

King Crop News



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CELEBRATING Over 50 YEARS

January 2022



Sales Closing Deadline March 15th

A lot of changes can happen to an operation between fall harvest and spring planting, **make sure your policy is up to date.**

Do you need to increase your coverage level to handle more liability? Perhaps you need to switch from Yield Protection to Revenue Protection to ensure against price volatility. Are you in need of a policy for a crop you've never insured? Don't forget to let us know if you are adding or subtracting land from your operation.

Talk to us before **March 15th** to ensure you have the right coverage for 2022!

Other changes are just as important to report to us as well. The following changes can impact your policy in the upcoming crop year:

- **Added/removed irrigation**
- **Expanding to a new county**
- **Acres emerging from CRP or New Breaking Ground**
- **Entity changes including adding an SBI because of marriage or succession**

planning or removing an SBI because of death or divorce

- **Name changes**
- **Adding/removing authorized signers for policy documents**

Failure to inform us of important changes may put your insurance coverage in jeopardy so please don't hesitate to call!

Also of direct importance regarding your protection is giving us your 2021 spring crop production. Not only is this information required for your guarantee, it also can also allow us to produce more accurate quotes for you to consider prior to sales closing so you can choose the best protection for your operation. You should have already received a Production Worksheet either through post or email (and we thank those who have already returned a signed, completed copy to us!), but if you have not gotten yours, please let us know as soon as possible!

Input Costs Affecting 2022

The fall price for wheat on crop insurance policies was up considerably in 2021 from 2020 (\$7.16 vs. \$5.60), but many local farmers opted not to plant small grains for the upcoming crop year because the application of fertilizer after the winter would be a cost they were not sure they could recoup. It's no secret input costs have risen dramatically in recent months, with fuel, parts, and labor being major contributors. Perhaps most dramatic, though, has been the trouble with fertilizer.

According to Argus Media, global nitrogen prices were up at least 80% for 2021, spurred by shortages threatening world-wide demand, and some growers have seen prices double or more in the past year, depending on the product. Supply chain waits at US ports and the cost of freight have been highly publicized causes for the spike seen by local farmers, but the issue of fertilizer scarcity goes all the way down to the production level. Hurricane Ida forced Gulf Coast nitrogen plants to stop all operations in August, the news of which sent fertilizer prices skyrocketing. Energy rationing in China led to cutbacks in the making of fertilizer there and the New York Times reported EU sanctions imposed on Belarus caused a slowdown in that country's potash production. Since the

price of natural gas and oil used to make fertilizer has been volatile in every market, it is not an understatement to say this is a global issue.

What can farmers do to alleviate the burden fertilizer costs are putting on their operations? Changing crop rotation is one, limited solution. Putting in soybeans instead of corn in some fields could limit some costs, but could also hamstring profitability down the road and affect future crop year plans. The difference in cost may become negligible anyway, depending on what the markets do.



One alternative to manufactured fertilizer is natural manure, particularly chicken litter on the Delmarva peninsula. Being in an area that produces more broilers than anywhere else allows greater access to chicken litter locally
(Continued on page 4)



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Crop Insurance Coverage Options for Spring 2022



There are several things one should consider when reviewing their crop insurance coverage for the upcoming growing season. Each farming operation is different and there is not a one size fits all when making your decisions. As your crop insurance agent, we will review all options with you to determine what works best for you and your operation. Listed below are options to consider:

Level of Coverage – Over the last few years the most popular 70% level has moved to the 75-80% percent level. I guess one could say 80 is the new 70. If you have maintained a high overall average increasing your level of coverage could mean having a 20% loss versus losing 30% or more. Your level of coverage should be based on what your individual inputs cost (mortgage, land rent, seed, fertilizer, equipment, manpower, etc.) and each of these individual factors varies from one operation to another.

