

For: State and County Offices

NAP Summary of Coverage (SOC) and Premium Billing

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

In accordance with the 2014 Farm Bill, the NAP software suite has been enhanced to include the following functionality:

- calculate producer premiums
- generate and bulk mail quarterly SOC (CCC-471-SOC-EZ) letters
- bill producers through a bulk mailing process
- record producer premium and additional Native Sod service fee collections
- automatically establish receivables for past due premiums and Native Sod service fees.

B Purpose

This notice:

- promotes awareness of SOC and premium management software available to State and County Office users
- provides a schedule for mailing 2015 and subsequent year SOC and premium billing letters
- provides a list of error and warning exceptions which may be found on the County Producer Premium Exception Report
- provides action items for both State and County Office users in preparing for mailings of 2015 and subsequent year SOC letters and premium billing letters.

Disposal Date	Distribution
March 1, 2017 8-17-16	State Offices; State Offices relay to County Offices

2 NAP Software

A Summary of Coverage

NAP SOC software for 2015 and subsequent program years was made available on May 27, 2016. This release provided users functionality to manually generate SOC's and the opportunity to review coverage and premium calculation data in preparation of bulk mailing producer SOC's from Kansas City.

See 3-NAP, paragraph 106, and subparagraphs 3 A and B, for additional information about the SOC report and mailing schedule.

B Premium Calculations and Reports

NAP premium management software for 2015 and subsequent program years was enhanced and made available on May 27, 2016. This release included the core premium calculation functionality, as well as the addition of premium management reports, with emphasis on the premium exception report. The Producer Premium Exception Report was designed to help users identify potentially missing and/or erroneous premium calculation data. See 3-NAP, Section 7 for additional information about the premium management software, and paragraph 4 for additional information about the Producer Premium Exception Report.

C Premium Billing

NAP premium billing software for 2015 and subsequent program years was released in a dormant state on July 7, 2016. Once activated, this software will automatically trigger premium billing letters to be generated and bulk mailed from Kansas City, as scheduled. See subparagraphs 3 C and D for additional information about the premium billing schedule.

D Premium Receivables

NAP premium management software is being enhanced to establish receivables for any remaining premiums and/or Native Sod service fees which are past the premium due date for the program year. This functionality is scheduled to be available by the 2015 program year's premium due date, which is October 18, 2016.

2 NAP Mailings

A Mailing SOC Letters

For the 2015 program year, the short form of the SOC letter (CCC-471-SOC-EZ) will be bulk mailed from Kansas City only one time before premium billing. Therefore, it is extremely important to resolve as many coverage and/or premium calculation issues prior to bulk mailing the SOC letters. The bulk mailing is scheduled to begin the week of August 22, 2016.

3 NAP Mailings (Continued)

A Mailing SOC Letters (Continued)

For the 2016 program year, SOC letters will be bulk mailed from Kansas City only two times prior to premium billing. The initial mailing of 2016 SOC letters will be soon after 2015 SOC letters have been bulk mailed, with the final mailing on or about November 1, 2016.

For 2017 and subsequent program years, SOC letters will be bulk mailed from Kansas City quarterly, with the first mailing on or about November 1 of the previous program year and the last of five mailings on or about November 1 of the program year. For example, the first mailing of SOC letters for the 2017 program year will be on or about November 1, 2016, with the final mailing on or about November 1, 2017.

B E-mailing SOC Letters

For 2015 and subsequent program years, the long form of the SOC letter (CCC-471-SOC) will be bulk e-mailed from Kansas City, in addition to the standard mailing of the short form, on approximately the same schedule as the standard mailings. The SOC will only be e-mailed to producers flagged in Business Partner as requesting to receive e-mail.

C Mailing of Premium Billing Letters

For the 2015 program year, premium billing letters will be bulk mailed from Kansas City approximately one month after mailing 2015 SOC letters. Any discrepancies found after producers receive their SOC should be resolved before the bulk mailing of premium billing letters. The premium billing is scheduled for September 19, 2016. The premium due date is scheduled to be 30 calendar days after the official billing date. The premium due date is October 18, 2016.

For 2016 and subsequent program years, premium billing letters will be bulk mailed from Kansas City on or about January 10 of the subsequent program year, with the premium due date being February 15 of the subsequent program year. For example, premium billing letters for the 2016 program year will bulk mailed on or about January 10, 2017, with the premium due date being February 15, 2017. If the premium due date happens to fall on a non-workday (weekend or holiday), the premium will be due by the following workday.

