PREVENTED PLANTING STANDARDS HANDBOOK

2020 and Succeeding Crop Years

United States Department of Agriculture

Federal Crop Insurance Corporation

FCIC-25370 (11-2019)
FCIC-25370-1 (04-2020)

RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133

TITLE: PREVENTED PLANTING STANDARDS HANDBOOK	**NUMBER: FCIC-25370-1**
EFFECTIVE DATE: **2020 and Succeeding Crop Years**	**ISSUE DATE: April 16, 2020**
SUBJECT: **Provides the procedures and instructions for administering the Prevented Planting Provisions.**	**OPI: Product Administration and Standards Division**
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REASONS FOR ISSUANCE

Major Changes: See changes or additions in text which have been highlighted. Three stars (***) identify where information has been removed.

1. Paragraph 43(7): Added DC clarification and examples.

2. Subparagraph 84B, Example 6: Added clarification.

PREVENTED PLANTING STANDARDS HANDBOOK

CONTROL CHART

Prevented Planting Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Remove	1-4		39-42 85-88			11-2019	FCIC-25370
Insert	1-2		39-42 85-88			04-2020	FCIC-25370-1
Current Index	1-2	1-2	1-38 39-42 43-84 85-88 89-90	1-4	91-96	11-2019 04-2020 11-2019 04-2020 11-2019	FCIC-25370 FCIC-25370-1 FCIC-25370 FCIC-25370-1 FCIC-25370

FILING INSTRUCTIONS

The handbook pages listed in the Control Chart above under the “Insert” heading replace such pages in the 2020 Prevented Planting Standards Handbook (PPSH), FCIC-25370 (11-2019). This handbook is effective for the 2020 and succeeding crop years and is not retroactive to any 2019 or prior crop year determinations.

(B) crop was not insured or was not an insurable crop, or

(C) liability is not known or is not readily available to be obtained (e.g., year in question is 10 or 11 years ago and was insured with different AIP).

(ii) This allocation procedure applies to commingled production from the first crop that is DC (i.e., wheat production from acreage planted to a second crop and not planted to a second crop) as well as the second crop that is DC (i.e., soybean production from acreage planted after a first crop and not planted after a first crop). Refer to the LAM for information on first and second crop and commingled production.

(iii) AIPs must determine if the amount of allocated production is representative of the yields per acre, for the particular year and area from both the DC and non-DC acreage (e.g., The amount of allocated production is reasonable compared to the average yields per acre for the area and that all such production would not have reasonably came from only the first crop acreage or the second crop acreage.).

Clarification: Potential production from appraised production (including acreage by-passed by a processor) of an insured crop would meet the requirement for records of acreage and production that show DC history; provided it also meets the criteria in (2). Short-rated wheat acreage cannot be considered for DC history since such acreage is not appraised and does not meet the criteria in (2).

(c) If the first insured crop was PP and the second crop is planted on the same acreage in the same CY and the insured acquired additional acreage, the insured may apply the percentage of acres that they have previously DC to the total cropland acres that the insured is farming this year (if greater) using the following calculation:

(i) Determine the number of acres of the first insured crop that were DC in each of the years for which DC records are provided;

(ii) Divide each result of paragraph 43(c)(i) by the number of acres of the first insured crop that were planted in each respective year;

(iii) Add the results of paragraph 43(c)(ii) and divide by the number of years the first insured crop was DC; and

(iv) Multiply the result of paragraph 43(c)(iii) by the number of insured acres of the first insured crop.

Example: An insured has 100 acres in their farming operation and provides records showing: 100 acres of wheat planted in 2018 and 50 of those acres were DC with soybeans; and 100 acres of wheat planted in 2019 and 70 of those acres were DC with soybeans. For the 2020 CY, 60 percent of the wheat acres insured are eligible for DC eligibility (50 percent from 2018 + 70 percent from 2019 = 120; 120 / 2 years = 60 percent). Therefore, if the insured acquires 30 additional acres for the 2020 CY and is prevented from planting 130 acres of wheat and a second crop of soybeans is planted on the 130 acres, 78 acres are eligible for DC eligibility (130 X .60 = 78).

(4) DC history is specific to the county/policy in which the PP claim is being made.

(5) A crop that has been hayed or grazed (except an insured crop that was released for other use) will not qualify for DC history; i.e., a crop was planted and harvested and was followed by another crop on the same acreage within the same CY that was hayed or grazed.

