NAP
Noninsured Crop Disaster Assistance Program
A producer is an owner, operator, landlord, tenant, or sharecropper, who both:

• shares in the risk of producing a crop and
• is entitled to share in the crop available for marketing from the unit, or would have shared had the crop been produced
“Types” of Producers

- Individuals (Persons)
- Joint Operations
- Legal Entities
Coverage Options Overview

The Agricultural Act of 2014 authorizes FSA to offer NAP catastrophic coverage for a service fee and additional levels of NAP coverage that require payment of a premium in addition to the NAP service fee.
Coverage Options (Continued)

Additional buy-up coverage is also available at:

<table>
<thead>
<tr>
<th>Approved Yield</th>
<th>Average Market Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>55</td>
<td>100</td>
</tr>
<tr>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>65</td>
<td>100</td>
</tr>
</tbody>
</table>
Electing Coverage Options

Producers are required to elect their coverage level at the time of application on the CCC-471 by the application closing date, in the administrative county for the NAP crops.

Election of coverage level is irrevocable after the application closing date.
Electing Coverage Options (Continued)

If a producer elects **NOT** to purchase additional coverage levels, the level of assistance will be calculated at the Basic CAT level 50/55

Election of coverage level is irrevocable after the application closing date
Buy-Up Coverage

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 guarantee
- 5.25% of the payment limit
Eligible Crops

Any commercial agricultural crop (excluding livestock and their by-products), commodity, or acreage of a commodity grown for food or fiber, and commercial or industrial crops for which CAT or additional coverage (non-pilot) is not available.
Ineligible crops (Continued)

- experimental crops
- volunteer stands, except native forage
- livestock and their by-products
- trees grown for lumber, timber, or paper products
NAP Life Cycle

1. Crops
2. Coverage
3. Approved Yield
4. Commodity Report
5. Summary of Coverage
6. Notice of Loss
7. Application for Payment
8. Payment
9. Premium Billing

2014 Farm Bill NAP Training
Cycle...

Crops
- NCT update – at least 120 days before application closing date

Coverage
- Continuous coverage letter – 60 days before application closing date
- Producer obtains coverage – by application closing date
- Coverage attaches – later of 30 days after coverage obtained or crop planted

Approved Yield
- Prior year production report – later of subsequent year crop acreage reporting date or 60 days after normal harvest date.

Commodity Report
- Acreage reporting deadline – after crop is planted (2-CP)
Cycle... (Continued)

Summary of Coverage
- Quarterly Summary 11/1, 2/1, 5/1, 8/1
- After all information is available

Notice of Loss
- During coverage period
- Within 72 hours (certain crops) in writing 15 days of loss

Application for Payment
- After loss is filed
- Filed 60 days after normal harvest date

NAP Payment
- Within 30 days of FSA receiving all information
Cycle… (Continued)

Premium Billing

• Billing Statement – 60 days before subsequent year application closing date

Premium Payment

• Within 30 days – no receivable
• After 30 days – receivable established and premium offset from any FSA payment
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)
Limitations and Eligibility

- $125,000 payment limitation
- $900,000 AGI provision
72-Hour Notification

Producers of some crops will be required to notify FSA within 72 hours of:

• Completion of harvest

• Loss  (*Written notice of loss is still required within 15 days*)
Conservation Compliance

To be eligible for NAP benefits, persons and legal entities must be in compliance with all HEL and WC provisions according to 6-CP.
Acreage Reporting

Required Acreage Reports
• MAL’s and LDP’s
• CRP annual payments
• NAP
• ARC/PLC
• LIP, LFP, and ELAP
• TAP

Timely reporting
• Acreage reports must be filed by the final acreage reporting date
Acreage Reporting (Continued)

Final Reporting Dates Exceptions

• If crop is not planted by the final reporting date the producer has 15 calendar days after planting is completed

• Producer acquires a lease after the final reporting date – producer has 30 calendar days after acquiring the lease to report
Multiple Benefits

Although a participant may meet all eligibility requirements to receive NAP benefits, benefits from some other programs administered by USDA are considered to be benefits subject to the multiple benefit exclusion.
Production

The production reporting date (PRD) is the later of the acreage reporting date for the crop in the subsequent year or 60 days after the normal harvest date.

Production certifications can now be taken in the automated system, even for a year during which the crop is not included on an application for coverage.
Reports of Production

For each crop included on a NAP application for coverage, the producer must report all production by the PRD.

