Gibson Insurance Group

"The Risk Management Specialists"

Crop Insurance 2023

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Come see us at *Ozark Fall FarmFest* October 6 - 8 Ozark Empire Fairgrounds Springfield, MO

Inside this issue:

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Drought Stressed Corn

For the second year in a row, drought has affected much of the corn crop in Missouri. Drought stress in corn not only affects yield, but can also cause quality issues. Along with low test weight, elevated mycotoxin levels may be present in this year's crop, most notably: aflatoxin and fumonisin. Your crop insurance policy includes coverage for elevated mycotoxins. If your corn is drought stressed, and you are worried of quality issues, we recommend getting the crop tested for mycotoxins by an adjuster during harvest. It is important to note, the samples for the testing must be pulled BEFORE the crop is placed in storage. For crop insurance, these tests must be done by an approved testing facility to be adjusted. There will be a fee that comes along with these tests. If the corn has elevated levels of toxins, the cost of the test increases. We believe this is well worth the price of the test, as crop insurance covers elevated toxin levels.

In order for a sample to be tested, the adjuster will come to your farm, collect the sample, and get it to the proper testing center. If elevated levels of mycotoxins are present, the adjuster will go over your options and make suggestions on how to handle the problem.

Aflatoxin is the most damaging and harmful mycotoxin to animals. Consuming grain that contains this can cause severe liver damage in humans, as well as in livestock. This toxin is freely passed through milk to offspring, thus affecting newborn animals, as well as adults. It only takes a small amount. To put it in perspective, 1ppb would be like 1 corn kernel in a rail carload of corn.

Corn with aflatoxin over 100ppb may not be marketable to anyone other than salvage buyers in some cases. With high enough levels of aflatoxin, there are laws in place that prohibit this affected grain from crossing state lines. Contaminated corn can be fed in limited amounts or blended out for feeding specific groups of livestock. However, it is always best to consult a nutrition expert about your options before feeding.

Table 1. Maximum acceptable levels of aflatoxins in corn used for food and feed, as established by the Food and Drug Administration (parts per billion).

Corn commodity	Maximum acceptable level of aflatoxins
Products intended for food use by humans	20 ppb
Feed for dairy animals or immature animals (including immature poultry)	20 ppb
Feed for which the intended use is not known	20 ppb
Feed for breeding beef cattle, breeding swine or mature poultry (e.g., laying hens)	100 ppb
Feed for finishing swine (i.e., 100 lb. or more)	200 ppb
Feed for finishing beef cattle (i.e., feedlot cattle)	300 ppb

IMPORTANT

If your farming entity has changed from last year either by death, divorce, or business type you must notify the office for a policy change immediately. Failure to do so could have serious implications for your crop coverage.

If you are unsure that your policy(s) correctly identify your entity type please contact the office as soon as possible.

September 30 is the deadline for fall crops

PRF

DECEMBER 1

Sales Closing

Acreage Reporting Due

Drought Stressed Corn (cont.)

Fumonisin, while being less harmful than aflatoxin, can also be detrimental if feed to livestock. Anything under 5ppm is considered safe by the FDA. For anything over 5ppm, please reference the above chart from the FDA.

While we have not seen any positive tests for these toxins as harvest begins it is important to keep these procedures in mind. If you have any questions or concerns regarding the quality of your corn, please contact our office immediately.

Fumonisin in Corn

Class of Animal	Commodities ~~T~~ Portion of Diet	Levels in Corn & Corn By-products (in parts per million)	Levels in Finished Feeds (in parts per million)
Equids and rabbits	For corn and corn by-products not to exceed 20% of diet **	5 ppm	1 ppm
Swine and catfish	For corn and corn by-products not to exceed 50% of diet **	20 ppm	10 ppm
Breeding ruminants, breeding poultry and breeding mink*	For corn and corn by-products not to exceed 50% of diet **	30 ppm	15 ppm
Ruminants < 3 months old being raised for slaughter and mink being raised for pelt production	For corn and corn by-products not to exceed 50% of diet **	60 ppm	30 ppm
Poultry being raised for slaughter	For corn and corn by-products not to exceed 50% of diet **	100 ppm	50 ppm
All other species or classes of livestock and pet animals	For corn and corn by-products not to exceed 50% of diet **	10 ppm	5 ppm

*Includes lactating dairy cattle and hens laying eggs for human consumption
**Dry weight basis

If you have further questions regarding feeding corn with toxins, please contact our office for resources provided by the University of Missouri Extension.

