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Springfield MO**

**2022
Harvest Price
Wheat
\$8.12**

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**GIBSON
INSURANCE
GROUP**

337 Highway 50 East
P.O. Box 795
Tipton, MO 65081

Phone: 660-433-6300
Fax: 660-433-6315

 Find us on Facebook
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Crop Insurance 2022

Volume 22 Issue 3

September 2022

Margin Protection Is It For You?

Today we are farming in very different economic times. Inputs and crop prices are high compared to the last few years. In the last 40 years of agriculture, I have never seen the market volatility that we are currently experiencing.

Many people speculate that the market unrest may not stop and that we could be in for another turbulent year. Because of these unknowns, I am reviewing alternate risk management programs that might work in situations such as these.

A few years ago, we offered a program called Margin Protection for those who wanted to experiment with a new type of coverage that was intended to protect a certain per acre profit. I enrolled into this program on my farm for a year to learn the ins and outs. It ended up that market conditions were good, and the program

was very expensive, so I did not continue with this. For this year, depending on your operation, I believe this program may be better protection against the risk we are currently encountering.

As a reminder, here is how Margin Protection works. MP takes the projected county revenue and compares it to the projected county production costs to determine the expected county margin. A producer can select a percentage of that margin to cover from 70% up to 95%. **We must remember that this program does not use a producer's actual yields or their actual production costs. Rather, it uses an estimated yield in a county for all producers and estimated input costs for the county, so all farms are held at equal value.** A loss occurs when the county's harvested margin is



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

Margin Protection Is It For You? (continued)

less than the calculated trigger margin.

There are three ways to trigger a payment under this program:

- If the county yield comes in lower than the county expected yield.
- If the margin harvest price falls below the expected harvest price.
- If harvest price input costs are higher than those projected input costs.

Any combination of these factors has the possibility of paying the producer an indemnity.

Why Look at Margin Protection Now?

This program protects most areas of concern producers have for the upcoming 2023 crop year.

Currently, the Margin Protection initial bushel prices are being calculated for the upcoming growing season (average of the CME futures Aug 15 – Sep 14, currently at \$6.00/corn and \$13.57/Sbean). With the higher than normal corn and soybean prices this could establish a high county revenue

for 2023. With the world situation in regards to Ukraine, we have a difficult time predicting how unrest could affect market prices. We also question what Brazil and the South American crops will be like during their growing season. There could be valid arguments for both directions of price movement. By having a different price discovery time from your MPCI coverage (the average of the corn and soybean futures in the month of February), this program gives producers an extra five months of price protection during a critical time while making financial plans for the upcoming season.

Who would have guessed a year ago that fertilizer prices would be where they are today? With much of our fertilizer coming out of Russian controlled lands do we expect the prices to come down soon?

Energy costs have eased slightly as the economy has slowed, but few analysts expect this trend to continue. Many have worries about a global energy crisis and continued escalation of energy prices.

These are only a few of the concerns for the future that we cannot predict. During MP price discovery for grain prices (Aug 15- Sept 14), input costs (diesel, nitrogen, DAP, potash, interest, etc.) are also calculated for this program. This is how the county margin is set for the Margin Protection program, after September 14th, RMA will take the expected county yield times the coverage price and subtract the expected input costs.

The Margin Protection product protects a producer from all three of the items: low county yields, falling prices, and increased input costs.

This product has a few down sides that need to be recognized by a producer



Margin Protection Is It For You? (continued)

when MP is being considered.

- The cost of this product will seem high as it is less subsidized than a normal MPCl policy.
- The individual's personal yields will not be considered. Only county yields will be used for figuring indemnities. It is possible for an individual to be wiped out and the county still have good yields. In this case, the producer would not be paid through MP for their individual losses. This situation could be flipped as well. A producer has good yields, but the county yields are low. In this instance, the producer could be paid an MP loss.
- Indemnity payments are not made until the summer of the following year since it takes RMA time to calculate county yields. Payments for 2023 will not be made until the summer of 2024.
- There is no replant or prevented plant coverage included with MP.

Even with these down sides there may be a place for this product for some producers. Area crop insurance plans are nothing new, but this is the only product that offers the opportunity insure margin.

This program gives you the opportunity to insure at a higher coverage level than your basic insurance policy, as you can insure up to 95% of the county's margin.

Margin Protection can also be combined with your current crop insurance policy. Combining MP with a personal MPCl policy gives the producer replant and prevented plant coverage that most of us need. A discounted MP premium is also given when used with other crop insurance products. The reason there is a discounted premium when combined with other crop insurance policies is, **if a loss is generated on both policies, you are only guaranteed the higher of the two losses.** The amount of the discounted premium cannot be determined until acres are reported of the coverage year.

