



Effectiveness of the Iowa Crop Insurance Discount Program

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Cereal rye cover crops on a farm near Wellman, IA. Photo courtesy of the Arkansas Agricultural Experiment Station

Cereal rye cover crops on a farm near Wellman, IA. Photo courtesy of the Arkansas Agricultural Experiment Station (<https://bit.ly/3VCJfg6>) and reprinted here under this license: <https://creativecommons.org/licenses/by/2.0/>.

Cover crops generate on-farm and off-farm benefits. However, less than 5% of U.S. cropland had cover crops in 2022, often due to the additional planting costs. Incentive programs can help farmers overcome these financial barriers and increase cover crop use. Crop insurance discount programs are a novel incentive structure that reduce farmers' crop insurance premiums by \$5 per acre on cover-cropped farmland. This payment is much lower than that typically offered through federal- and state-level cost share programs.

A new study in *Agricultural & Environmental Letters* investigated whether this \$5 payment is sufficient to actually increase cover crop acreage, using data from a survey

of Iowa farmers from the first three years of the Iowa Crop Insurance Discount Program (ICIDP). Farmers indicated that 11% of the ICIDP area would not have been in cover crops without the program payment. While most of the area in the ICIDP would have been planted in cover crops without the program, the cost per additional cover crop acre generated through the ICIDP compares favorably to cost-share programs in Iowa and other states because of the lower \$5 payment rate.

These results suggest that crop insurance discount programs increase cover cropped area and are similar to existing incentive programs in cost-effectiveness.

Adapted from

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