

# CROP INSURANCE FOR SMALL GRAINS: OAT COVERAGE OPTIONS

Some farmers in the Midwest and Great Plains opt to grow oats as part of their operations. Their reasons range from conservation benefits to the requirements of organic certification to local or specialty markets they have identified. The most recent Census of Agriculture indicates more than 1,000 farms produce oats across Iowa, and more than 2,000 in Minnesota.

“We import oats from other countries. So, there is obviously a demand for it. We just have to figure out how to facilitate those demands locally,” a Nebraska farmer said during a Center for Rural Affairs listening session.

Federal crop insurance availability for oats depends on the producer’s county. See below for the various options available. In some cases, the process will require information about another county’s available coverage, essentially requesting that coverage be extended to the producer.

## MULTI-PERIL CROP INSURANCE

Arguably, the most straightforward way to insure oats with federal crop insurance is with a multi-peril crop insurance (MPCI) policy. Farmers who use crop insurance are likely familiar with MPCI for other crops, such as corn and soybeans.

Multi-peril coverage will protect in the event of a number of natural perils, including adverse weather conditions (freeze, wind, drought, excess precipitation, etc.), failure of the irrigation water supply, fire, and insects or plant disease.

When and where the option to insure oats is available, coverage is available as Actual Production History (APH) coverage, in which a producer uses between 4 and 10 years of their personal yield history to create an average yield.

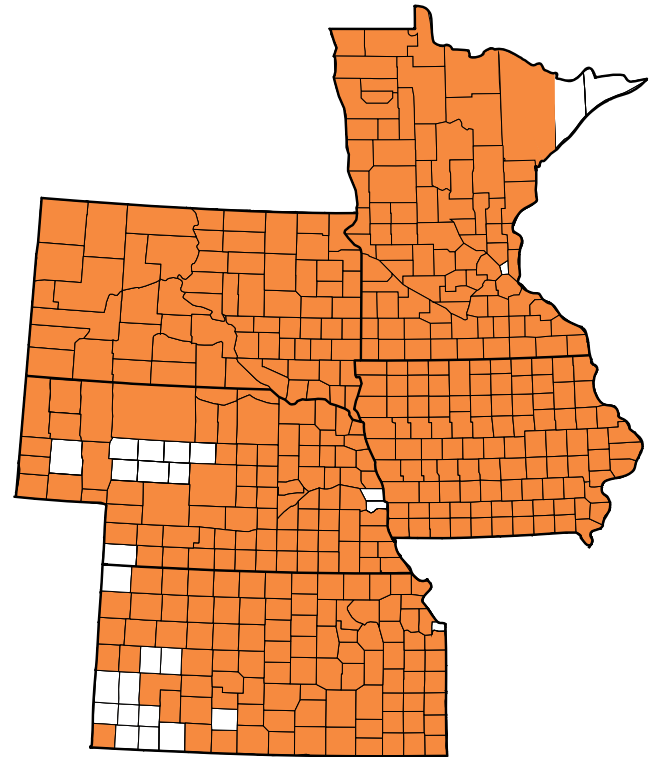
Farmers who do not have yield history will use county average yields, or T-yields, until they build up their own APHs. Each year a crop is harvested, one year of T-yields will be replaced with one of their actual yields, until their average is a full four years of their own yields.

Coverage levels are available in 5% intervals, from catastrophic coverage at 50%, all the way up to 85%.

Policy availability is dependent on a producer’s county. See Figure 1 for the availability of oat policies in select states in 2022.

In addition, a producer may elect an additional option, or endorsement, to further strengthen their coverage. There are a range of endorsements, and one that may be helpful for oats is the Quality Loss Option.

FIGURE 1. INDIVIDUAL CROP INSURANCE PLANS AVAILABLE BY COUNTY FOR OATS, 2022



## Quality Loss Option

Made available in 2021, the Quality Loss (QL) Option is an alternative for adjusting quality losses without affecting a producer’s APH.

According to the U.S. Department of Agriculture’s Risk Management Agency (RMA), “The QL allows exclusion of quality loss from an APH database in circumstances where a quality loss occurs [...]. When elected, the QL will replace post-quality adjusted [QA] production with the pre-QA production for any year the insured filed a Notice of Loss.”

In other words, the QL ensures one bad year of oat quality does not drastically affect a producer’s overall yield history.

The option must be added at the same time a crop insurance policy is selected, before the designated sales closing date. Once the QL has been elected, it will be in effect from year to year.

In addition to oats, the QL is available for barley, buckwheat, canola, corn, cotton, flax, grain sorghum, malting barley, peanuts, rice, rye, safflower, soybeans, sunflowers, and wheat.

TABLE 1. HOW THE OPTION WORKS

Crop year	Pre QA production (bushels per acre)	Post QA production (bushels per acre)
2015	80	80
2016	120	120
<b>2017</b>	<b>100</b>	<b>30</b>
2018	110	110
<b>2019</b>	<b>90</b>	<b>60</b>
Average	100	80
When the QL is elected, you can choose to substitute your pre-QA production amount for both 2017 and 2019 crop years. This example increases your APH to 100 bu/acre.		

U.S. Department of Agriculture, Risk Management Agency

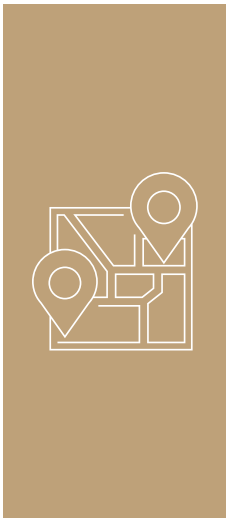
## WRITTEN AGREEMENTS

If an MPCCI program is not available for oats in a farmer’s county, they may be able to secure individual coverage by applying for a written agreement through an insurance agent. In essence, this process is requesting a special case agreement with RMA for coverage. Note that this is an alternative coverage approach, and the QL Option is not available with this type of written agreement.

When applying, producers will need to provide information such as estimated planting dates, harvest dates, and three years of production history. If yield history is not available, they may be able to submit production history for a similar crop. In some cases, the process will require information about another county’s available coverage, essentially requesting for that coverage to be extended to the producer.

The timeline for coverage by written agreement is unique. If accepted, coverage begins at the later of the two dates—when the producer’s application is accepted by RMA, or when the crop is planted.





## Relay cropping

In early 2022, RMA announced that relay cropping would be insurable by written agreement. Relay cropping is a system in which multiple crops are managed with overlapping growing seasons, but the crops are planted and harvested at different times.

The option is available for soybeans relay cropped with oats, as well as other small grains. To insure by this method, producers must work with their crop insurance agents to submit requests for written agreement. Specific requirements will be determined by the producer’s location in relation to NRCS cover crop termination deadlines. When requesting a written agreement, the second crop planted in a given year will require a written agreement. For example, if an oat crop is followed by a soybean crop, the soybean crop will need a written agreement in order to allow the soybean crop to be insured.

## WHOLE FARM REVENUE PROTECTION

In every county, oats are eligible to be insured by RMA’s Whole Farm Revenue Protection (WFRP) coverage. WFRP takes a different approach by covering all crops produced on the operation under one policy, and is based on revenue rather than only yields and production.

Coverage is calculated using revenue reported on tax documents—five years of the Schedule F form. Some exceptions exist, such as for beginning and veteran farmers, who may qualify with three consecutive years or other documentation.

Whole Farm coverage is available between 50% and 85%, in 5% intervals. The highest coverage levels are only available for diverse operations insuring at least three crops.



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