King Crop News

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Wheat & Barley Sales Closing is September 30th

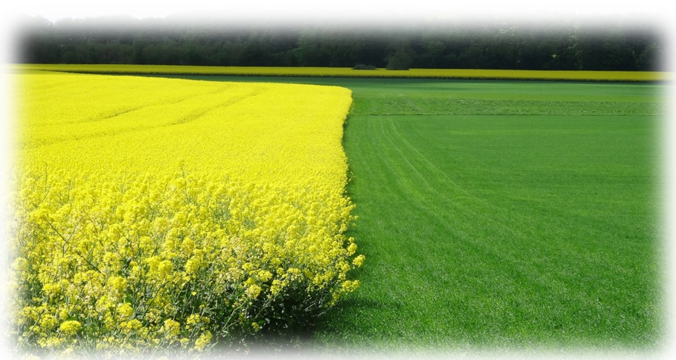
But Don't Forget About Another Important Crop!

The end of summer is near and harvesting spring crops and planting winter crops is on the minds of farmers. If you are planning on planting commercial crops of **wheat** and/or **barley** this fall, please visit or call King Crop Insurance to ensure you have the protection you need.

The 2023 crop year saw price dips in small grains. That resulted in indemnities paid out to some insureds with higher levels of coverage due to revenue loss. The wheat and barley growing season is long and many things can change in the market in that time. **Be sure to talk to an agent prior to September 30th** so you are not underinsured in cases of commodity price drops.

Do not forget about other important protection King Crop Insurance can provide for your operation this fall: If you intend to plant **rapeseed**, you can insure your investment through a written agreement with USDA. It is a different application process than a wheat or barley policy, but the protection is the same and it can keep your cash flow moving in times of a loss.

The push to harvest is an exciting and busy time, it can be easy to forget about your risk management strategy. Just keep in mind to **contact King Crop Insurance before September 30th** to help keep your investment safe.



Revenue Losses a Possibility for 2023 Crops

It may surprise those who had bumper yields on their small grains this year, but there is a very real possibility for a claim based on revenue losses on 2023 wheat.

In fall of 2022, the discovery price for crop insurance on wheat came in at $8.45 after a year of steady price incline in the marketplace. As the calendar turned to '23, the market cooled and wheat prices dipped considerably. The harvest price of $6.83 was announced at the beginning of August, setting off alarms at the King Crop office for possible revenue losses.

Revenue Protection guarantees are based on the higher of either the discovery price or the harvest price. When the discovery price is significantly higher than the harvest price that can mean farmers who experienced average yields or similar may still experience a straight revenue loss and could qualify for an indemnity.

The difference between the discovery price and harvest price was $1.62, nearly a 20% drop, which would be a substantial loss for any farmer. Keep in mind, these prices are the only ones used for crop insurance purposes; the price a producer contracted or sold their grain for is not factored during the claims process.

The harvest price for barley also came in lower than the discovery price by $0.42, or about 7%. The likelihood of a revenue loss on barley is slimmer than with wheat, but worth investigating, nonetheless. Also, revenue losses may not be limited to small grains for 2023. Corn had a discovery price of $5.91 in the winter and soybeans set at $13.80. (*continued on page 4*)

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There Is Potential Growth in Malted Barley

There are decades of production history for barley on the Delmarva Peninsula and the surrounding environs, but the bulk of that grain was used for livestock fodder, seed, or cover crop. In the past decade, there has been an increase, due to the foundation of Proximity Malt Company in Laurel, DE, in malted barley production in the area.

According to the University of Delaware, malt barley production has historically occurred in states with cooler, dryer climates and moderate summers like North Dakota and Montana. However, the winter barley that is predominantly grown in the mid-Atlantic is gaining appreciation from malt processors as a viable option.

Barley for malt can be especially attractive to local farmers since it can be double cropped with soybeans following it (and the soybeans can typically be put in the ground earlier because barley harvests earlier than wheat in a given year).

Malt processors favor two-row head barley as opposed to six-row because the kernels are more uniform and plumper. Malting is a three-step process. First the kernels are steeped, raising the moisture level of the dry kernels to 40-45%. The soaked kernels are then transferred to germination beds for up to four days. At this stage, complex proteins surrounding starches in the kernel break down, opening reserves of starch in the grain.