Harvest Time Reminders

As combines begin to roll into the fields there are a few important items to keep in mind while harvesting production. From reporting production, to letting us know of a potential loss, all must be done in a timely manner to not jeopardize any losses being paid.

Losses

If you suspect a loss of any nature, contact our office immediately. If the loss is due to quality issues such as aflatoxin, those tests must be run at the time of harvest. This makes it crucial you notify us timely so we can have an adjuster collect the needed samples from the field. If you have a potential bushel loss, we will need to collect sales tickets or have bins measured to verify the harvested production.

Revenue protection is built into your policy, meaning there is price protection for you. This year revenue losses are likely. If we look back at our spring prices of $5.91 corn and $13.76 soybeans, these are higher than current markets. We won't be able to calculate any revenue losses until November 1 as the harvest prices are set the month of October (corn looks at the Dec CME and soybeans looks at the Nov CME). Below is an example of how those revenue losses could potentially look, should the harvest price come in lower than the spring price.

Corn Spring Price: $5.91

Corn Harvest Price: $4.70

Production Guarantee: 110 bu/ac
Acres: 38

110 bu x 38 ac x $5.91=
$24,704= Spring Revenue Guarantee

Actual production: 120 bu/ac

Acres: 38

120 bu x 38 ac x $4.70=
$21,432=Actual Harvested Revenue

$24,704-$21,432=$3,272= Difference in actual harvested revenue and revenue guarantee

Revenue loss pays $3,272

As you can see in this example, you can

Harvest Time Reminders (cont.)

still harvest over your guarantee and have a potential revenue loss. This all depends on what the harvest price comes in at. If you are harvesting right around your guarantee it is best practice to notify us as soon as harvest is complete so we can calculate any potential revenue losses.

Production Record Keeping

As you can see from above, reporting your production numbers to us in a timely manner can be extremely crucial. We want to ensure that all losses are paid in a timely manner, and everyone gets paid what their policy entitles them to. In farming, every dollar counts, so don't leave any money on the table by not filing a claim if you suspect a loss. In October you will see production reports start to arrive in your mailboxes, hang on to those for easy reporting. Once you have completed harvest (or don't have an open claim) you can send those forms back to us. We will evaluate them to ensure there is no loss and record them in your production history. As an added service we will keep copies of your sales tickets and bin measurements. This helps give you extra peace of mind that we have a backup copy of your records saved for you.

Reporting production from uninsured acreage is required

If you have any uninsured acres, such as new break or double crops, you'll need to report those bushels to us separately from your insured crops. This ensures that accurate records are kept in the case of those crops/practices becoming available for insurance.

If you plan to do something your crops other than harvest it for grain you must contact us. You can not chop, bale, mow, destroy or abandon crop without having an adjuster give you an appraisal first. This applies to all crops, insured and uninsured.

Grain Storage

If you have any 2022 grain left in bins, please contact us before adding 2023 production. We must measure bins with 2022 production prior to commingling 2023. If you do plan to store 2023 production in a bin or other on farm storage option, please contact us for a measurement once you have completed harvest.

Whether you are feeding the grain or plan to sell it at a later date it is best to have an adjuster measure the bin. This record can be used for a claim or just merely to help keep records. Either way, it is best practice to have these "hard" records for crop insurance. If you do sell the grain at a later date and come up with a higher number than the bin measurement, we can replace your yield with the higher number.

