
Noninsured Crop Disaster Assistance Program (NAP)

Most of your core agriculture crops, corn, soybeans, wheat, etc. are covered by crop insurance administered by the USDA Risk Management Agency (RMA). NAP was established by the 1996 Farm Bill to provide a safety net of risk protection for those crops not insurable through the normal crop insurance channels and is administered by the USDA Farm Service Agency (FSA). This initially provided very low-level catastrophic protection.

The 2014 Farm Bill allowed NAP to increase coverage levels and expanded coverage to beginning, socially disadvantaged, limited resource, and qualifying veteran farmers. It increased the options of coverage levels to 55%, 60% and 65% and based this on 100% of a crop's value for crop losses due to a disaster. Disaster was defined as either prevented planting or damage during the growing season. Also, a premium "buy-up" coverage was set at 5.25% multiplied by the level of coverage.

The 2018 Farm Bill made a few more changes. It made the "buy-up" coverage permanent and increased the payout to \$300,000 for those who chose "buy-up" coverage. Local, organic, contract or other premium prices must be included in NAP coverage. It also reauthorized the fee waiver and 50% premium discount for beginning and socially disadvantaged farmers. FSA has been directed to create a streamlined policy that will make it easier for those farmers to submit farm records and acreage reports. The 2018 Farm Bill also directed the FSA and RMA to collaborate and share data for RMA to find the gaps in coverage and eventually transition farmers from NAP crop insurance to federal crop insurance.

To be an eligible producer you must be a landowner, tenant or sharecropper who shares in the risk of producing an eligible crop and is entitled to an ownership share of that crop.

As with other farm programs the individual's or entity's average adjusted gross income (AGI) cannot exceed \$900,000. NAP payments are limited to \$125,000 per crop year per individual or entity for basic coverage. If the "buy-up" coverage has been chosen, then the limits are increased to \$300,000 per individual or entity.

To be eligible, crops must be commercially produced agriculture commodities and not available to be covered by other crop insurance. Here is a short list of crops that are eligible: crops grown for feed, crops planted and grown for livestock consumption, such as grain and forage crops, crops grown for fiber, such as cotton and flax, crops grown in a controlled environment, such as mushrooms and floriculture, specialty crops, such as honey and maple sap, sea oats and sea grass, sweet sorghum and biomass sorghum. To check if your crop is insurable under NAP, producers should check with the county FSA office where their records are maintained.

As stated earlier, causes of loss can be due to prevented planting or damages during the growing season. Damages due to natural disasters can include drought, freeze, hail, excessive moisture and excessive winds and hurricanes. Other occurrences include earthquakes, floods, excessive heat, plant disease and insect infestations. These weather and other damages must occur during the coverage period, before or during harvest and must directly affect the eligible crop.

NAP provides basic coverage which is based on 50% of expected production at 55% of the average market price for the crop. The 2018 Farm Bill allows a producer to purchase higher levels of coverage from 50-65% of production at 5% intervals. Also, it is at 100% of the average market price. Higher coverage levels can be purchased using the "buy-up" provision.

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This must be done by the application closing date and a higher premium will be paid. Crops intended for grazing are not eligible for the “buy-up” provision.

Producers can apply for coverage using form CCC-471, “Application for Coverage”. This is done through the FSA office where the producer’s farm records are kept, and the producer will have to pay the applicable service fee. The application must be filed by the application closing date and this can vary by crop and is established by the FSA state committee. To find the closing date for your crop contact your county FSA office.

The service fee for all coverage levels is \$325 per crop or \$825 per producer per administrative county, not to exceed a total of \$1,950 if the producer has crops in multiple counties. There is an additional premium if higher levels of coverage are elected. The maximum premium for a person or legal entity if they would elect the “buy-up” provision is \$15,750 ($\$300,000 \times 5.25\%$).

There is a waiver of the service fee and a 50% premium reduction if the producer is a beginning, limited resource, socially disadvantaged or a veteran farmer or rancher. In order to obtain these cost savings, the producer must file CCC-860, Socially Disadvantaged, Limited Resource, Veteran or Beginning Farmer or Rancher Certification.

A beginning farmer or rancher is a person or legal entity who has not operated a farm or ranch for more than 10 years and materially and substantially participates in the operation. All members of legal entities must be related by blood or marriage to be considered beginning farmers.

A limited resource farmer or rancher is a person or legal entity that does not exceed \$179,300 in earnings (for fiscal year 2021) in each of the two calendar years that precede the complete taxable year before the program year. This amount can change in later years based on inflation. Also, they must have a total household income at or below the national poverty level for a family of four or

less than 50% of county median household income for the previous two years. Limited resource status can be calculated using the [USDA Limited Resource Farmer and Rancher Online Self Determination Tool](https://lrftool.sc.egov.usda.gov/DeterminationTool.aspx), <https://lrftool.sc.egov.usda.gov/DeterminationTool.aspx>. Other years historic data is also available at that site. For a legal entity, you must sum gross sales and household incomes of all members.

Socially disadvantaged farmers or ranchers include American Indians or Alaskan Natives, Asians or Asian Americans, Blacks or African Americans, Native Hawaiians or other Pacific Islands, Hispanics and women.

A veteran farmer or rancher is one who has served in the Armed Forces (as defined in 38 U.S.C. 101) and who has operated a farm or ranch for less than 10 years or first obtained status as a veteran during the most recent 10-year period.

To be eligible for NAP assistance, producers must report the crop planted, type and variety, location and acreage, share of crop and names of other producers with an interest in the crop, irrigated or non-irrigated, date crop was planted in each field and intended use (fresh, processed, etc.). When the crop is harvested the producer must report harvested production, whether it is marketable, unmarketable, salvaged or used differently than intended. FSA may request reliable production records and the FSA office should be contacted to see what records are acceptable.

An approved yield history (APH) is calculated by FSA using a minimum of four years to a maximum of 10 years of a producer’s actual production.

Producers that suffer a loss due to a natural disaster must notify the local FSA office and complete Part B of form CCC-576, Notice of Loss and Application for Payment. This must be completed within 15 calendar days of the earlier of a natural disaster occurrence, the final planting date, the date that the damage become apparent or normal harvest date. Producers of hand-harvested

crops and certain perishable crops must notify FSA within 72 hours of the loss. To receive payments for loss, CCC-576 must be completed in full and filed within 60 days of the last day of coverage for the crop year for any NAP covered crop in the unit. A NAP unit includes all the eligible crop acreage in the county where the producer has a unique crop interest, which is either a 100% interest or a shared interest.

To calculate a loss payment, FSA uses crop acreage, approved yield, net production, coverage level that was elected, average market price for the commodity established by the FSA committee and a payment factor reflecting the decreased cost that is not harvested or prevented from being planted.

You can visit fsa.usda.gov/nap for more detailed information on NAP. This fact sheet is for educational purposes and only gives a general overview of the NAP crop insurance program.



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