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Star Rock Farms not only contracts out part of their production to a vertical integration (100,000 broilers grown for Tyson Foods) but they also are themselves integrators (other farmers contract to feed out 15,000 hogs a year for them). They also have a 3,000 head custom feed lot operation where they feed out for other people.

They have also expanded the scale of their farming operation. "We farm 12,500 acres in York and Lancaster counties in Pennsylvania, and in Harford and Baltimore counties in Maryland. We grow corn, soybeans, barley, wheat, and hay."

They also milk 1,400 cows. All this calls for specializing their skill sets. Abe handles the farming and maintenance side of things. Tom handles the dairy operation, and Rob works on the finances, marketing, and hog operation. They also have 50 employees.



Part of the 700,000 bushels of on-farm storage

Photo by Eduwin Remsberg

CROP INSURANCE AND MARKETING

"We have a lot at stake here and we use crop insurance to protect ourselves against yield and/or price losses," said Rob. "We have 700,000 bushels of

on-farm storage so we are marketing grain throughout the year."

They use Russell Consulting based in Iowa to help with their marketing strategy, but they will not forward price more than their crop insurance guarantee.

Last year they insured at the 75% level and in some years they have insured at the 80% level.

"Using crop insurance has allowed us to be confident enough to be a little more aggressive in our marketing." ■

ASA TREASURER ENTHUSED ABOUT NEW TREND-ADJUSTMENT PROGRAM FOR CROP INSURANCE

Richard Wilkins, a grain farmer from Delaware and new treasurer of the American Soybean Association is fired up about the new crop insurance Trend-Adjustment program.

"It may be the best thing to happen since CRC was introduced," he said.

The trend adjustment is a way of acknowledging that, thanks to improved technologies and genetics, yields have been increasing faster than historical average yield calculations could keep up with.

The trend adjustment allows soybean and corn

growers to insure more bushels per acre than their Actual Production History average. Every county will have a different factor to be used to calculate the trend adjustment.

According to Wilkins, feedback from farmers in the Midwest, who elected the trend in the pilot phase this year, is very positive.

"The American Soybean Association will continue to advocate for a strong crop insurance safety net, including underserved areas of the nation," said Wilkins. ■



Richard Wilkins



No. 2 Late Winter 2013

CROP INSURANCE IN MARYLAND

MARYLAND DEPARTMENT OF AGRICULTURE



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Crop Insurance Deadline Near

New Trend-Adjusted Insurance Program

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

REWARDING THEIR FATHERS' TRUST

In 1992 two brothers decided to get out of farming. They entrusted their sizable, and complex, farming operation to their sons. It must have seemed a leap of faith, perhaps even a rash decision to be confident that these very young men could pull this off.

One son, Rob Barley, had just graduated from Penn State, and one son, Abe, had just graduated from the United States Marine Corps. Two years later, Rob's brother Tom joined the team.

Now, in retrospect, their fathers' trust was obviously well placed. Star Rock Farms is a

much larger, more complex, more diversified business than anyone could have imagined 21 years ago.

GROWING VERTICALLY AND HORIZONTALLY

The way Rob describes the operation it becomes obvious that among the risk management tools they use is the concept of vertical integration, but unlike most producers, they are on both ends of the integration spectrum.

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Rob Barley

Photo by Eduwin Remsberg



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Greetings Fellow Farmers,

I am pleased to announce that most Maryland corn and soybean farmers will be able to choose a Trend-Adjusted (TA) yield endorsement, which allows a farmer to adjust their Actual Production History (APH). USDA's Risk Management Agency (RMA) recognizes that seed genetics and modern farming techniques have increased production yields. To address the improvement in corn and soybean yields, RMA is allowing a one-time adjustment to the APH so that farmers have a more accurate APH.

The yield adjustment is based on historical county level data collected by USDA's National Agricultural Statistics Service. The coverage for qualifying farmers who select the TA option will add the county level trend to their individual APH. RMA has published a TA yield for each Maryland county. An eligible farmer may be able to adjust their TA for the last ten years. The total yield adjustment depends on how many years of yield history the farmer has.

