

To: QBE NAU Agents & Staff

Re: **Prevent Planting**

Date: Thursday June 9, 2016

Ref #: 110-16

Dear Valued Agents,

We are experiencing some prevented plant areas in the Norther Branch region, particularly in the state of South Dakota. As a courtesy, we felt it was important to remind you of the requirements of reporting a prevented plant loss.

Reporting A Notice Of Loss - Agent (AIP)

The insured is required to provide a notice of loss stating they were prevented from planting an insured crop within 72 hours after:

- The final planting date, if the insured doe not intend to plant the insured crop during the late planting period or if a late planting period is not available; or
- You determine you will not be able to plant the insured crop within the available late planting period.

In addition, we have also learned that some FSA offices have changed their requirements for reporting prevented plant acres. Below is a message that we received from one FSA office that requires PP acres be reported within 15 days of the final planting date, in addition they are requiring that any late filed PP acres have proof from the AIP that a claim has been filed. We recommend that you check with you local FSA office to determine their requirements for reporting PP acres to assure that you are following their procedures.

2016 Crop Certification - FSA Office

Producers are encouraged to call the FSA Office to make an appointment to certify acres. If you are done planting, avoid the last minute rush to certify. The deadline is July 15, 2016. Producers are required to certify if you participate in the farm program or other programs. If you did not receive aerial maps at the time of signup, contact the office for copies of your maps. All acres must be reported including grass acres for hay or grazing.

*If you have prevented planted acres, they cannot be reported until after the final planting date. Please check the Actuarial Information Browser for the final planting dates for your area. You have 15 days after the final planting date to report PP acres. **Late filing** of PP acres is not allowed unless you have filed a claim for the PP acres with your crop insurance agent and can provide proof. Failed acres should be reported to the office and report any replants or subsequent plantings. It is important to report accurately to receive history credit, a proper crop insurance claim, etc.*

The attachment is Prevent Plant Most Commonly Asked Questions And Answers.

If you have any questions or concerns, please contact your Marketing Rep or Underwriter.

Thank you for your business!

QBE NAU

**PREVENT PLANT
MOST COMMONLY ASKED QUESTIONS
AND ANSWERS**

GENERAL

<p>What choices do I have if I am prevented from planting by the final planting date?</p> <p>Refer to Flow Charts - See document end.</p>	<p>You may:</p> <ul style="list-style-type: none"> • Plant the insured crop during the late planting period, if applicable. The late planting period is generally 25 days after the final planting date but varies by crop and area, as specified in the policy. For most crops, the timely planted production guarantee is reduced 1% 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), in which case the insurance guarantee will be the same as the insurance guarantee provided for prevented planting coverage. The insured would not be entitled to a PP payment since the claimed PP crop was planted and insured at the PP level. • Leave the acreage idle (black dirt) and receive a full prevented planting payment. • Plant a cover crop and receive a full prevented planting payment (but do not hay or graze this cover crop before November 1st or otherwise harvest it at any time) or • Plant another crop (second crop) after the late planting period or after the final planting date if no late planting period is available, or hay or graze a cover crop after the end of the late planting period or after the final planting date if no late planting period is available but before November 1st. You may also harvest the second crop at any time and receive a prevented planting payment equal to 35% of the prevented planting guarantee. If the second crop is an insurable crop on your policy, and planted prior to its applicable LPP it is required to be insured
<p>How many PP acres must you have in order to qualify for PP payment?</p>	<p>The insured must meet the 20/20 Rule which states the acreage prevented from planting must be at least the lessor of 20 acres or 20% of the insured crop acreage for the unit to be paid on a per unit basis.</p> <p>Refer to: Common Policy, Section 17, Prevented Planting, Item F</p>

