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## Winter 2017

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### Crop Insurance Deadlines

#### Sales Closing Date

3/15/2017 for Spring Crops  
 All changes to coverage levels, cancellation of policies, deleting or adding crops/counties, changes to policy options, etc., must be made by this date.

#### 2016 Production Reporting

Turn in your 2016 production reports by 4/29/2017.

#### Acreage Reporting Date

Corn: 7/15/2017  
 Soybeans: 7/15/2017  
 Your acreage report must be completed and signed by this date.

#### Earliest Planting Dates

Corn: 4/5/2017  
 Soybeans: 4/20/2017  
 This is the earliest date you are allowed to plant your crop to receive replant protection.

#### Final Planting Dates

Corn: 6/5/2017  
 Soybeans: 6/20/2017  
 This is the last day to plant your crop and receive maximum coverage.



### Crop Replant Rules Change for 2017

Don't be tripped up by a few changes affecting 2017 crop replant rules. One factor to change is the point at which you may switch crops, should you find yourself in a crop replant scenario. The other change is to the official definition of a "practical replant."

A replant will now be "considered practical...within or prior to the late planting period, or on or prior to the final planting date if no late planting period is applicable, unless we determine it is physically impossible to replant the acreage or there is no chance of seed germination, emergence and formation of a healthy plant."

As pertains to changing crops in a replant scenario, in the past a crop change could be made in the window falling after the last day to plant the crop, but before the end of the late planting period. For 2017, in order to remain eligible for crop insurance, any crop switch cannot take place that early. You must wait until the end of the late planting period for that crop in order to switch crops.

For corn in 2017, the last day to plant and receive 100 percent of your guarantee will be June 5<sup>th</sup>. The "late planting period" stretches 25 days beyond June 5<sup>th</sup>, and coverage is reduced by 1 percent each day. Ask your agent for details.

## Insurance Aids Forward Grain Marketing

When tight margins loom, it's time to pull out your profit-maximizing tools, including savvy marketing approaches.

One strategy that works hand-in-hand with your crop insurance is forward grain marketing. Your marketing advisor or grain broker can guide you, but the idea is this: forward market crops up to the value of your crop insurance coverage value or guaranteed crop income.

For example, a farmer who secured \$500,000 in corn crop coverage may begin by forward marketing 20,000 bushels of corn for \$3.50 per bushel, for a total forward sale of \$70,000. This can be continued at various prices and dates until your total crop coverage value, in this case \$500,000, has been met. If the crop is produced, terrific. If not, your crop insurance will provide cash to purchase the grain.

The benefit, of course, is using the forward contract to take advantage of better prices as they're available over time. Consult with your grain broker or marketing advisor for advice on forward contracting to leverage your crop insurance and maximize farm profit.



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## RMA Updates Prevented Planting Coverage Factor for 2017 Corn

Federal Prevented Planting Coverage provides a farmer protection in the event he's unable to plant an insured crop by the final planting date, or during the late planting period as long as the holdup is an insured cause of loss. This year, the federal coverage factor for corn is receiving an update, thanks to a USDA Office of the General Inspector request dating back to 2013.

The Risk Management Agency (RMA) reviewed seven crops accounting for the majority of prevented planting (PP) payments, including corn, soybeans and wheat. Changes were identified for corn payments, only. The corn payment factor for 2017 will stand at 55 percent, down from 60 percent in 2016. Soybeans' 2017 coverage factor will remain unchanged at 60 percent.

So, what's the impact for your operation? If you purchase federal crop insurance including prevented planting coverage, you'll be protected if adverse weather conditions prevent timely planting. The PP payment you'll receive is intended to compensate you for pre-planting costs. These include pesticide applications, labor and repairs, as well as machinery, rent and fertilizer.

According to the RMA, your PP coverage is calculated as a percent of the insurance guarantee you would have for a timely planted crop. So, if your guarantee is \$100 per acre and the corn PP coverage factor is 60 percent, your PP payment would be \$60 per acre. As mentioned before, the prevented planting factor varies by crop, based on an estimate of pre-planting costs.

Over time, prevented planting coverage factors may go up and may go down depending upon input costs. The corn factor update is part of a larger effort to ensure that PP coverage factors accurately reflect the real pre-planting input costs of producers, RMA sources explained. To learn more, visit: <http://www.rma.usda.gov/help/faq/ppchanges.html>.

## Crop Insurance: An Investment Worth Maintaining

Today most farmers are facing increasingly tight margins and many even anticipate negative per-acre returns. Your focus of late, in all likelihood, has been on cost-cutting. Those thoughts may even include weighing the importance of crop insurance.

As you weigh the value of crop insurance versus its cost, consider that it provides a hedge against all of the crop input costs you're expending. If you don't raise a crop, you're still liable for crop input expenses. Crop insurance protects you from losing that value.

Crop insurance also allows you the opportunity to safely forward market bushels, potentially capturing better pricing through variably timed sales. Without crop insurance in place, this profit-boosting practice is definitely a risky business.

Crop insurance also is the only income guarantee you can access. Even if you employ every best management practice and plant the optimal seed, your crop and income are not guaranteed. Only crop insurance can do that, insurance professionals note.

Still questioning the outlay for crop insurance? Think back to your experience either in 2012 or clear back in 1988. In these weather disaster years, would your net worth have risen or dropped without federal crop insurance? In the end, we all know that Mother Nature is the boss. Consult your agent to maximize your crop protection while safeguarding capital for crop production.

