

**Gibson Insurance
Group**

*"The Risk Management
Specialists"*

**2023
Initial Guarantee
Prices**

Corn - \$5.91
Soybeans - \$13.76
Milo - \$5.83
Wheat - \$8.45

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Crop Insurance 2023

Volume 23 Issue 3

May 2023

LRP Changes for Second Half of Year

Livestock Risk Protection (LRP) usage has been off to a strong start in 2023 and will likely remain solid as we continue to see high cattle prices. Currently, the spread between the futures prices and the actual cash market is roughly \$30 giving producers a good opportunity to cover profit margins. As we move into the second half of the year, RMA has made two significant changes to the LRP program.

Starting July 1, 2023 the new LRP sales period will be changed from ending 9 a.m. to ending 8:25 a.m. This is an important change to note when you are wanting to purchase a contract. It is essential that **you contact your agent or our office no later than 8 a.m.** to ensure we have time to enter the contract prior to sales being shut off at 8:25 a.m.

Another new change starting on July 1 will be how the fed cattle weekly ending value number is calculated. Previously the number used the 5 Area Weekly Weighted Average Direct Slaughter Cattle 35-65% Choice. It will now be settled against the over 80% Choice price series. This new ending price cal-

ulation will only be used for contracts purchased after July 1.

While these changes seem minimal, they will have a significant impact on how the LRP product will function. As we move on into the second half of the year, we encourage all livestock producers to take a look at how LRP can benefit your operation. Visit our website homepage to use our LRP calculator to see how LRP can help protect your profit margin. If you have any questions about these changes or purchasing LRP, please call our office.



New Livestock Antibiotic Regulations

Beginning June 11, 2023 many antibiotic medications that were previously available over the counter will now require a veterinary prescription. This change comes as an extension of the Veterinary Feed Directive (VFD) from the FDA Guidance #263. Examples of some medications that will be affected are oxy-tetracyclines, penicillin, and sulfa-based antibiotics.

The biggest change will be you can't buy these items at farm and home stores. If you have a working relationship with your veterinarian, essentially nothing will

affect you. Keeping a working relationship with your vet will help them to understand your herd health practices and easily prescribe you the medications needed. While this does add a small step in the process of caring for your cattle, it can help confidently ensure consumers we are properly and efficiently caring for their food supply.

If you have any questions on these new Antibiotic Regulations, visit the link below or contact your local veterinarian.

<https://extension.missouri.edu/news/veterinary-prescriptions-required-for-antibiotics-in-the-coming-months-5968>

The following is an excerpt from The Brock Report printed with permission.



CROP INSURANCE DECISIONS



*Cody Bruner
Marketing Consultant/
Broker*

With the recent downturn in the commodity markets, this is a good time to review crop insurance risk protection that was purchased prior to March 15 for 2023. This year, in particular the past 60 days, has provided extreme market volatility and, unfortunately for producers, that has come with downside risk. Now the market has producers scratching their heads and hoping for “one more rally” to get to sell or hedge this 2023 crop on, but what if that rally never comes? What if we have a year in front of us that presents us with a peak early on in the marketing year, and then we spend the next 6 months chopping sideways and grinding lower. Now is a good time to review coverage that we took, and see where our uncovered risk lies when it comes to marketing.

For this case study we are assuming a farm has a 200-bushel approved yield on corn and 60-bushel approved yield on soybeans. Using this information, let's look at the following scenarios.

Revenue Protection (RP) — This is the policy that most producers are probably most aware of when it comes to selecting crop insurance coverage. Revenue protection simply goes off of the approved yield of the producer's operation and has price discovery periods of February and October. Assuming the fall price is lower than the spring price, the producer that purchased the 80% coverage level can count on a guaranteed gross revenue per acre of \$945.60 on corn, and \$660.48 on soybeans. This would be assuming the fall insurance price is lower than \$5.91, these numbers would hold and be valid if we had an average price lower than \$5.91 in October, or if the producer purchased RP with harvest price exclusion. In this scenario, the producer can relax a bit knowing they will be covered at this price level per acre, either through higher price, or better than APH

projected yield.

Using average costs of production for 200-BPA corn production, producers are more likely in that \$1,000-\$1,200 per acre area depending on land cost. This equates to between \$5.00-\$6.00 per bushel cost of production. Hopefully, as producers bought inputs, they were pricing grain when it was still above \$6.00, to help cover some of those higher priced inputs they were purchasing. Some people hesitate selling months out at a time, however, whenever those original sales were made, you made them for a reason. I find most of the time when people are selling far out, it is because they have inputs locked in and are selling in the black.

The question now becomes how to get above breakeven value in today's marketplace given the prices we currently have available to us, and as we approach the bottom side of those breakeven values. There are a few things producers who are in this position can do.

1. Set a floor!! The last thing you want is for prices to continue to grind even lower. That makes the pain even worse, especially if already at below, breakeven market levels. Consider put option strategies. With all of the strikes and expirations to choose from, you'll find a strategy that works for your budget and protects the bottom line.

2. Make the cash sale, buy calls. This option is very simple and can be very affordable as producers have many different option products to utilize today. This locks in the cash value, and still allows participation in upside potential.

3. Don't forget to market those bushels insurance doesn't protect. Sure, 80% RP policy on 200-BPA corn covers 160 bushels, but that other 40 bushel is still worth \$200.00 an acre with today's prices. Don't forget to market those at profitable levels or, at the minimum, get a floor underneath them.