Supplemental Coverage Option (SCO) – This coverage extends your coverage level up to 86%. This is a county-based option and triggers when the county yield falls below the expected county yield. We typically look at SCO for perennial crops however, we have found it works with annual vegetable crops (i.e., processing sweet corn, peas, processing beans, etc.). One thing to keep in mind with SCO the indemnity is not paid until the county has determined the counties average yield and payment could be delayed up to six to ten months after the crop is harvested. A consideration when looking at SCO is to consider increasing your coverage levels versus signing with SCO. This option is only available if you have selected PLC at FSA for the prospective crop.

Enhanced Coverage Option (ECO) – ECO is very similar to SCO. ECO covers you from 86% to 90% or 95%. ECO, again, is based on the county average yield and can be used with SCO or without it. ECO can trigger an indemnity on only a 5% loss in revenue or yield (dependent on the underlying MPCl plan). This plan is available for wheat, canola, grain sorghum, corn, soybeans, and barley in our region.



Hurricane Insurance Protection Wind Index (HIPWI) – This option covers producers from the threat of a hurricane. Losses are triggered when hurricane force winds are recorded from a named hurricane in the county as well as adjoining county. Winds but sustainable as determined by the National Hurricane Center (NHC) and the National Oceanic and Atmospheric Administration (NOAA). HIPWI can be combined with SCO and if HIPWI triggers in the perspective county you could collect regardless if you had damage or not and regardless if the crop has been harvested or not.

Prevented Plant Buy-up +5% - Prevented plant indemnity is paid based on 55% of the guarantee for corn and 60% for soybeans. With the Buy-up option you can increase the percentages by 5%.

Replant Option – The replant options eliminates the 20/20 to qualify for replant funds and allows 20 days prior to the MPCl earliest planting date. This options allows you to choose your insurance per acre for replanting from \$10 to \$50 per acre.

Crop Hail – Crop Hail is a private product offered by the Approved Insurance Providers (AIP) and is a relatively inexpensive option to obtain additional coverage on an acre-by-acre policy with coverage for hail damage only. Crop Hail is available for Barley, Wheat, Corn, Sweet Corn, Grain Sorghum, Processing Beans, Processing Peas, Blueberries, Watermelons, Soybeans and Edamame. Crop Hail does not follow the hard sales closing deadlines as the products mentioned above.

Whole Farm Revenue Protection (WFRP) and Micro WFRP – WFRP is a revenue-based product and allows you to insure all commodities and crops harvested for revenue. It is based on the average revenue generated from your IRS Schedule F for the last five years and works best of the operations with a variety of crops and crops not insured by a MPCl policy. WFRP can (and is encouraged) to be combined with a MPCl policy. The Micro WFRP is for smaller operation with revenue of \$100,000 or less (*see page 6 for more information*).

Added Price Option (APO) – APO allows you to buy up the projected price of a bushel on your crop in the event of a *yield loss*. If your unit structure is EU the APO will be modified and calculated as if the unit structure was OU and you may increase the price from up to 50% depending on your MPCl level of coverage.

Added Revenue Price Option (ARPO) – ARPO works the same as APO however, it allows you to increase your revenue guarantee.

All of the above options are available in all counties we service and have a mandated hard **deadline of March 15** with the exception of Crop Hail which does not have a deadline. Please let us know if you would like more details and considering any of the above. We will be happy to review your coverage and forward you quotes pricing each option based on your needs. It is important to us your coverage is adequate based on your operation and all options are reviewed before making your decisions. Planting season will be upon us before we know it and we wish you a profitable and safe growing season!

The Risk Management Agency's PACE program for split nitrogen application will not be available in our area for the 2022 crop year. While this is a disappointment, we will continue to advocate for our farmers regarding possible enrollment in this potentially beneficial program. Stay tuned!

Jackie's Corner

"Derived From Bioengineering" New Label, New Conversation

Beginning January 1, 2022, a USDA ruling went into effect for labeling products made with GMO ingredients, which will now be called "bioengineered."

