NDSU AGRICULTURAL RISK POLICY CENTER

Prevented Planting Buy-Up Elimination and What the Evidence Indicates about Adoption, Actuarial Performance, and Pre-Planting Risk Management Options for Farmers

ARPC White Paper 2026–02

Francis Tsiboe, Rwit Chakravorty, Dylan Turner, Shawn Arita, and Hongxi Zhao

Agricultural Risk Policy Center, North Dakota State University

January 20, 2026

Key Insights

- **Summary of the EARP Rule:** In November 2025, the USDA Risk Management Agency finalized the Expanding Access to Risk Protection (EARP) rule, which eliminates the 5% prevented planting buy-up option effective with the 2027 crop year. Prior to 2018, producers could elect up to a 10% buy-up above base prevented planting coverage. The 2018 policy reduced this to 5%. Under EARP, producers can no longer adjust planting-season protection independently of their overall insurance coverage level.
- **Actuarial Performance of Buy-Up Coverage:** Our analysis finds no evidence of actuarial imbalance. Isolating premiums and indemnities from 2011–2024, the buy-up component generated a loss ratio of 0.82, compared to 0.87 for base-only coverage. These near-identical loss ratios demonstrate that buy-up coverage was priced to reflect actual risk and did not systematically underperform relative to base policies. While regional disparities may exist, the aggregate national evidence contradicts concerns about overall actuarial soundness.
- **Historical Evidence Suggests Incomplete Producer Adjustment:** When RMA eliminated the 10% buy-up option in 2018, producer responses were slow and incomplete. Significant upticks in indemnified prevented planting acres in 2020–2022 suggest the prior reduction left an unfilled protection gap. The 2027 elimination will likely repeat this adjustment pattern, leaving producers exposed during the transition period.
- **Producer Out-of-Pocket Losses are Substantial and Uncompensated:** For an indemnified prevented planting acre, eliminating the 5% buy-up generates net losses of $18–26 per corn acre and $14–21 per soybean acre. Ad-hoc disaster programs provide only partial and uncertain offset, leaving residual net losses of $4–24 per acre. Historical prevented planting events in 2020–2021 would have resulted in substantial uncompensated losses under the new rule.
- **Removal Eliminates Risk Management Tool Without Viable Alternative:** Prevented planting buy-ups provided a targeted mechanism for producers to adjust planting-season protection independently. The elimination removes producer flexibility without establishing an equivalent alternative. Producers seeking to maintain equivalent protection must increase overall coverage levels, imposing substantial cost increases and becoming mechanically impossible for those already near the 85% coverage ceiling.

- **Producers Face High Costs and Limited Options to Maintain Protection:** Our analysis shows that if producers want to replace the lost prevented planting protection through higher overall coverage, they will face insurance premium increases of 14–29%, or roughly $2–5 per acre annually. Even with these higher costs, producers who already have the maximum allowed coverage level (85%) cannot increase their coverage further, meaning they will automatically lose prevented planting protection with no alternative way to restore it within the federal insurance program.

Background

Prevented planting (PP) coverage is a component of the Federal Crop Insurance Program (FCIP) that provides indemnity protection when eligible weather-related conditions (such as excessive moisture, flooding, or other natural perils) prevent a producer from planting an insured crop by the final planting date or during an approved late planting period (Boyer et al., 2023; Lee and Abatzoglou, 2023). When a PP claim is triggered, indemnities are based on a percentage of the producer's insurance guarantee rather than on realized yield or revenue outcomes, reflecting that the crop was never planted. In this way, PP coverage addresses early-season production risk that is not captured by standard yield or revenue losses occurring later in the growing season.

The PP coverage is intended to compensate producers for costs incurred before planting that ultimately do not occur, including land preparation, input commitments, and other pre-planting expenditures that vary substantially across crops, regions, and production systems (Chakravorty et al., 2025a). Although PP payments are sometimes perceived as a separate form of insurance, they are mechanically derived from the same yield or revenue guarantee as the producer's underlying policy, linking PP indemnities directly to elected coverage levels, approved production history, and prices used to establish insurance guarantees. As a result, PP coverage has historically been most consequential in regions with persistent early-season weather risk, including rice production in Arkansas and California and corn production in the Dakotas (Chakravorty et al., 2025b; Turner et al., 2025).

Over time, however, PP buy-up options have been progressively scaled back. Prior to 2018, producers could elect up to a 10% PP buy-up above the base coverage level. Beginning with the 2018 crop year, that option was reduced to a maximum of 5%. In November 2025, the U.S. Department of Agriculture's Risk Management Agency finalized the Expanding Access to Risk Protection (EARP) rule, which eliminates

the remaining 5% PP buy-up option beginning with the 2027 commodity year. [1] Under EARP, producers can no longer adjust planting-season protection independently of their overall insurance coverage level. Instead, PP indemnities are determined entirely by the coverage level selected for the underlying policy, effectively embedding planting-season risk management within broader yield and revenue protection decisions.

This white paper draws on a series of analyses conducted by economists at ARPC examining the elimination of the 5% PP buy-up option under the EARP rule (Chakravorty et al., 2025b; Tsiboe, 2026; Tsiboe et al., 2026; Turner et al., 2025). The objective is to provide a condensed and accessible synthesis of this work, summarizing the relevant actuarial evidence, distributional impacts, and producer adjustment responses documented in the underlying analyses. Specifically, the paper seeks to:

- Assess whether PP buy-up coverage exhibited actuarial imbalance or adverse selection.
- Document how the elimination of buy-ups affects producers experiencing prevented planting across crops and regions, including the extent to which ad-hoc disaster programs offset foregone indemnities
- Evaluate the feasibility and cost of replacing lost PP protection through higher overall coverage levels under current subsidy rules.

Given these objectives, the structure and wording of this white paper closely follow the logic and framing of the original ARPC analyses, and in several places the language reflects that work directly. To improve readability, the underlying analyses are not cited repeatedly in the conventional manner. Accordingly, this paper should be interpreted as a synthesis of existing ARPC research rather than as a standalone original empirical study.

Actuarial Performance

A central justification for modifying or eliminating insurance options within the FCIP is the concern that specific endorsements may weaken actuarial balance by generating disproportionate indemnities relative to premiums or by inducing adverse selection among higher-risk producers. In the context of PP cover-

[1] The changes will be effective for the 2026 and succeeding crop years for crops with a contract change date on or after November 30, 2025. For all other crops, the changes to the policies made in this rule are applicable for the 2027 and succeeding crop years.

age, they have sometimes been characterized as fiscally vulnerable because they concentrate payments in years and regions with extreme early-season weather losses (Turner et al., 2025). This section evaluates whether those concerns are supported by historical program experience by examining the relationship between insured exposure, premiums, and indemnities for PP buy-up policies relative to base-only coverage. Using policy-level data from 2011–2024 for the six major commodities (corn, soybeans, wheat, cotton, rice, and sorghum) in the FCIP, we assess whether PP buy-up elections altered overall loss experience or exhibited systematically different actuarial performance compared with policies that did not include buy-up coverage.

