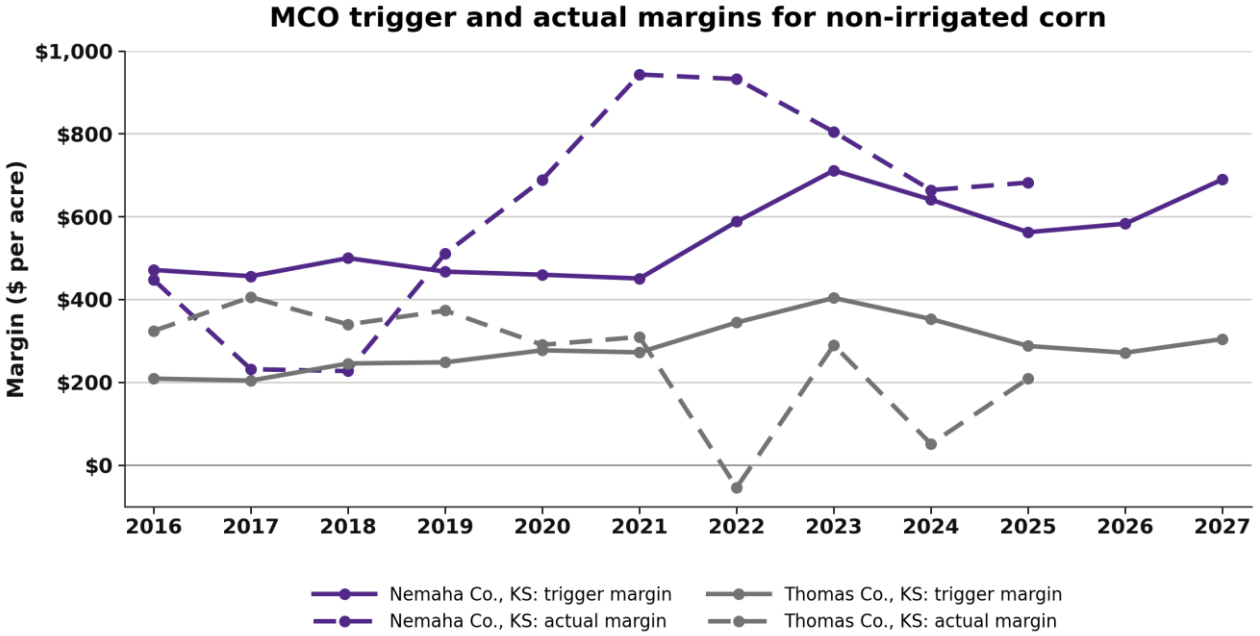
“Historical” MCO Payments, Nemaha County