The new rule does not apply to every food product on the grocery shelf because some ingredients are regulated by other laws. For example, a soup that had meat or broth as its first or second ingredient would not be subject to labeling, even if it contains genetically engineered corn.

The rule defines and clarifies various aspects of the law Congress passed in 2016. Mandatory compliance was required by Jan. 1, 2022. USDA has said the change "avoids a patch work of states labeling regulations" to provide a national standard for the labels that once set on a state-by-state basis. Imported foods will be subject to the same labeling requirements as those produced domestically.

Well, do you think consumers will be confused on the new labeling rules? I believe no more than usual. We already know food labeling is confusing. We aggies know which products are "bioengineered" but have witnessed deceptive advertising and labeling. While there are pros and cons of the new rules for food labeling, it is a positive for you the producers.

The conversation is changing on the GMO products. The Alliance for Science recently published **5 Reasons Why the GMO Debate Is Over**. We have been debating for nearly 30 years and the data indicates it is now over.

- **"They're safe"** - Over 3,000 scientific studies, 284 institutions globally recognize that GMO crops are safe for humans and environmental health.
- **"The conversation around GMOs is both shrinking and increasingly positive in tone"** - To my surprise social media has played a role in the decrease in anti-GMO content. Journalists are reporting from the study's findings on the facts that reflect the science on safety.
- **"Young people support biotechnology"** - Gen Z and millennials are more accepting of agricultural technology than the older generations. They see the technology as a tool for feeding people while sparing the planet.
- **"Farmers love GMO crops"** - Not just American farmers but farmers around the world have come to see the value of GMO crops. This will only expand GMO crops and assist in supporting food security.
- **"Opposition in Europe has eased"** - Concerns from the anti-GMO Europeans dropped from 66% in 2010 to just 27% in 2019. They stated the use of biotechnology to develop effective and safe COVID-19 vaccines has had a huge effect on GMO crops, improving public awareness and its benefits in both agricultural and health applications.

We will still hear opposition to GMOs, but the group has grown much smaller. The conversation now needs to be about broadening tools to biotechnology. Farmers and scientists need more access to innovative tools. We know it is important to curb the agriculture footprint. We

also know we must increase our production to feed the world's ever-growing population.

THANK YOU, to all farmers for what you do every day to keep us fed and secure as a nation. Be safe and stay healthy, Happy New Year!

Jackie King

P.S. Support your local voice in agriculture- become a Farm Bureau member today!



Using Precision Ag to Report for Crop Insurance

Are you using precision agriculture to track your planting and production? If so, there is no reason why you can't use it for acreage reporting and production reporting for your crop insurance.

Planted acres in your precision ag maps can be highly accurate if your prescriptions are up to date. We can use these maps to pinpoint your planted acres at reporting time (deadline 7/15/22 for spring crops), which could save money on your premiums. We can also accurately define the reach of your irrigation, so your dryland acres are kept totally separate.

Likewise, using your production records from your harvester monitor and grain cart can effectively match up your production with your reported acres. Using this data can accurately track your APH, which can lead to guarantees that reflect your true yields and sifting through the numbers can sometimes be a lot easier than breaking down load tickets.

If you are interested in using this data to help in your crop insurance reporting, give us a call at 302-855-0800 and we can discuss the best way to set your policy up for success!

Remember—Don't destroy a small grain crop you have insured before calling us! An adjuster will need to appraise the crop prior to destruction. Failure to do so could cost you an indemnity!



New Advocate for Farmers in DC



In November we had the pleasure to meet and visit with the Assistant Vice President of Federal Affairs with RCIS, Jeff Sands. Jeff assumed this position in September of 2021 replacing Christy Seyfert which many of you may remember from our meeting at Chorman's Airport the fall of 2018.

Jeff comes to RCIS with extensive experience in the ag community and time on Capitol Hill. He joins RCIS after spending time at Columbia Care as VP of Government Affairs, and government affairs roles with USARice, Agricultural Retailers Association and Syngenta, in addition to working with two members of the U.S. House of Representatives in Washington, D.C.