In general, producers are sitting in a great position, with a whole summer growing season ahead, but markets can and will change quickly just like we have seen in the past several weeks. Be sure to take steps to protect these price levels and have a profitable 2023.

Email Cody at cbrunes@brockreport.com

Marketing Class Opportunity

The previous article from The Brock Report is a great broad overview of how crop insurance can be used in conjunction with a good marketing plan. This article though, is not Missouri specific. As we talked about in our March newsletter, we have developed a great relationship with Ben Brown, economist at the University of Missouri. Ben specializes in agriculture markets and is very familiar with how crop insurance functions. Through his studies he has the ability to create a marketing plan to help

increase your potential revenue. Ben is willing to put on producer meetings to go over marketing strategies and how they can work for your specific operation. We believe Ben can be a valuable resource for all of our operations. Now is the time to get a meeting scheduled to develop a marketing plan for your 2023 crop. Please contact our office, if interested, so we can plan a time and place for these meetings to take place.

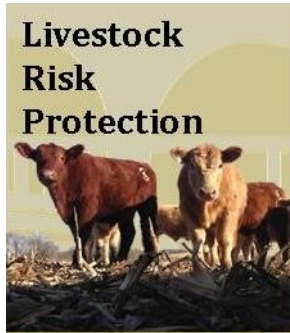
Summertime Reminders

2023 planting came early this year and left many of us nearly finished by mid-May. While it was convenient to have several days in a row of nice planting weather, many places are now facing drought conditions. As we move into summer below are some important reminders.

- **Call our office before you replant.** If you suspect you need to replant for any reason, give our office a call first. Every crop insurance policy has basic replant payments built into the policy. Calling prior to replanting any acres allows for an adjuster to give you the "go head" so you don't jeopardize any potential payments. This year basic corn replant pays \$47/acre and soybeans pay \$44/acre.
- **Do not destroy a crop without consent.** With drier conditions in the area thoughts of hay shortages do arise. This can also mean more people think about mowing down wheat for haylage. If you are considering not taking your insured wheat to grain, please call our office first. You are required to receive an appraisal from an adjuster prior to doing so.
- **Report your spring planted crops to our office AND you local FSA prior to July 15.** Which office you report to first does not matter, but we are happy to send you information along to FSA when you report with us first. Regardless, you'll still have to visit both places to sign paperwork.

- **Review your Schedule of Insurance (SOI).** After you have reported your plantings, you will receive a SOI in the mail shortly after. It is important to review this document for accuracy. You should confirm the correct crop and number of acres are reported to the correct farm/unit. This document will also show your insurance premium, but you won't be sent a bill until August.

These are just a few things to keep in mind as we move into summer. As always if you have any concerns about your crops or need to report damage to a crop, please contact our office.



Livestock Risk Protection

LRP is a simple and cost effective way of locking in a minimum price floor for your livestock.

Call us at 660-433-6300 to explain the benefits to you and your operation.

TEXT ALERTS

Receive time sensitive and important information

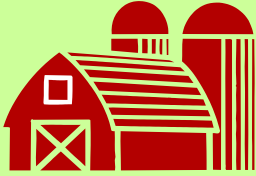
Sign up today on the "Contact Us" page at gibsoninsurancegroup.com

Contact our office if you have any questions.

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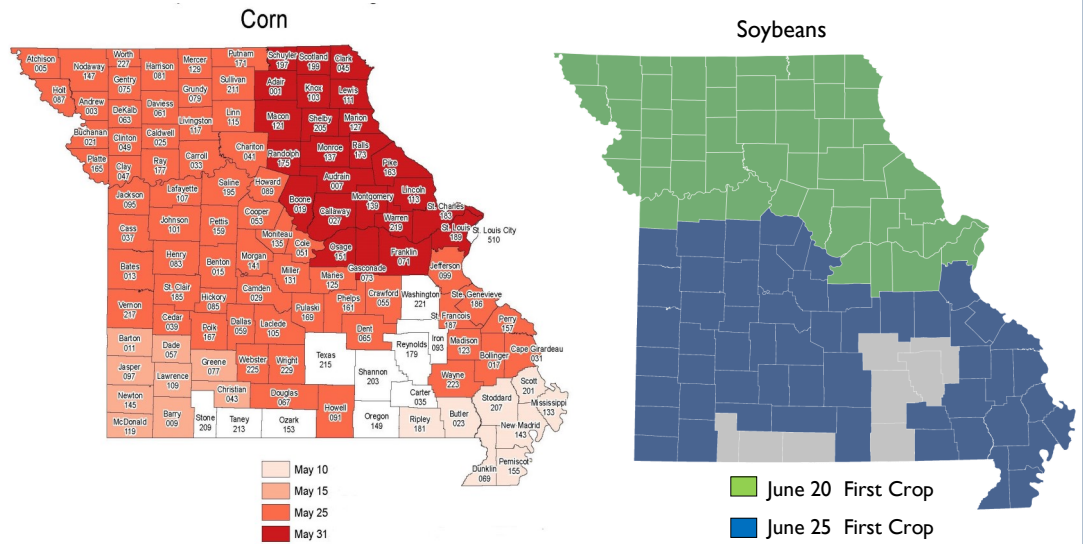
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Crop Insurance 2023

Final Plant Dates



Late Plant Period Ends 20 days After Final Plant Date

Final Plant Date for Double Crop Soybeans 10 days After Plant Date for First Crop

Late Plant Period Ends 25 days After Final Plant Date

Acres Reporting Deadline: July 15



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