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"Historical" Margins

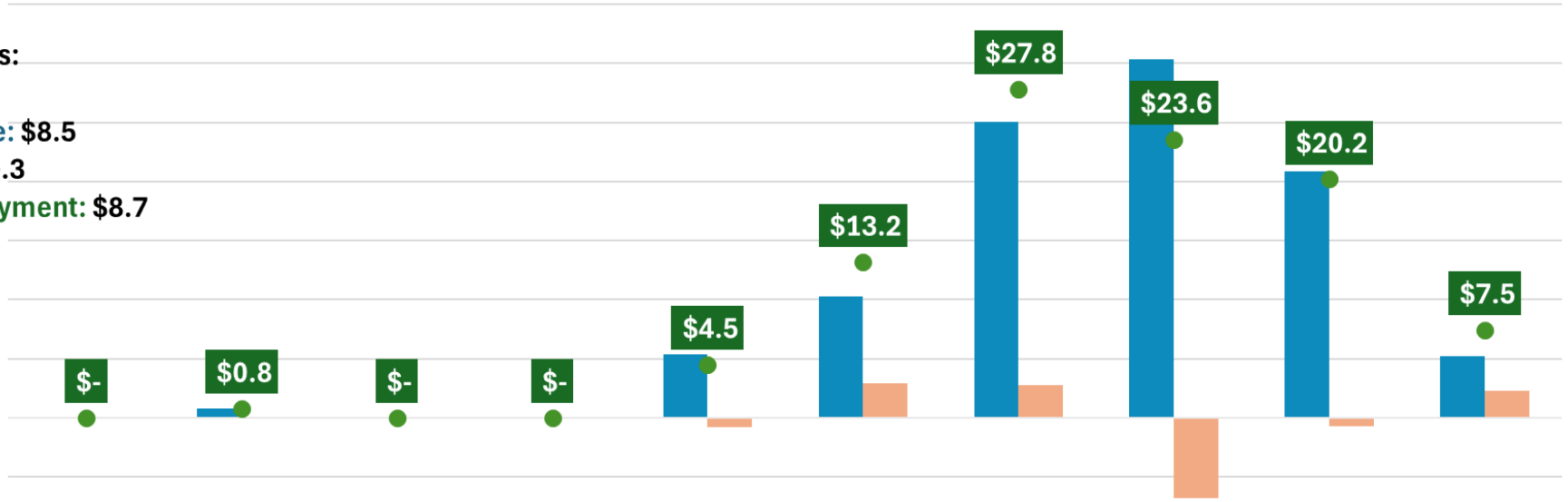


Does revenue or cost drive MCO payments? Corn

Northwest KS

Averages:

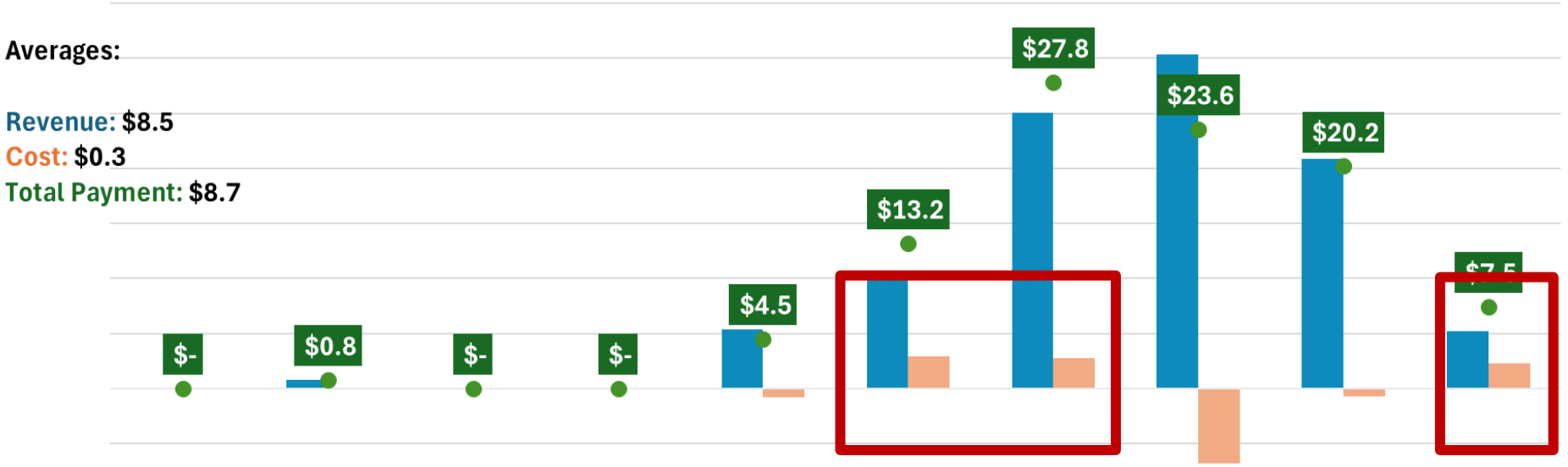
Revenue: $8.5
Cost: $0.3
Total Payment: $8.7



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	$-	$0.8	$-	$-	$5.3	$10.3	$25.1	$30.4	$20.9	$5.2
Cost	$-	$0.0	$-	$-	$(0.8)	$2.9	$2.8	$(6.8)	$(0.7)	$2.3
Total	$-	$0.8	$-	$-	$4.5	$13.2	$27.8	$23.6	$20.2	$7.5

