

King Crop News



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CELEBRATING Over 55 YEARS

June 2023

ACREAGE REPORTS DUE JULY 15!

Considering a Crop Hail Policy



Acreage Reporting is Vital, Deadline 7/15/23

Crop insurance premiums and overall coverage are determined by acreage reporting. **The deadline for submitting your planted acres with an authorized signature is July 15, 2023.** This date is the end for reporting planted acres of corn, soybeans, grain sorghum, and processing vegetables (some varieties of processing beans have some extra time).

The earlier you can complete your acreage report, the better it is for you. For one thing, you will receive your schedule of insurance sooner, which you will be able to review for errors before you are billed a premium. The other perk is you will not have King Crop Insurance calling you on July 4th weekend asking you where your acreage report is while you are trying to eat a

hot dog and watch fireworks. We are not picky about how you get your acres to us. If you are reporting your acres to an FSA office, simply request they send a copy of your form #578 to us and we can use that to process your acreage report. You can also bring your acres in to our office, fax them to (302)-855-0885, drop them in the mail to us, or email them to agents@kingcrop.com.

Once we have your acres, we will need a signature by an authorized representative from your operation to verify and complete your report. THIS IS VERY IMPORTANT! Your acreage report is not valid without a timely signature. An invalid acreage report can mean no coverage for your 2023 crops.

Contact King Crop Insurance before July 15 to ensure you are covered!

Crop Hail policies are a private crop insurance product that provide supplementary coverage against the perils of hail, fire, and transit disaster for grain and processing vegetable crops and can also supply similar protection to perennial crops. For corn, there is also an available endorsement that protects against losses due to green snap as a result of high winds.

Losses from naturally occurring perils such as hail, fire, and wind are protected against by a standard Multi-Peril Crop Insurance (MPCI) policy, so producers may ask, what is the benefit of a Crop Hail policy? For one, an MPCI policy cannot cover 100% of the value of a crop, even with add-ons such as the Supplementary Coverage Option (SCO) and the Enhanced Coverage Option (ECO), so a crop hail policy adds that additional coverage if you are concerned about your crop's exposure.

Secondly, a crop hail policy is customizable in a way MPCI is not. If one has irrigated and

non-irrigated grain in the field, an MPCI policy requires all planted acreage of that grain in a county to be insured, regardless of practice (though producers are permitted to insure irrigated and non-irrigated acreage at different coverage levels). With a crop hail policy, you may choose which fields you want to insure and leave others off the policy. If a farmer is concerned about increased liability from the high value of irrigated grain and would like supplementary coverage on those acres, that grower can choose to put a crop hail policy on only those irrigated fields without having to spend premium on fields with lower liability. Likewise, individual fields can have different levels of Insurance Per Acre (IPA) to the farmer's specifications.

The Wind/Green Snap endorsements allow a Crop Hail policy further ability to manage risk in corn, adding an insurable peril. A Crop Hail wind endorsement will cover a loss (*continued on pg 3*)



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Risk Management Outlook for 2023 Crop Year

Each farm faces risk, though all can experience it in different ways. However, there are risks out there that the majority of farms will face in this crop year in similar ways. To start, we will look at the risk that is often top of mind for farmers, *Production Risk*.

The last couple years have seen a higher occurrence of tornado warnings and actual cyclone touchdowns across the Mid-Atlantic region, with a fatal one sweeping across Delmarva just this past April. This is becoming a new normal in our area, though the recent uptick in tornados might be traced to the presence of the La Niña weather system, in which the north-western quadrant of the planet had been entrenched since 2020.

Forecasters are now stating, according to NOAA, our corner of the globe is switching to a neutral-into-El Niño weather system. The '20-'23 La Niña (for what it is worth, the third longest on record) spawned 11 hurricanes in the Atlantic region; an El Niño system typically decreases the occurrence of hurricanes, which can in turn decrease the likelihood of tornados spurred by these tropical storms.

