2019 Prevent Plant: 3 Considerations Before Parking the Planter

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As the Midwest is in the final week of May, many operators are still left at the field gate waiting to get a crop in the ground. Operators are starting to ask whether they should hold out for better weather, switch corn acres to soybeans, or file for prevent plant and wait by the mailbox. While prevent plant might seem to be a good option this year with the weather and commodity environment, there are some factors operators will want to consider before they put their planter away for the season.

Crop Insurance can be very complex, and operators should always consult with insurance professionals before making a claim. Operators will have 72 hours from their final planting dates (crop & location specific) to file for prevent plant. If they fail to file within that window or decide to plant the insured crop past the final planting date, they will lose 1% of coverage per day past the date. For Example, if the operator's initial insurance coverage for corn was 80% and the final planting date was June 1st, and they planted corn on June 8th, their insurance coverage would now be 72% since they are 8 days past the date.

1. Level of Crop Insurance Coverage

One key factor operators should consider prior to making a claim is their level of crop insurance coverage. Prevent plant payments are paid as a percentage of the crop insurance coverage that was purchased for each crop. For Example, if an operator purchases a Multi-Peril Crop Insurance (MCPI) Revenue Protection (RP)

Policy at 85% coverage, they will get paid 55% of the 85% for Prevent Plant corn acres, and 60% of the 85% for soybean acres. Prevent plant payments utilize both a price and yield component; the price is established from a monthly average of new crop futures and the yield is based off the county production or operators Actual Production History (APH).

The chart below highlights how an operator could expect to be paid for prevent plant acres depending on their APH Yield and level of Crop Insurance Coverage. The Chart uses an APH Yield of 195 bushels per acre for corn and 55 bushels per acre for soybeans.

Payment Calculation: APH Yield x Crop Insurance Coverage x Projected Price = Initial Revenue x PP crop coverage = $/acre Prevent Plant Payment.

Ex. Corn: 195 x 80% x $4.00 = $624 x 55% = $343.20

Corn	
Projected Corn Price	$4.00
Corn APH bu/ac	195
Crop Insurance Coverage	**PP Payment $/Acre**
70%	$300.30
75%	$321.75
80%	$343.20
85%	$364.65

Soybeans	
Projected Soybean Price	
Soybean APH bu/ac	
Crop Insurance Coverage	**PP**
70%	
75%	
80%	
85%	

2. County Yields or Actual Production History (APH)

Much like the level of insurance coverage an operator has, operators will also want to evaluate the yield guarantee of the commodity which they plan to file prevent plant. These yields may be on a field level, operation level, or County level depending how long an operator has been on a farm or in a County. If the insurance APH is 145 bushels per acre for corn, and your operation is consistently growing 180-bushel corn with fall applied anhydrous, it may be more profitable to wait out the rain and still try getting a crop in the ground. It is important for operators to understand their APH before filing for prevent plant to ensure any inputs on the field can be covered without a financial loss, such as land cost and fertility.

3. Fall Commodity Price Outlook

The markets are beginning to see what's happening across the corn belt, and prices have been trending upwards the past week due to delayed planting. That's not to say operators will be delivering cash corn for $4.50 a bushel in October, but if acres continue to go unplanted the 2019 new crop supply will ultimately be reduced. If the corn markets were to jump and stay strong, reduced yields from late planting or excessive rain may be offset by commodity prices, making late planting more attractive. The charts below provide a quick breakdown of potential profits given a planting scenario versus prevent plant. The planted corn chart uses the Dec 19' futures price on 5/28/19, and the prevent plant chart assumes insurance coverage of 80%.

Planted Corn	
Inputs $/Acre	$631.00
Yield: 180bu/acre Sale Price: $4.29	$772.20
Net $/Acre	**$141.20**

Prevent Plant Corn	
APH Yield bu/ac	180
Spring Price $/bu	$4.00
(-) Land Cost	$240.00
Net $/Acre	**$76.80**

Prevent acres often become a weed patch during summer months as they sit idle. Landowners will want to ensure their farmland doesn't become a breeding ground for noxious weeds. One great alternative for prevent plant acres are cover crops. Cover crops can reduce herbicide costs and provide vegetative cover for erosion and weed control since no other crop is in place. Cover Crops on prevent plant acres can be harvested for forage or grazed, but not until November 1 in Iowa. Prevent plant acres may also open opportunities for landowners and operators to install field drainage tile in summer months when a crop is normally in place. Tile improves farm drainage, allowing operators to enter the fields earlier and remove surface water quick after rains. Landowners will want to talk with their operators about their options on prevent plant acres, and vise versa. If a crop can't be planted, operators and landowners will need to be transparent about expectations and rental rates to ensure all terms of the lease are satisfied.

No operator or landowner wants to file for prevent plant, but the weather outlook is leaving many operators with no other choice. At this rate, switching corn acres to soybeans may not even be a viable option as we move into June with plenty of wet weather ahead. Operators ultimately need to push the pencil before they pull the planter this spring to ensure their bottom line is met and fields aren't a complete financial loss come fall.

For additional information on 2019 planting considerations, Iowa State University and North Dakota State University have helpful resources for operators to answer questions and calculate payments for prevent plant.

Iowa State University: https://blogs.extension.iastate.edu/agdm/2019/04/29/prevented-planting-faq-for-2019/

North Dakota State University: https://www.ag.ndsu.edu/farmmanagement/prevented-planting