Does revenue or cost drive MCO payments? Corn

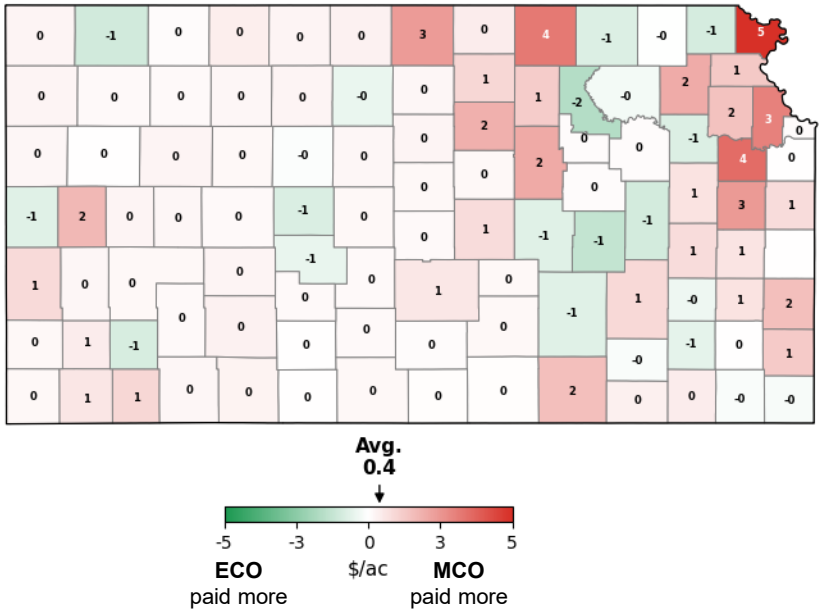
Northwest KS



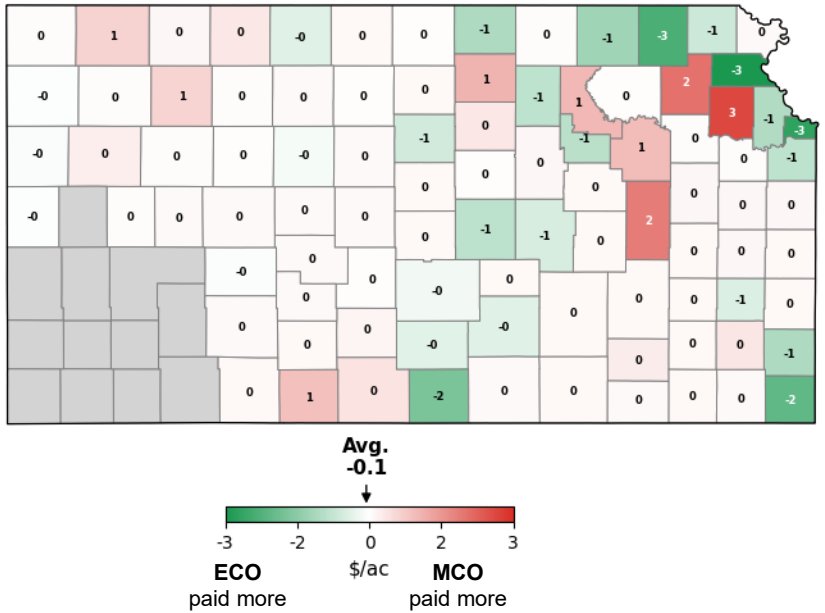
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“Historical” MCO minus ECO Payments*

Corn



Soybeans



*Payments only, does not include premiums

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MCO vs ECO Considerations

- The most consequential question is too add-on or not add-on
- MCO may attractive if you are:
  - Expecting higher fall projected prices
  - Expecting iVol increasing through spring
  - Worried with cost shocks (geopolitical shocks??)
- MCO vs. ECO
  - Similar, especially if payouts are yield-driven over time
  - Similar, ON AVERAGE, but varies over time
  - Similar premiums if projected prices and iVol are comparable
  - With 80% subsidy, farmers regardless should come out ahead over time

Farm Program Update

A word about the Harvest Fuel Relief (HFR) Program

- Announced by Pres. Trump on Oct. 19th
- $8 Billion to offset diesel cost during harvest season

- Formulas will be released some time this month
  - Will be similar to the Farmer Bridge Assistance program and pay a rate per commodity on 2026 planted acres
- Payments are expected to go <u>after Jan. 1st</u>

ARC vs. PLC: Title I Contenders Webinar



Register to receive a link to the livestream.