ENTERPRISE UNIT

<p>How does the insured qualify for EU when PP acres come into play?</p>	<p>If insured has Enterprise Units, they must plant in at least two (2) sections (or section equivalent) in order to qualify for the EU discount. Only planted acres are used when determining the appropriate EU discount factor. Any applicable EU discount factor applies to PP and planted acres.</p>
<p>If a 1,000 acre corn producer plants nothing or doesn't plant enough acres to qualify for EUs would there be a significant discount loss on the planted acreage and the PP?</p>	<p>The insured reverts to either BU or OU depending on how the APH databases are set up, the production has been reported, and when it is determined that he no longer qualifies for EUs. In either case, when going from EU to OU or BU the EU discount lost is significant.</p>

ENTERPRISE UNIT (cont)

<p>Refer to Enterprise Slide Examples – see document end</p>	<p>An insured must <u>plant</u> the lesser of 20 acres or 20% of the acreage within the unit in each of 2 or more sections to qualify for an EU discount. Prevented planting acres can cause a failure to qualify for EUs if the planted acreage then falls below the 20/20 requirements. <u>In slide 1</u> attached, the 20 acres of PP corn in section 1 prevented the</p>
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	<p>insured from qualifying for EU on corn.</p> <p>In slide 2 attached the inability to plant the 80 acres in section 5 and the fact the insured is only in two sections, with only 19 acres planted in one of those sections prevent EU eligibility.</p> <p>In slide 3 attached the insured does not have at least 20 acres/20% planted in at least two sections, but because he has planted acres in more than 2 sections he can aggregate the planted acres in sections 4 and 5 to meet the 20 acre minimum for EU eligibility.</p> <p>In slide 4 attached the insured qualifies for EUs because he has at least 20 acres planted in two sections. He also qualifies for PP on corn because he only has to have 20 acres/20% PP in the <u>unit</u>, so individual sections are disregarded when determining PP eligibility under EUs.</p>
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COVER CROPS

What are acceptable cover crops?	<p>A cover crop is defined as: "A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvements."</p> <p>Refer to: PP Handbook, Page 35 Item K.</p> <p>For a listing of acceptable cover crops in your area, please check with your local FSA or extension office.</p> <p>Addition information can be found at the following links;</p> <p>RMA Cover Crops Fact Sheet (June 2013) http://www.rma.usda.gov/pubs/rme/covercrops.pdf</p> <p>Midwest Cover Crops Council http://www.mccc.msu.edu/index.htm</p>
How soon can you plant the cover crop?	Cover crop can be planted any time after final planting date of the first insured PP crop.
What happens if you hay or graze the cover crop prior to November 1 st ?	Cover crop, hayed or grazed prior to November 1 st , would receive 35% of the PP payment
What happens if you harvest the cover crop prior to November 1 st ?	If the cover crop was planted after the late planting period for the 1 st insured PP crop, then the cover crop harvested prior to November 1 st would be considered a 2 nd crop and the 1 st crop PP payment would be reduced to 35%.
If PP is located in a forage disaster area, can they hay/graze that land prior to November 1 st ?	At this point, the answer is no.
If the insured put on a cover crop last fall and now is unable to plant or till up the cover crop are they still eligible for prevented plant?	Yes, as long as the crop was a cover crop and not an insurable crop (ie forage) that failed.

ALFALFA

In order for Alfalfa to qualify for PP, is it correct that the land must be planted and harvested one (1) out of the last three (3) years?	The land must have been planted and harvested in one of the last three years to be insurable , unless following a standard alfalfa rotation (this applies whether planted or PP).
If the Alfalfa crop was tilled up last fall and intended to plant to corn this spring would these acres be applicable to PP since they haven't technically been planted and harvested in one of the last three for corn, and the acres have produced Alfalfa?	Yes, because the acres were tilled up last fall and this meets a standard alfalfa rotation farming practice.