Reporting production to our office timely allows us to better serve you and make accurate assessments of your coverage for the upcoming year. The last day of the insurance period and the last day to file a claim is December 10th. Whether you still have grain in the field or have a loss you must contact us by that day. We are here to help serve you and ensure your operation is protecting every dollar.

Fall Wheat

The last day to make wheat policy changes or to obtain a wheat policy is September 30th. While current wheat prices are relatively low there is considerable upside to this market. The continued unrest in Ukraine and the possibility of export restrictions has the potential to be a driver of the wheat market.

The initial price guarantee will be set on September 15. We anticipate this number to be near $6.74. While this does seem low compared to last fall, it is still a historically higher price for wheat in our area. The lower wheat prices will be reflected when looking at 2024 wheat insurance premiums. Your insurance premiums are based on a combination of the initial price guarantee, market volatility, and your production history.

As a reminder, if you plant any insurable crop behind wheat harvested for grain it will be considered a double crop. Double cropping practices are insurable only through a written agreement in most of Missouri. If you'd like to have your double crops insured in 2024 please contact our office to complete the needed process to gain coverage.

If you plant wheat as a cover crop with no intentions of harvesting it for grain you must report the crop as cover or forage at your local FSA. This is important to ensure the crop planted behind the cover/forage wheat is considered an insurable first crop.

If you have questions or changes you'd like to make please contact our office.

When will the Drought End?

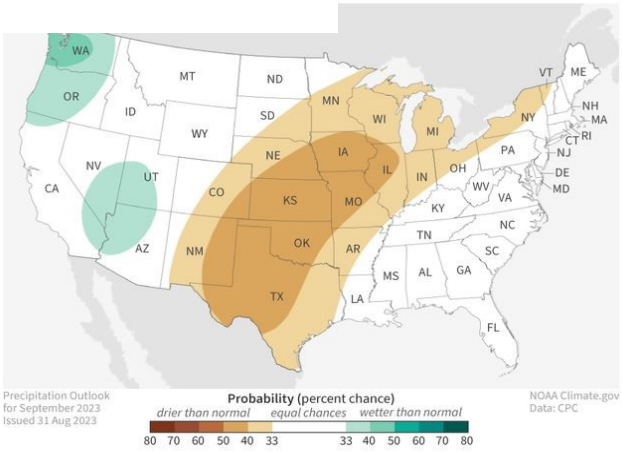
An ideal spring turned dry quickly this year. Nearly all producers across the state of Missouri saw themselves in D3 drought conditions at one point during the summer. While we did see a wet August, it appears that the dry conditions from summer are going to linger into fall.

According to NOAA Climate Prediction Center's weather outlook, summer conditions are here to stay a little longer. September is predicted to still be below average precipitation and above average temperatures. The drought outlook for fall isn't favorable as we expect drought conditions to maintain. It is currently predicted for El Nino to strengthen and persist throughout winter, meaning warmer and drier conditions are expected. It sounds nice to have a mild winter forecasted, but it doesn't help put us ahead in terms of drought conditions.

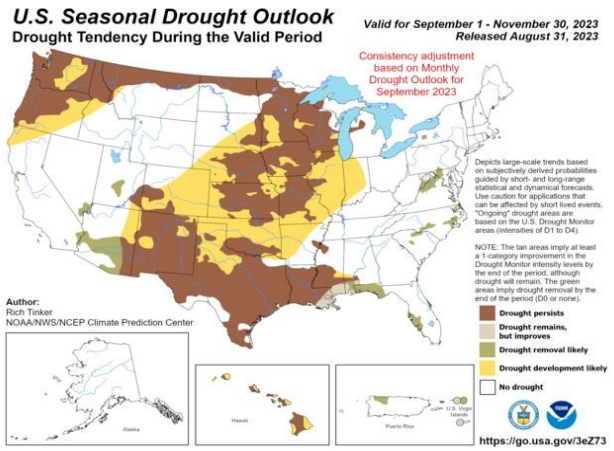
Since drought conditions are possible for the foreseeable future, what can we do now to get through? How do we prepare our operations after already having a summer that left us short on forages?