You may ask, why is this relevant to crop insurance and you. Jeff is *our* voice on Capitol Hill! His roles affords him the opportunity to meet with members of congress and their staff to discuss and advocate for crop insurance issues.....the good, bad and the ugly.

During Jeff's visit he met with Evans Farms, Baxter Farms and Delaware Farm Bureau President, Richard Wilkins along with everyone at King Crop. Our conversations ranged from crop expansion, regional crop insurance provisions and policy, double-cropping restrictions to carbon credits and climate change. He was responsive and knowledgeable of many of our concerns regarding crop insurance and we feel confident Jeff is the voice we need on Capitol Hill.

We were honored and flattered Jeff chose King Crop for his first visit to a crop insurance agency and local farming operations after joining RCIS. His background, knowledge and contacts on Capitol Hill will be a great asset to all farmers involved in crop insurance and to the crop insurance program.



Now in our 55th year, King Crop Insurance has been dedicated to protecting farmers and their families from peril. Our specialty is crop insurance, it is our only business, but we are not just business. As a family company, we come from deep agricultural roots and we love to talk farming, talk community, or talk about whatever is on your mind. Don't hesitate to call us!



Experience in the Field Since 1967

Input Costs:

(from page 1) without the added cost of transport. Many local farmers already apply manure in their fields, including those who can cull straight from their own operations. Natural fertilizer can even improve soil health, but it is recommended that soil tests be done to determine appropriate application. (Source: SuccessfulFarming)

The instability in the realm of input costs underlines the need to examine your crop insurance policies. How much of a loss can you incur before an interruption in cash flow becomes a significant problem? Commodity prices were high in the fall of '21, but will they be again in '22 and are you covered in case of a drop? Please take the time to analyze your budgets and contact us so we can find the best safety net for your farm.

Preserving a Farm's Future Starts with Communication

The joy, and some of the pain, of family farming is working with the people you love the most. Family businesses are unique because they allow fathers, mothers, sons, and daughters the opportunity to spend time with each other that does not occur in a typical business setting (we would know; King Crop Insurance has been a family business since 1967). The pitfall that goes along with family businesses, though, are sometimes "family" and "business" need to be separate operations.

When a family member enters the family business, either at a young age or after time spent away from the farm, it is important to first lay out explicitly what the expectations are for that person as an employee. Some family members may have their own expectations that do not line up with the goals of the business as a whole, and it is better to have that conversation at the beginning rather than after the difference has wreaked havoc across the operation.

Successful Farming recommends operations develop the following 10 tools to help create a successful foundation for their family business now and when they begin to transition. Meet with family members to discuss, alter, and sign them to confirm everyone is in agreement.

- 1. Mission Statement.** Who are you? What is your business, and what do you stand for? When a consumer buys from you, what should they expect?
- 2. Business Plan.** What is the structure of your business? Who reports to who? What parts of the business are reliant on what? What are the goals this year? What are the finances and the succession plan of your business?
- 3. Questions for those wanting to join the business.** A list of questions and education, experience, and personality standards for family members who want to join the business must meet.
- 4. Managing People.** Who is responsible for what in the business? What is the breakdown of responsibilities and how do they change as leadership shifts?
- 5. Code of Conduct.** A list of rules and expectations all members of the business are expected to follow, signed upon their hiring.
- 6. A "Contract" to Communicate Clear Expectations.** A document that outlines intrabusiness communication expectations and best practices for communication.
- 7. Conflict Resolution.** What are the best ways to diffuse a situation? How can you solve a problem calmly and efficiently?
- 8. Evaluation Conversation.** How can employees improve? Where have employees done well? How can you communicate that to them in an appropriate manner?
- 9. Prerequisites for Ownership in a Family Business.** What qualities does a family member need to possess to have a stake in the family business?
- 10. Buy-Sell Agreement.** A legal document outlining the rules for as-

set valuation and transfer of ownership. This overrules a will.