(6) This chart summarizes the effects planting a second crop and DC requirements have on PP payments and premiums of a first insured crop.

ACREAGE OF 1ST INSURED CROP WAS PP			
Is a 2nd crop (other than a cover crop) planted on the same acres?	Does the acreage qualify for DC?	Is the 2nd crop planted on or before the FPD or during the LPP of the 1st insured crop?	Then the applicable percent of PP payment and premium for 1st insured crop is[1/]:
NO	Not applicable	Not applicable	100%
YES	NO	NO	35%
YES	NO	YES	NONE
YES	YES	NO	100%
YES	YES	YES	NONE

1 Additional restrictions may apply

(7) Limitations of Number of DC Acres

(a) The receipt of a full PP payment on a crop or crops in a DC situation is limited to the greatest number of acres for which the insured has DC in a crop year for the time period described in paragraph 43(3)(a)(i) or (ii). If there are two or more years of qualifying DC history in this four-year period, the receipt of a full PP payment on a crop or crops in a DC situation is limited to the highest number of acres DC within the applicable four-year period. If there are not at least two years of qualifying DC history in this period, no DC eligibility exists.

Example 1: The producer has the two years of required DC history and of these years, DC 40 acres in the 2018 crop year and 50 acres in the 2016 crop year. 50 acres qualify for DC eligibility.

Example 2: The producer has qualifying DC history in each of the last four crop years that the crop prevented from planting was grown. Of these years, the insured DC 40 acres in the 2019 crop year, 40 acres in the 2018 crop year, 60 acres in the 2017 crop year, and 45 acres in the 2015 crop year. 60 acres qualify for DC eligibility.

(b) Ratios for increasing PP eligibility do not apply to DC history.

(c) If the first insured crop is PP wheat and a second crop is planted and the insured qualifies for 200 acres of DC wheat and reports 205 acres of PP wheat, the insured would only qualify to receive 100 percent payment on 200 acres, and the other 5 acres would be subject to the 35 percent PP payment and APH reduction.

(d) If the insured has 200 acres of DC history, and the first insured crop is 205 acres of planted wheat, and the subsequent insured crop is 205 acres of PP soybeans, the 5 acres would be removed from the AR because those acres do not qualify for a PP payment.

(8) "FAC" and "NFAC" are considered cropping practices listed in the AD used to determine the insurability of a crop following another crop that meets certain conditions specified in the SP. A crop may be designated as NFAC if it is planted following a cover crop that meets the conditions in the SP but is not considered DC. Refer to the SP for determining "FAC" and "NFAC" qualifications.

(9) Refer to paragraph 82 for examples of determining DC eligibility.

44 Revised Acreage Reports Due to Change in Status of a Second Crop or Disposition of Second Crop Acreage

Changes in the status of first insured crop due to the actions of the insured require a revised AR. Refer to paragraph 55.

45 Loss Adjustment Involving First/Second Crop Acreage

(1) When the insured does not meet the DC requirements, the AIP may allow the insured to certify to the following at the time of the first inspection and pay 100 percent of the PP payment (first insured crop) due; provided the insured owns or has control of the first insured crop acreage for the rest of the CY (until on or after November 1st for cover crop and volunteer crop purposes):

(a) A second crop will not be planted on the PP acreage;

(b) An approved cover crop or volunteer crop will not be hayed, grazed, or cut for silage, haylage, or baleage from the PP acreage prior to November 1, or otherwise harvested at any time; and

(c) The PP acreage will not be cash rented to another person (refer to paragraph 42).

(2) If the insured is a tenant and does not have control of the land for the rest of the CY, an insured cannot certify to the items in subparagraph (1). However, the AIP may accept the landlord's certification to the items in subparagraph (1).

(3) If the AIP allows insureds to certify to the information listed in subparagraph (1) and based on this certification, the AIP pays 100 percent of the PP claim shortly after the first field inspection of the PP acreage, the AIP should spot check a percentage of these to verify that what the insured certified to (or the landlord certified to, if applicable) has not changed.

(4) If the AIP does not allow insureds (or a particular insured) to certify to the information in subparagraph (1), the AIP must make the first inspection as stated in paragraph 62 and, except when DC requirements have been met, will make an initial payment of 35 percent of the PP payment due if all other PP requirements are met.