Figure 1 reports annual totals for (a) net area insured, (b) total liability, (c) basic policy premiums, (d) prevented planting premiums, (e) production-related indemnities, and (f) prevented planting–related indemnities, disaggregated by prevented planting endorsement status. Coverage categories include base-only policies, base plus 10% buy-up, base plus 5% buy-up, and ineligible acres. The figure illustrates how prevented planting buy-up participation evolved and how buy-up elections relate to insured exposure and indemnity outcomes. Plots (a) and (b) show that prevented planting buy-up coverage accounted for a meaningful share of insured acres and liability, with buy-up participation increasing after the reduction from a 10% to a 5% option beginning in 2018. Plots (c) and (d) report premiums associated with prevented planting coverage as a share of total basic policy premiums and premiums attributable specifically to the buy-up option, respectively. Plots (e) and (f) show that a substantial share of prevented planting–related indemnities are associated with acres that elected buy-up coverage.

Figure 1: ***Prevented Planting Endorsements, Insured Exposure, Premiums, and Indemnities over Time.***

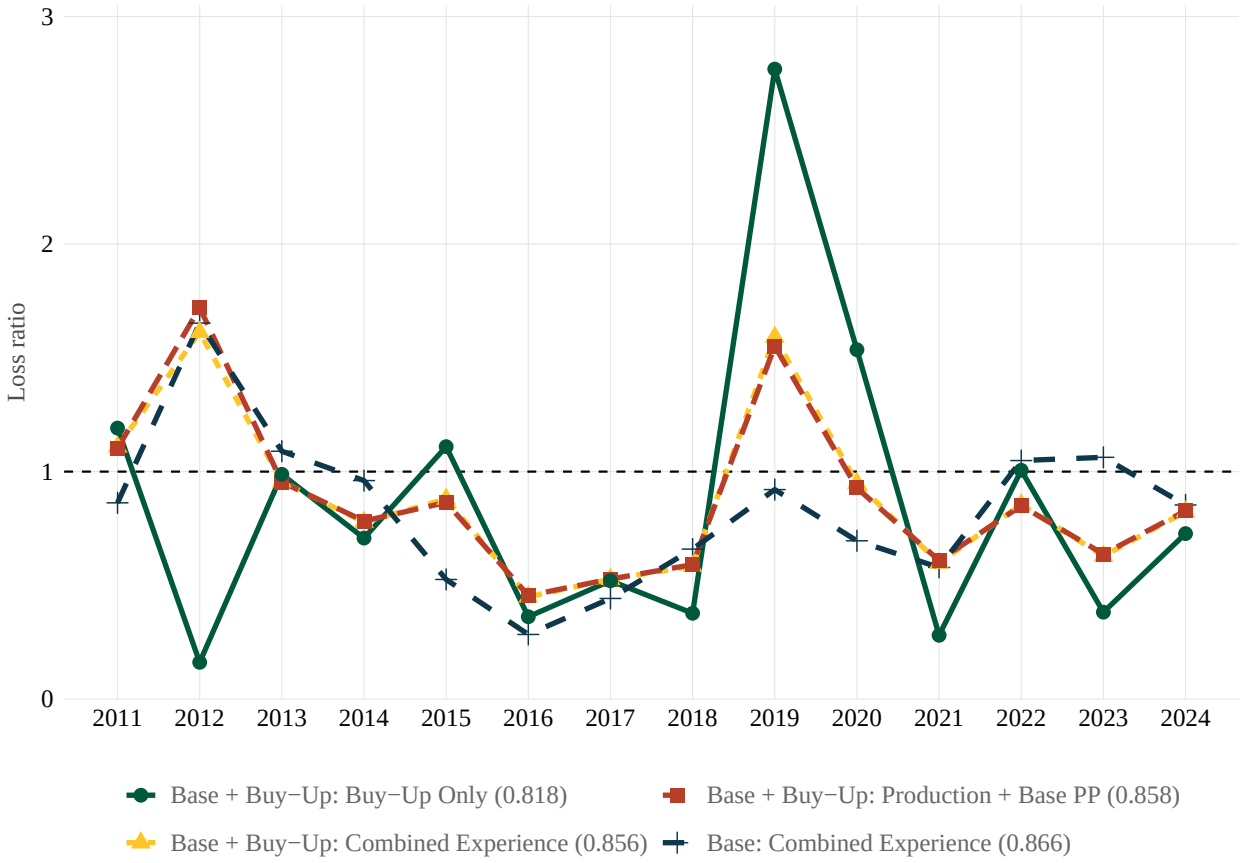
Source: NDSU Agricultural Risk Policy Center (ARPC) calculations using data from the USDA Risk Management Agency.

Using policy-level data from 2011–2024 for the six major crops, Turner and Tsiboe (2026) separates policies by whether a PP buy-up election was made and isolates both premiums and indemnities attributable to the buy-up portion. Four loss ratios are constructed to compare actuarial outcomes across base-only policies, combined base plus buy-up experience, the buy-up component alone, and the non-buy-up component among buy-up participants. This framework allows for a direct comparison of actuarial performance between producers who did and did not elect PP buy-up coverage.

As shown in Figure 2, cumulative loss ratios across all four measures are remarkably similar over the 2011–2024 period, ranging from 0.818 to 0.866. The combined loss ratio for policies with buy-up coverage closely mirrors that of base-only policies, while the buy-up component on its own does not exhibit disproportionately poor performance. These results suggest that, at the national level, PP buy-up coverage was priced in a manner that adequately compensated for the additional indemnities it generated and did not mean-

ingfully erode overall actuarial performance. While these findings do not rule out localized imbalances, particularly in regions such as the Prairie Pothole Region, they indicate that concerns about widespread adverse selection in PP buy-up coverage are not evident in aggregate program outcomes.

Figure 2: ***FCIP Loss Ratios, 2011–2024.***



Note: Cumulative loss ratios from 2011–2024 are reported in parentheses. Includes data for only the six major commodities (corn, soybeans, wheat, cotton, rice, and sorghum) in the Federal Crop Insurance Program (FCIP).

Source: NDSU Agricultural Risk Policy Center (ARPC) calculations using data from the USDA Risk Management Agency.

The actuarial evidence indicates that prevented planting buy-up coverage did not compromise the financial integrity of the FCIP over the 2011 to 2024 period. Loss ratios for base-only policies, combined base plus buy-up policies, and the buy-up component itself are tightly clustered and well below unity, suggesting that premiums collected were broadly sufficient to cover realized indemnities. Importantly, buy-up elections do not appear to have generated systematically worse loss experience than non–buy-up coverage, undermining concerns that the option encouraged adverse selection or persistent actuarial imbal-

ance at the national level. While localized disparities may exist in regions with concentrated early-season weather risk, the aggregate program outcomes provide little empirical support for viewing PP buy-ups as an actuarial liability. As a result, the elimination of the 5% buy-up represents a policy choice driven by considerations other than demonstrated actuarial underperformance.

Distributional Exposure and Producer Losses from Prevented Planting Buy-Up Elimination

This section examines where the economic consequences of eliminating the PP buy-up option are most likely to be felt and how those effects translate into realized losses for producers. Using historical indemnity data, we first document the crop, state, and county-level concentration of PP buy-up payments to identify the regions and production systems most exposed to the policy change. We then quantify the portion of indemnities directly attributable to the 5% buy-up option that are now at risk under the EARP rule and place these magnitudes in the context of prior policy changes, particularly the 2018 reduction from a 10% to a 5% buy-up. Finally, we evaluate the net per-acre impact of buy-up elimination for indemnified prevented planting acres, accounting for both the direct loss in insurance payments and the partial, offsetting effects of recent ad-hoc disaster programs.

