King Crop News

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Sales Closing Deadline March 15th

Between Valentine's Day and St. Patrick's Day is another day on the calendar farmers should mark with a big heart: **March 15**, the sales closing/policy change date on crop insurance policies for spring planted crops.

This date is the final chance in 2024 to apply for a policy on a new crop, change a coverage level on an existing policy, adjust unit structures, or add auxiliary coverage options to corn, soybean, processing bean, sweet corn, or grain sorghum policies. It is also the deadline for adding or changing a Whole Farm Revenue Protection or Micro Farm policy.

If you would like a quote on coverage options from King Crop Insurance, please contact us at **302-855-0800** or email **agents@kingcrop.com**. For the most accurate quote possible, please submit your 2023 crop production totals to us so we may add them to your database.

Read on in this newsletter for tips of things to consider before you finalize your risk management plan for 2024! We look forward to hearing from you this winter!

Risk Management Conference - March 4, 2024

Harrington Fire Hall 8:00 AM - 4:00 PM

Delaware Farm Bureau and University of Delaware Cooperative Extension will be presenting a day of risk management discussions with topics including crop insurance, grain marketing, solar farming, & enterprise budgets. Visit DEFB.ORG or call 302-697-3183 to register for attendance.

ARC and PLC Extended

The seeds of a new farm bill were sown in the halls of Congress in 2023, but at harvest time no fruit was borne. In a stop-gap effort, lawmakers retread the previous farm bill for another fiscal year. That meant the **Area Risk Coverage (ARC)** and **Price Loss Coverage (PLC)** programs facilitated by the Farm Service Agency (FSA) will be available to farmers once again in 2024.

Of particular note for the 2024 crop year, the reference price for corn and soybeans regarding these programs has gone up. Corn went from $3.70 to $4.01 and soybeans climbed from $8.40 to $9.26. Hopefully these price increases will make **ARC** and **PLC** more relevant options for farmers in our area.

Two things to keep in mind about **ARC** and **PLC** in relation to crop insurance: 1) The deadlines for registration in **ARC** and **PLC** is the same as the crop insurance sales closing/policy change date, March 15, 2024 and, 2) if you are enrolling in **ARC-County**, you cannot also sign up for the **Supplemental Coverage Option (SCO)** on your Multi-Peril Crop Insurance policy as USDA considers this to be double coverage.

SCO and the **Extended Coverage Option (ECO)** are two ancillary policy options farmers can add to their risk management plans on or prior to the sales closing/policy change date. More information on these choices can be found in the **Crop Insurance Coverage Options for 2024** section. If you have questions on **ARC** or **PLC**, please contact your local Farm Service Agency office.

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Crop Insurance Coverage Options for Spring 2024

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 up for 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. Tropical Storm option also available.

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.

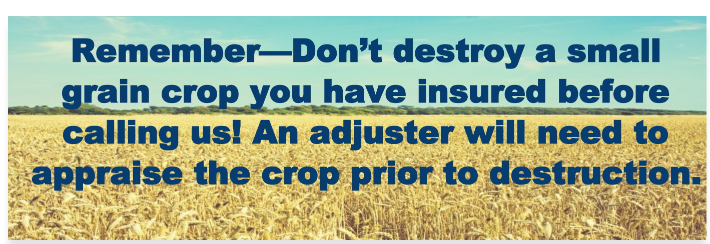
Crop Hail – Crop Hail is a private product offered by the Approved Insurance Providers (AIP) and is a relatively inexpensive option to obtain additional coverage on an acre-by-acre policy with coverage for hail damage only. Crop Hail is available for Barley, Wheat, Corn, Sweet Corn, Grain Sorghum, Processing 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!



Apprenticeship Gives Opportunity to Young Aggies

Do you know any current or former FFA or 4-H members looking to spread their wings beyond the farm but still stay involved in agriculture? Rural Crop Insurance Services (RCIS), one of the largest Approved Insurance Providers for federal crop insurance in the nation, has instituted an apprenticeship program that gives participants an excellent opportunity to earn, learn, and turn into the ag community leaders of the future.

The function of the Apprenticeship Program, as RCIS describes it:

“RCIS apprentices earn an Associates Degree in Agriculture Business through Northeast Iowa Community College. Tuition is covered. Apprentices are also considered full-time employees and are paid as such. Apprentices receive full benefits and are guaranteed a position upon program completion. Apprentice roles within RCIS include: Claims, Underwriting Services, Sales & Marketing, IT, and Finance.”