El Niño brings with it wetter conditions in the Southern United States and drier conditions in the North. 2018 and 2019 were the most recent El Niño years, which saw a lot of precipitation on the Delmarva Peninsula, with some disastrous results. The National Weather Service believes there is a 62% chance of El Niño beginning between June and August 2023.

Keep in mind, in the occurrence of a wetter than expected summer that results in double-crop soybean replants, producers must report the loss to their crop insurance agent BEFORE replanting. Producers can self-certify their replanted acres if the area is under 100 acres, but they must speak to a representative from Claims BEFORE performing the actual replant. Replants of over 100 acres must have an inspection from a loss adjuster. Producers qualify for replant payments if their replant area is at least 20% of a field or over 20 acres.

Market Risk is a constant concern for farmers as well. China recently has cancelled purchases of US Corn, with a fresh one totaling, according to AgWeb, over 9 million bushels of corn. The ability to get a lower price on corn from South America, as well as a first-time corn buy from South Africa, affected their decision to pass on US corn. USDA now expects lower than predicted corn exports for 2023, down a possible 35% compared to 2022.

With Brazil and Argentina expected to continue strong harvests and Reuters reporting a USDA prediction of a record 181.5 bushel per acre average nationwide, corn supplies

should be in the surplus this fall. The ongoing war in Ukraine is affecting Eurozone grain distribution, but, barring a devastating natural disaster, corn prices (and soybean prices likely with them) will trend downward according to federal data.

The USDA Economic Research Service in February published a report expecting corn prices to fall to around the \$5.70 mark for 2023/24 and continue downward through 2026/27 near the \$4.30 mark, a significant cut from the highs of Fall 2022, where the final harvest price for crop insurance policies on corn was \$6.81. The same report predicts a similar path in price for soybeans.

Revenue Protection crop insurance policies can provide a safety net for producers in times of peril. Since farmers are paid indemnities on losses based on the higher of the spring discovery price or the fall harvest price, they can be protected from significant price drops over the growing season.

Interest rates continued to rise in May 2023. This might mean the cost of doing business could continue to increase in the short term for farmers, adding to their *Financial Risk*. The Farm Service Agency has a comprehensive loan program that may help farmers operate at a more affordable cost. The Loan Assistance Tool at lat.fpac.usda.gov can direct producers to a program that may help their operation.

All of the above stressors can take a toll mentally on farmers and their families. Though it is often the most ignored risk factor, the *Human Risk* factor is the most pertinent. It is important to remember that a farm operation cannot be healthy if its operators are not healthy.

The University of Delaware Cooperative Extension Got Your Back program offers help to farmers on a diverse number of farm stress topics, including physical & mental health, legal issues, and finances to help tackle *Human Risk* and *Legal Risk*. Similarly, University of Maryland Extension offers Farm Stress Management support and provides training, through both online videos and in-person instruction, on ways to manage farm and business-related stress. Visit the UD and/or UMD Extension web sites for more information.

There will always be inherent risks in farming, managing and spreading these risks help make operations successful. If you are having a problem handling your risk management, contact King Crop Insurance. We will always work for farmers!

*King Crop Insurance:
Experience in the Field*

100 Years of Delmarva's Defining Industry



While farming on the Delmarva Peninsula dates back prior to European settlement, the area's largest current agricultural industry can be traced to a specific event one century ago.

In 1923, chicken was less of a dinner staple than it is today. The Perdue company in Salisbury, Maryland traded in chickens of the shelled variety, selling table eggs, not broilers. Chickens were often not eaten until they had surpassed their usefulness as egg layers, at which point they were better suited for soups and stews as opposed to roasts or an eight-piece bucket.

One day that year, Cecile Steele of Ocean View, Delaware received a delivery of chicks she planned to keep as egg layers. Instead of the 50 she had ordered, a hatchery in Dagsboro mistakenly sent her 500. Knowing she had no reasonable use for as many eggs as 500 chickens could produce, Steele raised the majority of the lot for meat. 387 birds reached maturity and Cecile sold them to hotels and restaurants for a tidy profit.

