

JISINC Newsletter

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February 2001

March 15th Deadline Approaching

Please remember that **March 15th** is the deadline to make any changes to your current crop insurance policy or to sign up for the program.

We have been holding informational meetings for area farmers to bring them up to date with the changes for the year 2001. Mary has been explaining the differences in the program and how these changes might effect farming business.

We are asking that an appointment be made with Johnna prior to attending a meeting. When all crop production for 2000 is recorded in our office we can then have a packet ready for your appointment. The packet includes quotes on the various crops and coverage levels.

The feedback has been very positive. Holding a smaller meeting allows more one on one service for the producer. Many topics are discussed during the lunch that is provided. We are pleased to meet with our customers in this format.

Please contact our office today to set up an appointment time. Call Johnna at: 1-888-628-7884 or 628-3220

Crop Insurance Meetings
Monday - Friday
(now through March 15)
10:30 & 1:30 each day
Lunch Served at 12:00
Appointment Requested

Saturday Meeting: March 3 – 10:30 & 1:30

Evening Meetings: March 6th & 13th - 6pm meal, 7pm mtg.

Economist says it may be a tough year for crops

(Minot Daily News – 1/12/01)

Declining yields, low commodity prices and rising fuel and fertilizer costs paint a bleak outlook for North Dakota farmers hoping to profit from crops this year, an economist says.

“It’s going to be tough to make a profit in crop production,” said Andy Swenson, an agricultural economist with the North Dakota State University Extension Service. Profit for crops will be “down across the board” in the state because prices are similar to last year while costs are up, he said.

Swenson estimates the average statewide price for wheat at \$3.20 per bushel, a little higher than last year.



“Prices are pretty much the same, but costs are up,” he said. “Primarily it’s the fuel and the fertilizer cost. Also, machinery costs keep inching up every year.”

Swenson estimates yields based on a seven-year average, throwing out the high and low years. In northeastern North Dakota and in the Red River Valley, spring wheat and durum yields have been dropping, he said.

However, corn and soybeans could be bright spots this year, Swenson said. In south central North Dakota, yield projections for both crops are up 40 percent from 1994.

“Weather conditions that have been poor for small grains have been generally favorable for row crops,” he said

The profitability of dry edible beans is expected to be down, Swenson said. “Still, it’s one of the few crops that shows a profit in the central and eastern part of the state,” he said

While most farm expenses are rising, crop insurance costs should be lower this year because of increases in a federal subsidy, Swenson said.

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Swenson's projections look solely at the profitability of crops, and do not include federal farm program payments or disaster payments passed by Congress.

"These budgets provide a good starting point (for farmers) and do highlight the financial risk of raising a crop in 2001," he said. "It's tough to show a profit for most of these crops. We don't show a profit in any region for growing spring wheat, for example.

"If there is a yield shortfall, there's going to be significant losses per acre," Swenson said. "With the size of farms, the losses are just magnified."

Even with a more positive picture for oilseeds, farmers should plant the crop suited for a particular region, Swenson said.

Profits are shown for soybeans in south central and southeastern North Dakota, and the southern Red River Valley. Flax shows a loss everywhere, but "as far as the oilseed of preference in the north, I'd take a look at flax relative to oil sunflowers or canola because it's a lower-cost crop to raise and there are fewer disease problems," Swenson said.

In the western part of the state, specialty crops such as lentils, mustard, buckwheat, crambe, safflower and garbanzo beans all show profits.

YOU KNOW YOU'RE FROM ND originally IF...

(Received by email)

- Your idea of a traffic jam is ten cars waiting to pass an orange barrel on the highway.
- You've seen all the biggest bands ten years after they were popular.
- You know several people who have walked to school uphill, both ways.
- Your school classes were canceled because of cold.
- You've ridden the school bus for an hour each way.
- You've ever had to switch from "heat" to "A/C" in the same day.
- You see people wear bib overalls at church.
- You see a car running in the parking lot at the store with no one in it no matter what time of the year.
- You install security lights on your house and garage and leave both unlocked.
- You carry jumper cables in your car.
- You know what "cow tipping" and "snipe hunting" are.
- You only own 3 spices: salt, pepper, and ketchup.
- You design your kid's Halloween costume to fit over a

snowsuit.

- Driving is better in the winter because the potholes are filled with snow.
- You know all 4 seasons: Almost winter, winter, Hotter than hot, and winter again.

ANOTHER ECONOMIST'S VIEW

(Partial article from www.rcis.com/pdf/ageconsumer.pdf)

Michael Swanson Ph.D.
Economics Department
Wells Fargo & Co.
28 December, 2000

Signs of a general economic slowdown continue to appear everywhere. The most recent news shows slowing automotive sales, slowing housing starts, slightly increased unemployment (up from record lows) and slowing GDP growth. However, most importantly, the evidence of the slowdown involves **slower growth** not contraction. Less growth from an already strong position paints a much different outlook than contraction from a stagnant level. The biggest fundamental constraint remains a shortage in the skilled labor force. U.S. levels of labor force participation have fallen from historically unsustainable levels. And, labor force participation does not measure the amount of overtime and skipped vacations that have occurred during the recent boom. As long as U.S. productivity improves faster than the rest of the world, the chance for an extended economic downturn remains minor. And that means, the domestic market (far and away the most important) will be there to support good consumption levels of agricultural products.