Pasture, Rangeland, and Forage

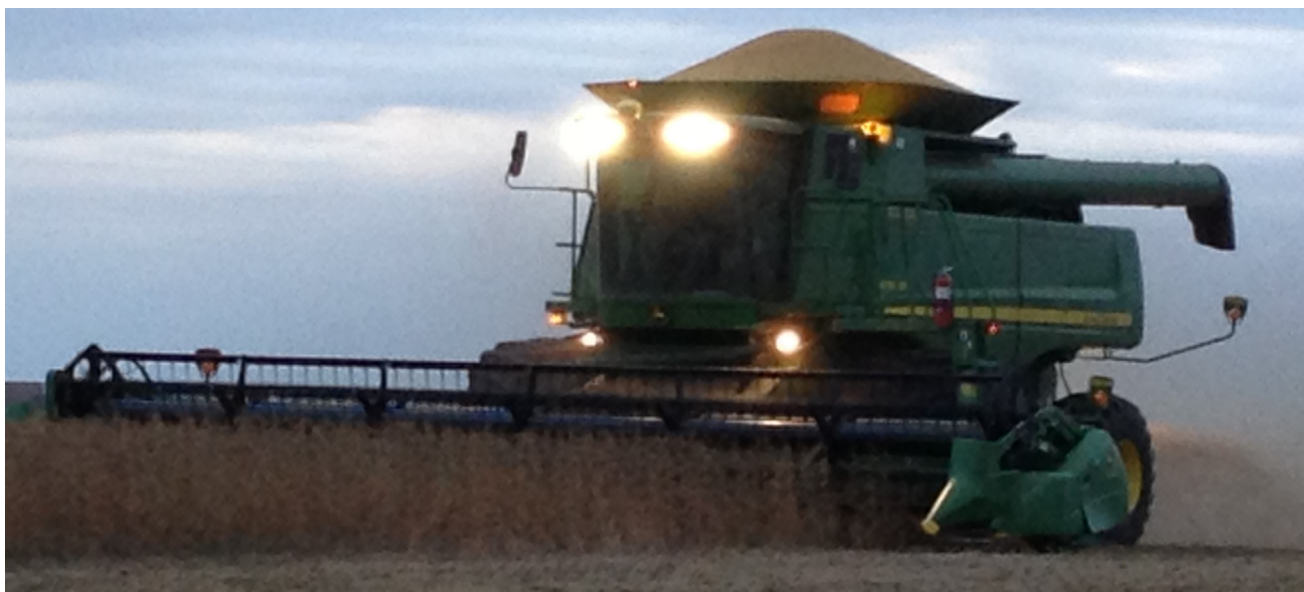
**YOU CAN'T CONTROL
THE WEATHER
BUT
YOU CAN BE PREPARED
FOR IT!**



PRF

DECEMBER 1

Sales Closing
Acreage Reporting Due



Enter Your Location Information

2023 Missouri Moniteau
 Corn Grain Non-Irrigated
 95% 100%
 Use Harvest Price Option
 Calculate Estimated Premium Credit
 Offers

Margin Protection Actuarial Data

Value Type	Values
Projected Crop Price:	See Price Discovery Section
Expected County Yield:	139.10
Expected Revenue Per Acre:	\$837.38
Expected Costs Per Acre:	\$396.07
Expected Margin Per Acre:	\$441.31
Dollar Amount of Insurance Per Acre:	\$795.51
Trigger	\$399.44
Total MP Premium	\$136.79
Producer MP Premium	\$76.60

Enter Your Location Information

2023 Missouri Moniteau
 Corn Grain Non-Irrigated
 85% 100%
 Use Harvest Price Option
 Calculate Estimated Premium Credit
 Offers

Margin Protection Actuarial Data

Value Type	Values
Projected Crop Price:	See Price Discovery Section
Expected County Yield:	139.10
Expected Revenue Per Acre:	\$837.38
Expected Costs Per Acre:	\$396.07
Expected Margin Per Acre:	\$441.31
Dollar Amount of Insurance Per Acre:	\$711.77
Trigger	\$315.70
Total MP Premium	\$90.24
Producer MP Premium	\$46.02

Quotes obtained from MarginProtection.com

Margin Protection Is It For You? (continued)

2023 Quote

(This will not be accurate until after September 14th when prices are set. This quote is based on corn priced at \$6.00)

These are two examples of quotes in Moniteau County, MO. It is important to remember that it is almost impossible to quote MP with the premium discount without knowing the pricing for the underlying MPC policy. These quotes are the full premium and show no premium discount. The first picture is showing the full coverage at 95%. It protects a \$399.44 margin while costing \$76.60/acre. The second quote is quoted at 85%, this is protecting a \$315.70 margin and it costs \$46.02/acre. There are many coverage levels to look at, these are only two examples. If this has sparked an interest call the staff at Gibson Insurance Group for accurate quotes for you and let us help you determine if this is a good fit.