REGISTER - November 3

(If you are unable to attend the live meeting, a recording of the presentations will available after the event concludes.)

This informational webinar will provide an overview of the key factors producers should consider when making the 2026 ARC/PLC program election. Participants will learn how current market conditions, projected commodity prices, and county yields may influence program benefits and risk management strategies. The webinar will include a preview of county yield estimates and discuss how local production trends could impact potential ARC payments, helping producers better evaluate their options ahead of the December 11th enrollment deadline.

Dates & Locations

Dates & Location

Tuesday, November 3, 2026	**Online** Online Online	12:00 pm CT. Questions: Luke Byers - lsbyers@ksu.edu

https://www.agmanager.info/events

Upcoming Webinar Nov. 3rd

Noon – 1:30 pm

AgManager.info

ARC and PLC History

- Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) have been in place since the 2014 Farm Bill
  - Modifications to the programs were made in the 2018 Farm Bill, allowing annual elections between the programs
  - The One Big Beautiful Bill Act, *July 2025*, also made enhancements

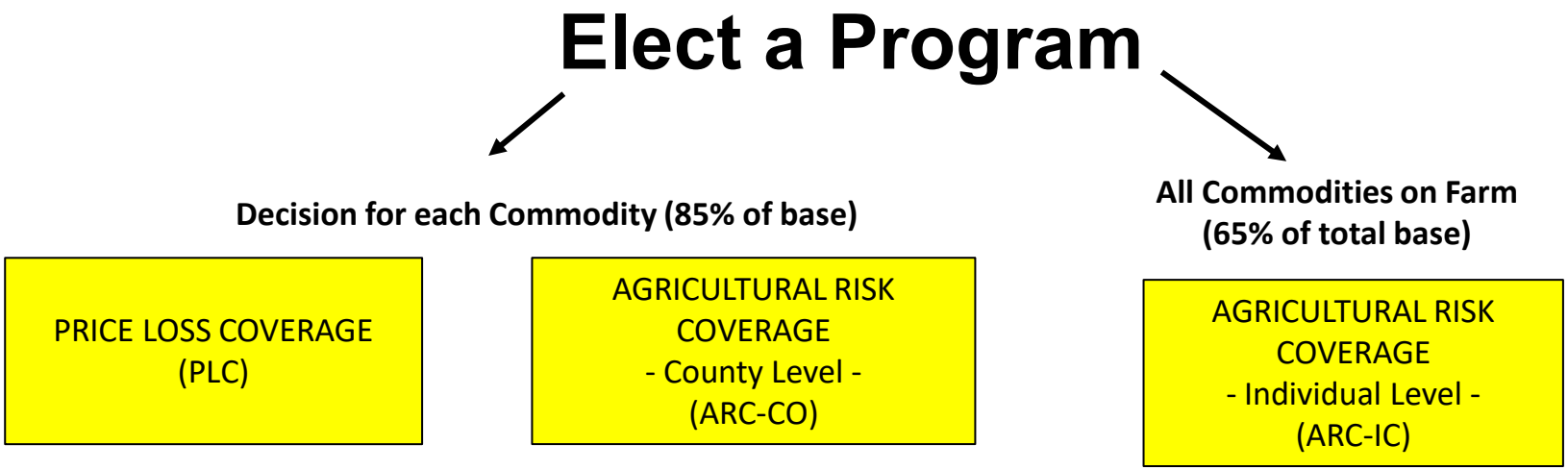
- Producers received the first payment of the current versions of ARC and PLC in Oct. 2026
  - Higher of calculated ARC or PLC for 2025 harvested crops, one time only!
  - Historic $13.8 Billion in payments
  - Now back to annual elections