Even a temporary slowdown could bring silver lining for the agricultural economy in the form of lower interest rates and a weaker dollar. However, these two factors should always stay in the "careful what you ask for" category. Even lower interest rates are not a slam dunk good thing. It would be a very rare agricultural producer who did not have some invested assets that earn more with higher interest rates. Each producer's unique blend of equity and debt will determine how much lower interest rates help or hinder them. Likewise, most export-based demand will benefit from a weaker dollar. Without a doubt, some commodities and industries will enjoy a boost in real income thanks to a weaker dollar. But, some products and industries depend on cheap imports for a significant portion of their input costs. A good example is nitrogen fertilizer sourced from foreign countries which will be more expensive with a weaker dollar. Even if the fertilizer is domestically produced, it would be priced relative to the world market. And, if the cost of imports climbs with the weaker dollar, domestics will follow the price increases.

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Lastly, the economic domestic outlook could have a major impact on the new Farm Bill. Up until the last couple of months, the outlook for a strong federal surplus was very strong. With a lower outlook for GDP growth over the next couple of years, that surplus could be much smaller. The inclination to be generous and set fixed dollars for the agricultural sector will be at risk with a smaller surplus.



(Mature soybeans in field)

Soybeans continue to shine because the world needs/wants/likes/prefers (you choose) proteins more than carbohydrates. At least, the part of the world that can pay for additional food consumption. The EU's temporary ban on blood meal will temporarily firm up demand for all soybean and meal. Likewise, the worldwide economic recovery from the Asian Crisis of 1997/98 will support feed demands. The Asian markets are not booming like they were prior to the crisis, but their flocks and herds have returned to more normal levels. Likewise, the oil market has revived even Russia's dismal economy and along with it a good demand for poultry. These needs and China's continued support of its domestic crushers has put soybeans on pace for record exports.

The clouds on the horizon come from projected record production of soybeans in Brazil and Argentina. This would combine with increased EU plantings as they try to substitute away from imported soybean meal. On top of all of those factors, if corn acreage does drop due to high nitrogen costs, it will undoubtedly go predominantly to soybeans where possible. This means the pendulum could start swinging in the opposite direction in terms of the supply and demand balance. However, the South American picture will take a couple of months to come into focus and the final European and US acreage will not be known until June. This leaves plenty of time for the markets to go through several ups and downs based on the story of the day.

Wheat is the mirror image of soybeans in that the consumers who want more are not high income or even high economic growth consumers. The world wide demand picture is flat with only marginal increases. In fact, exports to key U.S. markets like Russia, Pakistan and Japan are

down from last year. The only bright spot comes from the substitution effect of feed wheat plus lysine to replace more expensive corn and soybean based feeds. While this demand is priced as a feed substitute, it helps reduce the overall stocks. With the Australian harvest problems and U.S. quality issues, the premiums for quality could be substantial for those producers with top quality wheat. However, the real change in supply and demand balance comes from continuing decreases in acreage for the U.S. and South America. The projected stocks will continue to fall as more and more acres go to the more profitable soybeans and corn. The reduced supply will definitively put a floor under the wheat price. The market will continue to assess the impact of winter weather on the U.S. crop, but it will definitively be a slowly developing story.

The sources of the data have been verified to the best of researcher's ability. Agricultural prices are extremely volatile, and unforeseeable conditions might drastically change future prices. These forecasts constitute one possible outcome, currently considered most likely. Any decisions and results are the responsibility of the reader.



Where do the numbers come from?

Remember the final prices on the Revenue products will not be announced until March 5, 2001. They are based on the September futures traded in February. As of February 15, 2001 the durum price was estimated at \$4.42 per bushel. This would be a slight increase over last year's CRC price of \$4.25. Watch the Minneapolis Grain Exchange for the fluctuations that may occur.



Recipe of the Month

Sweet Kernel Corn

(serves 12 people)

- 3 – 16oz Packages of Frozen Corn (48oz)
- 12oz – Cream Cheese (1.5 pkg.)
- 1/4 Cup of Butter
- 3 Tablespoons of Water
- 3 Tablespoons of Milk
- 2 Tablespoons of Sugar
- 6 Slices of American Cheese

Directions:

Add all ingredients into pan or crockpot. Slow cook for 4 hours (approx. 200 degrees)

*Served at the fundraiser for Michelle Guthmiller, Miss North Dakota USA 2001. Watch her compete for the Miss USA crown on Friday, March 2nd at 8:00pm on CBS.

*Thanks to Dr. Beth Helgerson for this recipe!

