

LATE AND PREVENTED PLANTING OPTIONS FOR 2019

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Farm operators in many portions of the Upper Midwest and Northern Plains States are dealing with very wet field conditions and delayed crop planting. Unless conditions improve soon, some producers could be forced to consider not planting a portion of their crops in 2019. As we approach the final planting dates (listed later), producers in the affected areas will be evaluating their crop insurance coverage for late planting or prevented planting options, as compared to the yield and profit potential for late planted corn and soybeans.

Crop producers will have different yield potential, crop expenses, land costs, etc. on various farm units, as well as differences in their level of crop insurance guarantees, on various farms. All of these factors become important when evaluating prevented planting crop insurance decisions. It is also important to note that the guaranteed payments for prevented planting with corn and soybeans can vary considerably, depending on your crop insurance coverage. The decision that your neighbor makes regarding prevented planting may not necessarily be the best decision on your farm, depending on the factors involved.

Producers should contact their crop insurance agent for more details on final planting dates and prevented planting options with various crop insurance policies, before making a final decision on prevented planting. In addition, the prevented planted acres need to be reported to their crop insurance agent. The USDA Risk Management Agency (RMA) has some very good crop insurance fact sheets and information available on their web site at: <https://www.rma.usda.gov/>

Late and Prevented Planting Crop Insurance Considerations:

Following are some items for producers with the COMBO crop insurance products (Revenue Protection (RP) or Yield Protection (YP) coverage) to consider before deciding among the various late or prevented planting crop options (listed later):

- **The “Final Planting Dates” and the “Late Planting Period” for a given crop.**
Once the final planting dates are reached for a given crop, a producer with appropriate crop insurance coverage has several options (listed later) during the late planting period. **Following are the final planting dates and late planting period for corn and soybeans at various locations:**

CORN

- **May 25** in the Northern Minnesota, extreme Northern Wisconsin, most of Nebraska, and most counties in North and South Dakota. Late planting period is from May 26 to June 19.
- **May 31** in the Southern two-thirds of Minnesota, all of Iowa, most counties in Wisconsin, and a few counties in Southeast North and South Dakota. Late planting period extends from June 1 to June 25.
- **June 5** in Illinois, Indiana, Ohio, and most of Michigan. Late planting period is from June 6 to June 30.

SOYBEANS

- **June 10** in most counties in Minnesota, Nebraska, North and South Dakota, the northern two-thirds of Wisconsin that are eligible for crop insurance. Late planting period extends from June 11 to July 5.
- **June 15** in all of Iowa, the southern on-third of Wisconsin, the northern on-third of Illinois, and most counties in Michigan. Late planting period is from June 16 to July 10.
- **June 20** in Indiana, Ohio, and the balance of Illinois. Late planting period is from June 21 to July 15.

Note --- Please refer to the maps at the end of this Information sheet for final planting dates for corn and soybeans in specific counties in the upper Midwest and Northern plains States.

- **Prevented planting crop insurance coverage.**

Once the crop insurance “Final Planting Date” for corn or soybeans has been reached, farm operators can opt to take the prevented planting insurance coverage, if they have that coverage option, rather than planting the crop. Most crop producers in the Upper Midwest carry Revenue Protection (RP) crop insurance with prevented planting coverage on their corn and soybeans. **If they choose the prevented planting coverage, they will receive 55 percent of their original crop insurance guarantee for corn, and 60 percent of the original insurance guarantee for soybeans on a specific farm unit.** There was an option to purchase an additional five percent of prevented planting coverage, up to 60 percent coverage for corn and 65 percent coverage for soybeans. (Please refer to the examples later in this Information Sheet for the estimated prevented planting gross payment at various APH yields and crop insurance coverage levels.)

- **Late planting crop insurance coverage.**

Following the “Final Planting Date” for a crop (listed earlier), there is reduction of one percent per day in the crop insurance guarantee (from the maximum guarantee) for a given crop during the 25-day late planting period. (Example corn in Southern Minnesota planted on June 10 would have a crop insurance guarantee that is 90 percent of the original maximum guarantee.) Following the end of the late planting period, the crop insurance guarantee drops to 55 percent of the maximum guarantee for corn on a given farm unit, and to 60 percent of the maximum insurance guarantee for soybeans, which is at the same level as the typical prevented planting insurance payments.

- **Minimum acreage required to qualify for Prevented Planting coverage.**

To qualify for prevented planting insurance coverage and payments, affected areas must be the lower of 20 acres, or 20 percent of the total eligible insured acreage in a farm unit. Very small areas of land do not qualify for prevented planting coverage, which could affect smaller land tracts with optional unit insurance coverage. Meeting the 20 percent threshold will likely be easier with enterprise units than with optional units; however, there is lot of variation from farm-to-farm, so producers need to check with their crop insurance agent.