(5) When 35 percent of the PP payment has initially been made, determination of whether the other 65 percent of the PP payment is due cannot be made until the earlier of:

(a) It is known that a cover crop or volunteer crop has been hayed, grazed, or cut for silage, haylage, or baleage prior to November 1;

(b) The insured (or the insured's landlord) certifies after November 1 that any volunteer or cover crop will not be harvested for other than haying, grazing, or cutting for silage, haylage, or baleage; or

(c) The volunteer or cover crop has been plowed under or otherwise destroyed.

(6) Refer to paragraphs 61 and 62 for field inspection procedures of the PP acreage.

(7) Refer to paragraphs 72 and 74 for specific procedures for completing the first insured crop acreage claim (PP payment claim) when second crop acreage is involved.

46-50 (Reserved)

B. Other Crops (continued)

Example 4: Same situation as in (iii) above except the insured has planted 25 acres of navy beans and 30 acres of cranberry beans. The insured is claiming 100.0 acres PP for pinto beans on unit 0001-0001OU. No types of dry beans have remaining eligible PP acres. However, the insured does have unit 0001-0001OU wheat and unit 0001-0002OU soybeans that each has 25.0 acres of remaining eligible acres. The crop/unit having the most similar payment to the pinto beans will be compared to what the pinto bean PP payment would be using the following information.

Eligible PP Acres and PP Dollar Guarantee			
Crop	**Unit**	**Eligible PP Acres**	**$ Per Acre PP Guarantee**
Pinto Beans	0001-0001OU	50 Acres	$81.00
Cranberry Beans	0001-0003OU	0 Acres	$85.00
Navy Beans	0001-0002OU	0 Acres	$66.00
Wheat	0001-0001OU	25 Acres	$40.00
Soybeans	0001-0002OU	25 Acres	$124.00
Total		100.0 Acres	

The wheat would have a per-acre PP payment of $40.00 and the soybeans would have a per-acre PP payment of $124.00.

(i) The $40.00 per-acre guarantee for wheat is the closest to the $81.00 per acre dollar guarantee for pinto beans, and results in a lower payment than pinto beans. Therefore, the PP payment and premium for the 25.0 PP acres of pinto beans prevented from planting will be paid as wheat.

(ii) The PP payment and premium for the remaining 25.0 PP acres of pinto beans prevented from planting will be paid as Pinto beans at $81.00 using 25 acres of soybean eligibility.

PP Payment Calculation							
Crop/Unit	**Acres**	**x**	**$ PP Guarantee**	**x**	**Share***	**=**	**PP Payment**
Pinto Beans – 0001-0001OU	50.0	x	$81.00	x	1.000	=	$4,050.00
Wheat – 0001-0001OU	25.0	x	$40.00	x	1.000	=	$1,000.00
Pinto Beans* (Soybeans 0001-0002OU eligible acres)	25.0	x	$81.00*	x	1.000	=	$2,025.00

*Paid as pinto beans; pinto bean PP payment is less than the soybean PP payment.

B. Other Crops (continued)

Example 5: The insured is claiming 75.0 acres PP for soybeans on unit 0001-0001OU. The insured has 50.0 maximum eligible PP acres history for soybeans. Since the 75 acres claimed for PP exceed the 50 maximum eligible PP acres for soybeans, the remaining 25 acres must be paid based on the remaining eligible PP acres from another crop.

Eligible PP Acres by Crop and Per Acre Guarantee			
Crop	**Unit**	**Eligible PP Acres**	**$ Per Acre PP Guarantee**
Soybeans	0001-0001OU	50 Acres	$60.00
Wheat	0001-0002OU	25 Acres	$40.00
Corn	0001-0003OU	25 Acres	$80.00

(i) Determine which crop with remaining eligible PP acres would have a PP payment most similar to soybeans. The $40.00 per-acre PP guarantee for wheat and the $80.00 per-acre PP guarantee for corn are an equal amount above and below the $60.00 per-acre PP guarantee for soybeans. In this situation, remaining eligible PP acres from the crop with the higher payment will be used first. In this case, corn will be used.

(ii) Compare the PP payment for soybeans to the PP payment for corn. Since the $60.00 per-acre PP guarantee for soybeans results in a lower payment than the $80.00 per-acre PP guarantee for corn, the PP payment and premium for the 25.0 PP acres of soybeans prevented from planting will be paid as soybeans, using the 25 acres of PP eligibility from the corn.

