

# 2019 Prevented Planting



## Final planting dates & Late Plant Period (MN)

- Final Planting dates
  - › Corn – May 31 (far northern Mn is 5/25)
  - › Soybeans – June 10
  - › Sugar Beets – 5/31
  - › Sweet Corn – 6/20
  - › Green Peas – 6/5
- Late plant Period – 25 days after the final planting date. Premium remains the same, gty. Is reduced 1% per day
- PP Percentages (% of timely plant Gty.)
  - › Corn – 55%
  - › Soybeans – 60%
  - › Sugar Beets 45%
  - › Green Peas – 40%
  - › Sweet Corn – 60%

## Prevented Planting Coverage Level Changes for 2019

- PM-17-068 eliminated the 10% PP buy-up, which has now occurred for all crops
- PP coverage levels changed on a few more crops for 2019 spring as shown in this slide in red
  - › See all the current percentages in the Notes section below
  - › PP coverage percentages are no longer stated in the Crop Provisions and are now shown in the actuarial documents under the *Prevented Planting Coverage Level* tab

Prevented Planting Coverage Factors		
	CURRENT	2019 CROP YEAR FACTOR
Dry Beans	60%	50%
Green Peas	40%	40%
Millet	60%	60%
Popcorn	60%	60%
Processing Beans	40%	40%
Processing Sweet Corn	40%	60%
Tobacco	35%	35%
ELS Cotton	50%	50%
Sugar Beets	45%	45%

# Prevented Planting – Basics

- Crop must be prevented from being planted due to an insurable cause of loss by the final plant date for that crop
- 55% of the guarantee (Corn) 60% (Soybeans) is the standard coverage
  - › Assume a 190 bushel APH with the 85% level of coverage selected
  - ›  $161.5 \text{ bu. guarantee} \times 55\% = 88.8 \text{ bu} \times \$4.00 \text{ (Projected Price)} = \$355/\text{acre}$
- Cause needs to be general in area
- Must report prevented planting acres within 72 hours of the decision to no longer plant
- Must Report ALL acres timely planted, late planted, and prevented from planting prior to July 15
- Make sure PP acres are also reported at the FSA office

# Prevented Planting

## No PP Coverage

- Unless at least 20 acres or 20% of unit, whichever is less
  - › Added by crop for EU and WU
- Used for conservation purposes
- If it would have remained fallow, or pasture/forage in place during normal planting time
- Added limit of PP acres for irrigated practice
- If no actuarial documents to provide premium rate
- If crop planted by FPD/LPP
- If cause of loss evident when leased, bought, released, etc.
- If acreage not available for planting. (FAD 119)
  - › In some instances the FSA still shows these acres as cropland acres, but the acres are not eligible for PP

# Prevented Planting

## 20/20 Rule – Eligibility Requirements

- PP acres must be at least:
  - › **20 acres or 20% of the insurable acres in the unit, whichever is less**
- Eligible acres will be based on the most crop acres you have planted and/or PP in one of the last 4 years
- Prevented planting **acreage within a “field”** will be considered to be acreage of the same crop, type and practice that is planted in the field - EXCEPT
  - **2 crop history in one of the last 4 years**

# Prevent Plant Eligible Acres

BASE ACRES: Eligible acres based on highest number of acres planted and prevent planted for a crop in one of last four years

- 2015 100 corn acres planted 80 prevented
- **2016 180 corn acres planted 20 prevented**
- 2017 140 corn acres planted
- 2018 160 corn acres planted 30 prevented

Insured has a total of planted and prevented acreage eligibility of 200 base acres for corn

## PP Maximum Eligible acres – contract crops

- For ANY crop that must be contracted with a processor to be insured, the maximum eligible acres will be determined by:
  - › The number of acres in the contract if acres are specified in the contract;
  - › If the contract specific production, divide the quantity of production by your average yield (bushels or pounds)
  - › If a minimum number of acres or production is specified – that number will be used.
- If a processor cancels a contract or reduces the contract acreage or production from what otherwise would have been allowed solely due to prevented planting due to an insurable cause of loss, Max eligible acreage will be determined based on the number of acres or production in place last year



