



Corn Not Planted and You Have Crop Insurance?

Time To Consider Prevented Planting Option

Planting Now May Reduce Your Income

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The planting season, during the last month, has been a struggle in most areas of Ohio. Producers that were able to get crops in the ground in late April and early May were fortunate. Since then it has been touch and go between showers, if at all. Producers that did purchase crop insurance on corn have an option to planting the crop at this late date.

Federal crop insurance provides a payment for “prevented planting.” In the language of the insurance policy, the “final planting date” for corn in Ohio is June 5th. That means that after June 5th (beginning June 6th), if because of weather (and that is the case in Ohio) the corn crop is unplanted, an insured corn crop is eligible for a “prevented planting” insurance payment. To be eligible no other harvestable or substitute crop can be planted on the unplanted acres that would normally have planted to corn.

The payment calculations would be as follows:

130	APH proven yield per acre (proven by producer for the policy)
x .75	75% yield guarantee (elected by producer in policy)
= 101.25	guaranteed production per acre
x .60	60% “prevented planting” yield guarantee (specified in policy)
= 60.75	“prevented planting” yield guarantee
x \$2.05	APH price guarantee (specified in policy)(\$2.46 if CRC policy)
= \$124.54	“prevented planting” payment per acre

The critical question for producers facing this situation is to decide if planting the corn late will net them (from this time forward) more cash than the \$124.54 “prevented planting” payment per acre. That means any costs already incurred or committed to, 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	30 (seed not yet used)
Fertilizer	10 (lost and/or side-dress N)
Chemicals	10 (yet to be applied)
Fuel	30 (yet to be used)
Repairs	10 (yet to be spent)
Misc.	5 (yet to be spent)
Interest	5

Total	\$ 100 /A (money yet to spend to plant, harvest and dry the crop)

Receipts

Yield	97.5 (75% of normal yield)
Price	\$ 1.85 (current harvest contract price)
Sale	\$ 180.38 (income from sale of corn)
LDP	\$.10 (estimate per bushel)
LDP	\$ 9.75 (Estimate per acre)

Total	\$ 190.13 (income per acre)

Net Cash \$ 90.13 (per acre from late planted corn – from today forward)

Now compare the two options.

Net Cash \$ 124.54 (per acre from “prevented planting” payment)

Net Cash \$ 90.13 (from late planted corn)

Gain \$ 34.41 (added net cash from “prevented planting” payment)

Calculate your own numbers. They may 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 \$2.30 to make it a breakeven decision to plant late corn.