Many producers have already taken various steps to adapt to drought conditions. Actions such as culling cows, weaning early, chopping silage, buying hay, and practicing more intensive grazing are a few examples. These are all viable options, but as the fear of a lingering drought continues we must begin to think outside the box. This can range from looking at various feed supplements, reducing hay waste, and being proactive in pasture recovery management.

Below is an expert from Drought Management and Recovery Tips for Forages by the University of Arkansas, Division of Agriculture regarding pasture management for during and after drought conditions.



The U.S. precipitation outlook for September 2023 (view Alaska), showing places where a much wetter than average September is favored (greens) and where a much drier than average September is favored (browns). White areas indicate that there are equal chances for a wet, dry, or near-average September. For more details on how to interpret these maps, read our explainer Understanding NOAA's monthly climate outlooks. Map by NOAA Climate.gov, based on data from the Climate Prediction Center.



Predicted changes in drought conditions across the United States in September 2023. Map by NOAA Climate Prediction Center.

During Drought

Use rotational or controlled access grazing to extend grazing on any remaining forage. *In drought-stressed pastures, treat any remaining forage as if it were standing hay and allocate it in strips or paddocks large enough for no more than 2-3 days grazing. Temporary electric fence is a good investment and is a great tool for strip grazing pasture. Properly installed electric fence systems with modern low impedance energizers will not start pasture fires. Some areas have received rain and forages are recovering. In green, growing pastures, rotational grazing will improve recovery due to more rest time for each paddock and will protect standing forage in case drought returns to those areas.*

Avoid continued overgrazing. *Drought-stressed pastures will recover more quickly if not overgrazed. Top growth mirrors root growth, so continued overgrazing causes weak, short roots that will further slow recovery. Overgrazing causes higher soil temperatures, because it removes residue that shades the soil surface.*

Watch for insect pests such as armyworms, bermudagrass stem maggot, sugar cane aphid, and grasshoppers. *Armyworm infestation is highly likely on the first fields to green up after rainfall since the moths key in on green tender growth for egg laying. Insecticide is a cost but protecting good quality green forage is cheaper than buying hay.*

Protect purchased hay from weathering during storage. *Hay can be stacked outside, but make sure it is up off the ground and covered. Stack it on pallets, poles, large crushed rock, or even tires. Cover it with a good quality hay tarp. The cheap blue tarps are not UV protected and will fall apart when exposed to wind and direct sunshine.*

Hay barns make good commodity feed sheds. *As hay is fed, consider alternative uses of empty barn space for storage of other feeds.*

Protect hay when feeding to reduce waste. *Feed hay in rings to reduce hay waste. Unrolling hay increases hay waste unless it is done on a limit-feeding basis. Hay can also be unrolled and protected by placing a single strand electric fence wire down the length of the line of hay. Cattle will line up as though they were at a feed*

When with the Drought End? (cont.)

bunk.

Crop residues can be harvested and sold for hay. *Test crop residues for nitrate level and for feed value. Corn and milo stalks can have a high incidence of dangerous levels of. Feed value of all crop residues should be assumed to be low. Lab tests will help when developing a feeding strategy using crop residues. Also check the history of crop chemicals used on the crop during the growing season. Many chemicals prohibit use of treated crops for livestock feed.*

During Recovery

Scout pastures closely for weeds. *Some weeds such as wooly croton are avoided by livestock and populations can build unnoticed. Weeds can take over a weakened pasture quickly when rainfall occurs. Use concentrated grazing pressure or herbicide as appropriate to control specific weed species.*

Fertilization will speed pasture recovery. *When a good forecast of rain is predicted, apply some nitrogen fertilizer to the best pastures before the rain occurs. Phosphorus is important for root growth and can help plants with short root systems recover.*

During and after recovery, graze the best pastures last. *This practice will help ensure the best pastures continue to be the best pastures. Grazing too soon before adequate recovery will cause stand thinning, weed encroachment, and decline of pasture condition.*