If winter killed alfalfa that was tilled or burned down this spring, would the acres be eligible for PP payments?	It would depend if the alfalfa was insured under a forage production policy. If insured, it would not be eligible because PP cannot be a 2 nd crop. If the acres are not insured it may be eligible for a spring PP payment.
If winter killed alfalfa that is still standing would the acres be eligible for PP payments?	No, if insured, see answer above. Yes, If forage production is not insured as long as insured can demonstrate all of requirements in PP Handbook, Paragraph (i)(2)(a-e). Page 33 and 34.
Planting Alfalfa not as a cover crop, but as a fall seeded 2013 crop. When can an insured plant alfalfa as a fall seeded forage crop and not have a negative impact on his corn-PP or his corn APH? (Insured is not concerned about coverage for alfalfa)	Alfalfa seeded after the late planting period for the first crop is considered a fall planted 2014 crop and does not affect PP payment.
If the alfalfa is planted as a "fall-seeded" 2014 crop (not a cover crop) when can insured take a cutting and not be impacted on the corn-APH or PP claim?	In 2014.

1st CROP/2ND CROP (NOT DOUBLE CROPPING)

This chart summarizes the effects of planting a second crop and double cropping requirements have on PP payments and premiums of a first insured crop. PP Handbook, Sec 5. Par C. (6)

ACREAGE OF 1 ST INSURED CROP WAS PP:			
Is a 2 nd crop planted on the same acres?	Does the acreage qualify for double cropping?	Is the 2 nd crop planted on or before the final planting date or during the late planting period of the 1 ST insured crop?	Then the applicable percent of PP payment and premium for 1 st insured crop is <u>1/</u> :
NO	Not applicable	Not applicable	100%
YES	NO	NO	35%
YES	NO	YES	NONE
YES	YES	NO	100%
YES	YES	YES	NONE

1st CROP/2ND CROP (NOT DOUBLE CROPPING) (cont)

How does 1 st Crop PP/2 nd Crop work? What are the options to PP corn and plant soybeans?	PP corn, plant soybeans on June 26 th (after corn late plant period, will vary by area): 35% of the corn PP payment is paid and a 60% APH plug goes into corn database. Example: 200 APH * 80% RP * \$5.65 * 60% PP * 35% = \$190). The premium is also reduced to 35%.
If your intentions is to declare PP on your 1 st crop (corn) and you plant a 2 nd crop (soybeans) during the 1st crop (corn) late planting period do you have to insure the 2 nd crop (soybeans)?	Yes – If the 2 nd crop (soybeans) is an insurable crop on your policy and you no longer qualify for a PP payment for corn. Therefore, your 2 nd crop (soybeans) becomes your 1 st crop.
If your intentions is to declare PP on your 1 st crop (corn) and you plant a 2 nd crop (soybeans) during the 2nd crop (soybeans) planting period	Yes – if the 2 nd crop (soybeans) is an insurable crop on your policy, you must insure that crop.

do you have to insure the 2 nd crop (soybeans)	Example: Soybeans planted 16 days after final plant date, 16% reduction on guarantee (84% of guarantee). (50 APH * 80% RP * \$12.87 * 84%) = \$432. The premium owed would be based on 100% of the guarantee.
If you intentions are to PP corn as your 1 st crop and end up planting a 2 nd crop soybean after the soybean late planting period do you have to insure that crop?	Yes if the 2 nd crop (soybeans) is an insurable crop on your policy, you must insure that crop. The soybeans guarantee would be reduced to the maximum late plant guarantee.

CRP

Are CRP acres eligible for PP payments?	It depends – If the county actuarial special provision has the “Physically Able to Plant” statement, then CRP is NOT available for PP because it has not been planted and harvested in any of the previous 4 years. However, if the “Physically Able to Plant” statement is not in the county actuarial special provisions then it maybe insurable if it meets the definition and qualifications of Insurable Acreage as defined in the common policy Section 9
If it was taken out last fall and tilled up or burned down?	Same as above
If it was taken out this spring and was tilled up or burned down?	Same as above
If nothing was done with it this spring due to the delay with the wet weather?	Same as above

