Center For Agricultural & Natural Resource Policy

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Crop Insurance Eligibility and Maryland's Cover Crop Program

Introduction

Cover crop adoption is rising in Maryland. Adoption of cover crops can improve the water quality of the Chesapeake Bay and the productivity of farmland. As Maryland's farmers adopt these cover crops, issues have arisen related to a commercial crop's eligibility for crop insurance when following a cover crop. This publication will provide a quick overview of the eligibility requirements for the crop insurance program as it relates to cover crops.

Maryland's Cover Crop Program

The Maryland Agricultural Water Quality Cost-Share Program (MACS) provides payments to offset the costs of planting and growing a cover crop. Traditional and harvested cover crops include: barley, canola, rapeseed, kale, rye, ryegrass, spring oats, triticale, forage radish, and wheat. For traditional cover crops, MACS does not allow harvesting but the cover crop can be grazed or chopped for livestock feed. Destruction of the traditional cover crops takes place between March 1 and June 1. For harvested cover crop, farmers provide a best estimate of the acres they plan to harvest and terminate when signing up for MACS. Harvesting would need to take place between March 1 and June 1.

PHOTO: EDWIN REMSBERG

As the use of cover crops continues to rise in Maryland, producers will want to be aware of recent changes to NRCS termination rules to ensure that a commercial crop following a cover crop is still insurable.

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Producers should realize that harvesting a cover crop can impact their commercial crop's eligibility for the crop insurance program, unless the producer carefully follows NRCS's cover crop termination process.

USDA's View of Cover Crops

For the United States Department of Agriculture (USDA), a cover crop is more broadly defined than it is for the MACS program. USDA defines a cover crop to be "crops including grasses, legumes and forbs for seasonal cover and other conservation purposes. A cover crop managed and terminated according to these guidelines is not considered a 'crop." (NRCS, 2013). This definition is common to the Risk Management Agency (RMA), Natural Resources Conservation Service (NRCS), and the Farm Service Agency. USDA does allow for a commercial (commodity) crop to be insured following a cover crop as long as certain conditions are met. If these conditions are not met, the following commodity crop will not be insurable.

The cover crop needs to be terminated according to USDA-NRCS's Cover Crop Termination Guidelines for Non-Irrigated Crops. Maryland's non-irrigated cover crops need to be terminated within 5 days of planting the commodity crop but before the commodity crop emerges. Maryland's irrigated cover crops also need to be terminated before the commodity crop emerges but specifics are based on the acreage and the crop system. Neither grazing nor harvesting is an acceptable termination method according to NRCS.[1] These cover crop termination guidelines are common between NRCS, RMA, and FSA. Harvesting of the cover crop is allowed but the producer would need to follow up the harvest with an appropriate termination method, such as herbicide treatment, within 5 days of planting but before commodity crop emerges. RMA will rely on the determination of NRCS if cover crops are terminated according to the guidelines. Producers would want to check with NRCS before utilizing new termination methods.

Producers should also consult with their crop insurance agent to discuss cover crops and the records they will need to maintain eligibility for the crop insurance program.

What Should A Producer Do?

Terminating a cover crop through traditional methods, such as tilling, winterkill, or spraying herbicide, are allowable with MACS and the crop insurance program.

Before planting a cover crop, a producer should review his/her risk management plan and consider the following:

- What if the cover crop is not terminated within the guidelines and the commodity crop is uninsurable?
- Does his/her risk management plan allow for this level of self-insurance?

Each producer will answer these questions differently depending on his/her risk management plan. Producers need to realize damage caused to the insurable crop by the cover crop (either in failure to terminate according to the Guidelines or seeding methods) will not be covered by a crop insurance policy. Producers should also consult with their crop insurance agent to discuss cover crops and the records they will need to maintain eligibility for the crop insurance program.

For example, before planting rye, a producer should consider the impact of harvesting the rye crop on the operation's risk management plan. Does the producer have enough equity in the bank or farm to be able to self-insurance the commercial crop that follows the harvested rye, if the rye is not terminated within the NRCS Guidelines? Would the producer be better off planting a different cover crop or not harvesting the rye? ■

[1] In some cases, grazing is allowed but is not viewed as terminating the cover crop.

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References:

USDA-NRCS. *NRCS Cover Crop Termination Guidelines Non-Irrigated Cropland*. Washington DC. U.S. Department of Agriculture. June 2013. Available at http://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=stelprdb1241229&ext=pdf.

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