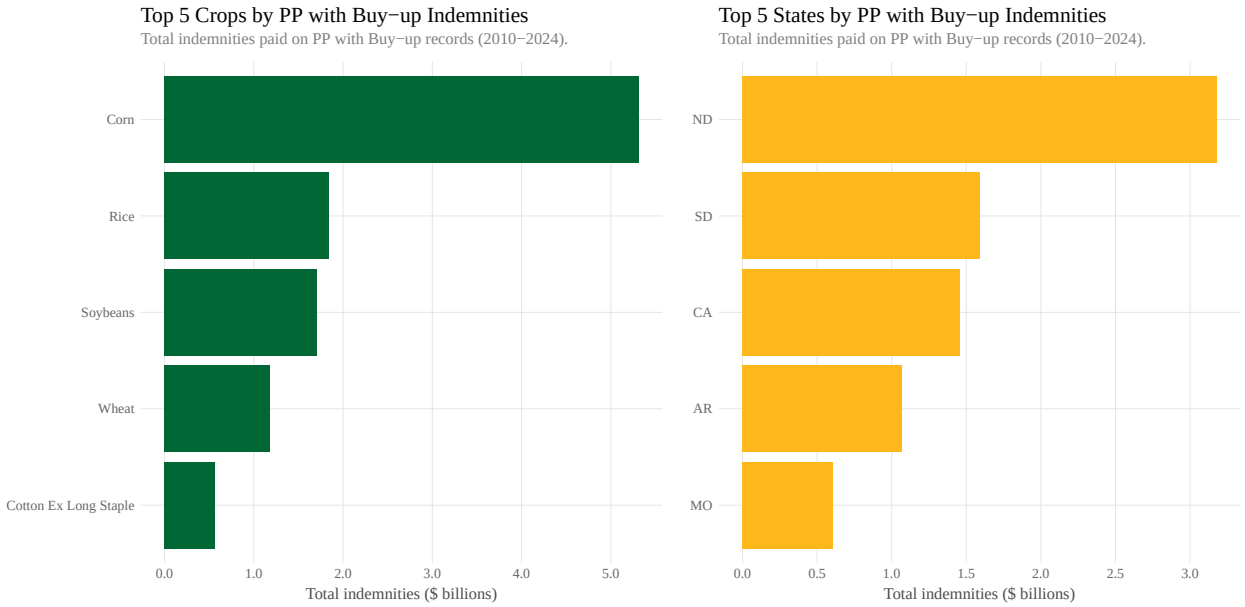
The Buy-up Indemnities at Risk

Chakravorty et al. (2025b) uses historical prevented planting indemnities across all commodities paid on buy-up records to illustrate where the effects of removing the prevented planting buy-up option are most likely to be concentrated across crops and states. The figures provide a reference point for understanding how changes in prevented planting coverage design translate into program expenditures and producer payments.

Figure 3 shows that prevented planting indemnities associated with buy-up coverage from 2010 to 2024 were heavily concentrated in a small number of crops and states. Corn accounts for the largest share of indemnities paid on buy-up records, followed by rice, soybeans, and wheat, while cotton contributes a comparatively small share. At the state level, North Dakota and South Dakota account for the largest cumulative indemnities, driven primarily by corn and soybean prevented planting, while California and

Arkansas account for most rice-related payments. Together, corn and rice represent the majority of buy-up-related indemnities over this period, and the Dakotas alone account for a substantial share of total observed fiscal outlays.

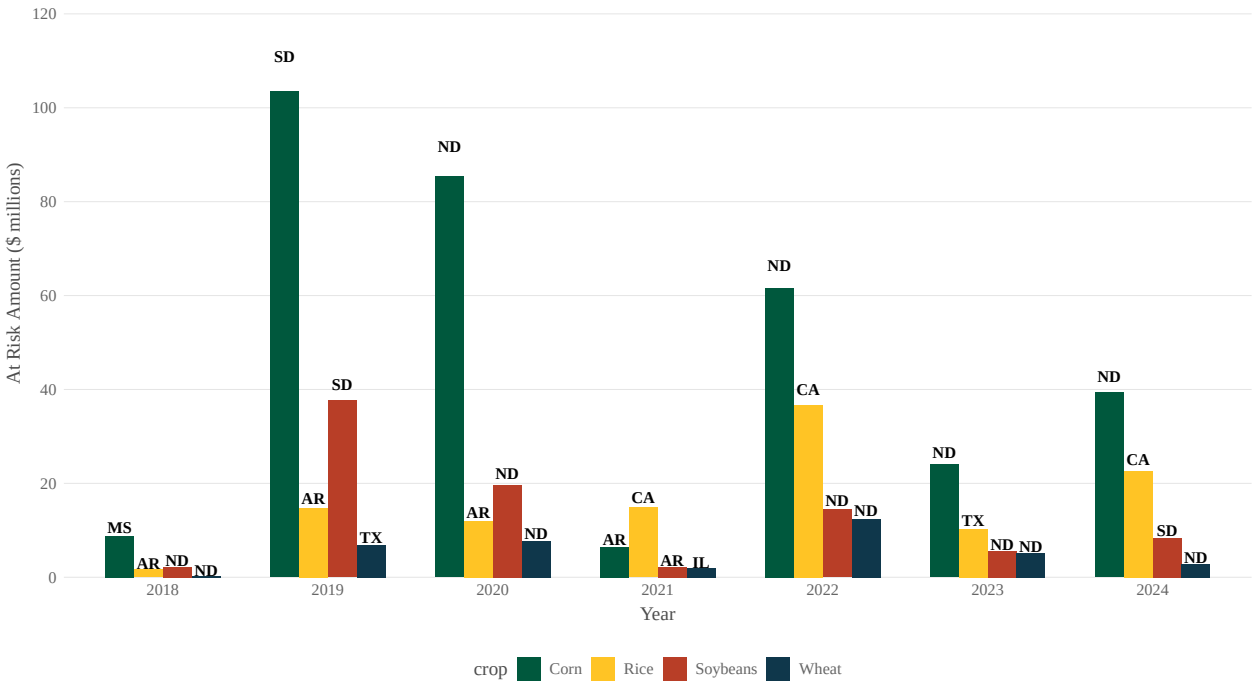
Figure 3: ***Top Five Crops and States by Prevented Planting (PP) Indemnities with Buy-Up Coverage.***



Source: NDSU Agricultural Risk Policy Center (ARPC) using data from the USDA Risk Management Agency Cause of Loss as of January 06, 2026.

Figure 4 focuses on the portion of prevented planting indemnities attributable to the 5% buy-up option from 2018–2024, representing the indemnities that are now at risk following the option's removal. Corn consistently accounts for the largest at-risk amounts every year, driven primarily by South Dakota and North Dakota, while soybeans follow a similar regional pattern at a smaller scale. Rice-related at-risk indemnities are concentrated in Arkansas and California, and wheat accounts for relatively small amounts in all years. Applying a counterfactual 10% buy-up share over this period shows that a substantial portion of buy-up-attributed indemnities had already been eliminated following the 2018 reduction, suggesting that the remaining removal of the 5% option will further reduce prevented planting payments in a predictable and geographically concentrated manner.

Figure 4: ***Prevented Planting Buy-Up Indemnities at Risk by Crop with Top State by Year, 2018–2024.***



Note: State label indicates the state with the largest at−risk amount for that crop−year.

