

Late and Prevented Planting Options and Crop Insurance for Wisconsin Farmers

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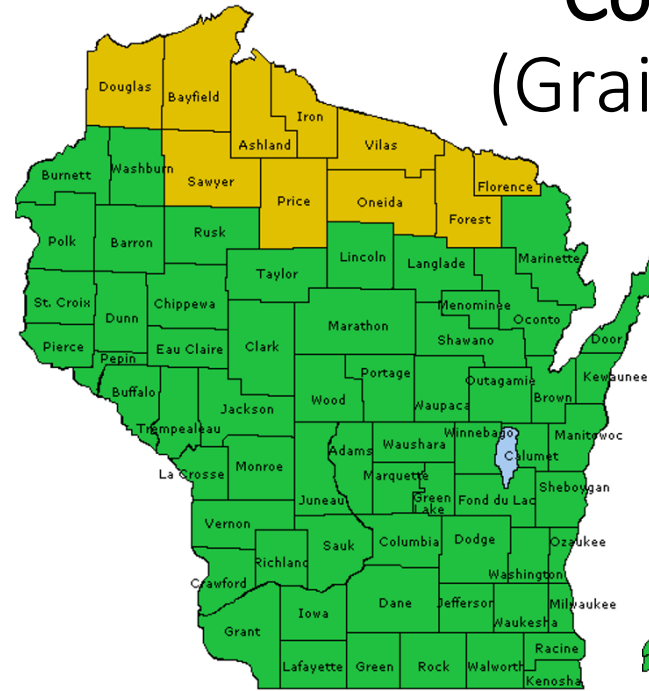
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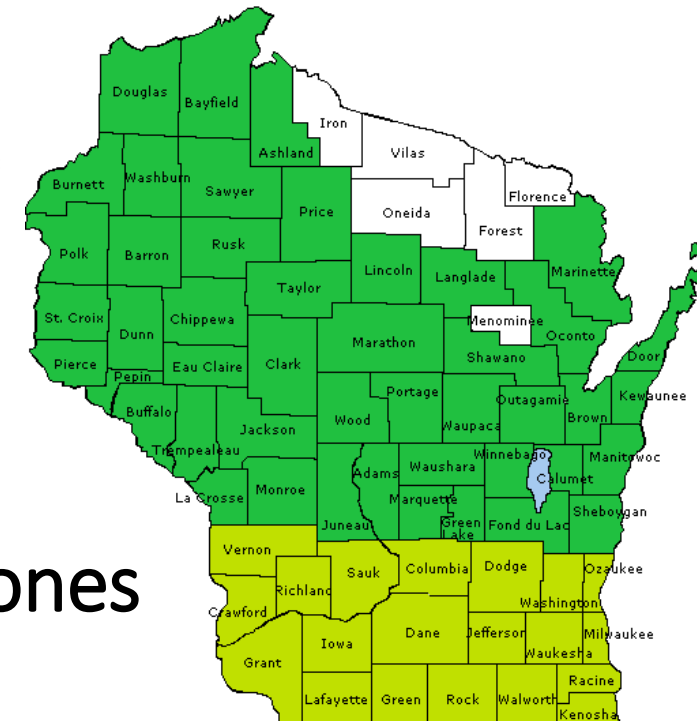
Final Planting Dates

- Corn for Grain
 - May 25 for Northern Wisconsin
 - May 31 for Most of Wisconsin
- Corn for Silage
 - May 31 for Northern Wisconsin
 - June 5 for Most of Wisconsin
- Soybeans
 - June 10 for Northern 2/3 of Wisconsin
 - June 15 for Southern 1/3 of Wisconsin

Corn Zones (Grain & Silage)



Soybean Zones



4 Crop Insurance Options for Acres Planted after Final Planting Dates

1. Plant late with reduced coverage
2. Take full prevented plant indemnity
3. Take partial prevented plant indemnity and plant another crop
4. Leave acres uninsured

1. Plant late with reduced coverage



Crop insurance guarantee reduced 1% per day on each acre planted late



Crop insurance guarantee per acre or dollar value of coverage = Price x Yield x Coverage Level



Guarantee only reduced for late planted acres (not all acres)

2. Take full prevented plant indemnity



Full prevented plant indemnity

Corn = 55% of guarantee

Soybean = 60% of guarantee

May have added 5% more coverage in March



OK to till, plant cover crops, mow or spray weeds, but cannot make hay or graze prevented plant acres until after November 1