ADDED LAND/NEW PRODUCER

How does added land play into PP corn eligibility?	An added land factor is calculated that will increase the eligible PP acres by the percent increase in cropland acres from last year to this year. It is determined by dividing the total cropland acres farmed the current crop year (if greater) by the total cropland acres the insured farmed the previous crop year. Refer to: Common Policy, Section 17 Prevented Planting, Item e(i)(B). Refer to: PP Handbook, Section 11, Page 71 for examples
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ADDED LAND/NEW PRODUCER (cont)

Are New Producers eligible for PP?	Yes .The new producer must provide an intended acreage report by the applicable Sales Closing Date and must meet requirements set forth in the PP Handbook, Section D, Page 49.
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REPORTING NOTICE OF LOSS FOR PP

When does the insured need to submit a Notice of Loss for Prevented Planting?	The insured is required to provide a notice of loss stating they were prevented from planting an insured crop within 72 hours after: <ul style="list-style-type: none"> • The final planting date, if the insured does not intend to plant the insured crop during the late planting period or if a late planting period is not available; or, • <u>You determine you will not be able to plant</u> the insured crop within the available late planting period.
If insured submitted a PP NOL and then later was able to plant the crop before the end of the late planting period, what happens to the NOL?	The PP NOL/claim would be withdrawn.

DOUBLE CROPPING (as allowed by Special Provisions)

Payment Reductions May Not Apply	If the double-cropping requirements specified in the policy are met, the 65% payment reduction does not apply to a prevented planting payment for the first insured crop when: <ul style="list-style-type: none"> • A 2nd crop is planted; or • A cover crop is hayed, grazed, or otherwise harvested.
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	<p>The double-cropping requirements specified in the policy are:</p> <ul style="list-style-type: none"> • The practice of planting two or more crops for harvest in the same crop year on the same acreage is generally recognized by agricultural experts for the area; • The 2nd or additional crops are customarily planted after the 1st insured crop for harvest on the same acreage in the same crop year in the area; • Additional coverage insurance offered under the authority of the Federal Crop Insurance Act is available in the county on the two or more crops that are double cropped; and • Records are provided showing the number of acres double-cropped in 2 of the last 4 crop years the 1st insured crop was planted.
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CONTRACT CROPS

How do we determine eligible acres for crops that require a processing contract?	<p>Maximum eligible acres will be:</p> <ul style="list-style-type: none"> • Number of acres specified in the contract; • If the contract specifies production, divide the quantity of production by your average yield. • If a minimum number of acres or production is specified – that number will be used. <p>Refer to: PP Handbook, Section F, Page 24</p>
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NON CONVENTIONAL PRACTICE

Can the insured air seed their soybeans?	You must reference your Special Provisions of Insurance in your County actuarial documents to determine eligible air seeding practices if any.
If, yes, can insured use their conventional soybean APH?	No, insured would have to establish a database using added P/T/V for any nonconventional practice.