ARC/PLC Election Timelines

- Election/enrollment for the **2026** crop year: Sept. 16 - Dec. 11, 2026

- Election/enrollment for the **2027** crop year from Nov. 2, 2026 - March 15, 2027

Decisions farmers have to make…



Strategies for selecting ARC or PLC

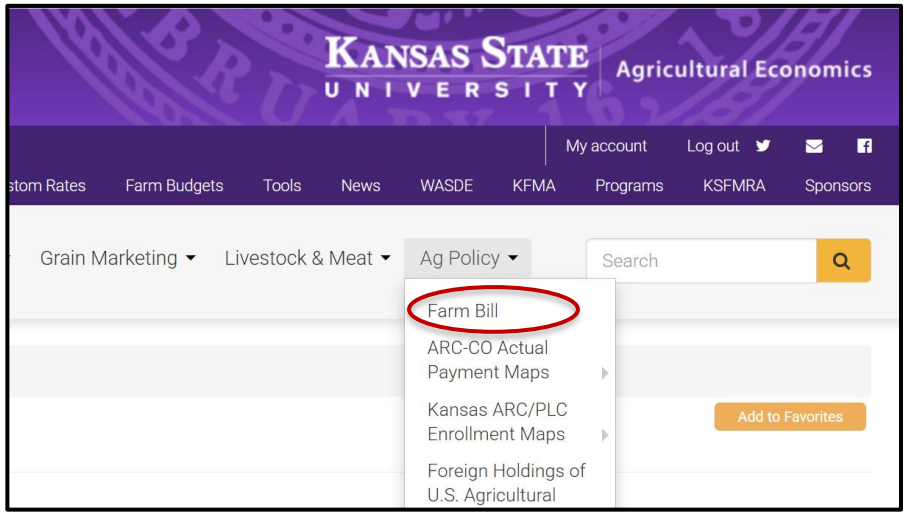
- Even with better information than a “normal” year, still a hard decision in many cases
  - Official County Yields will not come out until next June
  - Even though the marketing year has started, estimates have large opportunity for error

- In general:
  - Low County Yield would lean the decision towards ARC-County unless producers are worried about severe price declines
  - High County Yield would lean the decision towards PLC, as PLC could pay at higher MYA prices than ARC-County with a high county yield
  - Producer may want to explore ARC-Individual if they had a loss on the entire farm, but think the county may not have a loss

Tradeoff Between 2026/2027 ARC and PLC

Tool and Tutorial Video available at:
https://www.agmanager.info/ag-policy/farm-bill-0/tradeoff-between-20262027-arc-and-plc

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ARC Payments vs. PLC Payments Under Different Yields and Prices for 2026/2027 Marketing Year

State:	Kansas								
County:	Marshall	**Crop:**	Corn		**Type:**	Nonirrigated			
			ARC			PLC			
5 Yr. Olympic Avg. County Yield			162.33 Bushels		Program Yield	113.2 Bushels			
5 Yr. Olympic Avg. MYA Price			$5.03		Eff. Reference Price	$4.42			
Benchmark Revenue			$816.52						
Guaranteed Revenue			$734.87		PLC> ARC-CO max @	$3.55			
					Yield				
		66	83	104	130	**162**	178	196	214
MYA Price	**PLC Payment**	**ARC Payment**							
$6.05	$0.00	$97.98	$97.98	$97.98	$0.00	$0.00	$0.00	$0.00	$0.00
$5.82	$0.00	$97.98	$97.98	$97.98	$0.00	$0.00	$0.00	$0.00	$0.00
$5.60	$0.00	$97.98	$97.98	$97.98	$6.87	$0.00	$0.00	$0.00	$0.00
$5.38	$0.00	$97.98	$97.98	$97.98	$35.47	$0.00	$0.00	$0.00	$0.00
$5.17	$0.00	$97.98	$97.98	$97.98	$62.77	$0.00	$0.00	$0.00	$0.00
$4.97	$0.00	$97.98	$97.98	$97.98	$88.77	$0.00	$0.00	$0.00	$0.00

Contact

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785-532-4486