Again, the current world economic situation we are in has brought this product back to the forefront and we think it is a good time to take another look at how Margin Protection works. While we know this product will not be for every producer, it may hold value in certain situations. The sales period for Margin Protection is very short, but we are ready to meet with you and discuss the options. Applications for the 2023 crop year are due by September 30th, 2022.

Margin Protection Is It For You? (continued)

Pros:

- Price Discovery Aug15 – Sept 14, 2022. Gives producers an extra 5 months of price protection
- Can insure up to 95% of the expected county margin
- Can potentially pay out even in your farm does not trigger a loss
- Takes into consideration the variable costs to put out a crop
- Can be used in conjunction with your underlying MPCl policy

Cons

- High premium cost
- Area based program
- No Replant or Prevented plant coverage
- Indemnity payments not made until the summer following the coverage year
- If combined with another crop insurance product, the MP premium discount amount is not known until acres are reported

RPO - MCO

Revenue Price Option with Market Coverage Option (RPO-MCO) is another private product through crop insurance that could be of interest this upcoming year. This product offers three ways to increase your spring bushel price guarantee. The first option is to increase your spring coverage price up to \$0.25 higher on corn and \$0.60 higher on soybeans than the established base price. The second option allows you to pick any CME daily closing price up until March 15th and make that your price guarantee for the spring. This allows you to watch the daily markets and if you see a price you like, act on it. The third option is to add the discovery period of May, June, July, or a combination of these months. This allows you to capture potential higher future prices in each of these 3 months. With RPO- MCO you can use these options in a variety of ways to raise your spring guarantees up to \$1.00 on corn and \$2.00 on soybeans over the base

spring price while still guaranteeing your final price won't come in lower than \$0.25/corn and \$0.60/soybeans over the set spring price.

When it comes to looking at how to increase my overall guarantees I find RPO-MCO to be a more cost-effective solution for my operation rather than increasing my coverage level from 75% to 80%. This past year I combined 2 RPO-MCO options (\$0.25/\$0.60 over spring price and adding price discovery to May-July). The premium prices will vary for every operation, but current average quotes for the highest coverage possible with all 3 options are \$30/corn and \$20/soybeans. These prices can add a minimum of \$31/corn and \$26/soybeans guarantee per acre while giving the potential to add up to \$120/corn and \$88/soybeans.

While there are many ways to evaluate these premiums and increased guarantees there a few important things to

INITIAL GUARANTEE PRICES

Corn - \$5.90
Soybeans - \$14.33
Grain Sorghum - \$5.88
23 Wheat - \$8.32 #

HARVEST PRICES

(Prices set November 1)
(For Corn, SBean, GSorg)

Corn - TBD*
Soybeans - TBD**
Grain Sorghum - TBD@

*Dec22 CORN is averaged daily from Oct 1 thru Oct 31

**Nov22 SBEAN is averaged daily from Oct 1 thru Oct 31

@Based on ending Corn price

Estimated Price
Final Price set on 9/15

Report Ag Crimes
in Missouri
(888) 484-8477
(TIPS)
Livestock & Farm Protection

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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.)

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.

Harvest FYI

Any leftover 2021 production in on-farm storage? - Call the office before adding new production

Any potential revenue losses must be reported within 45 days after harvest of the crop

If you will not finish harvest before December 1 please call the office

Failure to do any of the preceding could jeopardize any potential loss claims

RPO - MCO (continued)

note. Since this is a private product there is a region wide acre cap in place, so once that cap is reached, we will no longer be able to sell the product. Last year, we reached this cap fairly early. Secondly, the quotes on this product change daily based on CME daily prices and volatility and are only good for a small window of time. If you see a CME price you like, let us know.

If RPO-MCO is a product you are interested in learning more about and seeing the price options for your operation give us a call today. We are happy to work with you on daily quotes until you find a price you like.

RPO-MCO is available now to lock in these current prices. Please do not wait to contact us if you are interested in this product!

Harvest is Coming

Harvest is just around the corner and with that comes some important record keeping for crop insurance purposes. Within the next month you will be receiving your 2022 production reporting forms in your mailbox. These are due back to our office no later than December 1 regardless if you have a claim or not.

What kind of information will we need for your production?

First is the actual production either in bushels per acre or total bushels per unit. Second, we will need you to designate by a letter code a Record Type for this production; i.e, Sold/ Commercial storage, Farm Stored/ Measured by Insured, etc. There are codes listed at the bottom by a designated letter on each page listing the different code types. Third, is to sign and date after you have completed the form and return to our office in a timely manner.