(Example --- 500 A. of Corn; 400 A. (80%) planted with full crop insurance coverage; Prevented Planting paid on the remaining 100 acres (20%) at 55% (.55) of the crop insurance guarantee per acre.)

- **Maximum eligible acreage for Prevented Planting coverage.**

The maximum acreage eligible for prevented planting coverage is limited to the number of acres in the insurable farm unit (enterprise or optional unit). **The maximum acres of a crop eligible for prevented planting payments is the highest number of acres planted to that crop on that insurable farm unit in the past four years, regardless of the planned crop acreage for 2019.** (Example --- If the total acres in a farm unit is 100 acres, but the highest corn acreage in the past four years was 60 acres, the maximum corn acres eligible for prevented planting coverage on that farm unit would be 60 acres.)

- **Minimum planted crop acres to get the premium level of Enterprise Units.**

A producer filing a prevented planting claim, who originally signed up with Enterprise Units, must have planted the lower of 20 acres or 20 percent of the insured crop acres in at least two Sections of land to be eligible for the lower insurance premiums with Enterprise Units. Otherwise, the farm unit will still receive the appropriate prevented planting payment on that farm unit, but will be charged the insurance premiums for the higher of basic or optional units. (This would be the situation if no acres of a crop were planted.)

- **Prevented Planting notification to Crop Insurance Agents.**

Crop insurance policy holders are required to notify their insurance agent within 72 hours after the Final Planting Date, if they plan to file a prevented planting insurance claim. The same 72-hour deadline is in place during the 25-day late planting period, if a producer decides to discontinue planting, and proceed with a prevented planting claim.

- **No “Harvest Price” (HP) option with Prevented Planting.**
 There is no harvest price (HP) option with prevented planting insurance coverage, so even if the harvest price is higher than the Spring base price for a crop, the amount of the prevented planting payment will not be increased. Prevented planting payments are determined by the Spring base price.
- **Impact of Prevented Planting on future APH yields.**
 Generally, prevented planted acres will not impact the future APH yields, unless a second crop is planted, as only the planted acres are used to determine the crop year yield on a farm unit. If a second crop is planted, the prevented planted acres will be assigned a yield equal to 60 percent (.60) times the APH on the farm unit. If no insured crop acres are planted on a farm unit, that crop year will not be considered in the future APH calculation. **However, it should be noted that actual crop yields from crops planted during the late planting period will be used for future APH calculations.**
- **No Prevented Planting coverage with Supplemental Crop Option insurance**
 Some producers purchased the Supplemental Crop Option (SCO) insurance coverage for 2019, which is a farm program option under the Farm Bill. **There is no prevented planting eligibility on the SCO insurance coverage. Prevented planting coverage is only available on the underlying COMBO crop insurance coverage.** In addition, producers that purchased higher “buy-up” levels of crop insurance coverage through private companies can not exceed the basic crop insurance guarantee (maximum of 85%) for calculating prevented planting payments.
- **Choosing Prevented Planting on 2019 crop acres will not affect ARC-CO or PLC payments.**
 Later this year, farm operators will be choosing between the Ag Risk Coverage (ARC-CO) and Price Loss Coverage (PLC) farm program options for the 2019 and 2020 crop years, as part of the new farm Bill. The ARC-CO or PLC payments are based on established crop base acres and not on planted crop acres in 2019, so the acres that are under prevented planting will not impact any potential 2019 farm program payments.
- **Prevented or Late Planting in 2019 could affect potential MFP payments.**
 Due to the continuing trade conflicts between the U.S. and China, as well as with other countries, there has recently been some discussion regarding the possibility of farmers receiving another market facilitation program (MFP) payment for the 2019 crop year. In 2018, farm operators received a MFP payment of \$1.65 per bushel on every bushel of soybeans produced in 2018, and \$.01 per bushel for every bushel of corn produced. Based on the 2018 MFP payment formula, there would be no MFP payments on prevented planted acres. **If there is another round of MFP payments on the 2019 crops, there is no guarantee that either the payment formula or the payment rate will be the same as in 2018.**
- **Management of Prevented Planting acres for the 2019 growing season.**
 Farm operators can choose to leave the prevented planted acres idle and control the weeds for the balance of 2019. They could also plant an approved cover crop on the prevented planted acres, with no reduction in the prevented planting insurance payment. **The cover crop can not be harvested in 2019; however, haying and grazing of those acres is permitted after November 1.**
- **Economics of the Prevented Planting or Late Planting decision.**
 Every producer and every farm unit is in a different situation as it relates to the economics of the prevented planting crop insurance decision, which is why it is important for farm operators to work with their crop insurance agent to analyze the economics of planting a crop late, versus filing a prevented planting claim on a various farm unit. One of the biggest differences when analyzing the economics for corn acres is probably whether or not any fertilizer has been applied yet. **Please refer to the prevented planting and late planting examples for corn and soybeans later in this Information Sheet.**