REPORTING REQUIREMENTS

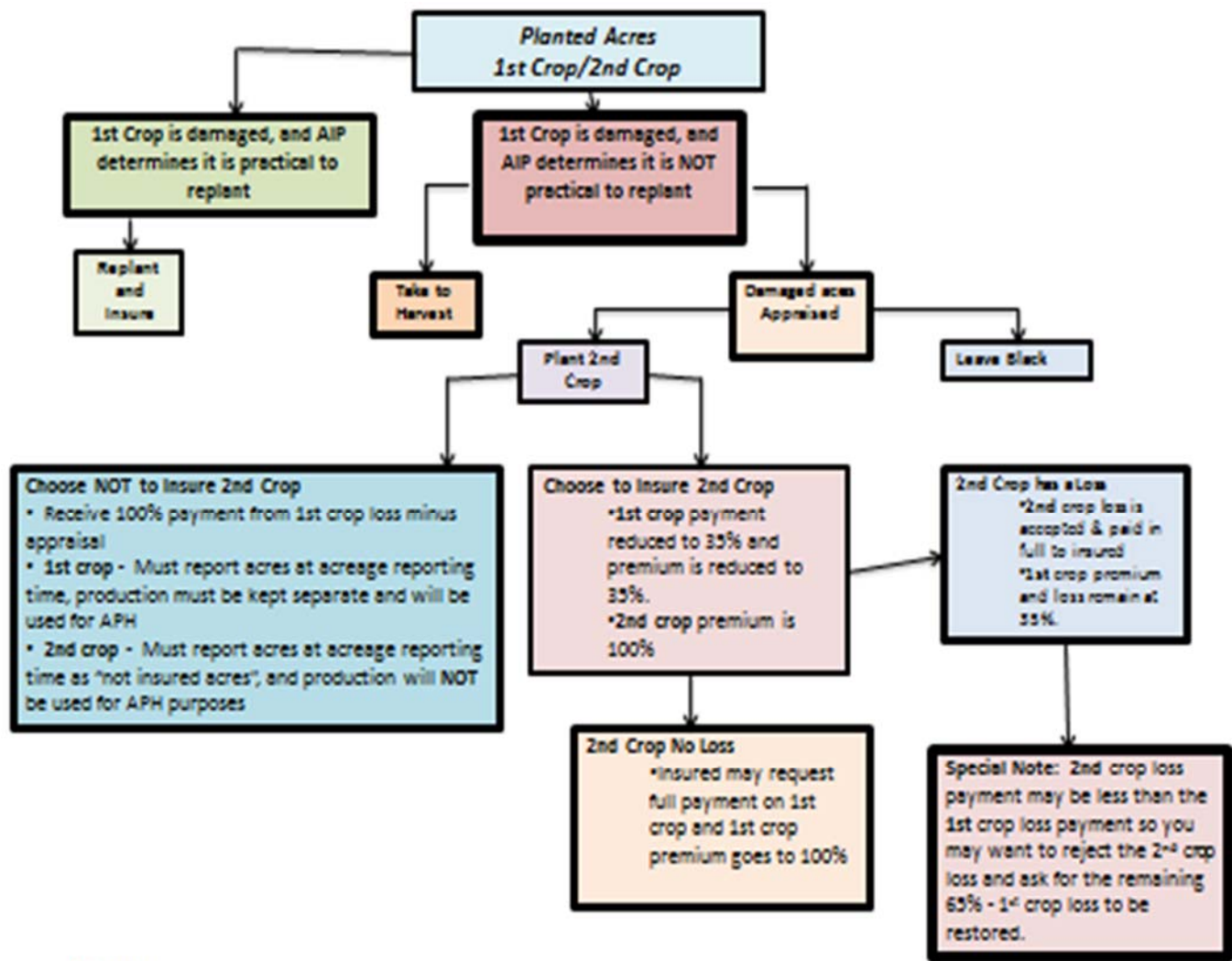
How do I report timely planted, prevented planting and late planting acreage on the insured's acreage report?	Timely report, late plant and prevented plant acres must be reported on separate lines on the acreage report. If the acreage is prevented from planting and does not meet the 20 acre/20% of the unit requirement, you are still required to list these acres as uninsurable.
Does the insured need to report uninsurable acreage?	Yes. Example: If the insured plants soybeans after the late planting period following a 1 st insured PP crop and decided not to insure that crop, it still must be reported as uninsurable acres on the acreage report. This crop should be flagged as a 2 nd crop.
Acreage planting intentions	Please remember to always report planting intentions vs eligible prevented planting acres.
Keep Good Documents	Good documentation is key to receiving prevented planting payments. Work with the company to determine the documentation needed for your specific prevented planting claim.

