King Crop News

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New Insurable Crops for 2023

Crop Insurance programs work in a mannered way according to what is growable in a given area. A farmer in, say, Sussex County, Delaware would not be allowed to insure oranges because there is no history of citrus being produced reliably in the First State (and, anyway, the premium would be sky high). It is exciting when a crop is deemed newly insurable in our area.

There is been a push for a number of years to allow crop insurance for edamame in our area and it has seemed like a no-brainer to us at King Crop Insurance: Farmers here have long histories of growing soybeans and processing beans and edamame is both of those. Well, we finally have our chance.

Producers in counties that have processing bean policies available (Kent & Sussex in DE; Cape May, Cumberland, & Salem in NJ; Baltimore, Caroline, Carroll, Dorchester, Harford, Kent, Queen Anne's, Somerset, Talbot, & Worcester in MD) now have the opportunity to insure mukimame, the USDA-approved name for shelled processing soybeans, through a written agreement with the Risk Management Agency.

Farmers looking to insure their mukimame acres will need to complete an application by March 1st and will need to supply production records for the crop as well as a contract for the crop from a processor.

Another new development for local growers is the emergence of a Revenue Protection policy for oats in Baltimore, Carroll, Frederick, Garrett, Harford, & Washington counties in Maryland. Previously only insurable with an Actual Production History policy, oats can now have the extra harvest price protection of a revenue-based policy. Spring-planted oats have a policy change date of March 15th, the fall-planted deadline is September 30th.

If you have interest in insuring either mukimame or oats, please contact us today!

Sales Closing Deadline March 15th

Winter is decision-making time for farmers. Uncertainty in the marketplace, the still high cost of inputs, and continuing concern about weather conditions make nearly every decision facing an operation a difficult one. A lot of questions need to be answered before any seeds go in the ground.

At King Crop Insurance, we are here to help answer one daunting question: **What do you need your crop insurance policy to do for you in 2023?**

Now in our 56th year, we know crop insurance, so talk to us before March 15th to ensure you have the right coverage. There are many aspects of your operation to consider before finalizing your policy.

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.

Other changes you may not have thought of are 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 2022 spring crop production. Not only is this information required for your guarantee, it also allows us to produce more accurate quotes for you to consider prior to sales closing , allowing you to choose the best protection for your operation. Insureds should have already received a Production Worksheet from us either through post or email (and we thank those who have already returned a signed, completed copy!), but if you have not gotten yours, please let us know as soon as possible.

King Crop Insurance

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Crop Insurance Coverage Options for Spring 2023

There are several things one should consider when reviewing crop insurance coverage for the upcoming growing season. Each farming operation is different and there is not a one-size-fits-all solution available. As your crop insurance agents, 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 (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 claim at 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 option extends your coverage level up to 86%. This is a county-based option and triggers when the actual county yield falls below the expected county yield. We typically look at SCO for perennial crops however, we have found it is suitable 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 county's 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 look at 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 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 MPCI 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 impact of a hurricane. Losses are triggered when hurricane-force winds are recorded from a named hurricane in the county or in an adjacent county. Winds speed is 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 MPCI 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 Farm – 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 for operations with a variety of crops and crops not insured by a MPCI policy. WFRP can (and is encouraged) to be combined with a MPCI policy. The Micro Farm policy is for smaller operations with revenue of $350,000 or less and cannot be combined with an MPCI policy.

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 MPCI 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. Please let us know if you are considering any of the above and would like more details. 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!

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.

Possible Mexican Corn Ban Highlights Importance of Revenue Protection

A possible nationwide ban in Mexico of genetically modified corn, as well as the use of the herbicide glyphosate, has the United States government in protracted negotiations with our southern neighbor about the future of North American corn trade.

A 2020 decree by Mexican President Andres Manuel Lopez Obrador **intends to phase out imports of genetically modified corn for human consumption by 2024**, as well as put an end to the use of glyphosate, as reported by the BBC and others.

Along with being one of the USA's largest global trade partners, Mexico is the second largest buyer of US corn, importing some **17 million tons of yellow corn** last year. Estimates are 90% of US yellow corn is considered genetically modified by the standards of Mexico's preposed ban.

The vast majority of Mexican corn imports are used for animal feed, relatively little is consumed by humans. President Lopez Obrador has stated as recently as November 2022 the ban will not limit those imports used for feed. However, according to Reuters, **a Mexican interior minister speculated US corn imports could be halved under the guidelines of the prospective ban**.

With that, Ag Secretary Tom Vilsak and US trade representatives have been engaged in negotiations with the Mexican government to end the ban before it stops. One step is to access the scientific studies Mexican officials are claiming support their intentions. These reports will help clarify the scope of the ban. Besides any affects GM corn may have on humans, Mexico is particularly wary of any affect GM seed presence could have on their ancient and heirloom corn seeds, some of which have histories going back thousands of years, a heritage they are seeking to protect. How high their concern ought to be is part of the debate.