- **Resources available to help evaluate Prevented Planting or Late Planting decisions.**
Iowa State University and the University of Illinois Farm.doc. website have developed some very good spreadsheets to evaluate late and prevented planting crop decisions. Those spreadsheets are available at: <https://www.extension.iastate.edu/agdm/cdcostsreturns.html>. (Iowa State University) <https://farmdoc.illinois.edu/fast-tools/planting-decision-model> (Farm.doc website)
- **Bottom Line contact your Crop Insurance Agent regarding Prevented Planting decisions.**
Every producer's situation is different regarding late and prevented planting options, as a result, the best option will vary considerably from farm-to-farm, based on differences in yield potential and insurance coverage. The choice that a producer makes could result in a difference of thousands of dollars in the potential insurance coverage that is available. **This is why it is extremely critical for producers to consult with their crop insurance agent before finalizing late and prevented planting crop decisions.**

Late and Prevented Planting Crop Insurance Options:

If producers have an eligible COMBO (RP or YP) crop insurance policy, they would have the following options with regards to delayed or prevented planting after the established final planting dates (listed earlier):

- **File a Prevented Planting crop insurance claim on the qualifying original unplanted acres after the Final Planting Date.** (Example --- May 31 for corn and June 10 for soybeans).
The producer will receive a prevented planting payment per eligible acre equal to the original revenue guarantee times 55 percent (.55) for corn and 60 percent (.60) for soybeans. The original revenue guarantee is the APH yield times the crop insurance base price (\$4.00 per bushel for corn and \$9.54 per bushel for soybeans) times the level of crop insurance coverage level.
Following are examples with 80% RP coverage on corn and 85% RP coverage on soybeans:
(Corn Example --- $190 \text{ Bu./A} \times \$4.00/\text{Bu.} \times .80 = \$608.00 \times .55 = \mathbf{\$334.40}$ (Prev. Planting Payment)
(Soybean Ex. --- $55 \text{ Bu./A} \times \$9.54/\text{Bu.} \times .85 = \$474.98 \times .60 = \mathbf{\$267.60}$ (Prev. Planting Payment)

Please refer to the attached Table for further Prevented Planting payment examples.

- **Plant the insured crop during the late planting period, which is up to 25 days following the established final planting date for a given crop.**
For example, a final planting date of May 31 for corn results in a late planting period from June 1-25. The crop insurance coverage is reduced by 1 percent for each day after the Final Planting Date for the next 25 days. For crops planted after the final dates for the late planting period (June 25 for corn in the example), the crop insurance guarantee is set at a 55 percent of the original maximum guarantee.
- **Plant another crop (second crop) after the Final Planting Date.**
For example, soybeans could be planted on intended corn acres after May 31. In that case, there would be no prevented planting coverage payment eligibility for the corn acres, and the soybeans would be treated as insurable soybean acres. If the soybeans are planted after the final planting date (ex. - June 10), they are considered "late planted", with a one percent per day reduction in the revenue guarantee for 25 days.
- **Plant another crop (second crop) after the Late Planting Period.**
A producer that files a prevented planting insurance claim after the final planting date can not plant another crop on those acres during the 25-day late planting period, or they will lose the prevented planting payment. After the late planting period (Example - June 25 for corn and July 5 for soybeans), a producer could plant another crop (second crop) with the intent of harvesting that crop for forage. **Under this option, the prevented planting payment is reduced to 35 percent of the original prevented planting payment.** This may be an option for dairy and beef producers that are short of feed and hay supplies.
(Example --- $\$609.00/\text{A. Guarantee.} \times .55 = \$334.40/\text{A.} \times .35 = \mathbf{\$117.04/\text{A.}}$ (Adj. Prev. Pl. Payment)

CROP INSURANCE PREVENTED PLANTING GROSS REVENUE ESTIMATES FOR 2019

CORN

APH Yield	Crop Insurance Coverage Level		
	85 %	80 %	75 %
Estimated Gross Prevented Planting Insurance Payment Per Acre			
200	\$ 374	\$ 352	\$ 330
185	\$ 346	\$ 326	\$ 305
170	\$ 318	\$ 299	\$ 280
155	\$ 290	\$ 273	\$ 256
140	\$262	\$246	\$231

