

Noninsured Crop Disaster Assistance Program



Noninsured Crop Disaster Assistance Program (NAP)

NAP provides **financial assistance** to producers of **noninsurable** crops to protect against **natural disasters** that result in lower yields or **crop losses**, or **prevents crop planting**.

NAP

- What are **noninsurable** crops?
- In NH crop insurance is available from USDA Risk Management Agency (RMA) for:
 - **Apples;**
 - **Corn (Forage);**
 - **Fresh Market Sweet Corn;**
 - Forage Production (Merrimack County only);
 - Forage Seeding (Merrimack County only);
 - Peaches (Rockingham County only).

NAP - Crops

- NAP is available for:
 - **Commercial** crops or agricultural commodities (not livestock) - produced for food or fiber – for which crop insurance coverage is not available.
 - This includes: floricultural, **high tunnel and field grown fruits and vegetables**, seed crops, **forage crops**, honey, **maple sap**, mushrooms, ornamental nursery, **Christmas trees**, aquaculture, and turf grass sod.

NAP – Natural Disasters

- **Losses Due To Eligible Natural Disasters**
 - Damaging weather, such as drought, **frost**, **freeze**, hail, **excessive moisture**, excessive wind.
 - A condition related to damaging weather such as disease or insect infestation.

NAP – Basic (CAT)

- **Basic NAP coverage** (CAT level)
 - Covers the amount of **loss greater than 50%** of your expected production based on your history.
 - **Pays** at a rate of **55% of average market price** for that crop.
 - Unharvested or prevented planting also covered.
 - **Service Fee** \$250 per crop not to exceed \$750 per county

Service Fee

FSA will **waive NAP service fee** for:

- Beginning farmers (BF)
- Limited resource farmers (LR)
- Socially disadvantaged farmers (SDA)

Buy-Up Coverage

In addition to Basic (or CAT-level) coverage, NAP will now offer Buy-up coverage for the 2015 through 2018 crop years.

Buy-Up Coverage - Levels

Yield Level	Price Level
50%	100%
55%	100%
60%	100%
65%	100%

For **value loss** crops, buy-up coverage will be based on the maximum dollar value requested.

Buy-Up Coverage - Premium

In addition to the **service fee**, producers who elect buy-up coverage must pay a **premium** equal to the **lesser of**:

- 5.25% of the **payment limit**
- 5.25% of the **guarantee**

Limitations and Eligibility

- **Payment Limitation:**

- \$125,000 payment limitation
- $\$125,000 \times 5.25\%$
- So the maximum buy-up premium= **\$6,562**

- **Eligibility:**

- \$900,000 AGI provision

Example Premium – 5 Ac. Peaches

5.25% of the guarantee

- 5 acres, 181 bu/acre average yield
- Market price \$47.75 bushel
- Selected the 65% coverage level

- $5 \times 181 \text{ bu} = 905 \text{ bu.} \times \$47.75 = \$43,214$
- $\$43,214 \times 65\% = \$28,089$ **yield guarantee**
- $\$28,089 \times 5.25\% = \$1,474$ **premium for buy up**

Example Payments - Peaches

- **Financial assistance with 65% Buy-up** will range from about \$686 to \$24,453 for losses ranging from **40% to 100%** of crop yield
- **Financial assistance with Basic (CAT)** coverage will range from about \$1,026 to \$8,794 for losses ranging from **55% to 100%** of crop yield

NAP Decision Tool

<http://fsa.usapas.com/NAP.aspx>

Service Fee & Premium

FSA will waive NAP service fees and reduce buy-up premiums by 50% for:

- Beginning farmers (BF)
 - Limited resource farmers (LR)
 - Socially disadvantaged farmers (SDA)
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- Example $\$1,474 \times 50\% = \737

Quality Losses

For approved crops and locations, net production for producers who elect buy-up coverage can be adjusted to reflect quality losses

NAP - Participation

- Applying for coverage
 - Need to apply at your local county office
 - Before growing season begins
 - Example: **Deadline for applying for 2015 coverage for annually tilled crops is March 15, 2015**

NAP - Participation

- Producer Responsibilities
 - File for coverage before applicable deadline
 - Timely file
 - notice of loss (within 15 days of noticing problem)
 - application for payment after harvest
 - Report crop production each year when doing your annual acreage report with your local office.

Will NAP help my Operation?

- Assess your Risk Protection Needs
 - How much risk exposure do you have?
 - In the event of a Natural Disaster can NAP help you:
 - Pay essential bills / loans
 - Replace livestock feed
 - Cover your production cost

NAP

■ Questions?