# Frequently Asked Questions

## Flooding

Apr 21, 2017

**Q: Will the Risk Management Agency extend final planting dates if there are unfavorable planting conditions?**
A: RMA cannot extend the final planting date because extending this date would be a change in the terms and conditions of the insurance policy after the contract change date. Extending the final planting date is not always in the best interest of all policyholders as it would also move the date by which a policyholder can file for a prevented planting claim. Not all policyholders may wish to plant past the current final planting dates. If RMA were to extend the final planting date, it would create a breach of contract. The Federal Crop Insurance Corporation is prohibited from waiving or modifying the terms of the policy except as provided in the policy. Any change to the contract shifts risk to the approved insurance providers from previously negotiated financial commitments within the terms and conditions of the Standard Reinsurance Agreement.

Most Federal crop insurance policies cover policyholders who plant after the final planting date, but at a reduced coverage level (generally one percent reduction per day for each day planting into the late planting period) to reflect the additional risk of planting later. Studies show a greater chance of crop yield loss for planting later. Premium rates reflect the timeliness of planting, and the reduced coverage for late planting reflects the increased risk for yield loss. Final planting dates are a term and condition of the insurance policy, and are part of the contractual agreement between policyholders and the approved insurance providers that deliver and service federally reinsured crop insurance policies. The policy specifies that all changes to the terms of coverage must be made by the contract change date.

**Q: If I chose enterprise units can I change to basic or optional units because adverse weather has damaged my planted crop acreage?**
A: No. Establishment of unit structure is a term and condition of the insurance policy and part of the contractual agreement between policyholders and the approved insurance providers. 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 must be made no later than the sales closing date to reflect the binding contractual agreement between the two parties when neither has the advantage of knowing the potential risk of loss. Allowing a change to the enterprise unit would likely create a guaranteed loss payment on the damaged acreage that may otherwise be off-set, to some degree, under an enterprise unit. This would be similar to lowering the deductible for a car or homeowner policy after a loss has occurred. 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 shifts risk to approved insurance providers from previously negotiated financial commitments within the terms and conditions of the Standard Reinsurance Agreement.

**Q: What exactly is prevented planting coverage?**
A: Prevented planting coverage provides producers valuable protection in the event they are unable to plant an insured crop by the final planting date or during the late planting period due to an insured cause of loss. When adverse weather prevents planting, a prevented planting payment is made to compensate for the producer’s pre-planting costs generally incurred in preparation for planting the crop.

The amount of prevented planting coverage is calculated as a percent of the insurance guarantee the insured would have had for a timely planted crop. For example, suppose a producer’s insurance guarantee is $100 an acre. If the producer insures a crop with a 60 percent prevented planting coverage factor, the prevented planting payment would be $60 (or 60 percent of the guarantee). The prevented planting factor varies by crop, based on an estimate of pre-planting costs.

Prevented planting payments can be made if an insured cause of loss occurred during the prevented planting insurance period and 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 (e.g. 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 will not be made if there was any access to the acreage. Producers, however, are not expected to go to extreme measures (e.g. 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 per acre is reduced one percent per day for each day planting is delayed after the final planting date.
- Plant the insured crop after the end of the late planting period (or after the final planting date if a late planting period is not applicable), and you can choose to insure such acreage or elect not to insure to acreage. Premium will only be earned and payable on acreage planted after the end of the late planting period if you choose to insured the acreage. 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 November 1, or otherwise harvested at any time. If the cover crop is hayed or grazed before November 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: Does my premium amount change when I plant during the late planting period and my production guarantee per acre is reduced?**
A: The premium amount for insurable acreage will be same as that for timely planted acreage.

**Q: Does my premium amount change if I'm prevented from planting?**
A: The premium amount for eligible acreage that is prevented from being planted will be the same as that for timely planted acreage.

**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:
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 with no reduction regardless of when it is replanted.

**Q: Will there be a significant rate increase for the next crop year if there are many prevented planting payments due to adverse weather?**
A: In general, premium rates reflect historical experience over an extended period of time and any losses from the previous crop year will not likely be reflected in any premium rate adjustments until the following crop years. The amount of any loss within the county will be considered in the context of historical losses over the long term, often 20 to 30 years or longer, which generally reduces the premium rate impacts of any one year.

**Q: If I claim prevented planting will this have an impact on my actual production history (APH)?**
A: If the prevented planting payment is not limited to 35 percent of the prevented planting coverage there is no effect on the APH database. However, in the case where a first crop is prevented from being planted and a second crop is planted on the same acreage in the same crop year (the producer does not have double cropping history) the acreage in which you receive a prevented planting insurance guarantee reduced to 35 percent of the prevented planting payment will have a 60 percent Transitional Yield instituted for the year.

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