Notes:

- 2019 Corn Crop Insurance Spring Base Price = \$4.00 per bushel
- Corn Prevented Planting Payment = APH Yield x \$4.00/Bu. x % Coverage Level x .55

SOYBEANS

APH Yield	Crop Insurance Coverage Level		
	85 %	80 %	75 %
Estimated Gross Prevented Planting Insurance Payment Per Acre			
60	\$ 292	\$ 275	\$ 258
55	\$ 268	\$ 252	\$ 236
50	\$ 243	\$ 229	\$ 215
45	\$ 219	\$ 206	\$ 193
40	\$195	\$183	\$172

Notes:

- 2019 Soybean Crop Insurance Spring Base Price = \$9.54 per bushel
- Soybean Prevented Planting Payment = APH Yield x \$9.54/Bu. x % Coverage Level x .60

*** Table developed by Kent Thiesse, Farm Management Analyst ***

TABLE A --- PREVENTED PLANTING EXAMPLE FOR CORN

Background Data :

APH Yield	= 190 Bu./A.	
Insurance Policy	= 85 % RP Policy	
Insurance Units	= Enterprise Units	
Yield Guarantee	= 161.5 Bu./A.	
RP Base Price	= \$4.00/Bu.	
Revenue Guar.	= \$646.00/A.	
Late Planting	= 1 % / Day Revenue Reduction from June 1-25	
Prevented Planting	= \$355.30/A. (\$646.00 x .55)	
Direct Costs/A.	= \$325.00/A. (Fertilizer Cost = \$140.00/A.)	
Machinery Cost/A.	= \$75.00/A. (Overhead Costs)	
Land Cost/A.	= \$225.00/A.	
Total Cost/A.	= \$625.00/A.	
Prev. Pl. Cost/A.	= \$25.00/A	

	<u>SITUATION A</u> (Normal Planting)	<u>SITUATION B</u> (Late Planting)	<u>SITUATION C</u> (Prevented Planting)
Intended 2018 Corn Acres	500 A.	500 A.	500 A.
Corn Acres Planted	500 A.	500 A.	0
Corn Planting Date	500 A. by May 15	250 A. by May 31 250 A. by June 15	N/A
Revenue Guarantee	\$646.00/A. (500 A.)	\$646.00/A.(250 A.) \$549.10/A.(250 A.) \$597.55/A. (Ave.)	\$355.30/A. (500 A.)
Production Yield (est.)	190 Bu./A (500 A.)	180 Bu./A. (250 A.) 150 Bu./A. (250 A.)	Prev. Plant (500 A.)
Crop Price (est.)	\$3.50/Bu.	\$3.50/Bu.	N/A
Est. Revenue/Acre	\$665.00/A.	\$630.00/A.(250 A.) \$525.00/A.(250 A.) \$577.50 (Ave.)	\$355.30/A. (500 A.)
Crop Ins. Indemnity Payment	0	\$ 20.05/A. (Ave.)	0
Est. Total Revenue/Acre	\$665.00/A.	\$597.55/A. (Ave.)	\$355.30/A. (Ave.)
Total Cost Per Acre (*)	\$625.00/A.	\$625.00/A. (500 A.)	\$325.00/A.(500 A. Pr.Pl. N.F.) \$395.00/A.(500 A. Pr.Pl. Fert.)
Net Return Per Acre (*)	+\$ 40.00/A.	(-\$ 27.45/A.)	+\$ 30.30/A. (Pr.Pl. N.F.) (-\$ 39.70/A.) (Pr.Pl. Fert.)

(*) **NOTES** --- "N.F." refers to no fertilizer applied to Prevented Planted (Pr.Pl.) acres.

"Fert." means a charge of 50% (.50) of the fertilizer applied to prevented planted (Pr.Pl.) acres (\$70.00/A).

*** Table was prepared by Kent Thiesse, Farm Management Analyst ***

TABLE B --- PREVENTED PLANTING EXAMPLE FOR SOYBEANS

Background Data :