D E-mailing Premium Billing Letters

For 2015 and subsequent program years, premium billing letters will be bulk e-mailed from Kansas City, in addition to the standard mailing of the premium billing letter, on approximately the same schedule as the standard mailing. The premium billing letter will only be e-mailed to producers flagged in Business Partner as requesting to receive e-mail.

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4 Producer Premium Exception Report

A Error Exceptions

The County Producer Premium Exception Report may contain “Error” exceptions. These exceptions are the result of missing or erroneous data, which prevent the system from calculating any premium for a given producer. These exceptions must be resolved before the premium being calculated and billed to the producer.

These exceptions include but may not be limited to the “errors” in this table.

“ERROR” Exception	Description
Producer is not active in Business Partner	Identifies a producer who is no longer active in Business Partner, from the time the NAP application was last updated. The system will not calculate any premium for the producer until this exception has been resolved.
Producer’s Tax ID is not eligible for NAP	Identifies a producer who no longer has a tax ID recorded in Business Partner that is eligible for NAP. The system will not calculate any premium for the producer until this exception has been resolved.
Producer’s Business File record is missing	Identifies a producer who is missing from Business File. The system will not calculate any premium for the producer until this exception has been resolved.
Producer’s member structure is missing data	Identifies a joint operation producer which has missing AGI data. The system will not calculate any premium for the producer until this exception has been resolved.
Producer’s overall LR/SDA/BFR determination is inconsistent across applications	Identifies a producer who has coverage in more than one county and has been flagged as a LR, SDA, and/or BFR producer on at least one but not all of their applications. The system will not calculate any premium for the producer until this exception has been resolved.
Miscellaneous Calculation Error	The result of an ambiguous premium calculation issue, which has not been previously identified within the system. These exceptions must be reported to PECD and researched by Kansas City to determine the root cause, before direction can be given on resolving the exception. As these issues are identified, additional exceptions may be added to the report, and in some cases software may need to be modified to prevent these exceptions from occurring. The system may not calculate any premium for the producer until this exception has been resolved.

4 Producer Premium Exception Report (Continued)

B Warning Exceptions

The County Producer Premium Exception Report may also contain warning exceptions. These exceptions are the result of missing or erroneous premium calculation data, which is disregarded during the premium calculation or prevents the system from calculating premium for a given crop combination or producer entirely. These exceptions may or may not need to be resolved prior to premium being calculated and billed to the producer.

These exceptions include but may not be limited to the following warnings in this table.

“Warning” Exception	Description
Producer does not meet the 3-level Member Rule	<p>Identifies a joint operation producer which only has joint operation members within the first three entity levels.</p> <p>This exception does not need resolved. The system will calculate a \$0.00 premium for the producer, as the producer will never be able to receive a NAP loss payment.</p>
Acreage Report is missing	<p>Identifies a covered crop combination which does not have certified acreage recorded in CARS. All crop combinations within a covered pay group, whether the actual crop combination was selected for coverage or not, are subject to this validation.</p> <p>This exception will remain on the report until the associated crop has been certified in CARS. If the crop combination is never planted, as with non-selected and/or additional unwarranted crop combinations, then this “Warning” exception shall be ignored.</p>
Approved Yield is missing	<p>Identifies a covered crop combination, with certified acreage, which does not have an Approved Yield established.</p> <p>Often caused when acreage is reported with a Certified Organic, Transitional Organic, and/or Native Sod Conversion status and the production history is not recorded in the same manner. In this case, the exception must be resolved prior to premium being calculated and billed to the producer.</p> <p>This exception may also be the result of an insurable planted crop combination within a NAP covered pay group, in which case this exception can be ignored.</p>
Direct Market Percentage is missing	<p>Identifies a covered crop combination, with the Direct Market Price option elected, which does not have the Direct Market Percentage established within the Marketing Percentages software.</p> <p>If this exception is ignored, premium will be calculated without accounting for a Direct Marketing Percentage or Direct Market Price.</p>

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4 Producer Premium Exception Report (Continued)

B Warning Exceptions (Continued)

