



Gibson Insurance Group

"The Risk Management Specialists"

Crop Insurance 2018

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MARCH 15

Is the last day to either obtain a policy or make changes to your present insurance policy

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From Dean's Desk

The holiday season is a time that most of us sit back and reflect on years past, remembering the good times and the challenges that we have faced throughout our lives. For those of us in agriculture, we remember how different things are now compared to just a few decades ago.

One of my most treasured possessions is a picture painted of a farmer in a field that hangs on the wall of my office. For me this picture symbolizes the moral character, hard work, and honesty of all my clients.

In my reminiscing, I fondly recall the years of farrowing hogs, plowing every acre of ground in preparation for spring planting, and calving cows in what seemed like the most inclement weather imaginable.

We remember all the good times while the toils and challenges have seemed to fade away. One of my favorite memories growing up was coming to the house for dinner at noon. Each day, as we sat down at the table, we turned on the radio to KRES radio station listening for the livestock and grain markets to stay in touch with prices. The program that followed was Paul Harvey.

For the younger readers, Paul Harvey was what I would call a common sense broadcaster who reflected the values that most people in agriculture still hold dear. He was a conservative man whose values and comments might be considered unpopular today. He regularly professed his faith, railed on big government and bureaucracy, and cautioned America on how its moral structure was eroding.

One program that Paul Harvey did in the mid 70's had a profound impact on me and helped me choose a career in agriculture. I recently found a transcript of this program titled "On the eighth day God created the farmer".

And on the 8th day, God looked down on his planned paradise and said, "I need a caretaker." So God made a farmer.

God said, "I need somebody willing to get up before dawn, milk cows, work all day in the fields, milk cows again, eat supper and then go to town and stay past midnight at a meeting of the school board." So God made a farmer.

"I need somebody with arms strong enough to rustle a calf and yet gentle enough to deliver his own grandchild. Somebody to call hogs, tame cantankerous machinery, come home hungry, have to wait lunch until his wife's done feeding visiting ladies and tell the ladies to be sure and come back real soon -- and mean it." So God made a farmer.

God said, "I need somebody willing to sit up all night with a newborn colt. And watch it die. Then dry his eyes and say, 'Maybe next year.' I need somebody who can shape an



From Dean's Desk *(continued)*

ax handle from a persimmon sprout, shoe a horse with a hunk of car tire, who can make harness out of haywire, feed sacks and shoe scraps. And who, planting time and harvest season, will finish his forty-hour week by Tuesday noon, then, pain'n from 'tractor back,' put in another seventy-two hours." So God made a farmer.

God had to have somebody willing to ride the ruts at double speed to get the hay in ahead of the rain clouds and yet stop in mid-field and race to help when he sees the first smoke from a neighbor's place. So God made a farmer.

God said, "I need somebody strong enough to clear trees and heave bails, yet gentle enough to tame lambs and wean pigs and tend the pink-combed pullets, who will stop his mower for an hour to splint the broken leg of a meadow lark. It had to be somebody who'd plow deep and straight and not cut corners. Somebody to seed, weed, feed, breed and rake and disc and plow and plant and tie the fleece and strain the milk and replenish the self-feeder and finish a hard week's work with a five-mile drive to church.

"Somebody who'd bale a family together with the soft strong bonds of sharing, who would laugh and then sigh, and then reply, with smiling eyes, when his son says he wants to spend his life 'doing what dad does.'" So God made a farmer.

"Paul Harvey-----Good Day!"

Even though our occupational responsibilities have changed over the years, the definition of a farmer by charter remains the same. It has been an honor and a privilege to work with each and every one you. All of us at Gibson Insurance Group would like to thank you for your business and continued patronage through the years.

It is our hope that each of you had a very Merry Christmas and have a prosperous New Year.

Dean A. Gibson

Farm Land

Farm land is beginning to change hands as the average age of producers increases. Over the next 5 years it is estimated that 10% of the farm land in this country will change hands. As producers retire and pass away, much of this land will be passed to family members and will be farmed by new operators. Some of this land will also be sold for various reasons.

A misconception, promoted by the media by using terms like "factory farms", is that most land is held by big corporations. In fact this is far from the truth.

Most reports show that about 85% of the farm land in this country is owned by

the operator or is leased to an operator by a person or family member who once farmed the land.

These ownership numbers vary greatly by region and state. In Missouri it is estimated that about 30% of the ground in row crop production is owned by someone other than the operator. All producers are concerned about big companies coming into an area and raising the prices of ground by investing in land for the long term. States like Illinois, Kansas, and Iowa have a bigger issue with this than does Missouri. Missouri is primarily made up of many small farms making it harder for a big company to gather up large

Farm Land (continued)

tracts of land that it would need to make this investment attractive to them.