# Prevented Planting – Added Land

Adding land to insured's operation increases acre base eligibility in proportion to percentage added

Example:

- Insured has 600 cropland acres in 2018
- Insured adds 150 cropland acres (new land) in 2019
- So: 750 cropland acres  $(600 + 150)/600 = 1.25\%$
- 2019 – Each crop acre base will increase by 25%
  - › 300 corn base  $\times 1.25 = 375$  new acre base
  - › 200 soybeans  $\times 1.25 = 250$  new acre base
  - › 100 wheat  $\times 1.25 = 125$  new acre base

# Prevented Planting – Payments

- Rolling acres- if eligible acres have been exhausted for a crop, PP payment and premium will be based on next crop with eligible PP acres that would have a **PP payment most similar** to the payment for the crop that was prevented from being planted
- Payment amount per acre cannot exceed the amount the actual PP crop would have generated
- Example: PP 200 acres corn, but only 100 eligible corn acres at a \$350/acre payment
  - › Roll to soybeans, 100 acres, \$250/acre payment
- This is an internal process once eligibility is exhausted on the PP crop (ie corn above)

# Prevented Planting – Payments

Payable PP losses are paid using the Projected Price discovered in the spring

- i.e. \$4.00 on corn for 2019

No additional PP payment is made if the Harvest Price is higher next fall

# Prevented Planting – Example 1

100.0 acres planted to **corn**

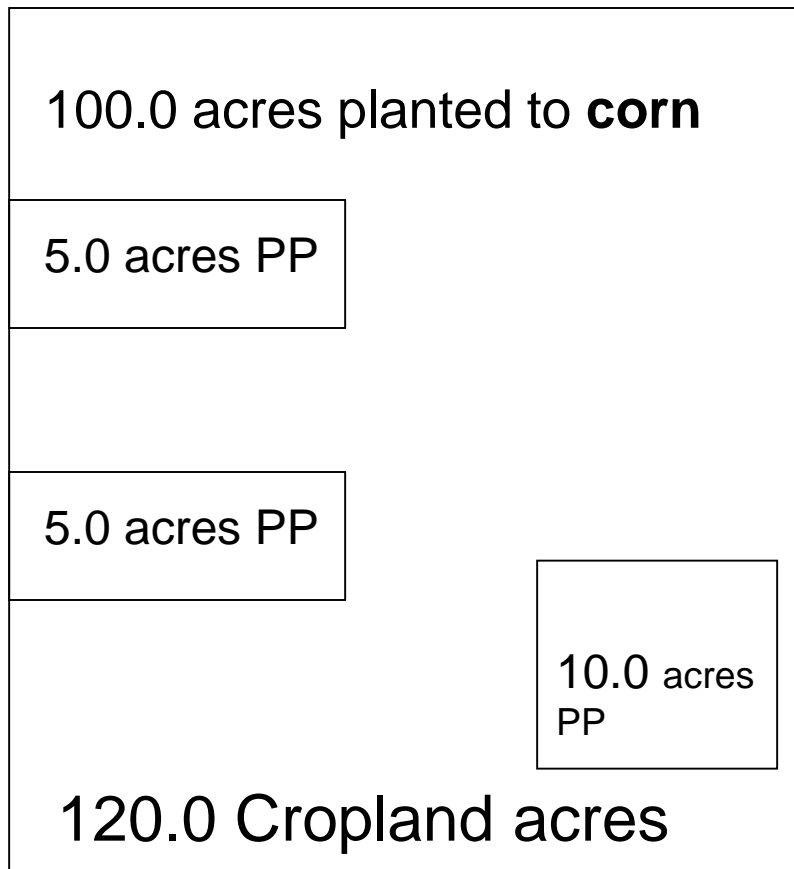
5.0 acres PP

105.0 Cropland acres

Can the 5.0 acres qualify as soybeans?