I encourage you to contact your crop insurance agent early to review your records and eligibility for the Trend-Adjusted yield endorsement. Don't forget that you must make this election by March 15, the sales closing deadline for corn and soybeans. Again this is a one-time endorsement and may be a real benefit to your Risk Management Strategy. For more information about crop insurance, see: www.rma.usda.gov/ or call at 410-841-5824. I hope you have a safe and prosperous growing season this year.

Earl F. Hance
Secretary



ORGANIC CORN AND SOYBEANS

A Growing Trend

The demand for organic dairy products is growing and with it has come a demand for organic corn and soybeans to feed those cows.

To understand why farmers are willing to go to the trouble of transitioning their ground to be certified organic you only have to look at the 2012 prices.

In Maryland the spring-time projected price for organic corn was \$7.99. The actual harvest price was \$10.55. On soybeans, the projected price was \$20.05 and the harvest price was a whopping \$23.04. Obviously, at these prices you might be more than willing to see a small decrease in yield.

If you do decide to go the organic route, there are some things to remember. Drift

contamination is not an insurable cause of loss, nor is any deviation from organic practices. You must have records, from the certifying agent, showing the specific location of each field of certified organic, transitional, buffer zone, and acreage not maintained under organic management.

To learn more about crop insurance for organic crops, you should talk to your crop insurance agent. ■

NEW APH YIELD TREND-ADJUSTMENT APPROVED

May increase coverage at current rates – resulting in savings compared to purchasing higher levels to get similar amounts of protection.

USDA's Risk Management Agency has approved the expansion of the APH yield Trend-Adjusted yield program (TA) for the 2013 crop year for Maryland, and in neighboring Pennsylvania, Delaware and New Jersey and New York.

So far the program only applies to corn and soybeans. Last year it was available in much of the Midwest.

TA gives you credit for technological and genetically driven increases in yields, which are not reflected in your historical actual production history (APH) records. The average yields have usually increased a small amount each year, sometimes by as much as one bushel (corn) per acre.

It allows you to insure more bushels per acre while still benefiting from the higher federal subsidy at the level at which you currently insure.

Producers who have four or more years of actual yield records for the insurable unit may benefit the most.

TA is not available on CAT policies. It is not available on organic or transitional yields. It is only available for grain corn and conventional soybeans.

TA has many variations, depending on your records and your county TA factor. It will not benefit every producer.

2013 MAY BE BEST YEAR TO BUY CROP INSURANCE

2013 is setting up to be an extraordinary year to buy crop insurance.

TA may well raise your APH so you may get a higher level of coverage than you had expected at the higher level of subsidy for the level of coverage you want. Plus, if you had high yields in 2012 your APH is going to get another boost from averaging in that year.

It is very important that you review this program with your crop insurance agent. If you don't, you may be leaving money on the table. ■

How to Find Your County TA Factor

Go to USDA's Risk Management Agency web site:
<http://www.rma.usda.gov/>.

Then click on the "Information Browser" in the upper left hand box. Click on "Actuarial Information Browser 2011". Click on "Reinsurance Year 2013". Select a crop (corn or soybeans)... select a state... select a county... click on "View Report". You will find your county's TA is posted on the "Rates" page.



CROP INSURANCE DEADLINE NEAR

March 15 is the deadline for producers of twelve spring-planted Maryland crops to sign-up for federally subsidized crop insurance. It is also the deadline for making any changes to existing policies.

The twelve Maryland crops which share the March 15 deadline are: forage seeding, corn, soybeans, fresh market tomatoes, processed sweet corn, fresh market sweet corn, oats, processing beans, grain sorghum, fresh market tomatoes, processed tomatoes, and Maryland tobacco.

Which crops are insurable varies from county to county. Producers can still insure other crops under a "Written Agreement", something needing close consultation with your crop insurance agent.

March 15 is also the deadline for signing up for Adjusted Gross Revenue Lite (AGR-Lite). This whole farm revenue insurance works well for those who grow multiple crops. It can also be used as an umbrella policy and premiums are prorated to account for any regular crop insurance policies in place.

For soybean and corn producers this is the first year they will have the opportunity to apply for the new Trend-Adjustment program. It is also the first year for a new premium adjustment for corn and soybeans, and in Maryland, farmers should benefit from that adjustment on both crops.

For all these reasons, it is vital, especially for corn and soybean producers, that you contact your crop insurance agent as soon as possible. ■