OTHER QUESTIONS

Is there a specific date insured should replant corn and not plant the 2 nd crop?	Refer to the definition of Practical to Replant in the Loss Adjustment Manual, Page 179.
If insured reports 100 acre field as PP corn and then insured later plants 30 acres of soybeans in the same field (insured has no history of planting corn or soybeans in this field in the same crop year and in any one of the four most	No. A revised acreage report must be completed to remove all PP corn acreage since any PP acreage in the field must be considered the same crop in the field. If the insured was legitimately prevented from planting soybeans on the remaining 70 acres in the field, those acres may be claimed as PP soybeans.

recent crop years).is the 100 acres of PP corn now considered uninsurable?	Refer to: PP Handbook, Page 28, Section G (1)(a).
If an insured has less than 5% of a unit that is new breaking, are those acres insurable if claimed as PP?	Since a written agreement is not required in this situation, prevented planting is available.

GENERAL FLOW CHARTS



GENERAL FLOW CHARTS

Prevent Plant on 1st Crop

No 2nd Crop Planted

•100 % PP on 1st Crop

- An approved cover crop may be planted anytime after final plant date of the prevented planted crop
- Cover Crop can't be hayed or grazed until November 1st; never harvested.
- Only certain crops qualify as cover crops.

*A cover crop is defined as: "A crop generally recognized by agricultural experts as agronomical sound for the area for erosion control or other purposes related to conservation or soil improvement."

- The cover crop qualifications are detailed in the PP handbook.

2nd Crop Planted

- 2nd crop may not be planted until after the late plant period for the 1st prevented plant crop
- 25 days, for most crops, after Final Plant Date

Choose to Plant 2nd Crop:

- 2nd crop automatically insured if crop is on policy
- 2nd crop – Premium is 100% and eligible to receive full indemnity
- 1st crop – Indemnity reduced to 35%
- 1st crop – Premium reduced to 35%
- 65% remaining PP indemnity can not be restored regardless of 2nd crop loss

APH Impact if 2nd Crop Planted

- 1st Crop (PP) – 60% of approved APH yield for prevent planted acres
- 2nd Crop – APH calculated off actual production

*APH Impact if No Crop Planted
(Except An Approved Cover Crop)*
NO IMPACT

Revised 6/24/14

QBE NAU

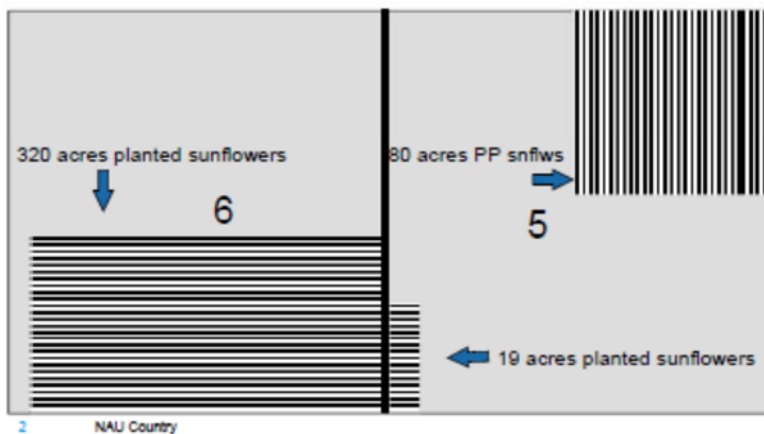
Does this scenario qualify for EUs?

No, as there are not 20 acres/20% planted in each section.



Does this scenario qualify for EUs?

No, not 20 acres/20% planted in each section and only two sections so cannot aggregate.



Does this scenario qualify for EUs?

Yes. There are not 20 acres/20% planted in two sections, but since there are planted acres in more than two sections we can aggregate planted acres in 4 and 5 to meet 20/20 rule.



Does this EU scenario qualify for PP?

Yes, there are at least 20 acres or 20% of the insurable crop acreage in the unit that was prevented from planting (in the case of an EU, all acreage is considered w/out regard to individual sections)