Example 6: The insured turns in a durum wheat PP claim. The insured has a total of 825 insured cropland acres. The insured has 710 eligible PP acres for durum, and he plants all 710 acres to durum. He intended to plant all 825 acres to durum but was prevented from planting 115 acres.

Eligible PP Acres by Crop and Per Acre Guarantee			
Crop	**Unit**	**Eligible PP Acres**	**$ Per Acre PP Guarantee**
Durum Wheat	0001-0001OU	710 Acres	$244.00
Mustard	0001-0002OU	200 Acres*	$76.00*
Lentils	0001-0003OU	200 Acres	$137.00

*Based on previous crop year's contract.

B. Other Crops (continued)

The insured has history of planting mustard and lentils in the past four years. Durum was the only crop the insured planted in 2020. Since the insured has no remaining eligible PP acres for durum, the eligible acres from lentils and mustard will be used. The insured does not have a mustard contract this year and must have one to be able to insure the mustard. This was the insured's own choice because he was intending to plant all of his acreage to durum. However, the eligible acres for the mustard that are in the insured's database for the previous crop year (2019) can be used even though there is no contract in effect with a processor for the current crop year (2020). The 2019 processor contract price per acre will be used to determine what the PP payment for mustard would have been. The projected price per acre for lentils will be used to determine what the PP payment for lentils would have been.

The crop/unit having the most similar payment to the durum will be compared to what the durum PP payment would be. Whichever crop's PP payment is the closest to the durum payment will be the crop/unit used to make the PP payment for durum.

The lentils would have a per-acre PP payment of $137.00 and the mustard would have a per-acre PP payment of $76.00. The $137.00 per-acre guarantee for lentils is the closest to the $244.00 per-acre dollar guarantee for durum.

The PP payments for each of these crops will be compared to what the PP payment for durum would have been. The remaining acres from each of these crops will be used to make the PP payments.

If the PP payment for durum was lower than lentils or mustard, then the PP payment for durum would be used to process the PP payment using the mustard and lentil acres. If either of these crops had a lower payment than the durum, then the durum PP payment would be processed under those crops.

PP Payment Calculation								
Crop/Unit	**Acres**	**x**	**$ PP Guarantee**	**x**	**Share***	**=**	**Indemnity**
Lentils 0001-0002OU	115.0	x	$137.00	x	1.000	=	$15,755.00

B. Other Crops (continued)

Example 7: Total Cropland acres = 168.5 acres. In 2020 the insured reports the following:

88.4	PP Wheat acres (field A)
88.4	acres planted to Grain Sorghum (on field A - 2nd crop).
3.8	additional acres planted to Grain Sorghum (1st crop).
76.3	acres of Soybeans planted
168.5	total acres planted

Maximum Eligible PP Acres and Remaining PP Acres					
Crop	**Maximum Eligible PP Acres**	**Minus**	**Planted Acres**	**Equals**	**Remaining PP Acres**
Corn	73.8	-	0.0	=	73.8
Soybeans	105.3	-	76.3	=	29.0
Grain Sorghum	0.0	-	0.0	=	0.0
Wheat	0.0	-	0.0	=	0.0
[1]Total for ALL Crops	179.1		76.3	=	102.8

[1] Zero history of DC grain sorghum or soybean.

Question: Can the 88.4 reported PP wheat acres be paid?

Answer: Yes, but not at 100 percent. The wheat PP payment will be reduced 65 percent since all of the PP wheat acres (88.4 acres in field A) were planted to grain sorghum (2nd crop). Since there were zero eligible PP wheat acres, the wheat must use the remaining eligible PP acres from a crop(s) that would have a PP payment closest to wheat PP payment.

Even without DC history, because of the 1st crop/2nd crop policy provisions, it is possible to have more acreage on which payments can be made than there are actual cropland acres, as in this instance; i.e., 88.4 acres PP payment, + 168.5 acres of grain sorghum and soybeans planted subject to possible indemnity payments = 256.9 acres which exceeds the 168.5 acres of cropland.

Example 8: The insured turned in a PP claim for 225 acres of irrigated (IRR) corn. The insured had irrigation facilities in place to irrigate 100 acres. However, the insured only has history for 100 acres of corn, of which 50 are irrigated and 50 are non-irrigated (NI).