Can establish alfalfa in the summer for harvest next year

3. Take partial prevented plant indemnity and plant another crop



Indemnity = 35% of the full prevented plant indemnity

35% of 55% = 19¼% of guarantee

35% of 60% = 21% of guarantee



Can plant and harvest or graze forage crops as you want, including establish alfalfa with nurse crop



The alternative crop (such as soybeans) can still be insured

If instead of corn you plant soybeans by the soybean final planting date, you **cannot** claim a partial prevented plant indemnity for the corn you did not plant



This option can be complicated and nuanced, work with your crop insurance agent to fully understand how this option could work for your specific situation

4. Leave acres uninsured

Simply leave acres uninsured and do with them as you want

In most case, one of the other 3 options can often work and you receive insurance coverage or indemnities

Work with your crop insurance agent before assuming this is your best option

Comments

1. Loss of Enterprise Units: Qualifying for enterprise units requires planting 20% or 20 acres in two separate sections
 - Premium costs can increase substantially if you lose enterprise unit discount
2. Yield History Impacts: Options have different impacts on your yield history and so your insurance future coverage
 - Late planted acres contribute to yield history without adjustment
 - Full prevented plant and uninsured acres do not contribute to yield history
 - Reduced prevented plant crops use 60% of the yield from planted acres
3. Minimum Size Limits: Prevented plant claims must exceed either 20 acres or 20% of insured acreage to trigger indemnities

Comments

4. Commodity Program Impacts:

- Prevented plant payments do not affect ARC or PLC payments from FSA and are (probably) considered planted acres for base acre calculations
- It seems that prevented plant acres will not be eligible for 2019 Market Facilitation Program (MFP) payments, but these rules can change
 - MFP payments will be made in up to 3 parts on a \$ per planted acre basis

5. Acreage Limits: The sum of planted acres and prevented plant acres claimed for a crop cannot exceed the maximum acres planted of that crop in any of the last 4 years

Final Comment

We strongly encourage you to work with your crop insurance agent, who is the official conduit for all information

The economics of these options depend very much on the specifics of your operation: your yields and coverage levels and local needs for forage or other crops

Economic Thoughts: Late Planting

- Benefits
 - Least disruptive: plant the planned crop acres
- Costs
 - Lower yield/revenue guarantee, but same premium cost
 - A lower guarantee means less likely to trigger indemnities and lower payments if you do have a loss
 - More likely to have lower yields, which will reduce yield history and so reduce future guarantees
- Late planting likely the best option for those with a relatively small proportion of late planted acres and late by only a few days
- Have to report to crop insurance agent within 72 hours if planting late

Economic Thoughts: Full Prevented Plant

- Benefits
 - Largest indemnity, can use money to buy forage if needed
 - Does not contribute to yield history
 - Can establish alfalfa for 2020 production
 - Technically can graze or make hay after Nov 1 (how realistic is this in WI?)
- Costs
 - Weed control costs: Likely two passes to mow, spray herbicides and/or till
 - Wisconsin Custom Rate Guide: Disk or mow will cost about \$15-\$16/acre
 - Herbicide will cost about \$9/ac plus active ingredient, again around \$15-\$16/ac for Roundup or 2,4-D, but quickly more for other active ingredients
 - Cover crop establishment costs = ???
 - Not eligible for MFP payments (at this time, it seems)
 - Cannot harvest haylage, grain or seed, even after Nov 1

Economic Thoughts: Partial Prevented Plant

- Benefits
 - Able to plant and harvest other crops for income
 - Late planted soybeans (after June 10 or 15) can receive a partial prevented plant payment for corn
 - If soybeans planted on time, cannot get corn prevented plant indemnity
 - Forage production possible in 2019
 - Can establish alfalfa for 2020 production
- Costs
 - Smaller indemnity = 35% of the full PP payment
 - Acres contribute to yield history as 60% of yield on timely planted acres, so contributes to lower yield history and lower guarantee in future

Economic Thoughts: Leave Acres Uninsured

- Benefits
 - No premium to pay or RMA rules to follow
 - Maybe a way to protect your yield history
 - Maybe best option if have broken a rule on some acres
- Costs
 - Most likely leaving money on the table
 - Work with crop insurance agent, as one of the other three options would pay
- Should be seen as last resort