Farmers in Missouri are still the driving force behind land prices. During the last 12 months USDA economists suggest that the price of Missouri farm land has decreased by about \$40 per acre on average and cash rental rates have decreased by about \$8 per acre due to the fall in commodity prices.

Missouri cash rent per acre, for cropland was reported in Today's Farmer as follows.

Year	Non-Irrigated
2012	\$103
2013	\$113
2014	\$127
2015	\$127
2016	\$122

When more recent numbers come in I would expect this decline to continue as prices remain lower than that of recent years.

In my local area we have not seen this reduction of cash rents that has been reported. However we, in Central Missouri, have had 5 good growing seasons in a row and the mood of producers is very optimistic. It doesn't take many miles behind the wheel to see that growing conditions in other areas of the state were not as good. South Missouri, northwest Missouri, and extreme northeast Missouri were very dry this year. I would guess it is these areas that are seeing the reductions of cash rent.

Transitioning from old to young

It would be extremely difficult for a young person today to get started in farming. As land becomes available, it is quickly absorbed by the larger farming operations that have added newer machinery in the last few years and are now needing more acres to become efficient. These producers can operate at lower profit margins



and cover a great number of acres without drastically affecting their operating budgets. A young person, on the other hand, must generate enough profit on what limited acreage they can find to be competitive in this market place.

There are still young people coming into production agriculture but most of them have an inside track with family already being involved in farming. Others though, may not be able to compete on cash rents so they must get creative in order to secure leases.

Most of these landlords were raised on the farm and still have a sense of pride in how their land looks. Mowing of fence rows, maintaining property, and repairing fences are all things that landlords look for. In some cases, an agreement on the upkeep of property might be attractive to the landlord.

These new producers also seem to have a different skill set than we had when we started several years ago. These new producers are more computer literate and have the ability to manage data much better than the older generations. They are not afraid of technology and are willing to quickly

NOTICE

Beginning for 2018 Acres rated as High Risk are now eligible for the Supplemental Replant Coverage

Ask us about rates!

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Non-Discrimination Statement
Non-Discrimination Policy

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)

Attention RCIS Policyholders

RCIS has updated their producer portal to allow policyholders to:

- View and print their maps right from their computer
- View and print various documents
- Digitally sign claim documents

To sign up go to
RCIS.com

If you have any questions or need help please call the office.

Farm Land (continued)

change to take advantage of new trends.

For years our generation has made a living producing and selling the same homogeneous products. Corn was just plain corn, soybeans were just plain soybeans, beef was just plain beef and so on.

Today the young producers are looking at value added products as a way to increase profitability. Waxey corn, and other specialty corns are bringing a premium in various markets including the ethanol industry. Different types of soybeans also hold some economic advantages for producers willing to think outside the box.

One young producer that comes to mind is a man and wife that produced corn and soybeans in southern Iowa. They were having trouble finding additional land to expand their operation. Instead of buying land, they chose to build a small feed mill and produce feed for the hog and cattle feeders in their area. This couple was able to market their crops through the feed mill at a premium and add value for their services at the same time. This has made an efficient utilization of their labor and has been quite rewarding. Their future plans are to expand this operation and to con-

tinue further processing grain.

The greatest innovations seem to be coming from the livestock industry where we can easily differentiate their products. The proactive producers are looking closely at genetics and different feeding methods to add to the bottom line. In some cases even individual branding has become a viable alternative.

When a young person looks to enter this business they need not read the book *"The way we have always done it"*. Instead they need to think outside the norm and look at different and better ways to do the jobs at hand. Then as opportunities to buy and rent land arise they will have the financial ability to be a major player in the agriculture field in the near future.



IMPORTANT

Because of the differences in the way FSA and RMA view conservation compliance, we are suggesting that ALL people, including spouses, involved in your operation have separate 1026's signed and on file at your local FSA office.

Liming Fields Can Pay Big Dividends

Every year I try to soil test at least a portion of my row crop acres. I think that this is particularly important since we are using more and more manure and poultry litter in our crop operations.

With this practice, it is possible to get the P and K out of balance and possibly do more harm than good in some cases. Since I have spread a lot of litter in the past, I thought that this year with the open fall it would be a great opportunity

to do a thorough job of testing these fields. The results were not surprising.