What To Do After A Loss

(www.insurnacesurf.com)

1. Make temporary repairs.

Make temporary repairs to prevent further weather related damage. Cover holes in the roof, walls, doors and windows with plastic or boards. Be careful not to risk your own safety in making the repairs.

Save receipts for any material you buy. Your insurance company will reimburse you for the cost.

Beware of building contractors that encourage you to spend a lot of money on temporary repairs. Remember that payments for temporary repairs are part of the total settlement. If you pay a contractor a large sum for a temporary repair job, you may not have enough money for permanent repairs.

Don't make extensive permanent repairs until after the claims adjuster has been to your home and assessed the damage.

Avoid using electrical appliances, including stereos and television sets, which have been exposed to water unless they've been checked by a technician.

2. Call your insurance agent or insurance company.

Report the damage to your insurance agent or insurance company representative. Ask questions such as: Am I covered? Does my claim exceed my deductible? (Your deductible is the amount of loss you agree to pay yourself when you buy a policy.) How long will it take to process my claim? Will I need to obtain estimates for repairs to structural damage?

3. Save receipts for additional living expenses.

Most homeowners policies cover additional living expenses such as food and housing costs, telephone or utility installation costs in a temporary residence, extra transportation costs to and from work or school, relocation and storage expenses and furniture rental for a temporary residence. Your insurance company will usually advance you money for these expenses. The payments will be part of the final claim settlement. Let your insurance company know where you can be reached so that the claims adjuster can give you a check.

The maximum amount available to pay for such expenses is generally equal to 20 percent of the insurance on your home. So on a home insured for \$100,000, up to \$20,000 would be available. This amount is in addition to the \$100,000 to pay for repairs or to rebuild your home. Some insurance companies pay more than 20 percent. Others limit additional living expenses to the amount actually spent during a certain period of time, such as 12 months, instead of a maximum percentage of the policy limit.

4. Preparing for the adjuster's visit.

The claims process may begin in one of two ways.

1. Your insurance company may send you a claim form, known as a "proof of loss form," to complete.

2. An adjuster may visit your home first, before you're asked to fill out any forms. (An adjuster is a person professionally trained to assess the damage.) Usually, the more information you have about your damaged home and belongings the faster your claim can be settled.

Major disasters make enormous demands on insurance company personnel. Your adjuster generally will come prepared to do a thorough and complete study of the damage to your home. However, the large number of claims may place time restrictions on adjusters forcing them to "scope the loss." If your adjuster doesn't make a complete evaluation of the loss on the first visit, try to set up an appointment for a second visit.

Be sure to keep copies of lists and other documents you submit to your insurance company. Also keep copies of whatever paperwork your insurance company gives you.

Personal Belongings

1. Make lists of the damaged items. Include the brand names and model numbers of appliances and electronic equipment. If possible, take photographs of the damage. Don't forget to list items such as clothing, sports equipment, tools, china, linens, outside furniture, holiday decorations and hobby materials.

2. Use your home inventory or put together a set of records - old receipts, bills and photographs - to help establish the price and age of everything that needs to be replaced or repaired.

3. If your property was destroyed or you no longer have any records, you will have to work from memory. Try to picture the contents of every room and then write a description of what was there. Try also to remember where and when you bought each piece and about how much you paid.

4. Don't throw out damaged furniture and other expensive items because the adjuster will want to see them.

Structure of Your Home

1. Identify the structural damage to your home and other buildings on your premises, like a garage, tool shed or in-ground swimming pool.

2. Make a list of everything you would like to show the adjuster when he or she arrives. This should include cracks in the walls, damage to the floor or ceiling and missing roof tiles. If structural damage is likely even though you can't see any signs of it, discuss this with your adjuster. In some cases, the adjuster may recommend hiring a licensed engineer or architect to inspect the property.

3. Have the electrical system checked. Most insurance companies pay for such inspections.

4. Get written bids from reliable, licensed contractors on the repair work. The bids should include details of the materials to be used and prices on a line-by-line basis.

Protecting Personal Property

(From the Internet)

When it comes to house insurance, just how much is enough? If you were to lose the contents of your home, would insurance cover the cost to replace them? Many people aren't sure because they aren't insurance experts. It will help you to record your belongings so that you can determine how much insurance you will need.

Hopefully you'll never have to make a claim where you need to replace all of your property, but it is far better to be prepared, even if it is just for your peace of mind.

The best protection is the amount of insurance you have on your personal property should equal the value of the items you own. If you were to lose the contents of your home, the price you originally paid, or their present value, would be considerably less than the actual replacement cost.

To assist you in making sure your property is properly listed, you can get an inventory list from your broker, then you tour your house and list all your valuables. Keeping your receipts from purchases, and video taping your rooms is very helpful. Keep the inventory form and video in a safe place away from your home. A safety deposit box is ideal. After your inventory is done this should give you a true picture of your property and what you will need for coverage.



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ADDRESS CORRECTION REQUESTED