Have You Signed Up for Noninsured Crop Disaster Assistance Program?

John VanSickle, Marina Arouca, Rod Clouser

Since the 1996 Farm Bill, producers have had access to the Noninsured Crop Disaster Assistance Program (**NAP**), which currently provides financial assistance to producers of noninsurable crops when:

- Yield loss occurs in excess of 50% of the approved yield;
- Value loss occurs in excess of 50%; or
- Planting is prevented in excess of 35% of the intended acres.

NAP covers losses due to **damaging weather** (drought, freeze, excessive moisture, excessive wind or hurricanes), **adverse natural occurrences** such as earthquake or flood, and other adverse natural occurrences (e.g., excessive heat, plant disease, volcanic smog or insect infestation). The natural disaster must occur during the **coverage period**, before or during harvest, and directly affect the crop.

Eligible NAP crops currently include commercial crops: Crops grown for food (excluding livestock and their byproducts); crops planted and grown for livestock consumption; crops grown for fiber (excluding trees grown for wood, paper, or pulp products); aquaculture species crops (including ornamental fish); floriculture; ornamental nursery; Christmas tree crops; turf grass sod; industrial crops; seed crops; and sea grass and sea oats. As required by the 2014 Farm Bill, this rule adds sweet sorghum and biomass sorghum as eligible crops.

To **sign up**, producers must contact their county Farm Service Agency (FSA) office by the application closing date. Application closing dates vary by crop and area. To be eligible for NAP, producers must report crop type and variety, location of acres, producers and related shares of crop, growing practice, crop planting date, and the intended use of the covered commodity.

After planting, producers must **report** acres planted. After harvest, quantity harvested, and disposition of crop must be reported. Production is verified by the reporting producer but may be subject to audit by FSA. The application must also include a **service fee** - $250 per crop up to a maximum of $750 per producer per administrative county, with a maximum total payment of $1,875 for producers that operate in multiple counties. Premiums are also due if electing Buy-Up coverage.

The **Basic NAP** includes Catastrophic Coverage (CAT) for production losses greater than 50% of production at 55% of price, resulting in insurance for 27.5% of expected value if a total loss occurred. The 2014 Farm Bill provides a **Buy-Up** option that offers coverage up to 65% of production, at 100% price.

- Producers may elect coverage for each individual crop between 50 and 65%, in 5% increments.
- Producers have to pay the basic CAT level coverage application fee unless waived under HUA/LR/BF provisions[1].
- The total cost of Buy Up is dependent on:
    - Value of the crop (price)
    - The actual production history (APH) (yield)
    - Size of operation (acres)
    - Fixed premium rate (5.25%) of the liability

[1] HUA: Historically Underserved Applicant; LR: Limited Resource; BF: Beginning Farmer. If applicant qualifies as a HUA/LR/BF, Basic NAP application fee is waived and half of the cost of Buy Up is waived.

In summary, the more valuable the crop (price) and/or the higher the APH, the higher the premium. The producer can register several crops and buy up coverage for each with a maximum premium of $6,562.50 (equal to the maximum payment indemnity in this program of $125,000 with the premium rate of 5.25%).

The 2014 Farm Bill also authorized retroactive additional NAP assistance for losses to 2012 **fruit crops** grown on trees and bushes in counties that had Secretarial disaster designations for **frost or freeze** for the 2012 crop year, the NAP Frost Freeze (**NAPFF**) Program. Find here a list of eligible counties.

Are you a **peanut** grower?
USDA's Risk Management Agency (RMA) will offer **peanut** revenue insurance coverage starting in cop year 2015.

Are you a **cotton** grower?
The RMA now offers a new crop insurance product for upland cotton based acres, the **Stacked Income Protection Plan (STAX)**. This program provides area-based coverage for up to 20% of expected area revenue, based on planted acres (not generic base). See a companion information sheet on "What About Cotton?" for more details.

Remember, the decision to purchase crop insurance is separate from the producer's decision to elect farm programs under the safety net. But farmers who selected Price Loss Coverage (PLC) are also eligible to purchase an additional subsidized crop insurance policy, to protect against "shallow losses", named **Supplemental Coverage Option (SCO)**. SCO is administered by the RMA and therefore payments received under SCO do not count towards the payment cap of $125,000.

Producers will have until the end of the summer to purchase SCO. This is a not stand-alone policy based on expected county yields or revenue, to cover part of the deductible under the producer's underlying insurance policy. The premium subsidy for these policies is set at 65%.

Cover your assets! Considering the risk associated with growing agricultural crops, it may be prudent to contemplate possible purchase of NAP coverage. If you plant more than one eligible crop, then you should carefully consider coverage for all eligible crops when you face the first application closing date. If you buy up coverage for one crop, you may bump up against the maximum payable indemnity to be covered with that crop. If so, that allows you to purchase buy up coverage on all other crops at no additional cost. While payment will be limited to your first $125,000 claim, the multiple crops allow you more opportunities to collect if a natural disaster occurs.

Want to verify the eligibility of your crop to insurance programs? Access the Online NAP Tool at fsa.usapas.com/NAP. Further information on NAP is available from your local FSA office, on FSA's website at http://www.fsa.usda.gov/FSA/NAP.

Have any questions or concerns? **Contact us!**

John VanSickle (sickle@ufl.edu); Rod Clouser (rclouser@ufl.edu); Marina Arouca (arouca@ufl.edu).

Visit our website: 2014 Farm Bill Education Program (fred.ifas.ufl.edu/FarmBill)

UF | IFAS Extension
UNIVERSITY of FLORIDA