The final stage is kilning, where heat is applied to the germinated barley. Kilning produces Maillard reactions (the same processes that occur when one sears a steak or toasts a marshmallow) which develop the desired malty flavors in the barley.

Malt barley can be milled to make flour, which is used in some breads and confections, or can be mashed to separate the sugars and utilized to make powders, syrups, and distilled liquors. The predominant use for malt barley, however, is for the brewing of beer.

Beer has four essential ingredients: Water, hops, yeast, and malt. The proportions of these essential parts differ from brew to brew and other ingredients can be added, but a brewer can make a fine beer with just the four components. The most common malt used is derived from barley.

Malt contributes many aspects to a finished brew, including the flavor, the color, the aroma, and even the amount of foam a poured beer produces. Malt is also essential because it provides the sugars that trigger the fermentation process.

It is not much of a secret that independent beer brewing experienced an unprecedented boom in the past decade. Though the sudsy wave may have crested somewhat since the mid-2010s heyday craft breweries enjoyed (long-time California independent Anchor Brewing is expected to close this year, Delaware mainstay Fordham Dominion announced its closing in July, and a 2022 Penn State Extension study predicts beer consumption to taper compared to other alcoholic beverages through 2025), demand for malt barley is high and projects to remain so until the 21st amendment is repealed.

With market demand and premium price often coinciding for malt barley, it is important farmers' risk is appropriately addressed by crop insurance. There is, of course, barley crop insurance policies for **Yield Protection (YP)** or **Revenue Protection (RP)** available in the vast majority of counties nationwide, with coverage levels going up to 85% (**sales closing/policy change deadline is September 30th**).

There is also an endorsement option available to specifically address the typical increase in price received for malt barley. Unfortunately, this endorsement is not available in counties in Delaware, Pennsylvania, Maryland, or New Jersey. It is not even available through written agreement as some individual crop policies may be.

How likely the availability of the endorsement is to change is unclear. It seems reasonable to expect its expansion in the future, but it is also not likely to come to the area any time soon without a little push.

We at King Crop would like to hear from barley producers: tell us what your needs are. If you are contracting for malt barley or are interested in pursuing the crop in the future, let us know! Not having the malt barley endorsement available to our local farmers means they could be at greater risk in the marketplace. King Crop Insurance will advocate for our farmers to get the protection they deserve.

King Crop Insurance
Celebrating Over 55 Years
1967 2023

Requirements for Insuring Direct Market Crops

Though the history of crop insurance focuses heavily on grain and processing crops, there are options to insure crops that are marketed directly to the consumer. Depending on your location, there may be **individual policies** available to you for crops such as blueberries, grapes, peaches, apples, or sweet corn, not to mention the protection an operation can receive for a slew of crops via **Whole Farm Revenue Protection (WFRP)**.

Insuring these types of crops begins similarly to insuring a grain crop by choosing a coverage level, providing your actual production history to your agent, and then getting a guarantee. There are specific differences, however. For instance, many perennial crops have an established price that does not necessarily change year-to-year like with grain crops, and there is no harvest price consideration.

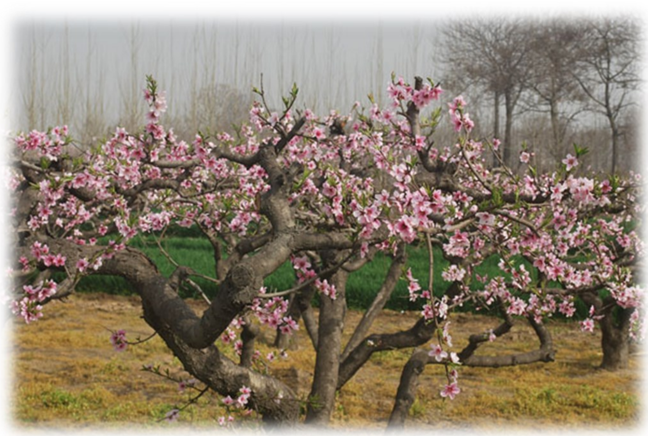
New policies for perennial crops will have to undergo an inspection by a loss adjuster to ensure the producer has a viable crop and is following best practices. Insureds will need to submit a **Pre-Acceptance Worksheet (PAW)**, provided by their agent, prior to the beginning of coverage. Acreage reporting is done at the time of application, not months later as with a grain or processing crop. New applicants will need at least three years of production history for a perennial crop to be considered insurable.

