



**GIBSON
INSURANCE
GROUP**

*"THE RISK MANAGEMENT
SPECIALISTS"*



Crop Insurance 2011

Volume 11, Issue 2

February 2011

**Last Day to Buy
or Change Crop
Insurance!**

*March 15, 2011
is the last day to
either purchase
or make
changes to your
present insur-
ance policy.*

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Spring Prices Being Set Now

February is the month that the USDA uses to establish the minimum spring prices for both corn and soybeans.

CORN

The USDA averages the daily close of the Dec11 corn futures for each trading day during the month of February. This average price then becomes the minimum price (or spring price) that is used in determining a producer's minimum guarantee per acre.

The running average at this time is nearly \$6.00 per bushel. This price can still go up or down depending on the futures market between now and the end of February. This market, since fall has been in a relatively steady uptrend. I do not look for any major moves in the next 20 days.

However, anything is possible. This time of year all the commodities are trying to buy acres. A report came out the first week of February suggesting that total acres planted to cotton may be up as much as 12% over last year due to the increased prices. Where will these acres come from? The correct answer is a combination of places, but it is more than likely that soybeans will up more than corn because of the geographic area in which cotton is grown.

SOYBEANS

The soybean minimum price is established in the same way that corn is, except it uses the Nov11 soybean futures contract. The running average of the market at this time is \$13.70 per bushel.

Like corn, there is little news in the bean market. This market has also been trending up since fall and shows little signs of weakness. This is the highest I can remember the bean market being at this time of year.

These high commodity prices will insure that farmers in the area will start the year in profitable positions. This will make the job of marketing the crops in 2011 much easier.



Pasture and Hay Policy Pays Big in Oct/Nov

2010 was a year where growing crops never suffered for lack of rainfall. This held true until harvest time for most crops. At that time we had dry weather for most all of the harvesting season. This was good for the row-crop producer, however, the cow/calf operators saw their fall pastures diminish with these dry conditions.

According to NOAA figures, grids in central Missouri received 55% or less of the normal amount of rainfall for the October/November period generating some larger payments for farmers insuring in this period. Each grid had differing amounts of rainfall so payments throughout the area will be different.

This coverage did exactly

what it was intended to do. These producers who depended on fall pastures and were insured for this period will receive payments of up to \$25 per acre, in some cases, to offset the cost of having to feed hay early. This product worked and worked well, automatically generated a loss, and then paid it for those producers.

Changes to Replant Option Policy



I need your production by April 1st



Have High-Risk land?

75% Revenue Protection coverage level seems like the best fit for you because of affordability and protection of this product.



Last year most producers took advantage of a new program called a Replant Option. By choosing this product, producers were paid more when they need to replant than other producers who did not select this option.

For 2011 there are a few small changes to this policy. This year the replant option joins with your MPCCI policy to begin replant coverage with the very first replanted acre to provide \$60 per acre towards the cost of replanting if a producer needs to replant. This is an increased coverage over last year of \$10 per replanted acre.

In the past when we have had replants a producer was required to submit receipts

for expenses incurred. This is no longer the case. Now producers with this option will be paid the full amount of coverage for replant without having to provide expense vouchers for the inputs that they used to replant. This will save a lot of time and effort for both the producer and the adjusters.

The cost of a \$60 replant option for corn in this area is only 53¢ per acre and will pay for the first acre replanted.

The cost of a \$60 replant option for soybeans in this area is \$1.08 per acre for \$60 coverage.

The Replant Option policy is priced differently throughout the state with the cheapest area being south-central

Missouri and the highest priced area in the northeast part of Missouri.

This program's benefits were very evident last year when we had thousands of acres that were in need of replanting. With the higher cost of seed and other production costs this option is something that I would strongly recommend. I have used this product on my farm since it was introduced and am pleased with the protection for the price. I hope we have a spring where replanting is not necessary but if we not, the Replant Option policy is a good thing to have.

Farming with Partners

Like most of you, I was raised in the farming business. This occupation is different than most businesses as self-reliance and a bit of aid from a neighbor is all that you needed to get through most situations. Honesty and trust were two attributes that nearly all producers possessed. A person's word and handshake was all it took to seal a rental agreement or business deal. Today the producers are much the same, but some of the federal government's requirements have changed. In most cases, producers are required to show written proof of rental agree-

ments and leases.

This held true for the 2011 PRF program. When producers were spot checked for compliance they had to produce a simple written and signed note indicating who is renting the land, a land location, and for how long the term was for.

Even though most of us have never done this in the past, it is probably a good idea to get our business arrangements on paper. Being involved in this business, I can tell stories of situations where one person in the operation has died and the other partner(s) was left with

all kinds of problems that could have been avoided with a simple letter of agreement.

This is especially true when multiple children are involved and only one stays in the operation and the others move away. The lack of communication in these cases can and usually does end in hard feelings between relatives.

If you are in this situation, take some time in 2011 and talk to your partner and jot down your business arrangements. It will save you time and headaches in the long run.

Crop Hail

The hail rates for an additional hail policy have been set. This coverage is very inexpensive and is being used by producers more all the time.

To protect the top half of your corn policy the hail rate is only 60¢ per \$100 of coverage. On my farm I am estimating that the value of growing corn will be \$600 per acre. I intend on insuring the top half of the crop with a Comp2+ policy. Since I'm just insuring the top half of the crop I'll buy \$300 of hail insurance for \$1.80 per acre. This policy completely pays out at 55% loss therefore I

have effectively insured the top half of my crop.

The same scenario works out for my soybean coverage where I will buy \$300 of protection to cover the top half of my soybean crop. The cost for soybean coverage is 85¢ per \$100 of coverage. Therefore the cost of adding hail coverage to my policy will only be \$2.25 per acre.

Hail coverage for wheat is probably the most used because hail is the most likely to occur during the time when this plant is maturing. Like the other crops, I keep \$300 of hail coverage on

wheat as well at a cost of \$1.75 per \$100 of coverage. Most producers don't realize that this product covers more than just hail. It covers the crop during transportation to and at the first point of storage. In the event that you had a grain bin fire, your crop would be covered as long as it was the first point of storage. Consider these coverages to see if they fit in your operation's needs. The time period is not as critical for these policies but should be considered before planting time arrives.



"The trouble with weather forecasting is that it's right too often for us to ignore it and wrong too often for us to rely on it."

Patrick Young

Welcome Elyse

We want to welcome Elyse Gibson to the Gibson Insurance family. Elyse, who you may remember from a few summers ago, has graduated from MU and returned as a full time agent to Gibson Insurance. She is licensed

for auto, home, farm, and commercial insurance. Insurance is in Elyse's blood and she is passionate about making sure her customers are sufficiently covered. If Keith, Aaron, or Julie are unavailable, Elyse will be



happy to assist you with your policy maintenance.

From Dvora's Desk



Here are a few items that need your attention:

- Since RMA has changed the MPCCI policy for 2011, we sent out new applications for you to sign. Nothing will have changed on your policy from 2010 to 2011. **If you receive one in the mail please sign and return by March 15.**
- **2010 Production is due by April 1.**
- You should be receiving a **Replant Supplement Option application** in the mail soon. If you wish to purchase the RO please **sign and return to the office by March 15.**
- If you are going to farm pasture or grassland this

spring you will need to get a New Breaking agreement done as soon as possible to make it insurable. Please call the office to find out what we will need from you and what you will need to do at the FSA office.

If you have any questions about this or anything else please give us a call.

We are recommending producers with Enterprise Units be at the 80% coverage levels to take advantage of the high commodity prices and the new rating structure of Revenue Protection policy. This is more affordable than it has ever been before!



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