Seeing how her success could be replicated, Steele ordered 1,000 chicks the following year. In 1926, the number reached 10,000. In 1928, with her husband Wilmer in the fold after leaving his Coast Guard job in Bethany Beach, the Steeles ordered a flock of 26,000, more than fifty times their original, glorious mistake delivery.

Prior to Cecile Steele, Delaware had been known mostly as a producer of peaches. A peach blight that spread through the early 1900s had limited previously successful growers who turned to look for a new cash crop. Strawberries were briefly popular, but also had similar disease problems. The news of the Steeles' success spread quickly and soon broilers were being adopted all over Sussex County.

The burgeoning bird business had unintended benefits on local farms as well. Prior to chickens becoming popular, fertilizing row crops was not a standard practice on Delmarva, with typically meager yields as a result. The boom in broilers brought a bevy of manure, which was applied to grain fields, raising production many times over. Which was a good thing because more and more chickens needed to be fed!

The Steele's endeavor partially became a hit because it coincided with a much larger innovation – home refrigeration. Because chicken was not as easy, or as appetizing, to preserve as beef or pork, having an excess of it was not ideal. However, as

the 1920s progressed, companies such as Frigidaire, Kelvinator, and GE introduced self-contained refrigeration units that could be kept in the home, allowing the storage of raw chicken to become possible and palatable.

Perdue eventually made a switch from selling eggs to selling chicks as the broiler industry grew and they switched entirely to the sale of birds for meat in the 1940s. They opened their first processing plant in 1968 as their national market grew and their customer base became less rural.

Father and son John and Preston Townsend incorporated Townsends, Inc in 1937 to pursue the chicken business (John had previously been the second largest orchard owner in the country during Delaware's peach boom and a governor of the First State) and built a Millsboro hatchery in 1938. The introduction of their processing plant in 1957 made Townsends the first vertically integrated broiler business, controlling their product from the feed to the finished product at the market.

The broiler industry is now essential to Delmarva's agricultural landscape and economy as a whole. In 2019, there were 1325 individual growers operating 5114 chicken houses across the peninsula and in 2021, Delmarva produced 567 million broilers and processed 4.2 billion pounds of meat. The Steele's original chicken coop can be seen today at the Delaware Ag Museum in Dover. Despite the Steele's success, here's hoping no Delmarva chicken farmers receive a surprise flock any time soon.

(Sources: Jim Duffy, Perdue Farms, Townsends, Inc)

Crop Hail (continued from pg 1)

due to high winds from any scenario, be it thunderstorm, tornado, hurricane, or tropical storm.

There are explicit stipulations regarding loss adjustment the insured needs to be aware of prior to selecting a wind endorsement. Most important to know is the loss must be green snap below the lowest ear on the stalk. Broken stalks above the ear do not qualify. Similarly, if there are two ears on the stalk and the break is between the two, this does not qualify. Blown down corn that does not have a stalk break does not qualify.

Another positive about a Crop Hail policy is there is no deadline for signing up. This gives a farmer time to assess how vulnerable a particular crop may be prior to starting a policy. However, the crop cannot have any damage prior to the policy taking effect or the policy will be void. If a Crop Hail policy sounds like something you would like to explore further, give Kind Crop Insurance a call!



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



Acreage Reporting for Spring Crops

**Deadline for Signed Reports
July 15, 2023**



Ways to Send Your Signed Report to King Crop:

- E-mail agents@kingcrop.com
- Fax 302-855-0885
- Visit our office at 101 W. Market St, Georgetown, DE 19947
- Have us come to you!
- Check inside this newsletter for more tips about making acreage reporting easier for you!

Contact us Today 302.855.0800

**Small Grains Policy Change/Sale Closing
September 30, 2023**

**2023 Spring Crops
Acreage Reports Due
July 15, 2023**

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