Drought-damaged pastures should be treated like newly seeded fields when recovery begins. *When rainfall occurs and pastures begin to green up, defer grazing to allow top growth and roots to regrow. Grazing stressed pastures immediately after green up will further weaken plants and will lead to more pasture thinning especially over winter.*

Plan to add annual forages in fall to provide fall and winter grazing. *Seed supplies will not be unlimited this fall so find a seed source and reserve the amount needed early. Wheat prices are increasing and prices for rye, oats, and triticale could be high as well. The ryegrass seed crop is reportedly good in Oregon, but prices might be higher due to demand. Forage brassicas such as forage turnips can provide quick forage if planted correctly.*

Evaluate pastures and determine which ones will recover, which ones need overseeding, and which ones needed complete renovation. *In many cases, particularly with fescue and clover, seed produced earlier will germinate in fall and can fill in thin fields if grazing pressure is limited. In some cases, this will be a good opportunity to overseed clover into thin fields to boost forage quality and reduce N fertilizer requirements. Soil tests are needed to make sure soil pH and other fertility levels are adequate for clover. Cool-season forages such as fescue, orchard grass, and clover are best planted in fall. Warm-season grasses will need time to recover and likely will need well-planned weed control in late winter or early spring. Warm-season grasses should planted in mid-spring.*

Droughts cause losses to our operations and there is no one size fits all solution. Whether it means purchasing extra forages or having to downsize our herd, many of the options come as a hit to the pocketbook. Pasture, Rangeland, and Forage (PRF) is a risk management tool that can be utilized to help minimize these losses. PRF insures against the lack of rainfall for roughly $5 an acre. This program can be completely customized to fit the needs of your operation. By selecting the coverage for the months you need the rainfall, you can minimize your risk. Producers who had PRF in place for 2023 were able to help offset the expenses that come along with navigating through a drought.

Sign up for 2024 PRF coverage is due by December 1. If you are interested in seeing how PRF can benefit your operation give our office a call today.

Important Upcoming Dates

- **September 30 - Sales Closing Date for Fall Crops and Margin Protection**
- **October 15 - 2023 Wheat Production deadline**
- **October 31 - Final Plant date for Wheat for counties above the Missouri River**
- **November 1 - Harvest Price set for Corn/**(CBOT DEC contract) **& Soybeans** (CBOT NOV contract)
- **November 15 - Final Plant date for Wheat for counties below the Missouri River**
- **November 30 - Acreage Reporting Deadline for Fall Crops (Wheat/Barley)**
- **December 1 - Sales Closing/Acreage Reporting for Pasture, Rangeland, and Forage (PRF)**
- **December 10 - End of Insurance Period for Spring Crops** (all bushel and/or revenue losses must be reported by December 10)

Fall 2023– Where are the opportunities?

It seems as if this year has been full of opportunities and challenges. Being a farmer, I must admit the challenges seem to carry the heaviest weight in 2023.

This spring provided the most perfect planting weather that I have ever experienced. Nearly all our crops were planted without the interruption of rain. In my immediate area, we never experienced the major storm we usually get that packs the ground or causes the need for replanting.

Prices throughout the spring remained very good for most commodities, giving producers the opportunity to price the 2022 crop still on hand and to pre-price the 2023 crops at very profitable levels.

At the same time, farmers were noticing the weather becoming drier than normal. This discouraged many producers from setting price floors for the fall while the market was eroding to current levels.

The first week of August we saw widespread rains come through that gave some of the corn and soybeans a second chance for the season. Currently though, we are in desperate need of participation.

Today, we find most of Missouri looking at yet another challenge. We are anticipating lower than normal yields for both corn and beans with prices below the spring guaranteed levels. Crop conditions were reported this week with levels that just exceed those of 2012. So, what is the plan from here? Do we store crops awaiting a price rally? If so, where do we think prices could go?

Let's look at the world picture to get some guidance.

South America, mainly Brazil, is reporting the largest expected crop production in history. It was also reported in Pro Farmer that Brazil plans to bring an additional 98.8 million acres into production by converting pasture to row crop over the next 10 years. This addition is not good news as the US tries to remain a top player in the ag commodity business.