Farmers in our area may not feel the immediate pressure of the proposed ban, if it is implemented, since most yellow corn grown locally is sold locally and stays local for feed purposes. **The affects will be felt here when the price of corn plummets with the amount of the Mexican corn buy**.

Many farmers have already considered their 2024 corn plantings and/or the use of their 2023 corn in the market going into 2024. If negotiations fail and the GM corn ban goes into effect in 2024, as proposed, **price drops on corn could start during harvest time of '23, if not earlier**.

This is decision-making time for local farmers regarding crop insurance coverage and it is an important to consider how your operation could be affected by Mexican policy changes. **Revenue Protection is a possible life-line** in cases of huge price drops on corn and other commodities.

Revenue Protection is the predominant crop insurance policy for grain crops in our area, but it is helpful to review how it works. From the Risk Management Agency:

Revenue Protection policies insure producers against yield losses due to natural causes such as drought, excessive moisture, hail, wind, frost, insects, and disease, and revenue losses caused by a change in the harvest price from the projected price. The producer selects the amount of average yield he or she wishes to insure; from 50-75 percent (in some areas to 85 percent). The projected price and the harvest price are 100 percent of the amounts determined in accordance with the Commodity Exchange Price Provisions and are based on daily settlement prices for certain futures contracts. The amount of insurance protection is based on the greater of the projected price or the harvest price. If the harvested plus any appraised production multiplied by the harvest price is less than the amount of insurance protection, the producer is paid an indemnity based on the difference.

The harvest price option is the key to revenue protection in the current climate. If the bottom drops out on the price of corn during the crop year, farmers will be protected against the revenue loss they will face selling their corn.

Farmers who currently carry Yield Protection on their spring-planted crops might want to consider Revenue Protection for the 2023 crop year and beyond. Similarly, farmers with low levels of coverage on their high liability crops, such as irrigated corn, may want to buy up to insure against a potentially huge revenue loss.

Review your policy with your crop insurance agent prior to March 15th to help keep your operation protected from revenue loss!

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. You could save time and money!

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 7/15/23 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 you crop insurance reporting, give us a call at King Crop Insurance, 302-855-0800, and we can discuss the best way to set your policy up for success!

Farm Bill in 2023?

A new version on the Farm Bill is slated for 2023, but what will the bill look like and will it be ready before the current farm bill is scheduled to expire?

This year is the 90th anniversary of the initial Farm Bill, passed in 1933 to aid farmers through Dust Bowl era blight. The modern Farm Bill now assists a lot more than just farmers as it sets Supplemental Nutrition Assistance Program (SNAP) policy, is used to protect waterways and forests, and promotes trade programs. Often, programs aimed specifically at farmers receive little fanfare or consideration. Than could be different, however, this time around.

Crop Insurance, commodity supports, and other farm safety net programs carry on the spirit of the first Farm Bill, but they now represent less than 20% of the overall legislation. However, these programs will receive marked scrutiny over the course of deliberations.

Some are looking to make crop insurance more easily accessible to farmers. According to NPR, Elizabeth Hinkel, president of the Pennsylvania Corn Growers, testified at a congressional listening session that 45% of corn acres in her state are not insured and making the program more affordable would greatly cut the risk Keystone State growers face.

Despite Hinkel's testimony, there will be those in Congress interested in curtailing the abilities of the crop insurance program in an effort to either cut spending or divert funds to other projects. Crop insurance is required by law to be actuarially sound and the increase since 2000 in farmer participation illustrates the effectiveness of crop insurance as a risk management tool and the popularity of program amongst the population it services. Efforts to cut the scope or limit the access of crop insurance often stem from a misunderstanding of the program or scapegoating.

Agricultural research and development, as funded by the Farm Bill, fell over 30% from 2002 to 2019. In that time, as reported by USDA's Economic Research Service, China, Brazil, and the European Union all increased their public funding of ag research. There is now an effort to course change in the upcoming farm bill to ensure the US is competing with, and surpassing, their economic rivals.

Of course, there is the possibility we will not see a new Farm Bill in 2023. There have been delays in the past, notably 2012's preposed Farm Bill that did not come to fruition until 2014.

That Farm Bill's delay was largely the result of debate over SNAP benefits. Proponents of a speedy Farm Bill process recommend excising the SNAP provisions from the Farm Bill entirely and placing them in separate legislation. They argue farmers would get the service they need quicker and SNAP benefits would likely have enough support in Congress with or without the rural contingent that so strongly advocates for farm programs

That thinking could backfire, however. Without the SNAP debate, it might prove difficult to get the representatives from non-agricultural districts to muster enough concern about farm programs, research, and safety nets to get a timely Farm Bill. It could also increase the whittling of funding for essential farm safety net initiatives since they would not have the direct comparison of the SNAP budget to buoy them.

