Prevented and Late Planting Provisions in Crop Insurance

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Wet weather this spring again raises questions about prevented planting provisions in crop insurance. This document describes prevented and late planting provisions that apply to the COMBO product and its Revenue Protection (RP), Revenue Protection with Exclusion, and Yield Protection plans. Prevented planting payments do not exist for Group Risk Plan (GRP) and Group Risk Income Plan (GRIP). When considering prevented planting for a specific farm, a crop insurance agent should be contacted. Also, as further describe below, a farmer is not eligible for enterprise unit premium discounts if no planting occurs.

Final Planting Date

A key date relative to prevented planting is the final planting date. In Illinois, the final planting date for corn is May 31st for extreme southern county and June 5 for all other counties. For soybeans, the final planting date is June 15 for northern counties and June 20th for central and southern counties. The table below shows planting dates for Illinois counties.

Table 1. Final Planting Dates for Illinois Counties.

Crop	Date	Counties
Corn	May 31	Alexander, Hardin, Johnson, Massac, Pope, Pulaski, Union
	June 5	All other counties
Soybeans	June 15	Boone, Bureau, Carroll, Cook, DeKalb, DuPage, Grundy, Henderson, Henry, Jo Daviess, Kane, Kendall, Knox, Lake, LaSalle, Lee, McHenry, Marshall, Mercer, Ogle, Putnam, Rock Island, Stark, Stephenson, Warren, Whiteside, Will, Winndebago
	June 20	All other counties

Farmers can take prevented planting payments once the final planting date has been reached if planting has been delayed because of insurable causes. However, reaching the final planting date does not mean a crop cannot be planted. A crop can be planted; however, there will be a lower guarantee. Details on these provisions are provided below in the “Planting after the final planting date” section.

Prevented Planting Payments

Unless a higher prevented planting option has been selected at crop insurance signup, prevented planting payments equal 60 percent times the coverage level times the projected price times the Actual Production History (APH) yield. As an example, take a corn RP policy with an 80 percent coverage level having a 180 bushel APH yield. The 2011 base price is $6.01 per bushel. The prevented planting payment equals $519 per acre (60 percent x 80 percent coverage level x $6.01 base price x 180 bushel APH yield). Higher options allow the 60 percent payment factor to be replaced with either 65 or 70 percent for additional premium costs.

There is a difference in prevented planting payments under RP in 2011 compared to revenue insurance with guarantee increases in 2010 (i.e., CRC and RA with the harvest price option). In 2010, the higher of the projected or harvest price was used in calculating prevented planting payments. In 2011, only the projected price is used in calculating prevented planting payments.

If a prevented planting payment is taken, a farmer cannot plant another crop during the late planting period consisting of 25 days following the final planting date. After 25 days, another insured crop can be planted, usually resulting in a reduction in prevented planting payment to 35 percent of the original payment. In double-crop situations, obtaining the entire prevented planting payment while planting soybeans may be possible.

Planting After the Final Planting Date

Farmers can plant after the final planting date. If they do, they will not receive a prevented planting payment. Also, the guarantee will be reduced by 1 percent per day for each day after the final planting date up to 25 days after the final planting date. After 25 days, the guarantee will be 60 percent of the guarantee.

To Illustrate, take a farmer having an RP policy with a minimum guarantee of $865 per acre (80 percent coverage level x $6.01 projected price x 180 bushel APH). Note that this is a minimum guarantee, as the guarantee could increase if the harvest price is above the projected price. Assume this farmer is in a county with a final planting date of June 5th. If corn is planted on or before June 5th, the minimum guarantee is $865 per acre. A one percent reduction occurs if planting takes place on June 6th and the guarantee is $856 ($865 x .99). Planting on June 7th results in a 2 percent reduction, or $848 per acre ($875 x .98). After 25 days, the guarantee is 60 percent of the original, or $519 per acre ($865 x .60). If the harvest price is above the projected price, the higher harvest price will be used in calculating guarantees.

Prevented Planting and Units

Prevented planting does not have to be taken on all acres in an insurable unit. However, there is a minimum number of acres on which prevented planting can be received: the lower of 20 acres or 20 percent of the acres in the unit.

Take as an example a unit with 400 acres. This unit has 250 acres of corn planted and 150 acres on which nothing is planted. Once the final planting data has been reached, prevented planting can be taken on 150 acres. The remaining 250 planted acres will have the corn policy in place. Potential insurance payments on the 250 planted acres will be influenced by production from those 250 acres. There will be a guarantee based on 250 planted acres. The prevented planting payment on the other 150 acres will not impact the payment on the 250 planted acres.

Enterprise Unit Premiums and Planting

Enterprise units have significantly lower premiums than basic or optional units. To be eligible for an enterprise unit, a farmer must plant the lower of 20 acres or 20 percent of insured acres in at least two sections. If no planting occurs, the farm will receive prevented planting payments, but will not be eligible for enterprise unit premiums, instead paying the higher basic or optional unit premiums.

If a farm planted acres meeting the acreage requirement (lower of 20 acres or 20 percent of insured acres in at least two section), the farmer will be eligible for an enterprise unit premium. Enterprise unit premiums are based on planted acres, with more planted acres yielding lower premiums. Only planted acres will be used in determining the enterprise unit premium. For example, take an enterprise unit with 100 planted acres and 400 prevented planted acres. The enterprise unit's premium will be based on 100 acres and not the 500 acres of insured production.

APH Yields and Prevented Planting

Generally, prevented planting will not impact the APH yield in future years, unless a second crop is planted on prevented planting acres.

Take as an example an insurable unit that has 500 acres and 400 acres are planted to corn. Prevented planting payments are taken on 100 acres and a second crop is not planted on those 100 acres. In this case, the yield used in calculating the APH will be based on production from the 400 planted acres divided by 400 planted acres.

If, on the other hand, the 100 acres were planted to a second crop (e.g., soybeans) after 25 days from the final planting date, the 100 prevented planted acres will be assigned a per acre yield of 60 percent of the APH yield for the unit. The 60 percent of the APH for the prevented planted acres will be added to the production from the 400 acres to give production for the unit. Production for the unit then will be divided by 500 acres to arrive at the yield for the year.

Sometimes a unit will have all acres in that unit prevented planted. Again there will be a difference in treatment depending on whether a second crop is planted. If a crop is not planted, zero planted acres will be assigned to the unit and a yield for that crop will not enter into the APH yield calculation. If a second crop is planted, the yield is 60 percent of the APH yield.