China is having economic problems currently. The US ag sales to China have fallen nearly 9% from a year ago, but their total imports were up over 17% for the year. They are still buying grain, but most of that is coming from South America.

To shorten a long story, the chances of a significant grain rally this fall seem limited. Both corn and soybeans have fallen into a sideways pattern since August. Local deteriorating crop conditions have done little to prop up this market.

Livestock producers are finding themselves outside of these doldrums. Feeder cattle prices are now positioning themselves to address all-time highs that we set several years ago. Fed cattle prices are good and still trending higher.

With the reduction in feed prices, the profitability of this livestock looks very promising. Many countries, including Canada, are still reporting a decline in herd numbers, thus doing nothing to reduce prices. The prices we are seeing for cattle right now will be our downfall as I do not think they can be sustained over the long term.

I predict two things will happen. First, high prices will force consumers to choose other protein sources to stretch the food dollar. If you are not a regular visitor of the meat counter, I would encourage you to go to the store and check it out. It will be easy to see what the typical shopper is faced with. Beef ribeye is commonly $12-$15/ pound while pork loin will be $3-$5 in some cases. I have

8 Steps to a Successful Marketing Plan

1. *Establish realistic goals*
2. *Identify your decision making environment*
3. *Identify your beliefs*
4. *Develop a price outlook*
5. *Consider cost of production*
6. *Consider risk-bearing ability*
7. *Avoid emotional decisions*
8. *Don't let ego get in the way*

Richard Brock

"Grain Trading—Basics of Fundamental and Technical Analysis"

Report Ag Crimes in Missouri

(888) 484-8477 (TIPS)

Livestock & Farm Protection

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Fall 2023– Where are the opportunities? (cont.)

a feeling that the consumer will start taking advantage of these price savings. In the long run we will lose beef demand.

The second thing that will happen is when producers make abnormal profits, they expand the operation by keeping back heifers for breeding stock. This expansion will take a couple of years to add to the calf herd, but when it does, the numbers will dictate lower prices.

So, what do we do on our operations in the short term to take economic advantage of this situation? First, we must assess what facilities we have and our management abilities. Some options producers are weighing on:

- Store grain for additional price rallies- it will come, but we must be realistic about what to expect.

Or

- Walk the grain you produce off the farm by feeding it to livestock. Even though feeder cattle are currently high, purchasing background calves will still generate some good profits.

To the right is a Livestock Risk Protection (LRP) quote showing coverage we placed for a customer this week.

As you can see this producer was able to place a minimum price floor under for his feeder cattle at $262.03[1] using LRP. This generated him profits on his operation (return over variable cost) of $243.70[2] per head. Remember this is the minimum, if the market goes higher, he can take advantage of the increases.

Another option producers are considering is buying cows.

If you have pasture or feed this is another venture that has very little short term downside risk. Buying cows gives a producer 2 ways to go to the market. Breed the cows and sell what you don't have grass for or fatten the cows to go to the kill market. With the current beef cattle shortage, there should be a static demand for both replacement cows and slaughter cows in the short term. Most of the liquidation has already taken place, so the numbers of kill cows are getting short.

There is no price protection with LRP for feeding kill cows or buying replacement cows, however your pencil will show that this could even be more profitable than feeders at the current time.

Each year we are blessed with both opportunities and challenges, 2023-24 will be no different. The key is to be able to look at the markets and what resources we have around us while putting together a plan of action. No one plans to fail in this business, but sometimes many of us fail to plan.

Livestock Risk Protection quote

Calculated for the following parameters:

Type of Cattle:	Steers 600-899#
Number of Head:	100
Starting Weight:	500 lbs
Starting Price/CWT:	$295
Target Daily Gain:	2.2 lbs
Cost/# of Gain:	$.90
Weeks Fed:	17

Quote:

Break Even Cost		
Est. wt/head:		761.8 lbs
Per head:		$1752.44
Per group:		$175244.28
Per CWT:		$230.04
Coverage Price:	1	$262.03
Return Over Cost:	2	$243.7
Est. Premium Cost/CWT:		$5.49
Coverage End Date:		01/09/2024

To view a quote like this or use this tool for your operation visit gibsoninsurancegroup.com and use the LRP calculator on the homepage.

