

Flooding Impact and Crop Insurance Frequently Asked Questions

The frequent rains that have soaked Iowa this year have left many corn and soybean fields unplanted or with flooded areas. Many producers are wondering what options they have under their multiple peril crop insurance (MPCI) policies.

Fortunately, over 90 percent of the insured corn and soybean acres in Iowa are covered by MPCI, which includes replant, delay and prevented planting coverage.

Q: What should a producer do if their planted crops are affected by the flooding?

- A. Notify their crop insurance agent within 72 hours of the loss. If they qualify, the replant option provides a payment reflecting 8 bushels of corn or 3 bushels of soybeans per acre times the projected price of \$5.65 per bushel corn and \$12.87 per bushel soybeans, respectively. So replant will provide about \$45 per acre for corn and over \$38 per acre for soybeans in 2013.

Q: What if a producer didn't have their crops planted yet, what are the late planting dates in Iowa?

- A. May 31 – Final planting date for Corn
June 15 – Final planting date for Soybeans

In Iowa, the crop insurance “late planting period” for corn begins on June 1. Corn can still be planted after this date, but the insurance guarantee on those acres is reduced by 1 percent per day until they are planted. Corn acres planted after June 25 will receive insurance coverage equal to 60 percent of their original guarantee. Producers should keep accurate records of planting dates on all remaining acres. The late planting period for soybeans in Iowa is from June 16 through July 10.

Beginning June 1, corn producers with unplanted acres have three choices: plant corn as soon as possible with a reduced guarantee, shift to soybeans with full insurance coverage, or apply for prevented planting. Prevented planting acres are insured at 60 percent of their original guarantee. Those acres may have a cover crop established on them or may be left idle (black dirt).

Q: Isn't there a 20-20 rule for coverage?

- A. Yes, to qualify for an indemnity payment under the replanted, delayed or prevented planting provisions, a minimum area of 20 acres or 20 percent of the insured unit, whichever is smaller, must be affected.

A unit could be a field or a farm – if you elected an optional whole farm or basic unit. An enterprise unit could also have been elected. This choice reflects the insured's corn acres combined in a particular county to determine loss or their soybean acres.

Q: I chose enterprise units to save on premium. Can I now change to basic or optional units because flooding has damaged my planted crop acreage?

A: Because unit structure impacts the premium cost, and in the case of enterprise units, also the premium subsidy, the policyholder's decision to elect enterprise units is made no later than the sales closing date to reflect the binding contractual agreement between the two parties on or before March 15, 2013. Changing the enterprise unit structure would be a contractual violation between the approved insurance providers and the policyholder, and leave the government vulnerable to a breach of contract. Therefore, any change to the contract at this time shifts risk to approved insurance providers from previously negotiated financial commitments within the terms and conditions of the Standard Reinsurance Agreement.

Q: If I am physically unable to get to a field for planting am I covered by prevented planting?

A: Prevented planting payments can be made if an insured cause of loss resulted in there being NO way into a field that otherwise could be planted. These types of cases are expected to be very limited. If there is ANY way into the field, even if it means the producer has to drive out of the way to reach the acreage, then the producer would be expected to do so if the field was dry enough to plant. Prevented planting payments would not be made if there was any access to the acreage. Producers, however, are not expected to go to extreme measures like airlifting equipment into a field.

Q: If I am prevented from planting by the final planting date, what are my choices under the terms of my policy provided I meet all other policy provisions and I do not qualify for double cropping?

A: You may

- Plant the insured crop during the late planting period, if applicable, and insurance coverage will be provided. The late planting period is generally 25 days after the final planting date but varies by crop and area. For most crops, the production guarantee is reduced 1 percent per day for each day planting is delayed after the final planting date.
- Plant the insured crop after the late planting period (or after the final planting date if a late planting period is not applicable), and insurance coverage will be provided. The insurance guarantee will be the same as the insurance guarantee provided for prevented planting coverage.
- Leave the acreage idle (black dirt) and receive a full prevented planting payment.
- Plant a cover crop and receive a full prevented planting payment provided the cover crop is not hayed or grazed before Nov. 1, or otherwise harvested at any time. If the cover

crop is hayed or grazed before Nov. 1, the prevented planting payment on the first crop is reduced to 35 percent of the first crop prevented planting guarantee.

- Plant another crop (second crop) after the late planting period, or after the final planting date if no late planting period is applicable, and receive a prevented planting payment equal to 35 percent of the prevented planting guarantee.

Q: If my first insured crop was planted and failed, what are my choices under the terms of my policy provided I meet all other policy provisions and I do not qualify for double cropping?

A: Several choices under what is called “first crop-second crop coverage.”

1) If it is not practical to replant the first insured crop:

- The acreage may be left idle (black dirt), or planted to a second crop and not insured, and receive a full indemnity for the first insured crop;
- Plant and insure a second crop and receive a 65 percent reduction in indemnity for the first insured crop – the policyholder pays 35 percent of the premium for the first insured crop;
 - If there is not a loss on the second crop, the policyholder will receive the remaining 65 percent of indemnity on the first insured crop and pay the full premium on the first insured crop; or
 - If the second crop receives an indemnity, the first crop indemnity remains at 35 percent and the second crop indemnity is fully paid (no reduction). The policyholder may choose to not accept the second crop indemnity and receive a full indemnity on the first insured crop.

2) If it is practical to replant the first insured crop and it is not replanted, no coverage for the first insured crop will be provided.

3) If it is practical to replant the first insured crop and the first insured crop is replanted, a replanting payment will be made and coverage for the first insured crop will remain at the production guarantee.

Q: What are the deadlines for filing prevented planting for crop insurance purposes?

A: These dates vary by state, but tend to be three days after the last day of the late planting period.

The deadline for filing prevented planting in Iowa with your crop insurance agent is June 28 for corn and July 13 for soybeans. The Iowa Farm Service Agency (FSA) acreage report deadline has been extended to July 15.

Prevented planting acres listed on the acreage report (FSA Form 578) should match the information provided to the crop insurance agent in order to qualify for a full indemnity payment.

Farmers should work with their crop insurance agent well in advance of these dates regarding a prevented planting claim and whether a cover crop or a second crop will be planted.

ISU Extension Resources

More details can be found in the ISU Extension publication “Delayed and Prevented Planting Provisions,” file A1-57 on the Iowa State University Extension and Outreach Ag Decision Maker website, at www.extension.iastate.edu/agdm/crops/html/a1-57.html.

An electronic decision spreadsheet is also available to help analyze alternative actions. Producers should communicate with their crop insurance agent before making decisions about replanting or abandoning acres.