Source: NDSU Agricultural Risk Policy Center (ARPC) calculations using data from the USDA Risk Management Agency Cause of Loss as of January 06, 2026.

Looking Back to 10% Elimination in 2018

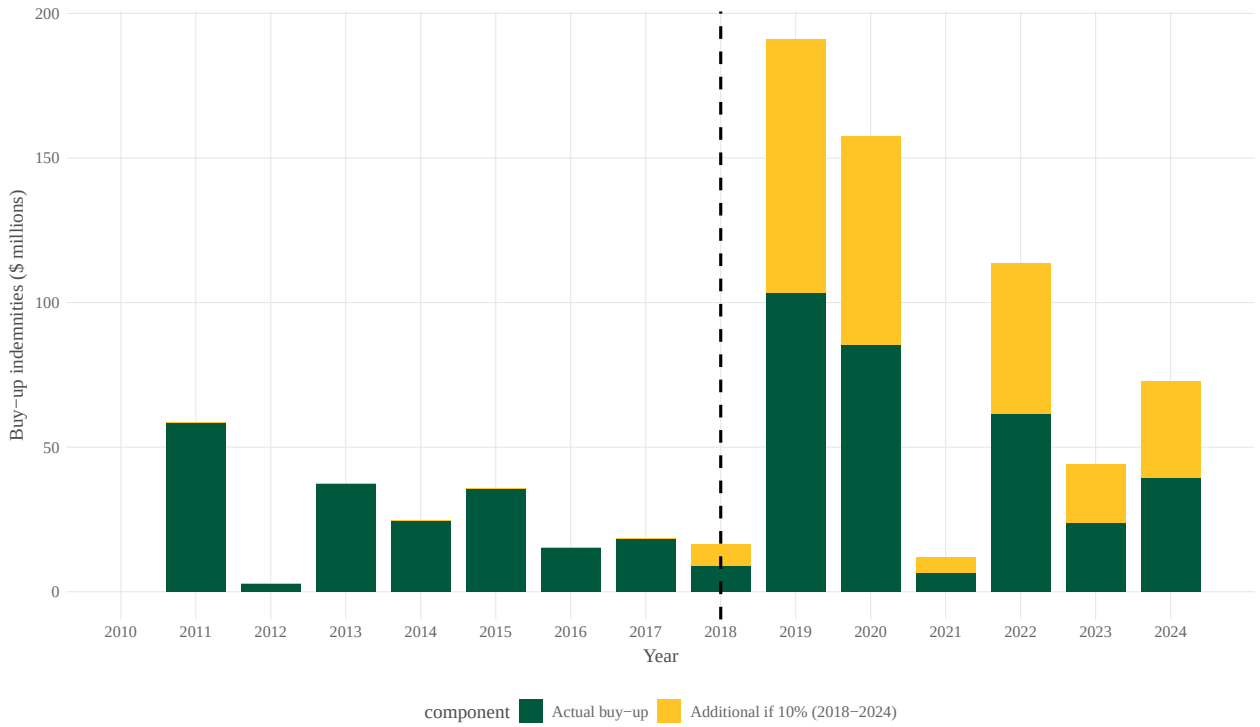
The Risk Management Agency (RMA) phased out the Prevented Planting 10% buy-up option for the 2018 and succeeding crop years. From Figure 5, we see that indemnified acres for the prevented planting with buy-up option as a share of total prevented planting indemnified acres saw an uptick after the policy change. Specifically, the share of indemnified acres under PF, which denotes the 5% buy-up option, jumps in 2018 as PT (10% buy-up option) is phased out. Subsequently, the share of PF indemnified acres sees a dramatic spike 2020 onwards, likely due to extreme prevented planting years and broader producer adoption.

Figure 5: ***Indemnified Prevented Planting Acres Enrolled in Buy-Up Option as a Share of All Indemnified Prevented Planting Acres.***

Source: NDSU Agricultural Risk Policy Center (ARPC) calculations using data from the USDA Risk Management Agency Cause of Loss as of January 06, 2026.

Figure 6 plots the indemnities for corn attributed to the buy-up options. The green bars in Figure 6 represent the actual dollars associated with PF in the post-2018 period, and the actual dollars associated with PT in the period leading up to 2018. The yellow bars (2018 onwards) represent the additional indemnities that would have been paid if PT had remained available. Given the uptick in indemnified acres since 2020, we see that significantly higher indemnities would have been paid out under a 10% buy-up regime.

Figure 6: ***Corn Prevented Planting Indemnities Attributable to Buy-Up Options: Actual 5% Buy-Up (Green) and Additional Indemnities Under a 10% Buy-Up Counterfactual (Yellow)***

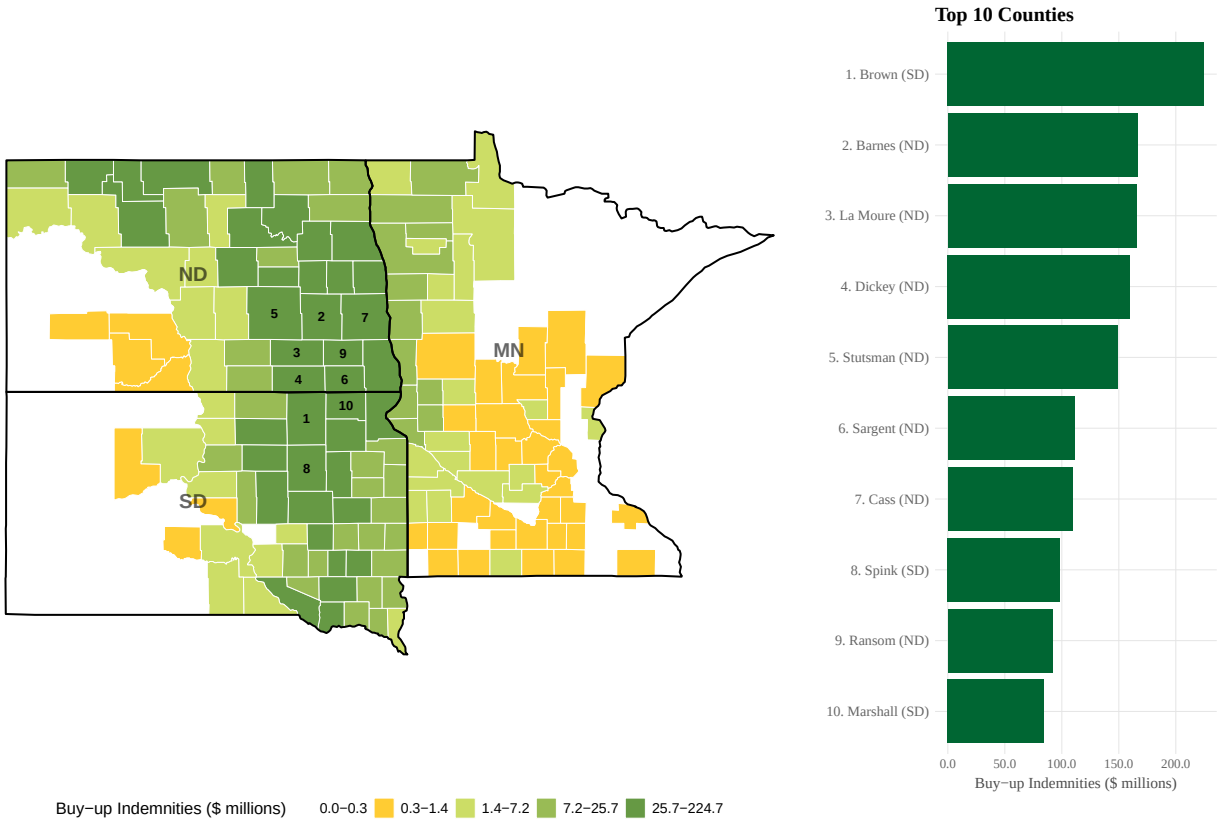


Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Cause of Loss as of January 06, 2026.