No – The 5.0 acres cannot qualify as prevented planting to any crop because it is not 20 acres or 20% of the 105.0 acres in the field.

## Prevented Planting – Example 2



Can the 20.0 acres qualify for soybeans?

MAYBE – But only if there is a 2 crop history of corn and soybeans planted in this same field in one of the previous four crop years (does not include the current year, so for 2019 the previous four years is 2018, 2017, 2016, and 2015).

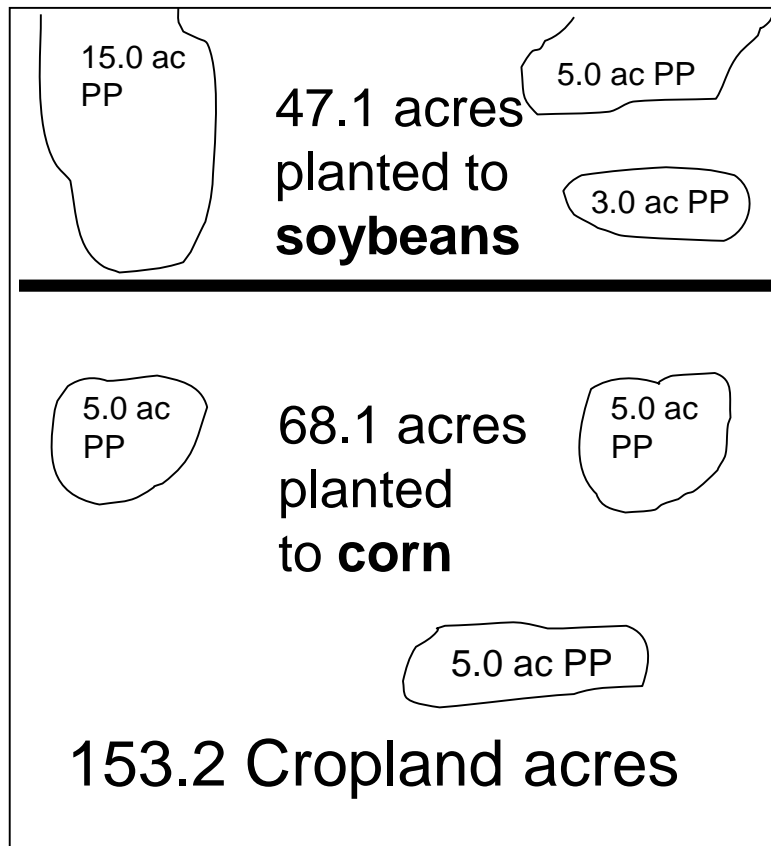
**Field-All acreage of tillage land within a natural or artificial boundary (e.g. roads, waterways, fences, etc.)**

**Different planting patterns or planting different crops do not create separate fields.**

## Prevented Planting – Example 3

Field-All acreage of tillage land within a natural or artificial boundary (e.g. roads, waterways, fences, etc.)

Different planting patterns or planting different crops do not create separate fields.



What, if anything, qualifies for prevented planting?

The 23.0 acres in north half, if reported as soybeans, would qualify.

The 15.0 acres in south half, if reported as corn, would not meet the 20/20 rule.

If all 38.0 acres were reported as corn or soybeans, they would qualify because both crops were planted in the same field.