Before the growing season is underway, the insured will need to establish how they plan to provide documentation of their production using a **Direct Market Certification Form**. The acceptable forms of documents include, but are not limited to: commercially sold or stored records including receipts and settlements sheets, pick records, machine harvest records, certified scale weight records, and sales records.

Records the insured maintains themselves may have additional requirements to meet the standards of the Risk Management Agency. Pick records will need to have the name of the person performing the task, the date of harvest, and the location of the crop and may even require pay stubs for the employee as proof of payment along with the price paid per volume. Sales records must include a contemporaneous daily sales register and a transaction summary that lists the commodity, the quantity, and the amount of payment with the payment type (cash, credit, etc). If you are using a point of sale system like Square or Clover, you can set the specifications on the application to provide this information for you.

An insured can use a pre-harvest appraisal by an adjuster in conjunction with other production records or in lieu of production records on a case-by-case basis or in instances of loss. Appraisals are not automatic and will need to be requested by an agent on behalf of the insured.

Finally, tax records can be used to establish production and are, in fact, required for **WFRP** policies. Schedule F forms for the previous five tax years (if applicable) that have been submitted to the IRS are foundational to assessing the revenue of an operation if they wish to be covered, even if any and all other forms of production records have already been submitted.



It is in the best interest of a producer of fresh market or perennial crops to have a pre-harvest appraisal, and, depending on the policy, it may be required. Producers of perennial crops have an application deadline of **November 20th** for new policies and operations looking to cover through **WFRP** have until **March 15th** to apply in order to cover for 2024. If you want to explore your options more, get in touch with **King Crop** right away!

(*continued from page 1*) Both commodities are trending down from those levels as of this writing, especially corn. There are still many weeks before a harvest price is announced for these spring crops

Growers with higher levels of coverage, 75% and up, are more likely to qualify for a revenue loss, but all insureds with Revenue Protection should look at their totals for a possible shortcoming. If you are unsure if you qualify, reach out to King Crop Insurance. We require your production totals anyway, so it is best to get them to us now, before the September 15 deadline for small grains notices of loss, to see if you have an indemnity coming your way.

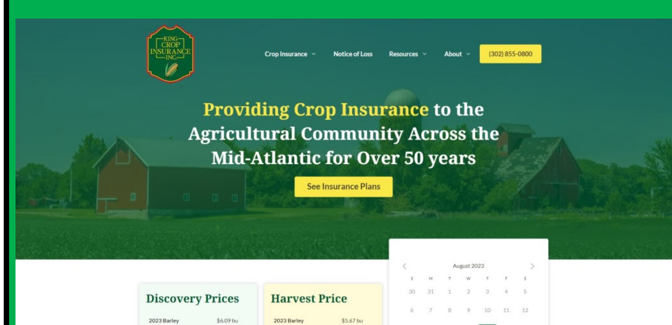
With the small grains policy change deadline of September 30 coming up as well, this is a good time to revisit your insurance of wheat and/or barley. Those with Yield Protection might want to consider switching to Revenue Protection in order to have coverage in cases of similar price fluctuations and this current revenue loss scenario demonstrates the safety net provided by higher levels of coverage. Reach out to an agent at King Crop Insurance to talk about what works best for your operation!

We have redesigned and updated our web site! It's more interactive, more informative, and more fun!

We pride ourselves on getting farmers up-to-date on crop insurance and risk management news and changes. Our web site will now be an even better tool for keeping growers in the know with what they need for their operations.

