

Frost Damage and Crop Insurance Replant Provisions for Wisconsin Farmers

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The nights this spring have been cool, with light frosts occurring in many parts of Wisconsin. Farmers have reported frost damage to corn and other crops over widespread areas in northern Wisconsin and for scattered low spots in areas further south. Farmers who bought federal crop insurance coverage such as actual production history (APH) or crop revenue coverage (CRC) have replant coverage as part of their policy (unless they bought catastrophic coverage only). This short bulletin overviews this replant coverage, focusing on corn and soybeans. Remember, if you have questions, always contact your crop insurance agent.

Replant Provisions

If a crop stand is damaged early in the season so that the projected yield is less than 90% of the APH yield guarantee, a farmer can receive an indemnity for part of the actual cost of replanting (you must actually replant, not just accept the payment). The affected area must exceed 20 acres or 20% of the unit's acreage. The maximum indemnity is the chosen price election multiplied by 20% of the yield guarantee, up to 8 bu for corn, 3 bu for soybeans and 1 ton for corn silage. For 2007, the maximum price elections available for corn was \$3.50/bu, \$7.00/bu for soybeans, and \$25/ton for corn silage. Thus, the maximum replant payment an insured farmer can receive is \$28/ac for corn, \$21/ac for soybeans, and \$25/ac for corn silage. Farmers will not receive these maximums if they have low yield guarantees or did not choose the maximum price election.

The replanted crop has the same production guarantee as for the original plant date (i.e., no reduction for late planting is imposed). Note that the replant option is not available for all policies or crops, so contact your crop insurance agent for clarification. For example, farmers with only catastrophic coverage are not eligible for replant provisions for many crops. Similarly, farmers with GRP or GRIP coverage do not have replant provisions.

Farmer Options with Early Season Frost Damage

If a farmer's insured crop with replant coverage is severely damaged by an early season frost (or hail, wind, floods, or other natural events), the farmer has several options.

- Leave the damaged crop as it is and collect an indemnity if the harvested yield is less than the yield guarantee.
- Replant the same crop and receive an indemnity for all or some of the actual replant costs.
- Plant a different crop after release by the crop insurance company and receive an indemnity for the first crop, plus possibly continue insurance coverage on the second crop.
- Abandon the acres, or plant a cover crop.

Examples below help clarify issues for each these options, as each has different consequences for crop insurance coverage. Remember, contact your crop insurance agent if you have frost damage. Your agent can assess whether a loss adjustment is needed and then you can work with your agent to fully understand your insurance options and the consequences of your choices.

Example Frost Damage

Suppose a 200 acre unit of corn for grain has an APH yield guarantee of 100 bu/ac x 200 ac = 20,000 bu with a \$3.50/bu price election. All acres were planted before May 31, but a frost reduces the stand to less than 10,000 plants/ac on 80 acres of the unit.

Leaving the Crop until Harvest

The farmer can leave the crop until harvest and collect an indemnity then if the harvested yield is less than the unit's yield guarantee. In this case, suppose the 120 acres of undamaged corn yields 130 bu/ac while the frost damaged corn yields 30 bu/ac. The harvested yield is 120 ac x 130 bu/ac = 15,600 bu, plus 80 ac x 30 bu/ac = 2,400 bu, so that the unit's harvested yield is 15,600 + 2,400 = 18,000 bu, which is 2,000 bu below the yield guarantee, thus triggering an indemnity payment of 2,000 bu x \$3.50/bu = \$7,000.

Replanting to Corn

The farmer can replant the 80 acres damaged by frost to corn and keep the 100 bu/ac yield guarantee, even if the corn is planted after May 31, and receive an indemnity of \$2,240 (8 bu/ac x \$3.50/bu price election x 80 acres), or his actual cost of replanting, whichever is lower.