My soils have increased levels of organic matter and phosphorus. The potash on the other hand needed to be addressed with chemical fertilizer to bring it back in line. The bigger surprise was the amount of lime some fields needed.

Lime on fields helps keep the soil pH in proper balance for optimum plant growth. Without the proper pH the plant

Liming Fields Can Pay Big Dividends *(continued)*

is not able to take up the other nutrients that are available in the soil that it needs. Acidity of the soil can also adversely affect how well our chemicals work for controlling weeds. This will end up costing us additional money and trips over the field to keep weed pressures under control.

This year most of my fields needed at least 450 of ENM. Depending on where you get your lime this could amount to about 1.5 tons per acre. I had a couple of fields that were recently broken out of pasture that needed over 1200 of ENM or about 3 ton of lime per acre. Even though these grew good wheat this spring, soybeans would have suffered a 15% yield reduction at this level.

At 40 bushel per acre soybeans, a 15% reduction in yield would equal 6 bushels per acre. With beans at \$9.00 at harvest, liming the field would have made me about \$54 per acre. The total cost to spread lime on my field using 3 tons of lime was \$33 per acre. This in a normal year, would have equaled a 200% return on investment.

This year was better than normal as my yields exceeded this 40 bushel mark. I decided to invest the extra yield into fertility

in the form of lime to prepare for next year. I generally look at lime needs about every 3-4 years, but as you know, sometimes we get busy and forget this important nutrient.

Soybeans do the best when the pH is between 5.6 - 7. Corn, milo and wheat can all tolerate a more acidic soil than beans. The range for these grass crops is from a pH of 5 - 7.2. Because we don't lime every year I try to bring the soil pH to 7 which is a good range for all the row crops.

Pasture and hay ground is probably the most neglected of all the crops when it comes to liming. We generally calculate our fertilizer needs based on the stocking rate or the amount of hay we have taken off in the previous year. Many of us haven't taken time to soil test our pastures and this could be costing us productivity and, in turn, dollars. Pure grass stands can tolerate lower pH's but if we try to inter-seed clovers or other legumes into these pastures we will have poor results if the ground needs liming. Red clover, sweet clover and alfalfa all need soil pH's over 6 for optimum growth.

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.

(This also includes any SBI's listed on your policy)



2018 Initial Price Guarantee

WHEAT
\$5.12

2018 Wheat

Wheat for 2018 is off to a very rough start over much of Missouri. Even though the crop was planted in a timely manner, weather conditions have not been conducive to getting the plants started. The dry conditions in September through today have kept wheat from getting the fall growth that we generally expect this time of year.

I have looked at several wheat fields that were planted in good time that still have not come up due to the lack of moisture. This dry fall has not only affected the wheat crop but cover crops as well. Rye seems to have handled the dry period much better than wheat. It has established itself relatively well but the plant growth is still far behind what we would normally expect this time of year.



The frigid temperatures that we saw between Christmas and New Years was also hard on these crops. With no cover on the soil and sub zero temperatures there is a possibility that we could have received considerable damage to this crop.

The good news and the bad news with the wheat crop is that the price is very low. All the charts formations back in September and October suggested that this market had bottomed and the only direction for the market would be up. I was so confident in this that I bought wheat futures. Since then, the price has eroded an additional 40 cents per bushel.

World -wide we have a large wheat supply. With the dollar index in the low 90's, we would think that US wheat exports would be moving. This hasn't been the case so far. Export activity could pick up in the 1st quarter of 2018 as currency and trade issues are addressed.

An interesting fact is that we have less wheat planted for the 2018 growing season than we have had in any year since 1919. This reduction in acres will definitely be reflected in prices between now and harvest. Just like in September, I believe this market is as low as it can go and the only direction should be up. This market, in my opinion has much more upside potential than down side risk at these current prices.

Farm Bill 2018

With 2014 Farm Bill set to expire this year, all eyes will be on agriculture and a target will be placed on our backs for budget cuts. It is good to stay as efficient as possible but the budget cuts being proposed from both sides of the aisle are focused on the safety net (crop insurance) of our industry.

We have to keep in mind that we in

production agriculture are less than 2% of the population, therefore, cuts in this area will be seemingly painless to the rest of the country. In the short term this could be true but in the longer term the results could be quite the opposite.

The largest target is the harvest price option in which a majority of producers have on their Revenue Protection policy.