Check it out today and let us know what you think:

www.kingcrop.com



Upcoming Crop Insurance Calendar

Sales Closing/ Policy Change Deadline, Small Grains:

September 30, 2023

Small Grains Production Reporting Deadline:

November 15, 2023

Sales Closing /Policy Change Deadline, Category C Crops (including Cranberries, Blueberries, Peaches, & Grapes):

November 20, 2023

Sales Closing/Policy Change Deadline, Pasture, Rangeland, & Forage (PRF):

December 1, 2023

End of Insurance Period, Corn, Soybeans, & Grain Sorghum:

December 10, 2022

Acreage Reporting Deadline, Small Grains:

December 15, 2023

Sales Closing/Policy Change Deadline, Potatoes:

January 31, 2024

Sales Closing/Policy Change Deadline, Green Peas:

February 15, 2024

Sales Closing/Policy Change Deadline, Spring Crops:

March 15, 2024

Delaware Farm Bureau Meeting Dates, Fall 2023

Kent County, 9/25/23, 6 PM, Felton Fire Hall

Sussex County, 10/1/23, 6 PM, Slaughter Beach Memorial Fire Hall

New Castle County, 10/09/23, 6 PM, Townsend Fire Hall

State Banquet, 12/9/23, 5 PM, Dover Modern Maturity Center

Now in our 56th 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!

Livestock Protection Available for Swine and Cattle

Growers in our region continue to wait for a viable insurance option for insuring revenue derived from broilers, but options for swine, beef cattle, and dairy cattle have now been running for over a decade and can help a diversified operation manage the risks that come with raising livestock.

Per the Risk Management Agency (RMA):

Livestock Gross Margin (LGM)-Cattle - provides protection against the loss of gross margin (market value of livestock minus feeder cattle and feed costs) on cattle. The indemnity at the end of the 11-month insurance period is the difference, if positive, between the gross margin guarantee and the actual gross margin. The LGM-Cattle Insurance Policy uses futures prices to determine the expected gross margin and the actual gross margin. Prices for LGM-Cattle are based on simple averages of Chicago Mercantile Exchange Group futures contract daily settlement prices and are not based on the prices you receive at the market.

LGM-Dairy - provides protection when feed costs rise or milk prices drop and can be tailored to any size farm. Gross margin is the market value of milk minus feed costs. **LGM-Dairy** uses futures prices for corn, soybean meal, and milk to determine the expected gross margin and the actual gross margin **LGM-Dairy** is similar to buying both a call option to limit higher feed costs and a put option to set a floor on milk prices.

Only milk sold for commercial or private sale and primarily intended for final human consumption from dairy cattle is eligible for coverage. There is no minimum or maximum number of hundredweights you can insure.

Prices for **LGM-Dairy** are based on simple averages of Chicago Mercantile Exchange Group futures contract daily settlement prices, and are not based on the prices you receive at the market.

LGM-Swine - provides protection against the loss of gross margin (market value of livestock minus feed costs) on swine. **LGM -Swine** uses futures prices to determine the expected gross margin and the actual gross margin. The price you receive at the local market is not used in these calculations.

Livestock Risk Protection (LRP)-Feeder Cattle - designed to insure against declining market prices. You may choose from a variety of coverage levels and insurance periods that match the time your feeder cattle would normally be marketed (ownership may be retained).

You may choose coverage prices ranging from 70 to 100 percent of the expected ending value. At the end of the insurance period, if the actual ending value is below the coverage price, you will be paid an indemnity for the difference between the coverage price and actual ending value.

You submit a one-time application for LRP-Feeder Cattle coverage. After the application is accepted, you can buy specific coverage endorsements throughout the year for up to 12,000 head of feeder cattle that are expected to weigh up to 1000 pounds at the end of the insurance period. The annual limit for LRP-Feeder Cattle is 25,000 head per producer per year (July 1 to June 30).

LRP-Swine - After the application is accepted, you may buy specific coverage endorsements for up to 70,000 hogs that are expected to reach market weight near the end of the insurance period.

The annual limit for **LRP-Swine** is 750,000 hogs per producer for each crop year (July 1 to June 30).

With **LRP** policies, the length of insurance coverage available for each specific coverage endorsement is 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks but may be limited based on insured type.

Agents at King Crop Insurance are fully licensed and qualified to sell livestock protection policies. If you are interested in finding out more about the specifics of these polices, call **302-855-0800** or email **agents@kingcrop.com**.