

2021-2022

Farm Management Program Focus Team

## *Using Crop Insurance and Pre-harvest Marketing Strategies to Improve Grain Marketing Risk Management for Kansas Farmers*

### **The Situation**

Higher grain prices, though welcomed by producers, bring their own challenges. Higher prices are generally accompanied by great volatility, as well as increased and volatile input prices. This has occurred in recent months, due to supply chain issues and inflation, which have made it more difficult to obtain inputs such as fertilizer and seed, and also have greatly increased the prices of these inputs. The war in Ukraine has also affected grain prices and inputs. The volatile grain prices make it difficult for farmers to successfully market their grain, requiring enhanced management and marketing skills. Integrated risk management helps producers utilize crop insurance and grain marketing tools such as forward pricing and hedging and options to attain levels of sustainable profitability. Hands-on education and opportunities to try using these tools in a simulated setting helps the adoption of these practices in the real world.

### **What We Did**

This project was funded, in part, by a grant received from the North-Central Extension Risk Management Center. In-person, hands-on workshops were conducted at eleven locations throughout the state, with 171 participants who practiced using grain marketing tools through a marketing simulation. They then used the information provided in the workshops and the simulation to develop written marketing plans to be used during the 2022 marketing year. Four other shorter sessions also took place at crop insurance and ag lenders meetings as well as the annual Risk and Profit Conference, with a total of 274 participants.

In addition to the in-person workshops, follow-up webinars were utilized to help producers stay on track with their marketing plan and to help others who hadn't participated in the workshops to develop and use a plan. This was particularly important given the unusual nature of the grain markets this year, due to the supply-chain issues and the Ukraine conflict. There were six such online sessions conducted monthly between March and August, with a total of 701 participants. There were an additional 670 views of the recordings of these webinars on YouTube, with a total of 168.4 viewing hours.

### **Outcomes**

Producers learned how to integrate crop insurance decisions into whole-farm risk management using pre-harvest grain marketing strategies and developed a grain marketing plan for a simulated farm that allowed them to utilize various marketing strategies that they may not have tried previously. Crop producers dealing with limited irrigation also came to understand and utilize provisions in insurance options available to them for limit-irrigated corn and other crop enterprises. They also considered cotton and other non-traditional crops such as canola for their operations, because of understanding the risk management strategies available to them. Finally, producers implemented grain marketing risk management strategies learned at the workshops on their own operations for both established and emerging crops.

## Success Story

Programs were evaluated for impact. The in-person intensive workshops were ranked on a five-point scale with 1 being “Not Valuable at All” and 5 equal to “Very Valuable”, with the average score being 4.31 out of 5.0. The online meetings averaged 4.62 on the same scale.

Comments received across the state at the in-person meetings:

- *I have never had a grain marketing plan before. I created one for this year's crops. The workshop showed me the need to have a plan and how to go about creating one and I actually did it. Now I need to be disciplined to follow it.*
- *I tend to freeze and not sell, even when it's high, because it may go higher. Planned scheduling marketing has helped me to perform better.*
- *I have contracted some grain ahead of harvest. I've never done that before.*
- *Making more pre-harvest decisions. Have a marketing plan – write it down – change if necessary. AVOID DOING NOTHING. Make a more disciplined plan, watch seasonality.*

Responses from online participants included:

- *I just wanted to express my thanks for all of the recent updates/opinions that your team has been sharing with us. We are definitely in uncharted territory for our generations. I am an insurance agent and also part of the family farm. Please keep presenting; we will be listening!*
- *This has affected our crop planning for 2023 and the purchasing of inputs - including fertilizer, herbicides, seed, & equipment, as well as helping with marketing.*
- *This is a good time to market 2022 corn and wheat. I have established a marketing plan and how to adjust it during rapidly escalating prices. Need to be careful not to get myself in trouble with marketing decisions by making sure I'm past breakeven point. With input costs going up dramatically this year you need to have a cushion well above that point.*
- *This is great, to have a monthly webinar to update this information and help us think through it more. K-State is super!*

## Contact

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