Come Visit Us

Booth 104
Western Farm Show
Kansas City
Feb 23-25

Farm Bill 2018 *(continued)*

This option gives the producer the higher of the spring or fall price to guarantee minimum revenue for the commodities that they produce for any loss adjustments. The Congressional Budget Office estimates that deleting this option could save about 1.9 billion dollars a year over the next ten years. Even though there will be savings, what will the costs to the industry be? Will it play havoc to the ag sector? Honestly, I don't expect many of the proposed changes will happen but they will be some of the main talking points for the next several months in Congress.

Our crop insurance safety net is something that we can all be proud of. Is there some fraud and abuse in our system? The answer is yes! In any program there will be those that will work to take advantage of the system, but I am proud to say that this is very small in the crop insurance sector. Over the years the program has been built in checks and balances to help scrutinize everything from production records, to loss adjustments, entity records, and more recently conservation compliance. They are also using data mining from any number of sources, not just crop insurance, to seek out any fraud and abuse.

Why haven't we done the same thing in the SNAP (food stamp) program and in other programs like Medicare and Medicaid? The truth is these programs have been looked at but not nearly to the extent that we have examined agriculture.

I agree with the populous opinion that we need to cut federal spending. No business structure is healthy if it spends more than it takes in. However, I also believe that **all** parts of the government need to be looked at closely to trim our budgets to the point where we can some day have a balanced budget to pass on to our children.

In my opinion there are only limited things that our government should put a priority on. First, we need to have a secure

nation that is not threatened militarily. Our food supplies must also be protected with the same vigilance that we protect our nation.

Secondly, we have to support our police departments, fire departments so we don't have civil unrest. Infrastructure like roads, bridges, rail, rivers, and ports must also be maintained to insure our economic abilities for the future.

Lastly it is extremely important that we provide our children with the best education that we can. We live in times where technology is changing so rapidly that it is nearly impossible to imagine. Without a good educational system our culture and economic place in the world will quickly deteriorate.

Sure, there are other programs that are good and important but I do believe that at some point in time we will have to address the size of our bloated government and make some changes that will solidify our place in the future of the world.

Livestock Risk Protection



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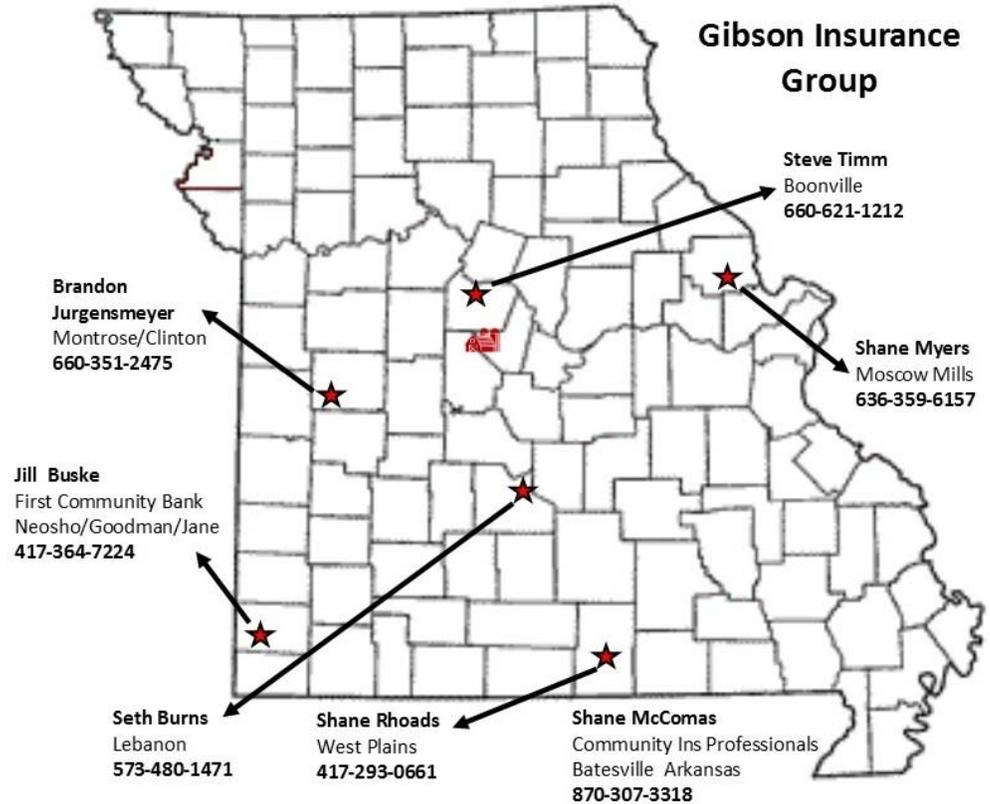
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