The program is the first in the crop insurance industry to be certified by the US Department of Labor and all who complete the program receive a Department of Labor Certificate of Apprenticeship.

Many youths growing up on farms and/or involved in local FFA chapters and 4-H clubs may not be aware of the myriad agricultural careers available to them and the RCIS Apprenticeship Program would allow them to explore multiple professional disciplines as they relate to agriculture. The program can also be beneficial to future farmers looking to expand their knowledge of agribusiness to help their operations succeed.

Apprentices are selected from applicants and RCIS is looking for individuals who display a high degree of initiative, adaptability, and personal responsibility. Other qualifications include:

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- Intermediate computer skills,
- Attention to detail,
- Customer service and problem solving skills
- High School diploma or equivalent,
- Must meet admission requirements at Northeast Iowa Community College,
- 1 or more years work experience and/or voluntary community service solving skills,
- Interpersonal and communication skills,
- Enjoys collaborating with others,
- Strong written and verbal communication skills,

The prospect of acquiring professional experience while simultaneously earning an Associate Degree makes the program especially appealing to recent high school graduates, but it can also be an opportunity for those looking to change paths. Instead of putting your life on hold in the pursuit of an education that can lead to a new career, the apprenticeship program offers a chance for the career to coincide with the higher learning.

For more details or to simply apply, visit **www.zurichna.com/apprentices**. Good luck!

RCIS®

Crop Insurance Can Cover More Than You Might Think!

King Crop Insurance has an unequaled history of protecting the crops of the Mid-Atlantic region - corn, soybeans, lima beans, snap beans, sweet corn, blueberries, & peaches among others - but our services are not limited to commodities planted in the dirt.

Recent years have seen big improvements in programs designed to insure livestock producers. Livestock Gross Margin (LGM) protection policies are available for beef cattle, dairy, and swine. Livestock Risk Protection (LRP) is available for feeder cattle and swine. Enrollment for these policies takes place throughout the year and King Crop Insurance is experienced in the applications and mechanics of the policies, so reach out to us if you are interested in protecting your livestock investment.

Last calendar year saw the introduction of a shellfish pilot program designed to protect oyster producers on the East Coast, with a late fall sales-closing date. The pilot program was purposely small in scope at the onset, but speculation is the program should increase in coverage area and in the amount of insurable products. If you are a shellfish producer or know one, keep in touch with King Crop Insurance for all updates.

Crop Insurance Outlook for 2024

Although our area saw wet conditions in some parts, hot and dry conditions in others, and extensive wildlife damage nearly everywhere, the 2023 crop year was defined by market conditions more than anything else. As 2024 begins and some snowfall has covered the Mid-Atlantic, the market is still very much the dominating subject.

A drop in commodity prices in 2023 triggered indemnities paid on revenue losses for some policyholders, particularly those with higher levels of coverage. The spring established price of corn for crop insurance policies came in at $5.91, but dipped to $4.88 for the final harvest price, a 17.4% decrease. Grain Sorghum prices ran parallel to those of corn and soybeans also saw a harvest price fall of nearly 2% (fall planted wheat suffered a 19.2% price drop midway through the year).

Post-harvest has not seen positive movement in grain commodities and discovery prices figure to be lower for 2024 spring crops than the 2023 harvest price was and certainly lower than all 2023 spring established prices. Because of declining prices of grain, as well lower-than-expected demand for some beef and pork products and a strong US Dollar in the international market, the United States Department of Agriculture is forecasting lower US ag export dollars versus US ag imports for the 2024 fiscal year and calendar year (source: USDA). (*Note – the bulk of US ag imports are fruit and vegetable products from Central and South America*)

The situation has many farmers worried about the fate of their crop. Input costs have stayed high since the beginning of the pandemic and those that have dropped have not fallen at the same rate as commodity prices. On top of that, arable land is increasingly scarce and a labor shortage could mean longer hours in the field and divided attention between tasks for producers. Margins are thin for farm operations, **what can crop insurance do to protect growers this year**?

Every operation is different, but crop insurance can be customized to fit the farmer. Some things you may want to consider before the **March 15 sales closing/policy change deadline**:

Revenue – When we look at a farmer's Actual Production History, we tend to think a good yield equals a good year. However, we know from as recently as last fall that good yields can still produce less than desired results when it comes to revenue. If you have a **Revenue Protection (RP)** policy on your grain, you are protected in times of yield loss (due to naturally occurring peril) AND revenue loss (due to market fluctuations). When making a decision on your crop insurance before this spring, **talk to your crop insurance agent** about how much expected revenue your policy is protecting.

