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Flood
Disaster Recovery

Poor corn stands and crop insurance provisions

by Ray Massey

Farmers with cornfields suffering from a poor stand may consider destroying the existing stand and replanting corn or planting a second crop such as soybeans. Insurance provisions are an important part of the decision to continue with the existing stand, replant corn or destroy the corn and plant soybeans.

Agronomic concerns about herbicide residues, fertilization and replanting conditions are critical to understand. The discussion and examples below assume the farmer can manage whichever choice they make. The costs of managing each option are not considered. Only the insurance ramifications are noted below.

Example: A farmer has an APH of 150 bushels/acre and purchases 75 percent Revenue Protection. The guaranteed revenue is $450/acre = 150 bushels/acre APH x 75% selected revenue coverage x $4.00 RMA Projected Price.

Option 1. Leave the existing poor stand

Because the crop was planted, the guaranteed revenue is in effect even though the damage occurred early in the season.

Example: Corn was planted April 10. On May 5, poor stands indicate an expected harvest time yield of only 50 bushels/acre. Assuming that 50 bushels/acre are harvested in the fall, crop insurance calculated revenue on corn yield is $200 (= 50 bushels/acre x $4.00). Crop insurance guaranteed revenue is $450. Indemnity paid is $250 (= $450 - $200).

Option 2. Replant corn

Using the replanting provisions of a crop insurance contract requires close communication your crop insurance provider. Before choosing to replant, contact your crop insurance agent for a determination that it is practical to replant. If it is practical to replant, a replanting payment of $32 (= 8 bushels of corn x $4.00/bushel) can be obtained only if the crop is damaged by a covered cause of loss and it is estimated that the remaining stand will not produce at least 90 percent of your bushel guarantee.

Example: Your bushel guarantee is 112.5 bushels/acre (= 150 bushels/acre APH x 75% coverage). Wet weather has resulted in a stand that is expected to yield 50 bushels/acre. Fifty bushels is less than 90 percent of 112.5 bushels. The crop insurance adjuster is likely to authorize a replanting payment of $32/acre.

Because the replanting occurs late in the season, the yield is likely to be reduced.

Example: Yield on the replanted acres is 105 bushels/acre. Crop insurance calculated revenue is $420 (= 105 bushels/acre x $4.00). Crop insurance guaranteed revenue is $450. Indemnity paid is $30 (= $450 - $420). Total insurance payments to the farmer $62 (= $30 crop insurance payment + $32 replanting payment).

Option 3. Switch to soybeans

Destroying planted corn acres and switching to a second crop such as soybeans requires close communication with your crop insurance provider. The insurance adjuster must estimate the yield of the existing stand and determine that it is not practical to replant.

The farmer can accept the yield estimate of the adjuster, destroy the crop and plant soybeans. Alternatively, the adjuster and farmer may agree to leave a strip of the damaged corn mature until harvest. Yield from this strip will be used to establish yield on the damaged corn acres. The remaining acres can be planted to soybeans.

The farmer has the option to insure the soybean crop or grow soybeans without insurance.

Don’t insure the soybeans.

If the farmer chooses not to insure the subsequent soybeans planted on the corn acres, the farmer receives full insurance payment on the corn acres destroyed.

Example: The adjuster determined the corn stand to be destroyed would yield 50 bushels/acre. Crop insurance calculated revenue on corn yield is $200 (= 50 bushels/acre x $4.00). Crop insurance guaranteed revenue is $450. Indemnity paid is $250 (= $450 - $200).

Insure the soybeans.

If the farmer choses to insure the subsequent soybeans planted on the corn acres, the farmer receives an initial indemnity of 35 percent of the indemnity owed on the corn acres destroyed. This initial indemnity would be $87.50 (= $250 from example above x 35%).

If the soybeans are harvested without incurring an insurable loss, the remaining 65 percent of the corn revenue guarantee will be issued to the farmer. The subsequent indemnity would be $162.50 (= $250 indemnity due on damage corn - $87.50 initial indemnity payment).

If the soybeans are harvested but have an insurable loss, the subsequent indemnity would be the higher of the soybean indemnity due or the remaining 65 percent of the corn indemnity. The subsequent indemnity therefore will be at least $162.50.

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