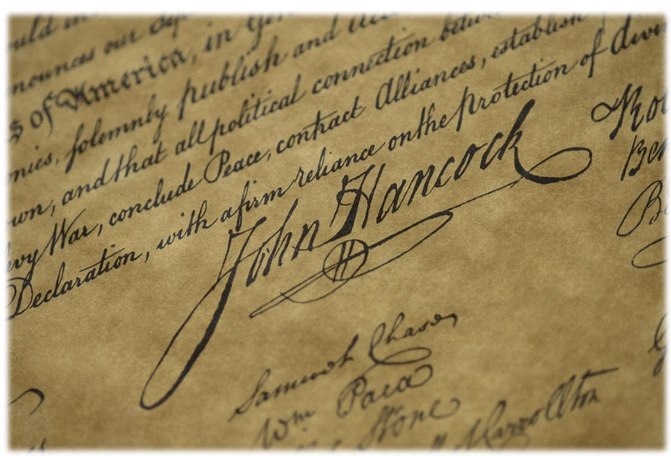
The good news is there is likely plenty of time to voice your opinions and concerns to your representative or to reach out to advocacy groups like Farm Bureau or your local growers associations. These groups exist to be the voice of the farmer when legislation is being decided so let them know what you need as an American Farmer to keep growing.

Show Us Your Signature Moves!

The Risk Management Agency requires a signature from an authorized signer from an operation on all official crop insurance documents, including applications, production worksheets, and acreage reports. When a deadline arrives, you can bet we will have a document you will need to sign.

Your agent cannot sign for you and signatures on FSA documents do not carry over for crop insurance purposes, even if they contain the same exact information. Try not to think of it as a nuisance, just consider us as such huge fans of yours that we keep wanting your autograph, at prescribed times of the year.

Keep in mind timely-dated electronic signatures are allowable by RMA and you can still send signed documents in the mail or by fax. Of course, we always welcome signers to stop by our office, especially if they want to make a grand, defiant gesture similar to Declaration of Independence signer John Hancock.



Another Record Year for Farm Exports in 2022 - What Is the Outlook for 2023?

United States farmers had another record year for exports in 2022, increasing 11% over 2021, the previous record year. In total, the farm and food export total reached $196 billion, according to US Commerce Department figures.

Value of sales increased from '21 in each of the US top ten agricultural export markets - China, Mexico, Canada, Japan, the European Union, South Korea, Taiwan, the Philippines, Colombia and Vietnam. The top exported commodities were soybeans, corn, beef, dairy, cotton and tree nuts.

While the numbers are impressive, they are slightly deceiving. While dollar amounts set records, bulk exports in 2022 were actually down 6% from '21, according to Reuters, and beef, pork, and poultry product exports fell 1% from the previous year.

Corn and wheat were down 16% and 13%, respectively, but soybean exports actually went up an impressive 8%. The National Agricultural Statistics Services recorded a 4% decrease in planted corn acres in 2022 versus 2021, but also a 1% increase in soybean acres in that time. US cattle and hog inventories were also down in '22, 3% and 2%, respectively.

Global inflation is partially the cause of the higher export dollars, along with a supply issue on some commodities resulting from the Russia-Ukraine conflict raising prices. Notably, US ethanol exports rose 9% over 2021's total, likely due to limits on Russian petroleum supplies and high crude oil prices in the first half of 2022.

Agricultural products made up 7.1 percent of overall US exports in '22 in figures from the US Census Bureau, a slight dip from '21, but slightly above average in our post-2000 economy.

What is the outlook for 2023? The war in Ukraine continues and there has been little to indicate an end is in our near future. However, the export of Ukrainian grain is not at the standstill it was in the first quarter of 2022, so supply may not be as tight as we saw through last year. We are nearing spring with oil prices staying steady, (though that could change in a blink of an eye), therefore ethanol exports likely will not see as big of a jump as last year.

Food price inflation has leveled off somewhat, though it has yet to be seen when one walks through the grocery store, especially in the meat department. However, that could affect export dollars, especially if livestock inventories continue a downward trend.

Commodity prices remain relatively high compared to 2021, hovering around 2022 crop insurance price discovery levels. We will know in the beginning of March what the price election for corn, soybeans, and grain sorghum will be, so be sure to get in touch with King Crop Insurance to make the most informed decision about your policy.

Important Dates to Remember

February 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 10	**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 20	**Final Planting Date, Sorghum**
July 5	**Final Planting Date, Soybeans**
July 15	**Acreage Reporting Date, Spring Crops**
July 20	**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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