Here are a few things to keep in mind before and during harvest.

- If you will be storing grain in a bin that will also have leftover 2021 crop in it **CONTACT the office BEFORE you do so that we can get a**

starting measurement. Failure to do so may jeopardize any potential loss.

- If you think there is a possibility of having a loss, contact us as soon as possible. There is a time deadline to enter losses, either bushel losses or revenue losses.
- If you have not finished harvesting all of your crops by December 1 please contact the office. Your insurance coverage ends in December. While you can still harvest in December, an adjuster will need to come and see the remaining fields in order for any losses to be worked.
- Turn in your completed and signed production form as soon as you have completed harvest, but no later than December 1. By doing so will allow you/us to detect any losses that may have been missed.

If you are harvesting double crop soybeans make sure to keep separate records of that production and report them with all your other production regardless if you had them insured or not. Having this proven production will be to your advantage in the event that you obtain double crop coverage for the 2023 crop year. As always, if you have any questions, please contact the office.

Text Alerts

We offer text alerts to help you keep up to date with current happenings and reminders! There are 3 different group options of messages you can receive, or you can sign up to receive them all:

- 1. LRP Daily Prices: A daily text with the current coverage options and prices for feeder cattle and fed cattle.
- 2. MPCl- Crop Insurance Updates & Reminders
- 3. PRF Rainfall Updates & Reminders

With all of these you will receive important, timely information pertaining to your selected group(s) and other important office updates. It is our hope that producers view this as an added service to receive up to date information in a format that is convenient for them.

Sign up is easy! Just visit gibsoninsurancegroup.com and select the "Sign up for Text Alerts" link on the [contact us page](#). Once you have reached the sign up, you'll see the image to the right. You need to enter your name, select "YES" for receiving text messages, enter your phone number, and select your message group preferences. Once you have completed this you will receive a text message with a code to confirm you entered the right phone number. At that point you have completely enrolled and will start receiving our updates. Below is an example of what the message will look like when you receive them.

Should you have any questions, issues, or would like for us to enroll you in the texting alerts please contact our office at 660-433-6300.

Gibson@txcstr.com:
Acreage Reporting
Reminder: Acreage Reporting
Deadline is due July 15.

Gibson@txcstr.com:
LRP Prices 4/20
gibsoninsurancegroup.com/livestock/lrp-prices/ Do NOT respond to this message. Contact your agent or the office.



Get information you want, fast, sent as a text message to your wireless device. Sign-up below and select the information you want.

LRP Daily Prices Crop Insurance Updates PRF Rainfall Updates & Reminders

Already receiving messages? [Update Message Preferences / Unsubscribe](#)

Step 1: Sign-Up - Test Your Phone

Please complete the information below and click on the CONTINUE button.

In the next step of the sign up process, we will send a personal authorization code to your mobile phone. You will need to enter the code in the next screen within (5) minutes in order to verify and complete your enrollment in the system.

Important: Our systems are tested for performance and reliability on a frequent basis. However, normal network transmission limitations can occur from time-to-time and may cause delays in the receipt of messages.

* DENOTES REQUIRED FIELD

General Information

* FIRST NAME:

* LAST NAME:

TIMEZONE: ▼

ZIP CODE:

Choose Message Format(s)

Please select how you would like to receive messages.

Text Messages (recommended)

YES, I would like to receive Text Messages on my mobile phone, including, potentially, messages delivered using an automatic telephone dialing system. I understand that Text Messages may, in addition to the content selected below, also include advertisements. Subscribing to Text Messages is not a condition of purchasing any property, goods, or services.

MOBILE NUMBER:

Important: You may update message preferences or unsubscribe at any time. Check your wireless provider for any message and data rates that may apply.

Message Groups

Please select message group(s) you would like to receive information from.

LRP Daily Prices

MPCl - Crop Insurance Updates & Reminders

PRF Rainfall Updates & Reminders



**GIBSON
INSURANCE
GROUP**

"The Risk Management Specialists"

Main Office

Dean Gibson
Chris Lynch
Brian Huhmann
Maria Birdsong
Carol Kliethermes

660-433-6300

800-411-3972

gibsoninsurancegroup.com

Crop Insurance 2022

Important Upcoming Dates

- **September 14 - 2023 Initial Guarantee Price for Wheat is set**
- **September 30 - Sales Closing Date for Fall Crops and Margin Protection**
- **October 15 - 2022 Wheat Production deadline**
- **October 31 - Final Plant date for Wheat for counties above the Missouri River**
- **November 1 - Harvest Price set for Corn/ Grain Sorghum (CBOT DEC contract)**
- **November 1 - Harvest Price set for 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)**



GIBSON INSURANCE GROUP, INC.
P.O. Box 795
TIPTON, MO 65081