

Noninsured Crop Disaster Assistance Program (NAP)



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Overview of NAP

- The Noninsured Crop Disaster Assistance Program provides financial assistance to producers of noninsurable crops.
- This provides protection against natural disasters resulting in lower yields, crop losses and/or prevented crop planting.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



What crops are eligible?

- For a crop to be eligible for NAP coverage it must be a commercially produced agricultural commodity for which crop insurance is not available.
- For assistance with determining the availability of crop insurance for a crop in question, producers are encouraged to contact a local crop insurance agent.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Eligible crops descriptions.

- Crops grown for food
- Crops planted and grown for livestock consumption such as grain and forage crops including native forage
- Crops grown for fiber, such as cotton or flax, (except trees)
- Crops grown in a controlled environment (mushrooms and floriculture)
- Specialty crops like honey and maple syrup
- Industrial crops grown for feedstock

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Who is eligible to receive NAP coverage?

- An eligible producer is one who is a landowner, tenant or sharecropper who is actively taking on risk from the production of the eligible crop.
- A person's average adjusted gross income (AGI) must not exceed \$900,000 to remain eligible for NAP coverage.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



What types of losses are covered?

- Natural disasters including drought, freeze, hail, excessive moisture or high winds
- Widespread damages including earthquakes and floods
- Extreme heat, plant disease and insect infestation

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Coverage Levels

- Standard NAP coverage includes a catastrophic level (CAT) coverage
- Makes payments when losses exceed 50% of expected production at 55% of the average market price
- Additional levels of NAP are available from 50-65% of production and up to 100% of the average market price with a separate premium

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



How do you apply for coverage?

- Contact the county FSA office where the producer's records are maintained
- Producers must fill out form CCC-471 "Application for Coverage"
- Service fees must be paid prior to coverage
- Closing dates vary by crop

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



How much are service fees?

- At all coverage levels, the NAP service fee is the lesser of \$250 per crop or \$750 per producer per administrative county
- These fees shall not exceed \$1,875 for a producer with farming interests in multiple counties
- Additional premiums exist for those electing higher coverage levels

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Premium calculations for higher coverage levels.

- If a producer elected additional coverage he/she must also pay a premium in addition to service fees.
- These premium(s) are equal to the producer's share of the crop; times the number of eligible acres devoted to the crop; times the approved yield per acre; times the coverage level; times the average market price; times a 5.25% premium fee.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Maximum premiums.

- The maximum premium a producer would pay is \$6,562.50 which is calculated by the maximum payment limitation times the 5.25% premium fee.
- Beginning, limited resource, and traditionally underserved farmers are eligible for a waiver of the service fee and a 50% premium reduction

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Qualifying for beginning, limited resource and socially disadvantaged farmer.

- If you believe a producer may qualify for beginning, limited resource or socially disadvantaged farmer status, please contact your local FSA office for more information regarding sign-up and eligibility for program assistance

- <https://offices.sc.egov.usda.gov/locator/app>



Coverage period for annual crops.

- Coverage periods vary depending on the crop
- Annual crop coverage begins 30 days after application for coverage and the applicable service fees have been paid; or the date the crop is planted (cannot exceed the final planting date)
- Annual crop coverage ends the date the crop harvest is completed, normal harvest date of the crop, date the crop is abandoned, or the date the entire crop is destroyed

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Coverage period for perennial crops.

- Perennial crop coverage, other than a crop intended for forage, begins 30 calendar days after the application closing date
- Coverage ends the earlier of: 10 months from the application closing date, the date the crop harvest is completed, the normal harvest date for the crop, the date the crop is abandoned, or the date the entire crop acreage is destroyed.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Information required to remain eligible for NAP coverage.

- A producer must report the name of the crop, type and variety, location and acreage of the crop, share of the crop and the names of other producers with an interest in the crop, type of practice used to grow the crop, planting date and intended use
- As soon as possible, producers should report planting dates, production and disposition of the crop.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Determining production coverage.

- Acreage and production reports are used to calculate the approved yield.
- The approved yield is an average of a producer's actual production history (APH) for a minimum of four to a maximum of 10 crop years (5 years for apples and peaches)
- A substantially reduced yield will be calculated if a producer fails to provide at least 4 years of production history or does not report yield at all.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Notification of loss.

- A producer must fill out CCC-576 “Notice of Loss and Application for Payment” within 15 calendar days of the earlier of; a natural disaster occurrence, the final planting date if planting is prevented by a natural disaster, the date that damage to the crop or loss of production becomes apparent, or the normal harvest date.

Source: USDA 2014 Farm Bill Fact Sheet “The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years”



What is a NAP unit?

- A NAP unit includes all the eligible crop acreage in the county where the producer has a unique crop interest
- A unique crop interest is either 100 percent interest or a shared interest with another producer.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Calculating NAP payments.

- The FSA uses crop acreage, approved yield, net production, coverage level elected by producer, average market price for the commodity established by the FSA state committee, and a payment factor reflecting the decreased cost incurred in the production cycle for a crop that is not harvested or prevented from being planted.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



Payment limitations.

- NAP is subject to a \$125,000 per crop year limit per individual or entity.
- Losses above this level will not be paid under a NAP policy.

Source: USDA 2014 Farm Bill Fact Sheet "The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years"



References

- USDA 2014 Farm Bill Fact Sheet: “The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years”
 - <https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/noninsured-crop-disaster-assistance/index>
 - https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/Disaster-Assist/CCC0471_NA_BP_150811V01.pdf
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