Geographic Distribution of Buy-up Indemnities

Figure 7 maps prevented planting buy-up indemnities at the county level across the Upper Midwest for all crops combined from 2018–2024 and highlights the counties with the largest total payments. Buy-up–related indemnities are spatially concentrated across eastern North Dakota and northeastern South Dakota. The highest cumulative indemnities are clustered in counties along and west of the Red River Valley, and the accompanying bar chart shows the top ten counties in terms of indemnities. Together, the map and ranking document the geographic distribution of prevented planting buy-up indemnities within the Upper Midwest during the post-2018 period.

Figure 7: ***County-Level Prevented Planting Indemnities for All Crops (2018-2024).***



Source: NDSU Agricultural Risk Policy Center (ARPC) calculations using data from the USDA Risk Management Agency Cause of Loss as of January 06, 2026.

Net Impact for Average Indemnified Prevent Plant Acres

The tables below present the net impact on North Dakota corn and soybean farmers from the elimination of the 5% prevented planting buy-up coverage. The analysis is projected off average North Dakota yields and 80% coverage levels to calculate year-by-year impacts (2018-2024).

The buy-up directly increases prevented planting payments by 5% of the insurance guarantee, in cases where a prevented planting claim is made. However, recent ad-hoc disaster programs (2020-2022 Emergency Relief Program and 2023-2024 Supplemental Disaster Relief Program) use offset-based formulas. Because these programs calculate eligible loss as (Benchmark Level - Crop Insurance Received), farmers with higher crop insurance payments, including those who purchased buy-up, receive lower ad-hoc pay-

ments. This offset effect partially reduces, but does not eliminate, the loss from buy-up elimination.[2]

The tables below show the net loss from buy-up elimination in two scenarios: (1) without any ad-hoc assistance, and (2) with ad-hoc programs included. Note that the net impact estimates are for indemnified prevent plant acres and not overall acres.

Without ad-hoc relief, the elimination of the 5% prevented planting buy-up results in a net loss of $18-26 per indemnified corn acre, varying by year according to yields and prices. When ad hoc payments are available (2019–2024), they partially offset these losses, reducing the net loss by about $3–16 per acre. Offsets are largest in 2020–2021 under ERP Phase 1 (75% payment factor), smaller under ERP 2022 (progressive factoring), and smaller still under SDRP in 2023–2024 (35% payment factor). After accounting for these programs, farmers lose about $4–24 per acre for an indemnified prevent plant acre from the elimination of buy-up. Net changes incorporate the cost of the buy-up premium, which averages roughly $1–2 per corn acre for farms that elect the 5% prevented planting buy-up option.

[2] The 2019 prevented planting top-up (15% bonus) was additive, increasing the benefit of buy-up rather than offsetting it. Ad-hoc payments come 1 to 3 years later and are not guaranteed by Congress.

Table 1: ***Corn: Net Impact of Eliminating 5% Buy-Up for an Indemnified Prevented Planting Acre in ND***

Category	2018	2019	2020	2021	2022	2023	2024
APH (bu/acre)	113	117	118	114	111	109	114
Projected RMA Price ($/bu)	3.96	4.00	3.88	4.58	5.90	5.91	4.66
Coverage Level	80%	80%	80%	80%	80%	80%	80%
PP Cov. w/o Buy-Up	55%	55%	55%	55%	55%	55%	55%
PP Cov. w/ Buy-Up	60%	60%	60%	60%	60%	60%	60%
PP Indemnity w/o Buy-Up ($/ac)	196.71	206.74	202.20	229.65	287.16	283.28	233.47
PP Indemnity w/ Buy-Up ($/ac)	214.59	225.53	220.58	250.53	313.26	309.03	254.70
Net Change w/o Buy-Up ($/ac)	**-17.88**	**-18.79**	**-18.38**	**-20.88**	**-26.11**	**-25.75**	**-21.22**
Ad-hoc payments without Buy-Up ($/ac)	0.00	31.01	175.78	199.64	37.44	114.92	94.72
Ad-hoc payments with Buy-Up ($/ac)	0.00	33.83	161.99	183.98	34.51	105.91	87.29
Net Change w/ Ad-hoc ($/ac)	**-17.88**	**-21.61**	**-4.60**	**-5.22**	**-23.17**	**-16.74**	**-13.80**
PP Buy-Up Acres (Indemnified)	41,794	328,234	1,611,189	22,569	856,233	320,772	328,850
Insured Acres	3,061,406	3,809,406	3,627,923	3,958,981	3,942,253	4,273,631	4,222,722

Note: Net changes reflect differences in prevented planting indemnities under 5% buy-up elimination, assuming 80% coverage levels and statewide average yields.

Source: ARPC analysis of RMA loss data.

Table 2: ***Soybean: Net Impact of Eliminating 5% Buy-Up for an Indemnified Prevented Planting Acre in ND***

Category	2018	2019	2020	2021	2022	2023	2024
APH (bu/acre)	37	38	39	37	36	36	37
Projected RMA Price ($/bu)	10.16	9.54	9.17	11.87	14.33	13.76	11.55
Coverage Level	80%	80%	80%	80%	80%	80%	80%
PP Cov. w/o Buy-Up	60%	60%	60%	60%	60%	60%	60%
PP Cov. w/ Buy-Up	65%	65%	65%	65%	65%	65%	65%
PP Indemnity w/o Buy-Up ($/ac)	179.18	174.72	171.21	211.02	246.34	236.31	203.31
PP Indemnity w/ Buy-Up ($/ac)	194.12	189.28	185.48	228.60	266.87	256.01	220.26
Net Change w/o Buy-Up ($/ac)	**-14.93**	**-14.56**	**-14.27**	**-17.58**	**-20.53**	**-19.69**	**-16.94**
Ad-hoc payments without Buy-Up ($/ac)	0.00	26.21	125.74	154.97	27.14	80.99	69.68
Ad-hoc payments with Buy-Up ($/ac)	0.00	28.39	115.03	141.78	24.83	74.09	63.75
Net Change w/ Ad-hoc ($/ac)	**-14.93**	**-16.74**	**-3.57**	**-4.40**	**-18.22**	**-12.80**	**-11.01**
PP Buy-Up Acres (Indemnified)	34,957	194,492	651,642	18,664	350,986	155,392	131,835
Insured Acres	6,803,628	5,790,665	6,434,324	7,163,231	6,152,751	6,305,144	6,684,341

Note: Net changes reflect differences in prevented planting indemnities under 5% buy-up elimination, assuming 80% coverage levels and statewide average yields.

Source: ARPC analysis of RMA loss data.