INITIAL GUARANTEE PRICES

Corn - $5.91
Soybeans - $13.76
Grain Sorghum - $5.84
23 Wheat - $8.45

24 Wheat— Est. $6..74
Final price set on 9/15

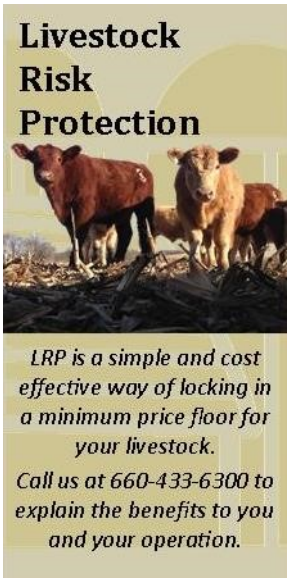
HARVEST PRICES

Prices set November 1
For Corn, SBean, GSorg
Wheat - $6.83

****CORN** is averaged Dec23 daily from Oct 1 thru Oct 31

****SBEAN** is averaged-Nov23 daily from Oct 1 thru Oct 31

****GSORG** is based on ending Corn price



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.

GIBSON INSURANCE GROUP

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Crop Insurance 2023

Ozark Fall FarmFest

Ozark Empire Fairgrounds
Springfield, MO

Friday, October 6 thru
Sunday, October 8
9AM-5PM
9AM-4PM Sun.

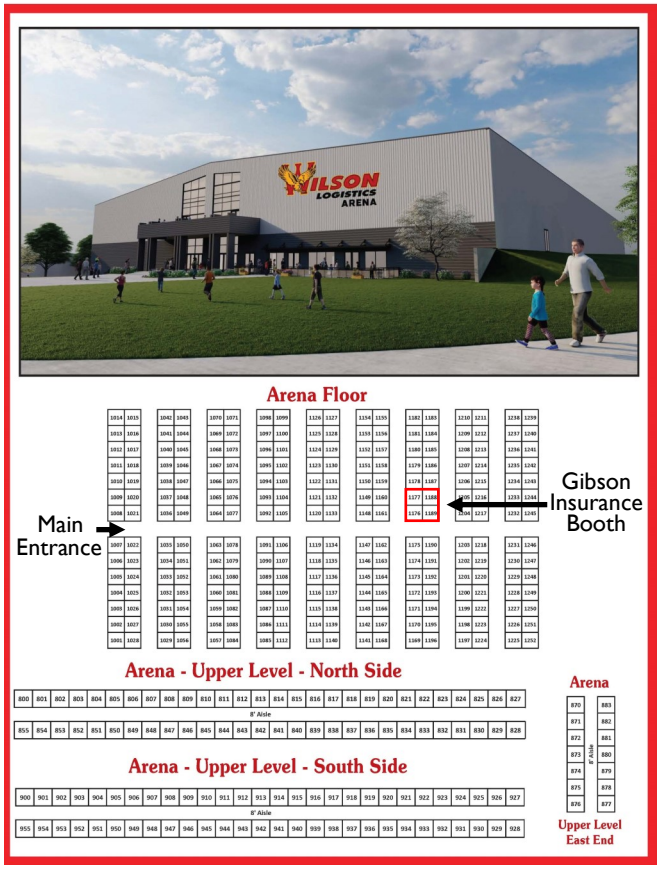
Over 1,000 agricultural and rural living exhibits, plus 600 head of livestock on display.

Admission and parking are free on the fairgrounds, located just off I-44 in Springfield.

<u>Our Booth Location Has Changed!</u>

Come see us in the new Wilson Logistics Arena.

We look forward to seeing old friends and meeting new ones!



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