

CROP INSURANCE FOR SMALL GRAINS: RYE COVERAGE OPTIONS

Some farmers in the Midwest and Great Plains opt to grow rye 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 Minnesota, Nebraska, Kansas, and South Dakota each produce rye for grain on more than 20,000 acres.

“Don’t just look at what your profit is going to be to sell the small grain, but look at what your benefits are going to be down the road,” a Kansas farmer said in a Center for Rural Affairs listening session. “The benefits follow up in multiple years when you look at the bigger picture of soil health.”

Federal crop insurance availability for rye 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 rye 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.

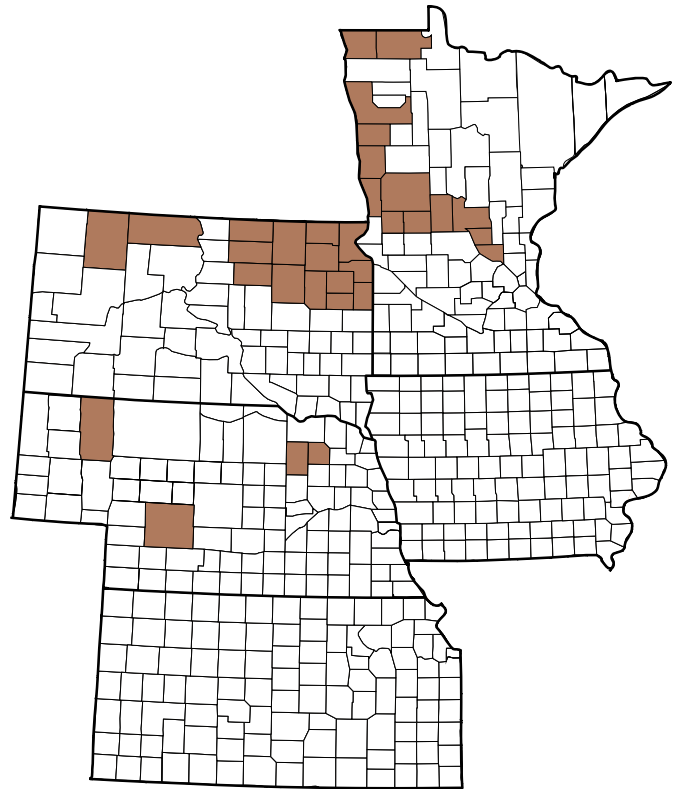
When an option, rye coverage is available as Actual Production History (APH) coverage, in which a producer uses 4 to 10 years of personal yield history to create an average yield.

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 rye policies in select states in 2022.

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



WRITTEN AGREEMENTS

If an MPCCI program is not available for rye 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 the USDA Risk Management Agency (RMA) for coverage.

When applying, producers will need to provide information such as estimated planting dates, harvest dates, and three years 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 asking that that coverage 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; crops are planted and harvested at different times.

The option is available for soybeans relay cropped with a small grain. To insure by this method, a producer must work with a crop insurance agent to submit a request 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 a rye crop is followed by a soybean crop, the soybean crop will need a written agreement to be insured.



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WHOLE FARM REVENUE PROTECTION

In every county, rye is 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.