Without any ad-hoc relief, the elimination of the 5% prevented planting buy-up results in a net loss of $14-21 per indemnified soybean acre, varying by year according to yields and prices. When ad hoc payments are available (2019–2024), they partially offset these losses, reducing the net loss by about $2–10 per acre. The offsets are largest in 2020–2021 under ERP Phase 1 (75% payment factor) and smaller under ERP 2022 (progressive factoring) and SDRP in 2023–2024 (35% payment factor). Even after account-

ing for these programs, farmers remain about $4–18 per acre worse off from buy-up elimination. Net change does factor in buy-up premiums, which average approximately $1-1.50 for soybean acres enrolled in the 5% prevented planting buy-up option.

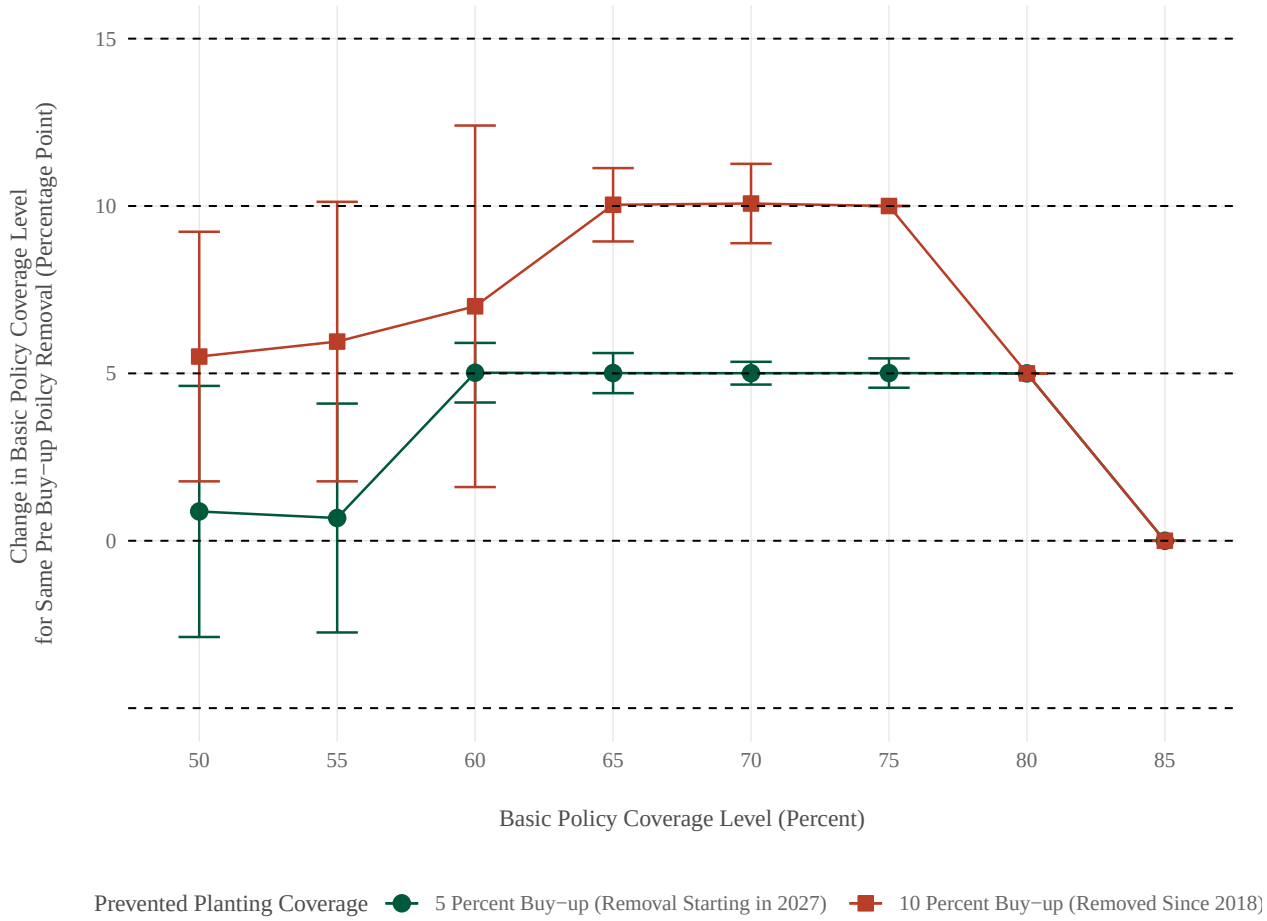
The evidence on the distributional impacts of PP buy-up elimination across all crops in the FCIP shows that removing the 5% PP buy-up results in concentrated and economically meaningful losses rather than broad program-wide effects. Buy-up indemnities were primarily concentrated in corn and rice and in regions with persistent early-season weather risk, particularly the Upper Midwest and major rice-producing states. While ad-hoc disaster programs partially offset lost insurance payments in some years, these offsets are incomplete, uncertain, and reduced for producers who previously elected buy-up coverage. As a result, indemnified producers remain worse off on a per-acre basis even after disaster assistance. Overall, eliminating PP buy-ups reduces planting-season protection where it has been most heavily used, shifting risk back onto producers without a comparable alternative within the federal crop insurance program.

Limits and Costs of Replacing Prevented Planting Buy-Ups with Higher Coverage

The elimination of prevented planting (PP) buy-up coverage changes farmers' ability to manage planting-season risk (Tsiboe, 2026; Tsiboe et al., 2026). As a result, farmers must rely on broader coverage decisions rather than targeted adjustments to planting-season protection.

Figure 8 illustrates the extent to which higher overall coverage levels can substitute for the PP protection previously provided by buy-ups. At moderate starting coverage levels, roughly 60 to 75%, relatively small increases in coverage can approximate the protection from a 5% buy-up. However, replacing larger buy-ups requires substantially larger increases in coverage, and as farmers approach the maximum allowable coverage level of 85%, substitution becomes increasingly constrained. For farmers already near these limits, it is mechanically impossible to fully replace buy-up protection through coverage increases alone, highlighting that the feasibility of substitution depends critically on initial coverage choices.