The above list mentions succession planning as an important aspect of maintaining stability within the business. As long as everyone knows what the plans is for the future, the transition process will be easier when the time comes. This may lead to some difficult conversations with family members looking for bigger stakes in the business, particularly when division of land is involved, and it is not a bad idea to have a legal mediator involved when the plan is put forth. Still, having these conversations is vital to preserving the farm for the next generation. Communication is not always easy, especially when you're talking next to rumbling grain harvester, but it can be key.

Important Dates to Remember

Jan 31	Sales Closing, Potatoes
Feb 15	Sales Closing, Sweet Peas
March 15	Sales Closing, Spring Crops & Whole Farm Policies
March 17	Production Reporting, Potatoes
March 31	Production Reporting, Green Peas
April 1	Earliest Planting Date, Corn
April 15	Earliest Planting Date, Soybeans
April 16	Earliest Planting Date, Sorghum
April 20	Earliest Planting Date, Snap Beans
April 29	Production Reporting, Spring Crops
April 30	Final Plant Date, Green Peas
May 5	Final Plant Date, Potatoes
May 15	Acreage Reporting, Green Peas & Potatoes
May 31	Final Planting Date, Corn
June 15	Final Planting Date, Sorghum
July 5	Final Planting Date, Soybeans
July 15	Acreage Reporting Date, Spring Crops
July 15	Final Planting Date, Lima Beans
July 31	End of Insurance Period, Small Grains (is your NoL in?)

Questions on the requirements for these dates? Call us at 302-855-0800.





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Micro Farm Policy May Help Specialty Growers, Farm Markets

In November of 2021, the Risk Management Agency announced a new policy as part of their Whole Farm Revenue Protection program that may be able to protect the revenue of smaller-scale operations and specialty crop growers that market their crops to the local public. The Micro Farm Policy is available for the first time this spring, with a sales-closing date of March 15th, 2022 and works as follows, per RMA:

- **Eligibility:** Micro Farm is available to producers who have a farm operation that earns an average allowable revenue of \$100,000 or less, or for carryover insureds, an average allowable revenue of \$125,000 or less. The increase in allowable revenue for a carry-over insured will allow for some farm growth in subsequent years before they become ineligible for the program. RMA’s research showed that 85% of producers who sell locally reported they made less than \$75,000 in gross sales.
- **Coverage Levels:** All coverage levels will be available to producers using Micro Farm. This will enable producers to purchase the 80% and 85% coverage levels without providing additional paperwork.
- **Underwriting and Recordkeeping Requirements:** Micro Farm minimizes underwriting and recordkeeping requirements, and producers will not have to report expenses and individual commodities.

Post-production Revenue: Producers can include post-production activities as revenue, such as washing and packaging commodities or value-added products like jam.

Producers with crops insured under another crop insurance policy or a vertically integrated operation will not be eligible.

The revenue cap will significantly limit the number of eligible entities that can qualify for the coverage, but the policy could be a good risk management tool for a local market operation without all the red tape that Whole Farm Revenue Protection makes producers cut through. If you are interested or know of an operation that may want to utilize Micro Farm, let us know before sales closing.

We thank you for your business and confidence in King Crop to handle your crop insurance needs!



Sales Closing for Spring Crops

Deadline for Making Changes to your MPCCI Policy
March 15, 2022



Spring Crops

2021 Production Due April 15

- Change Your Insurance Coverage
 - Level of Coverage
 - Plan of Insurance
 - Unit Division (Basic, Optional, Enterprise)
 - Coverage by Practice
- Entity Type Changes (divorced, married, LLC partnership, etc.)
- Have you added land or added land in another county?
- Address Change, phone number change, email change, etc.?

Contact us Today 302.855.0800

2022 Spring Crops
Acreage Reports Due
July 15, 2022

We must have a SIGNED acreage in our office in addition to a copy of a FSA Form 578 by 7/15