




Crop Insurance and Cover Crops

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Crop Insurance



Government provided program

- Large menu of contracts
 - Premiums
 - Producer paid
 - Government paid (premium subsidies)
 - Indemnities
 - Outcomes, often revenue (yield X price), are below a guarantee

Government determines insurance rates and therefore premiums

rating is based on the idea that over time, indemnities = premiums

face incomplete information – say the introduction of cover crops
expect policies/rules to adjust accordingly

Crop Insurance, Type, Practice and Cover Crop



When signing up for crop insurance you state your type and practice

Often, for corn this will be 'grain' for type and 'irrigated or non irrigated' for practice

This means there is a rate for each type/practice combination that ultimately influences premium

Cover crops, as they stand today, are not a practice

Should not influence existing rates – i.e., with or without cover crops, the yield risk is the same.

Likely meaning the RMA does not have enough data to disprove this

More acres in cover crops, more likely to see a cover crops added as a practice.

Only way for cover crops to influence yields is through your own actual yields, which then influences your guarantee.

Risk Management Agency (RMA) Cover Crop



Website:

<https://www.rma.usda.gov/en/Topics/Cover-Crops>

or Google 'rma cover crops'

Worth your time become familiar with. Website contains updates and educational opportunities.

Good Farming Practice and Cover Crops

Crop insurance requires good farming practices
so as not to guarantee losses
or improve the chances of losses

Who determines good farming practices?
agricultural experts. Often this occurs at the University level.

Rules keep adjusting to new information (as they should)

Keep in close contact with your informed crop insurance agent

Cover Crop Termination Zones

Four zones

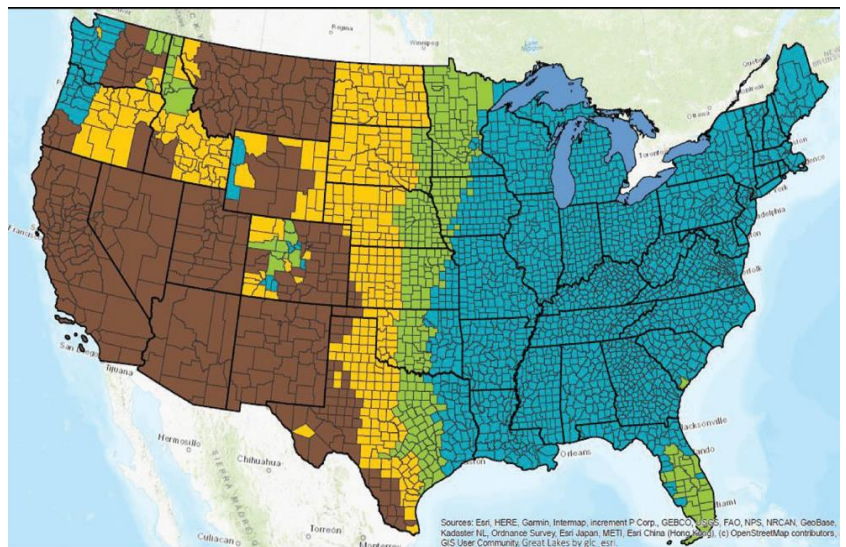
Defined in NRCS guidelines

Zones identify when cover crop
should be terminated
- Read the rule for your county

Often follow county borders
data exists at county

Exceptions can be requested. But
they must be able to show good
farming practices (see handbook in
cover crop website)

Discuss current options with your
crop insurance agent



Over-Seeding/Interseeding



planting into an existing/established crop

Overseeding/interseeding a conservation cover crop into an insured grain crop will not

affect insurability

affect indemnity

crop planting time or method did not impact yield or harvest. If damage occurred, this would not be paid

If interseeding after a bad event, say hail, be sure to visit with your crop insurance agent before.

Additional details exist, make sure to understand how your situation fits within the guidelines.

Randomness



Covid Pandemic Cover Crop Program (PCCP)

Premium support of \$5/acre for producers who insured their spring crop and planted a qualifying cover crop.

Available for the 2021 year

Will something like this become permanent in the future?

Rule revisions

Comments



Crop insurance exists to protect producers from rare financially devastating events

Crop insurance recognizes cover crops

Cover crop understanding is rapidly growing

Expect crop insurance to expand cover crop coverage

Important for the RMA to interact with conservation technology such as cover crops

Up to the producer to be informed on rules and relevant changes