



Soybean Planting – Further Delay Possible

If You Have Crop Insurance It's Time to Think About The Prevented Planting Option

Late Planting May Reduce Your Income

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The planting season, during the last month, has been a struggle in most areas of Ohio. The situation is worse for beans than it was for corn. Producers that were able to get beans in the ground in early May were fortunate. Since then it has been touch and go between showers, if at all. Only 90 percent of the soybeans are planted. Producers that did purchase crop insurance on soybeans may have an option to planting the crop if weather causes further planting delays.

Federal crop insurance provides a payment for “prevented planting.” In the language of the insurance policy, the “final planting date” for soybeans in Ohio is June 20th. That means that after June 20th (beginning June 21), if because of weather (and that may be the case in Ohio) the soybean crop is unplanted, an insured soybean crop is eligible for a “prevented planting” insurance payment. A number of conditions must be met for acreage to be eligible. Check with your insurance agent to determine eligibility.

The payment calculations would be as follows:

40 bu.	APH proven yield per acre (proven by producer for the policy)
x .75	75% yield guarantee (elected by producer in policy)
= 30 bu.	guaranteed production per acre
x .60	60% “prevented planting” yield guarantee (specified in policy)

= 18 bu. “prevented planting” yield guarantee
 x \$ 5.26 APH price guarantee (specified in policy)(\$4.67 if CRC policy)
 = \$ 94.68 “prevented planting” payment per acre

The critical question for insured producers facing the possibility of planting soybeans after June 20 – Will planting net more cash than the \$94.68 “prevented planting” payment per acre? That means any costs incurred or committed to up to that point, regardless if you plant or not, are irrelevant.

Assume you decide to plant late anyway. Here is a quick way to determine your net cash from this point forward:

Cash Costs	\$/Acre	
Seed	32	(seed not yet used)
Fertilizer	0	(lost and/or side-dress N an issue)
Chemicals	12	(yet to be applied)
Fuel	7	(yet to be used)
Repairs	9	(yet to be spent)
Misc.	5	(yet to be spent)
Interest	2	

Total	\$ 67 /A	(money yet to spend to plant and harvest the crop)

Receipts		
Yield (bu.)	20	(50% of normal yield)
Price	\$ 4.10	(current harvest contract price)
Sale	\$ 82.	(income from sale of soybeans)
LDP	\$ 1.30	(estimate per bushel)
LDP	\$ 26	(estimate per acre)

Total	\$ 108	(income per acre)

Net Cash \$ 41 (per acre from late planted soybeans – after June 20th)

Now compare the two options.

Net Cash \$ 94.68 (per acre from “prevented planting” payment)
 Net Cash \$ 41 (from late planted soybeans)

Gain \$ 53.68 (added net cash from “prevented planting” payment)

Calculate your own numbers. They will likely be different from those above. But there is no reason to forego more net cash with zero risk if your numbers look like those above. Harvest price would have to rise to \$8.08 to make it a breakeven decision to plant soybeans after June 20th. Be sure to check with your insurance agent for all the details to determine if your situation meets all the requirements for “prevented planting.”