Regular insurance coverage continues after replanting, so that the farmer will review in indemnity if the unit's harvested yield falls below the 20,000 bu. In this case, suppose the 120 acres of undamaged corn yields 130 bu/ac while the replanted corn yields 110 bu/ac. The harvested yield is 120 ac x 130 bu/ac = 15,600 bu, plus 80 ac x 110 bu/ac = 8,800 bu, so that the unit's harvested yield is 15,600 + 8,800 = 24,400 bu, which does not trigger an indemnity.

Note that replanted corn can be insured as corn for grain and then later used for silage, and the farmer will still receive an indemnity grain yield loss if an indemnity is due. If a farmer wants the option to use the replanted corn acres for silage, it will likely be better to continue to insure the replanted acres as corn for grain, since the yield guarantee will not be reduced. Then, late in the summer, the farmer can decide if using the replanted acres for silage would be better than waiting to harvest it as grain. The most important point to remember is that you must communicate with your crop insurance agent before chopping the corn. See "Drought and Alternative Uses of Insured Crops: Can I Chop My Insured Corn for Silage?" listed below which explains more about alternative uses of insured crops.

Replant to a Different Crop

The farmer can replant the 80 acres damaged by frost to a different crop such as soybeans. Before replanting, be sure to contact your crop insurance agent, as the company must release the corn acres. An insurance adjuster will then determine your yield loss for your frost damaged corn. Also, late planting rules apply, so that the yield guarantee may be reduced for the second crop (for more information see "Late and Prevented Planting Coverage and Replant Provisions for Wisconsin Farmers" listed below).

Insurance coverage becomes more complex depending on whether the second crop is insured. If the second crop is insured, the farmer receives 35% of any indemnity immediately due for the loss on the first crop, and at harvest, receives the larger of the remaining 65% of the indemnity due for the first crop and any indemnity due for the second crop. If the second crop is uninsured, the farmer gets 100% of any indemnity immediately due for the first crop. The farmer is

refunded 65% of the premium paid if only the 35% indemnity is received, but pays both premiums if 100% of the indemnity is received for the first crop. Also, rules apply for how the replanted acreage affects the unit's yield history. For additional information, see "Delayed and Prevented Planting Provisions" listed below.

Abandon the Acres

The frost damaged acres can be abandoned, which from the perspective of the crop insurance policy, is defined as prevented planting. The farmer receives the prevented planting indemnity, which is 60% of the original yield guarantee (more if higher prevented planting coverage was purchased). Several rules apply to abandoned crop land, so contact your crop insurance agent before using such acreage any purpose, or you may forfeit part or all of any indemnities you receive. No second crop can be planted on the abandoned acres, including crops for use as forage, nor can the land be grazed until a specific date, though a cover crop can be planted.

Conclusion

Wisconsin farmers suffering extensive frost damage to their crop this spring have several options available. This bulletin provides a quick overview of these options and is not meant to be exhaustive or have all the intricacies completely explained and defined. The most important advice for farmers suffering extensive frost damage is to communicate with a well-trained crop insurance agent to fully understand your options and the consequences of your decisions.

Further Information

These bulletins and resources are available on the internet for free, or contact the author your local UW Extension county office for a copy.

Edwards: Delayed and Prevented Planting Provisions, ISU Extension,
<http://www.extension.iastate.edu/AgDM/crops/pdf/a1-57.pdf>

Mitchell: Drought and Alternative Uses of Insured Crops: Can I Chop My Insured Corn for Silage?, UW Extension, http://www.aae.wisc.edu/mitchell/Insurance_and_Silage.pdf

Mitchell: Late and Prevented Planting Coverage and Replant Provisions for Wisconsin Farmers, UW Extension, http://www.aae.wisc.edu/mitchell/Late_and_Prevented_Planting.pdf

Mitchell: An Overview of Federal Crop Insurance in Wisconsin, UW Extension,
http://www.aae.wisc.edu/mitchell/Federal_Crop_Insurance_in_Wisconsin.pdf

Mitchell: Extension Web Page: <http://www.aae.wisc.edu/mitchell/extension.htm>