

Final Date For Insured Corn Planting Passes

COLUMBIA, MO.

The final date for corn planting has passed for all Missouri counties. Producers who insured their crops under any Federal Crop Insurance Corporation COMBO program have options to consider, said Ray Massey, University of Missouri Extension economist.

The June 3 USDA crop report showed only 86 percent of Missouri's corn crop planted at the end of May, mainly because the state experienced its 17th-wettest spring on record since 1895.

Fields of insured crops are treated differently depending on whether the crop was never planted ("prevented planting") or planted and subsequently damaged, Massey said. Additionally, it is important to know the difference between the final planting date and the late planting period. The late planting period begins the day after the final planting date and lasts 20 days for corn.

Corn producers may choose prevented planting status under crop insurance guidelines. Producers can declare that they were unable to plant by the deadline due to environmental reasons such as excessive rain, Massey said.

Under this option, insured acres not planted receive 60 percent indemnity of guarantee for corn and soybeans. This option takes into account that the producer did not incur costs such as seed, chemicals and labor to produce the crop.

If the farmer plants during the late planting period, the insurance guarantee decreases 1 percentage point for each day after the final planting date. If planting occurs after the last day of the late planting period, the guarantee goes to 60 percent regardless of how late it is planted.

A fourth option is declaring prevented planting and planting another crop such as soybeans or sorghum after the last day of the late planting period. An indemnity payment for corn is 35 percent of the prevented-planting payment.

A fifth option is to declare prevented planting but plant a cover crop after the final planting date. This is paid at 60 percent of the guarantee.

There are also five damaged-crop options when the planted crop is severely damaged by flooding. If the corn is totally destroyed and it is not practical to replant, a 100 percent indemnity is paid.

The second option is to leave the damaged crop and harvest it as is. If a farmer purchased

revenue protection insurance on fields with a 150-bushel per acre actual production history and selected the 75 percent coverage level, the guaranteed revenue would be \$635 per acre (75 percent of 150 bushels per acre multiplied by the 2013 USDA Risk Management Agency indemnity corn price of \$5.65 per bushel). If the final yield is severely reduced and harvest revenue dips below \$635.62 per acre, an indemnity will be paid.

If the insurance agent determines it is practical to replant and if the corn crop is projected to produce less than 90 percent of the guaranteed yield, the producer can receive a replant payment. This payment equals the projected price of \$5.65 x 8 bushels of corn.

The fourth option is to plant a second uninsured crop. In this case, the indemnity payment is based on the estimated yield loss of corn.

The final option is to plant a second insured crop. The producer will receive a 35 percent of loss payment on the corn. If the second crop does not have a loss, the other 65 percent of the indemnity will be paid at harvest. If the crop does not have a revenue loss, the producer can choose to take a second 65 percent corn payment or the second insured crop indemnity, whichever is greater.

Massey recommends that producers work closely with their insurance agents before making any decisions, and ask for a written decision from the agent.

The final planting date for soybean ranges from June 15 in northwestern Missouri to June 30 in southwestern Missouri.

USDA reported on June 3 that less than 20 percent of the soybean crop was planted in much of Missouri. Typically, 50 percent of the state's 5 million soybean acres are planted by the end of May. RMA has established a \$12.87 indemnity price for soybeans for 2013.

Massey recommends a spreadsheet to help evaluate the economics of prevented planting and replanting with crop insurance. To download the spreadsheet, go to tocrops.missouri.edu/marketing and look under "Crop Insurance" for "Delayed Planting and Replanting Insurance."

There are tabs for corn already planted, corn prevented planting, soybeans already planted and soybean prevented planting.

Each tab shows the options available and economic results of each option, given the input the user provides. Δ