“Warning” Exception	Description
DMP Coverage Option is only applicable to Fresh IU	<p>Identifies a covered crop combination, with an intended use other than Fresh (FH), which has the Direct Market Price option elected.</p> <p>The Direct Market Price option is only applicable to crops with the intended use of FH.</p> <p>This exception does not need resolved. The Direct Market Price option will be ignored during the premium calculation.</p>
NCT Average Market Price is missing	<p>Identifies a coverage crop combination which does not have the Average Market Price established in the NCT.</p> <p>If neither the Organic Market Price nor the Direct Market Price are elected or applicable to the crop combination, premium will be calculated using the Average Market Price as the Price per Unit.</p> <p>Price per Unit is also determined using the greater of the Average Market Price, Organic Market Price (when applicable), or Direct Market Price (when applicable).</p> <p>This exception may be the result of an insurable planted crop combination within a NAP covered pay group, in which case this exception can be ignored.</p>
NCT Organic Price is missing	<p>Identifies a covered crop combination, with the Organic market price option elected and acreage certified as Organic in CARS, which does not have the Organic Price established in the NCT.</p> <p>Although the Organic market price option is available for election, and acreage may be certified Organic in CARS, the Organic Price may not be applicable to the crop combination within a given State.</p> <p>If this exception is ignored, premium will be calculated using the conventional Average Market Price, as found on the NCT for the crop combination.</p>
NCT Direct Market Price is missing	<p>Identifies a covered crop combination, with the Direct market price option elected, which does not have the Direct Price established in the NCT.</p> <p>Although the Direct market price option is available for election, the Direct Price may not be applicable to the crop combination within a given State.</p> <p>If this exception is ignored, premium will be calculated using the conventional Average Market Price, as found on the NCT for the crop combination.</p>

4 Producer Premium Exception Report (Continued)

B Warning Exceptions (Continued)

“Warning” Exception	Description
Max Dollar Value is missing	<p>Identifies a value loss crop combination, which was not selected for coverage, but is within a covered pay group, and which has certified acreage, but does not have a Maximum Dollar Value recorded.</p> <p>In many cases, a covered pay group only includes value loss crop combinations, whereas in a few cases a covered pay group may include both yield based and value loss crop combinations.</p> <p>In either case, this exception does not need resolved, as any missing MDV will be ignored during premium calculation. Premium will be calculated based on the MDV recorded for any value loss crop combination which was specifically selected for coverage.</p> <p>Although this exception does not affect premium calculation, it may affect loss eligibility. Below are two scenarios of how crop losses may be affected by this exception.</p> <p>Scenario 1: A value loss crop combination is selected for coverage, and the covered pay group includes another value loss crop combination which was planted but not selected for coverage.</p> <p>Question: Is the non-selected value loss crop combination eligible for loss payment?</p> <p>Answer: Yes, but the non-selected value loss crop combination must have an approved NCT record, and the producer’s coverage would have to be modified to select the additional value loss crop combination, splitting the MDV originally elected and recorded between all selected value loss crop combinations, without adding any additional MDV to the pay group.</p> <p>Scenario 2: A yield based crop combination is selected for coverage, and the covered pay group includes a value loss crop combination which was planted but not selected for coverage.</p> <p>Question: Is the value loss crop combination eligible for loss payment?</p> <p>Answer: No, only the yield based crop combination is eligible for loss payment, because the MDV was never established to limit the loss payment of the value loss crop combination.</p>

5 Action

A State Office Action

State Offices shall:

- ensure all County Offices are aware of the contents of this notice
- use the State Producer Premium Exception Report to identify County Offices which have outstanding ERROR and/or Warning exceptions for the 2015 program year
- ensure County Offices review and timely resolve all “ERROR” exceptions on the County Producer Premium Exception Report, unless otherwise directed by PECD
- ensure County Offices review all “Warning” exceptions on the County Producer Premium Exception Report and timely resolve exceptions, as warranted
- repeat these actions for the 2016 and subsequent program years before each of the quarterly scheduled SOC mailings and prior to mailing of the premium billing letters to ensure accurate premium calculations.

B County Office Action

County Offices shall:

- use the County Producer Premium Exception Report to identify which producers have outstanding ERROR and/or Warning exceptions for the 2015 program year
- review and timely resolve all “ERROR” exceptions, unless otherwise directed by PECD through the State Office

Note: See subparagraph 4 A regarding “ERROR” exceptions.

- review all “Warning” exceptions and timely resolve these exceptions, as warranted

Note: See subparagraph 4 B regarding “Warning” exceptions.

- repeat these actions for the 2016 and subsequent program years before each of the quarterly scheduled SOC mailings and prior to mailing of the premium billing letters to ensure accurate premium calculations.