When speaking to farmers, as we analyzed the potential for revenue loss claims after harvest this fall, a very common question was "how do I increase my (crop insurance) guarantee?" The slow, but effective way, would be to produce higher yields year after year. Easy, right? Okay, definitely easier said than done and definitely a long-term project.

The actual easiest, quickest way to increase your guarantee is to go up in coverage levels. Yes, this means you will pay more for premiums and in some cases the increase in guarantee will not justify the hike in cost. In other cases, though, it very well could be a difference maker. Make sure, when you **talk to your crop insurance agent**, you discuss the amount of liability covered by your policy. This will give you a good idea if you are protecting enough of your expected revenue.

Irrigation - Farmers in the area rely on irrigation to fight against their most common peril, drought. Crop insurance can be utilized to protect irrigated acres for grain separately and differently than nonirrigated acres. By reducing the drought risk, an insured may want to cover their irrigated acres at a lower level to reduce their premium while keeping the coverage level on their nonirrigated crops higher to protect against increased risk. This is a typical strategy that works as a cost-effective way of mitigating risk.

When choosing coverage levels, though, consider the value of your crop. Irrigated crops produce more bushels per acre than nonirrigated. This is not a controversial fact, although, anecdotally, nonirrigated corn and soybeans had a prosperous year in 2023. For many farmers, irrigated land represents the majority of their planted acres, meaning they rely on expected revenue from their irrigated acres to carry their operation financially. Pivots or reels will reduce the drought risk to an acceptable level, but lack of rain is just one of the arrows Mother Nature carries in her quiver. Recent years have seen major losses from hail, straight-line winds, and late frosts, among a host of other perils.

The uncertainty in the market adds to the equation. Many farmers were hurt financially when wheat and corn prices dove before their respective harvests. At current prices, how much of a loss can you weather if the market drops another 15%-20%? **It is worth talking with a crop insurance agent prior to March 15** to see if a higher level of coverage would better protect your liability ahead of planting.

Unit Structure – There are three main types of units available for crop insurance policies: **basic**, **optional**, and **enterprise**. We will discuss the characteristics and benefits of **optional** and **enterprise** units here.

Optional units are, for many, the default option if they do not qualify for **basic** or **enterprise units**. **Optional units**, for simplicity's sake, are each farm number in an operation insured independently of each other. Irrigated land and nonirrigated land on the same farm number can also be insured in separate **optional units**. For many operations, **optional units** are the most comprehensive coverage because each farm is treated individually. **Optional units** can also mean higher premiums.

Enterprise units have gained popularity as a unit option in the past decade-plus. **Enterprise units** consist of all planted acres of a crop in a county together. Irrigated and nonirrigated acres can be divided into separate **enterprise units** and can be under different coverage levels as such. Because the liability is spread out and more risk is absorbed by the farmer, premiums for **enterprise units** are lower than for **optional units**.

The key with **enterprise units** is qualifying for them. First, there must be at least two different farm numbers located within the insurable acreage. Second, there is the 20/20 rule, which states each farm number must contain the lesser of 20 acres or 20% of the planted acreage for the crop in the county (if there are more than two farm numbers they can be accumulated to meet the 20/20 qualification).

The advantage to **enterprise units** is the insured can protect acreage at a higher level of coverage at a lower premium rate than with **optional units**. The drawback is it will require a larger loss before an indemnity is triggered than with optional units because all acres are part of the same pool. **Enterprise units** can be better utilized in counties where most of the planted acres are clustered together and/or each farm in the county historically has performed similarly to the others, rather than sprawling acreage where the results can vary from year to year. An insured can also choose to insure irrigated land in an **enterprise unit** and nonirrigated land in **optional units** or vice versa. Insures can also employ sub-units or apply for written unit agreements to consolidate their risk, something that should be discussed when you **talk to your crop insurance agent**.

Farmers do not need to know the Crop Insurance Handbook in and out to choose a risk management plan that works for them; they can rely on the agents at King Crop Insurance to guide them to make the best, most-informed choices for their operation. Still, there are things about your farm we will not know unless you tell us. So, please consider the above information and plan to take a little time **before March 15 to talk with an agent at King Crop Insurance**. We love farmers!