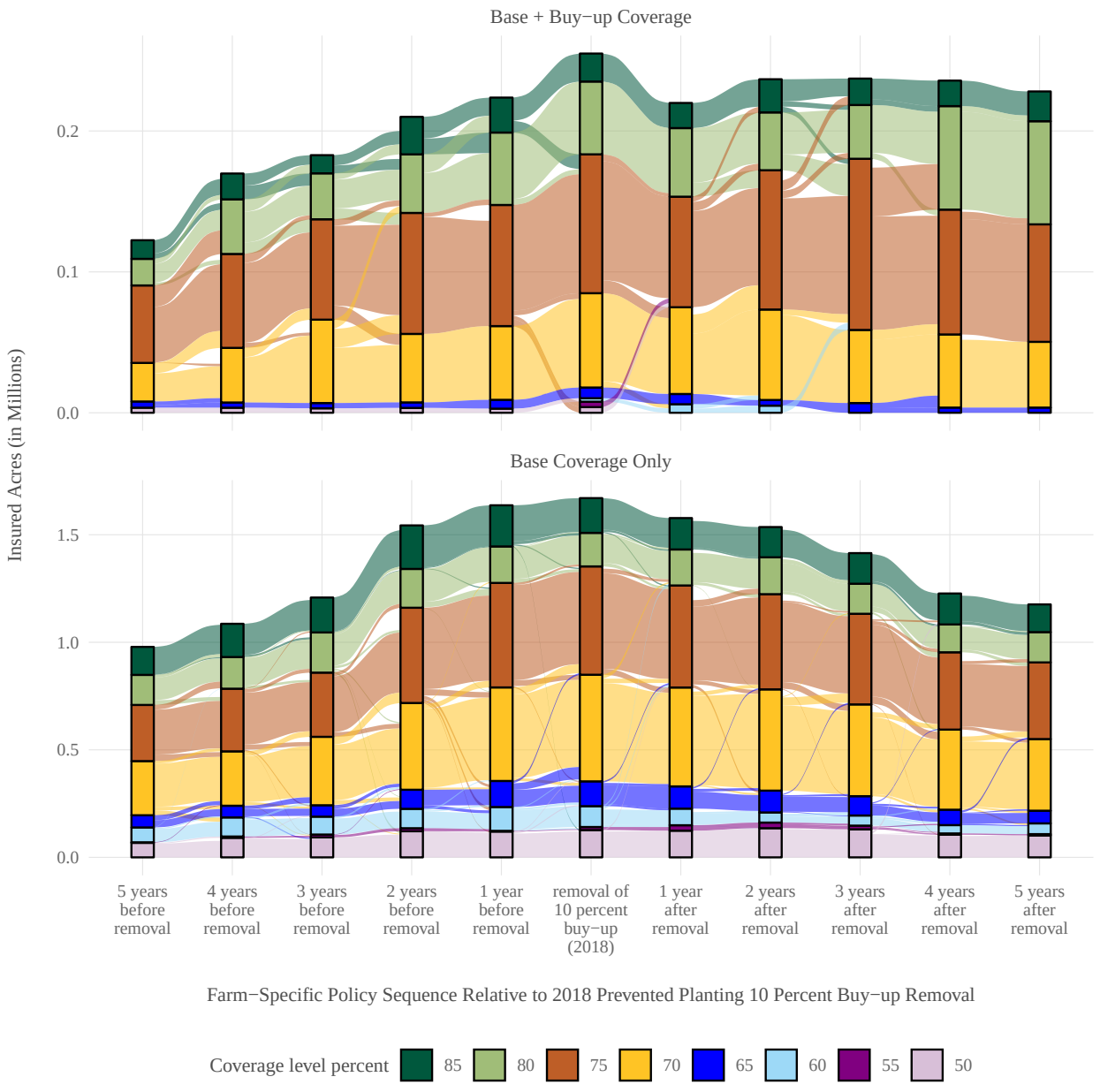
Figure 8: ***Mechanical Feasibility and Limits of Coverage Substitution.***



Source: NDSU Agricultural Risk Policy Center (ARPC) calculations using data from the USDA Risk Management Agency Summary of Business as of January 06, 2026.

Figure 9 shows how producers adjusted their coverage decisions following the removal of a previous PP buy-up option in 2018. Farmers who had previously elected buy-ups gradually shifted acreage toward higher coverage levels over several years, particularly moving from 70 and 75% coverage to 80 and 85%. These adjustments occurred slowly, suggesting that higher premiums and program limits constrained rapid substitution. In contrast, farmers who had not used buy-ups exhibited little change in coverage distribution, indicating that the observed shifts were driven primarily by the policy change rather than broader trends in insurance participation.

Figure 9: ***Observed Producer Responses following Buy-Up Removal.***



Source: NDSU Agricultural Risk Policy Center (ARPC) calculations using data from the USDA Risk Management Agency Summary of Business as of January 06, 2026.

The elimination of the prevented planting (PP) buy-up option alters how farmers manage planting-season risk by removing a targeted coverage adjustment and pushing risk management decisions toward broader coverage choices. While recent policy changes under the One Big Beautiful Bill (OBBB) increase pre-

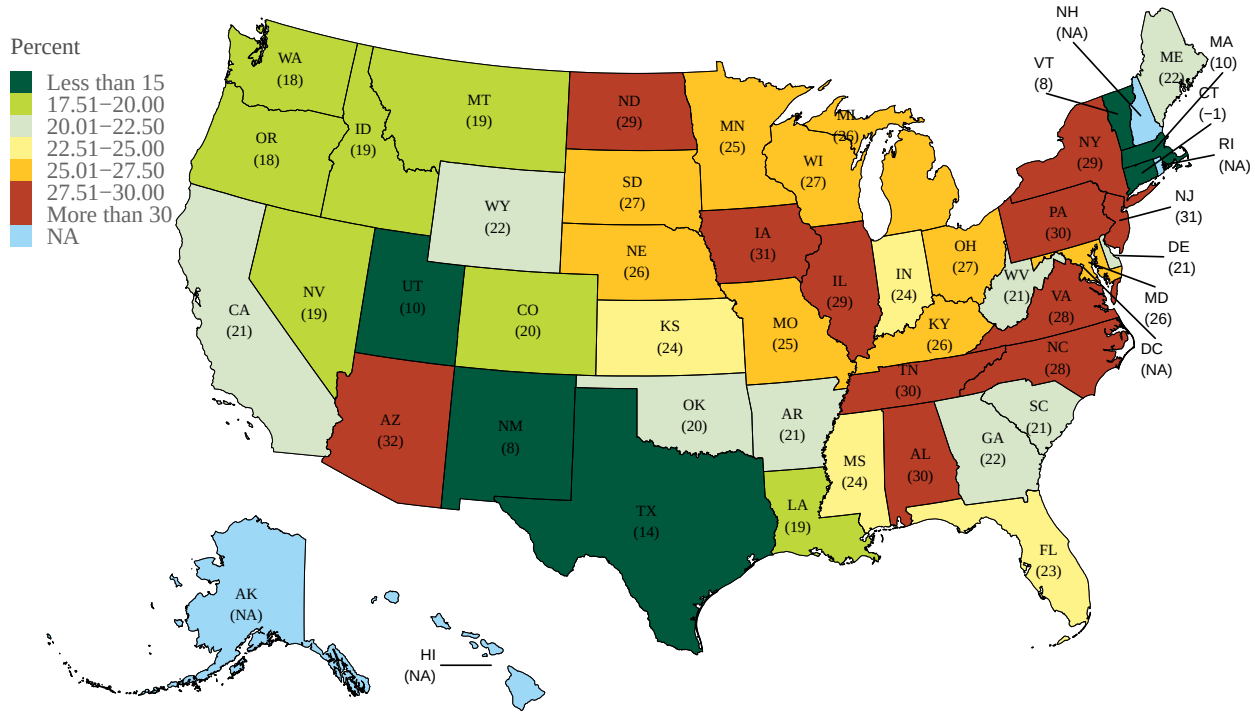
mium subsidies and expand federal support for crop insurance, farmers seeking to replace lost PP protection must generally do so by selecting higher coverage levels, which increases total insured liability and producer-paid premiums.

A counterfactual simulation using Risk Management Agency data (Tsiboe, 2026) evaluates how producer-paid premiums change when the eliminated 5% PP buy-up is replaced through higher coverage levels under OBBB subsidy rules, holding insured acres, plan choices, and unit structures fixed. The results indicate that replacing PP buy-up protection requires substantial premium increases across most crops, even with enhanced subsidies. Estimated producer-paid premium increases range from roughly 14 to 29%, corresponding to additional per-acre costs of approximately $1.91 to $5.13. These increases reflect the higher cost of achieving planting-season protection through broader coverage rather than a targeted buy-up.