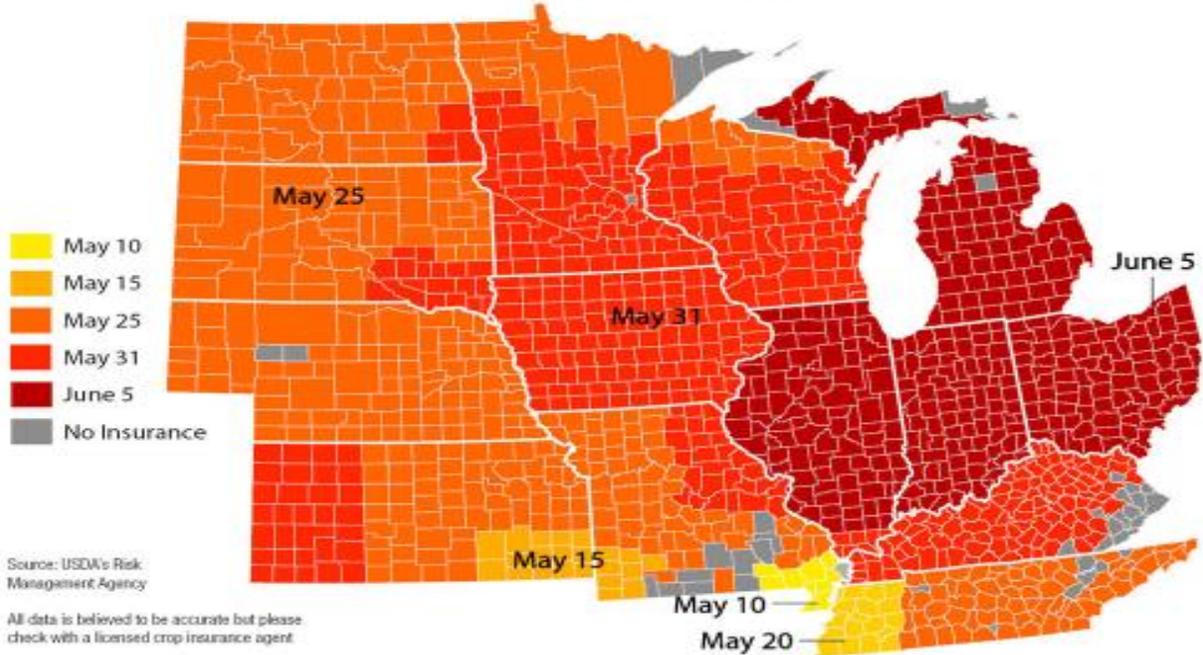
APH Yield	= 55 Bu./A.	
Insurance Policy	= 85 % RP Policy	
Insurance Units	= Enterprise Units	
Yield Guarantee	= 46.75Bu./A.	
RP Base Price	= \$9.54/Bu.	
Revenue Guar.	= \$446.00/A.	
Late Planting	= 1 % / Day Revenue Reduction from June 11 until July 5	
Prevented Planting	= \$267.60/A. (\$474.98 x .60)	
Direct Costs/A.	= \$175.00/A.	
Machinery Cost/A.	= \$75.00/A. (Overhead Costs)	
Land Cost/A.	= \$225.00/A.	
Total Cost/A.	= \$475.00/A.	
Prev. Pl. Cost/A.	= \$25.00/A	

	<u>SITUATION A</u> (Normal Planting)	<u>SITUATION B</u> (Late Planting)	<u>SITUATION C</u> (Prevented Planting)
Intended 2014 Soybean Acres	500 A.	500 A.	500 A.
Soybean Acres Planted	500 A.	500 A.	0
Soybean Planting Date	500 A. by May 25	250 A. by June 10 250 A. by June 20	N/A
Revenue Guarantee	\$446.00/A. (500 A.)	\$446.00/A.(250 A.) \$401.40/A.(250 A.) \$423.70/A. (Ave.)	\$267.60/A. (500 A.)
Production Yield (est.)	55 Bu./A (500 A.)	50 Bu./A. (250 A.) 40 Bu./A. (250 A.)	Prev. Plant (500 A.)
Crop Price (est.)	\$8.00/Bu.	\$8.00/Bu.	N/A
Est. Revenue/Acre	\$440.00/A. (500 A.)	\$400.00/A.(250 A.) \$320.00/A.(250 A.) \$360.00/A. (Ave.)	\$267.60/A. (500 A.)
Crop Ins. Indemnity Payment	\$ 6.00/A.	\$ 63.70/A. (Ave.)	0
Est. Total Revenue/Acre	\$446.00/A.	\$423.70/A. (Ave.)	\$267.60/A. (Ave.)
Total Cost Per Acre	\$475.00/A.	\$475.00/A. (500 A.)	\$325.00/A. (500 A.)
Net Return Per Acre	(-\$ 29.00/A.)	(-\$ 51.30/A.)	(-\$ 57.40/A.) (500 A. Pr.Pl.)

*** Table was prepared by Kent Thiesse, Farm Management Analyst ***

2019 Corn Crop Insurance

Final Planting Dates



2019 Soybeans Crop Insurance

Final Planting Dates

