Sugarbeet and dry bean producers have several production risk management options available to them. Many producers choose to self-insure against perils which cause yield losses. Others purchase single peril (hail) insurance products. Some producers choose to purchase Risk Management Agency (RMA) Multiple Peril Crop Insurance (MPCI). MPCI is a yield insurance product which provides risk management for a variety of yield-reducing perils.

MPCI coverage requires producers to make choices regarding coverage areas. That is, producers can elect to purchase coverage for all acres of a specific crop within a county under a single insurance contract. This land designation is called an Enterprise Unit. Alternatively, producers may be able to insure their acreages under more than one insurance contract. That is, acreage of a specific crop can be divided into Basic Units based upon common cost/crop share arrangements. Finally, regardless of cost/crop share arrangements, producers can insure the acreage of a specific crop by topographical section. This smallest land designation is called an Optional Unit. Regardless of unit selection, producers must insure all of the acres of a crop within a county if they choose to purchase RMA insurance on any of those acres. In the case of dry beans, MPCI is available based upon varieties.

Producers must also establish Actual Production Histories (APH) or proven yields...
for any crop that is to be insured with an RMA product. APH yields must consist of 4 to 10 years of proven yields. These years must include the most recent crop year and be consecutive. A variety of mechanisms have been established for determining APH yields in the absence of proven yields and for new producers.

Producers must also make decisions regarding yield and price elections when purchasing MPCI coverage. Yield elections for irrigated sugarbeets range from 50%-85%, and from 50%-75% for dry beans. Yield elections and APH yields determine the minimum yield guarantee. Higher yield elections are the equivalent of lower insurance deductibles. Hence, producers pay more for higher yield elections. Producers may choose price elections ranging from 55%-100% of Federal Crop Insurance Corporation (FCIC) forecasted harvest prices. Price elections determine the monetary value of yield losses that are below the minimum yield guarantee. Higher price elections increase insurance costs.

Replant options can also be purchased in conjunction with MPCI policies related to sugarbeets and dry beans. Replant indemnities are paid if a peril causes a reduction in plant populations such that 90% of the minimum yield guarantee cannot be obtained. Indemnities are generally the monetary equivalent of 1 ton of sugarbeets and 120 pounds of dry beans.

Producers need to consider the relative costs and expected benefits of purchasing yield insurance. That is, one must consider the reasons for purchasing insurance. In addition, the costs and protection offered by different insurance products vary across counties, crops, and years.