Figure 10 shows that the resulting out-of-pocket cost changes vary widely across states. Differences are driven primarily by prevailing unit structures and typical coverage level selections. States dominated by enterprise or whole-farm units with moderate coverage levels, such as Vermont, New Mexico, Massachusetts, Utah, and Texas, see much of the substitution cost offset by OBBB subsidy increases. In contrast, states where enterprise or whole-farm units are combined with historically high coverage levels (above 70%) experience the largest increases in producer-paid premiums. This group includes Arizona, New Jersey, Iowa, Alabama, Tennessee, Pennsylvania, Illinois, and North Dakota, highlighting that the loss of PP buy-ups disproportionately affects producers who were already concentrated near upper coverage limits.

In summary, higher coverage levels provide only an imperfect and often costly substitute for prevented planting buy-up protection. While some producers can partially replace lost PP coverage through modest coverage increases, substitution becomes increasingly constrained near the 85% coverage ceiling and is impossible for producers already at that limit. Even where substitution is feasible, it requires substantial increases in producer-paid premiums, with the largest cost burdens falling on states and producers already concentrated at higher coverage levels. These results underscore that eliminating PP buy-ups shifts planting-season risk onto producers through both reduced protection and higher out-of-pocket costs.

Figure 10: ***State-Level Impacts on Producer-Paid Premiums from Coverage Level Adjustment After Prevented Planting Buy-Up Removal Under Alternative Subsidy Policies.***



Source: NDSU Agricultural Risk Policy Center (ARPC) using data from the USDA Risk Management Agency Summary of Business as of January 06, 2026.

Conclusion

The elimination of the 5% prevented planting (PP) buy-up under the Expanding Access to Risk Protection (EARP) rule represents a significant change in how planting-season risk is managed within the Federal Crop Insurance Program. Our analysis demonstrates that PP buy-up coverage was actuarially sound at the national level, with loss ratios closely aligned to base policies and no evidence of systematic underpricing or adverse selection. The policy change removes a targeted instrument that had allowed producers to tailor early-season protection independently of broader yield and revenue coverage decisions.

Empirically, the removal of the 5% buy-up generates meaningful and persistent losses for producers ex-

periencing prevented planting events. For indemnified acres, losses average $18-26 per corn acre and $14–21 per soybean acre in the absence of ad-hoc relief, and even with recent disaster programs, residual net losses of roughly $4–24 per acre remain. These offsets are partial, uncertain, and contingent on congressional action, underscoring that ad-hoc programs are not a reliable substitute for standing insurance coverage. Historical prevented planting events in 2020/21 illustrate that, under the new rule, substantial portions of realized losses would have gone uncompensated.

Critically, eliminating the buy-up also constrains producer adjustment margins. While some farmers can partially replace lost PP protection by increasing overall coverage levels, doing so requires sizable increases in producer-paid premiums (on the order of 14–29%, or roughly $2–5 per acre) even under the more generous subsidy structure introduced by the One Big Beautiful Bill. For producers already at or near the 85% coverage ceiling, substitution is mechanically impossible, resulting in an involuntary reduction in planting-season protection with no alternative available within the federal insurance program.

Experience following the 2018 removal of the 10% buy-up suggests that producer responses to such changes are slow and incomplete. Coverage adjustments unfolded over several years and failed to fully close the protection gap, a pattern likely to repeat following the 2027 elimination. Taken together, the evidence indicates that the EARP rule reduces producer flexibility, shifts risk back onto farmers during the planting season, and does so without clear actuarial justification or an equivalent replacement mechanism. These findings highlight a policy tradeoff: simplifying program design comes at the cost of increased exposure to early-season risk, particularly in regions and crops where prevented planting losses have historically been most severe.

References

Boyer, Christopher N., Eunchun Park, and Seong D. Yun (2023). *Corn and soybean prevented planting acres response to weather*. Applied Economic Perspectives and Policy 45(2): 970–983. https://doi.org/10.1002/aepp.13237.

Chakravorty, Rwit, Shawn Arita, and Francis Tsiboe (2025a). *Rising Costs, Falling Prices: Regional Disparities Deepen Farm Financial Stress*. ARPC Brief 2025–11. https://doi.org/10.22004/ag.econ.388967.

Chakravorty, Rwit, Dylan Turner, and Francis Tsiboe (2025b). *Prevented Planting Buy-Up Coverage: Payments and Policy Changes*. ARPC Brief 2025–18. https://doi.org/10.22004/ag.econ.386094.

Lee, Seunghyun and John T Abatzoglou (2023). *Effects of water surplus on prevented planting in the US Corn Belt for corn and soybeans*. Environmental Research Communications 5(9). Publisher: IOP Publishing: 095014. https://doi.org/10.1088/2515-7620/acf919.

Tsiboe, Francis (2026). *Prevented Planting After Buy-Up Elimination: Coverage Level Substitution, Producer Costs, and the Role of Enhanced Premium Subsidies Under the One Big Beautiful Bill (OBBB).* ARPC White Paper 2026-01. https://doi.org/10.22004/ag.econ.386196.

Tsiboe, Francis, Chakravorty, Rwit, and Hongxi Zhao (2026). *Ending Prevented Planting Buy-Ups Changes Insurance Choices and Expands Program Risk*. ARPC Brief 2026–02. https://doi.org/10.22004/ag.econ.388966.

Turner, Dylan and Francis Tsiboe (2026). *The Actuarial Performance of Prevented Planting Buy-Up Coverage*. ARPC Brief 2026–01. https://doi.org/10.22004/ag.econ.387586.

Turner, Dylan, Francis Tsiboe, Hunter Biram, and Lawson Connor (2025). *Actuarial Implications of Prevented Planting Coverage*. Applied Economic Perspectives and Policy 47(1): 394–415. https://doi.org/10.1002/aepp.13471.

Recommended Citation Format

Francis Tsiboe, Rwit Chakravorty, Dylan Turner, Shawn Arita, and Hongxi Zhao (2026). *Prevented Planting Buy-Up Elimination and What the Evidence Indicates about Adoption, Actuarial Performance, and Pre-Planting Risk Management Options for Farmers.* ARPC White Paper 2026–02. Agricultural Risk Policy Center, North Dakota State University.

Disclaimer

This ARPC White Paper is intended to inform discussion of agricultural policy and risk management. The analysis and conclusions are those of the authors and do not necessarily represent the views of the Agricultural Risk Policy Center at North Dakota State University, or any funding or partner institutions. All errors and omissions are the responsibility of the authors. This report is provided for informational and educational purposes only and does not constitute legal, financial, or policy advice. Readers should rely on their own professional judgment and consult additional data sources and qualified experts before making policy, legal, or business decisions.

About the Agricultural Risk Policy Center

The Agricultural Risk Policy Center at North Dakota State University conducts independent, evidence-based economic research to inform agricultural policy and strengthen the farm safety net. Our work focuses on evaluating risk management tools such as crop insurance and disaster assistance, analyzing market disruptions, and providing timely insights that support agricultural producers, policymakers, and industry leaders.

Strengthening the U.S. Farm Safety Net with Evidence-based Policy Insights.

Contact Us

arpc@ndsu.edu

www.ndsu.edu/agriculture/arpc

Richard H. Barry Hall 400, Fargo, ND

https://www.linkedin.com/company/ndsu-agricultural-risk-policy-center

NDSU AGRICULTURAL RISK POLICY CENTER