# **“Physically Available for Planting” Special Provisions Statement (IA, MN, MT, ND & SD)**

## Crops / Area Impacted

- Crops in 5 states (IA, MN, MT, ND & SD) within the Prairie Pothole Region
  - › Barley, Buckwheat, Canola, Corn, Dry Beans, Dry Peas, Flax, Grain Sorghum, Green Peas, Hybrid Seed Corn, Millet, Mustard, Oats, Popcorn, Potatoes, Processing Beans, Soybeans, Sugar Beets, Sunflowers, Sweet Corn, and Wheat
- Statement is in ALL counties in the states above, not just the counties identified in the Prairie Pothole Region



# Physically Available for Planting Statement

- Alters Section 17(f)(8) of the Basic Provisions and defines acreage that is physically able for planting relative to PP eligibility
  - › Must still meet all three requirements in one of last four years to be eligible for PP: Planted to a crop, Insured under authority of the Act, and Harvested
  - › Once any acreage does not satisfy all of the above criteria it is considered “Unavailable for Planting” until the acreage has been planted, insured, and harvested for 2 consecutive crop years
- #5 in the Special Provisions statement prevents applicable crops from being eligible for Prevented Planting the first year ground comes out of CRP

# Enterprise Units and Prevented Planting

- Simplified Explanation of PP Eligibility
  - › Two sections minimum, each with planted acreage that comprises at least the lesser of 20 acres or 20% of the insured crop acreage in the EU
    - › PP acres do not count as planted but they are counted when determining the insured crop acreage in the EU
  - › If planted acreage in more than two sections we can aggregate parcels to meet the 20/20 rule
  - › EU acreage planted in more than two sections must be reported on a minimum of two separate lines on the acreage report for EWP to recognize the two section minimum
- Prevented Planting situations commonly throw insureds out of eligibility for EUs when planting intentions change
  - › Make insureds aware of EU qualifications when PP discussions occur
  - › Loss of EU eligibility due to PP results in the loss of the EU discount and subsidy on the entire crop/county, but not necessarily a loss of PP eligibility

## Multi-County Enterprise Units and Prevented Planting

- The qualification for PP is determined at the county level, so with MCEU we use the combined acres in BOTH counties within the MCEU when determining the 20 acres/20% eligibility rule
- We use *physical county* acres and history to determine PP eligible base or to borrow another crop's PP eligibility (rolling acres)

## EU Qualification Scenario with PP Acres

This scenario is ineligible for EUs; the lesser of 20 acres/20% is **NOT** planted in each section and since the crop is only planted in two sections there is no opportunity to aggregate.

Prevented Planting makes this insured ineligible for EUs, but still eligible for PP based on the 20/20 rule.



# Prevent Plant on 1<sup>st</sup> Crop Flow Chart

This chart is for illustration purposes only

## Prevent Plant on 1<sup>st</sup> Crop

### No 2<sup>nd</sup> Crop Planted

- 100% PP on 1<sup>st</sup> Crop
  - An approved cover crop may be planted anytime after final plant date of the prevented planted crop.
  - Cover crop can't be hayed or grazed until November 1, never harvested
  - Only certain crops qualify as cover crops.
    - A cover crop is defined as: "A crop generally recognized by agricultural experts as agronomical sound for the area for erosion control or other purposes related to conservation or soil improvement."
  - The cover crop qualifications are detailed in the PP handbook.

### APH Impact

- Except on an approved cover crop there is no APH impact

### 2<sup>nd</sup> Crop Planted

- 2<sup>nd</sup> crop may not be planted until after the late plant period for the 1<sup>st</sup> prevented plant crop.
  - 25 days, for most crops, after final plant date

### Choose to Plant 2<sup>nd</sup> Crop

- 2<sup>nd</sup> crop automatically insured if crop is on policy.
- 2<sup>nd</sup> crop-premium is 100% and eligible to receive full indemnity
- 1<sup>st</sup> crop-indemnity reduced to 35% (except in case of double cropping and all qualifications are met)
- 1<sup>st</sup> crop-premium reduced to 35% (except in case of double cropping)
- 65% remaining PP indemnity can not be restored regardless of 2<sup>nd</sup> crop loss (indemnity is not reduced in case of double cropping)

### APH Impact

- 1<sup>st</sup> crop (PP)-60% of approved APH yield for prevent planted acres (no impact if double cropping exist)
- 2<sup>nd</sup> crop-APH calculated off actual production

# Questions?