Note: Production reports are not applicable when no acreage is planted.
Production Reporting Date

Approved yields are part of the premium calculation

Production Reporting Date (PRD) for 2015 and forward moved up (allows for current APH in the premium calculation)

PRD is the later of the subsequent year acreage reporting date (for the crop) or 60 days after the current year normal harvest date
Production Record Type

Record types denote the type of record the producer has to support certified production

- 1 – Sold/commercial storage
- 2 – On farm storage, measurement
- 3 – Livestock feeding records
- 4 – Appraisal
- 5 – Other, must be documented in “Remarks”

Producers **MUST** maintain production records for 3 years
Definition of NAP Guarantee

7 CFR 1437.3 –

Guarantee means the level of coverage provided based on the application for coverage and basic or buy-up coverage elected under these provisions.
Calculation of Guarantee - Yield Based Crops

Eligible Acres

\[ \times \text{ Producer Share} \]

\[ \times \text{ Approved Yield} \]

\[ \times \text{ Elected Yield Coverage} \]

= Production Guarantee

\[ \times \text{*Applicable price} \]

\[ \times \text{ Elected Price Coverage} \]

= NAP Guarantee
### NAP Guarantee Example 1 – Yield Based Crop

#### Variables

<table>
<thead>
<tr>
<th>Crop (Type/ IU/ Prac/ PlntPer)</th>
<th>Pumpkins (SUG/ FH/ NI/ 01)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer Share</td>
<td>1.000</td>
</tr>
<tr>
<td>Acres Certified</td>
<td>20</td>
</tr>
<tr>
<td>Approved Yield</td>
<td>100 cwt</td>
</tr>
<tr>
<td>Price</td>
<td>$38.3333</td>
</tr>
<tr>
<td>Coverage Level</td>
<td>65/100</td>
</tr>
</tbody>
</table>

#### Calculation

- **Eligible Acres**: 20
- **Share**: 1.000
- **Approved Yield**: 100
- **Elect Yld Lvl**: 0.65
- **Production Guarantee**: 1,300 cwt
- **Price**: 38.3333

\[
\text{Production Guarantee} = \text{Eligible Acres} \times \text{Share} \times \text{Approved Yield} \times \text{Elect Yld Lvl} \times \text{Price} = 20 \times 1.000 \times 100 \times 0.65 \times 38.3333 = 1,300 \text{ cwt} \times 38.3333 \approx 49,833
\]

**Calculate Guarantee**: $49,833
NAP Guarantee Example 1 – Comparison to Basic CAT Level

• Calculated NAP Guarantee at elected 65/100 Buy-up is $49,833
• Compare 65/100 guarantee to a “guarantee” for Basic CAT Level (50/55)
  – Production guarantee = 1,000 cwt
  – NAP “guarantee” at 50/55= $21,083
• Buy-up is a significantly higher guarantee
# NAP Guarantee Example 2 – Yield Based Crop

## Variables

<table>
<thead>
<tr>
<th>Crop (Type/IU/Prac/PlntPer)</th>
<th>Apples (COM/FH/NI/01)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer Share</td>
<td>1.000</td>
</tr>
<tr>
<td>Acres Certified</td>
<td>32</td>
</tr>
<tr>
<td>Acres Determined</td>
<td>28</td>
</tr>
<tr>
<td>Approved Yield</td>
<td>350 bu</td>
</tr>
<tr>
<td>Price</td>
<td>$13.600</td>
</tr>
<tr>
<td>Coverage Level</td>
<td>65/100</td>
</tr>
</tbody>
</table>

## Calculation

<table>
<thead>
<tr>
<th>Calculation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Acres</td>
<td>28</td>
</tr>
<tr>
<td>X Share</td>
<td>1.000</td>
</tr>
<tr>
<td>X App. Yield</td>
<td>350</td>
</tr>
<tr>
<td>X Elect Yld Lvl</td>
<td>0.65</td>
</tr>
<tr>
<td>Production Guarantee</td>
<td>6,370 bu</td>
</tr>
<tr>
<td>X Price</td>
<td>13.600</td>
</tr>
<tr>
<td></td>
<td>$86,632</td>
</tr>
</tbody>
</table>

## Calculate Guarantee

Comparison to Basic CAT
- Production Guarantee = 4,900 bu
- NAP Guarantee = $36,653

FSA 2014 Farm Bill Training
So let’s review the Premium Calculation

### Variables

<table>
<thead>
<tr>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Eligible Acres</td>
</tr>
<tr>
<td>NAP Approved Yield</td>
</tr>
<tr>
<td>Producer’s Share</td>
</tr>
<tr>
<td>Coverage Level</td>
</tr>
<tr>
<td>NAP Applicable Price</td>
</tr>
<tr>
<td>Premium Factor (5.25%)</td>
</tr>
</tbody>
</table>
Calculating Premium – Statutory Changes (Continued)

How do we calculate the Premium?

• Finish the calculation by multiplying all the previous data by the 5.25 percent premium factor

• This premium is capped at $6,563 (based on the payment limitation of $125,000 times 5.25 percent)
Calculating Premium Examples – Yield Based Crop

Yield Based Example – Pumpkins:

- 60 Acres Certified
- Current Approved Yield: 100 cwt. per acre
- NAP Price: $38.3333 per cwt.
- Coverage Level – 50-65
- Producer Share – 100 %
Yield Based Example – Pumpkins:

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Guarantee</th>
<th>Maximum Benefit</th>
<th>Premium Calc</th>
<th>Max Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>65/100</td>
<td>$149,500</td>
<td>$125,000</td>
<td>$7,849</td>
<td>$6,563</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Acres</th>
<th>Approved Yield</th>
<th>Coverage Level</th>
<th>Price</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>100 CWT</td>
<td>.65</td>
<td>$38.3333</td>
<td>100%</td>
</tr>
</tbody>
</table>
Calculating Premium Examples – Yield Based Crop (Continued)

Yield Based Example – Pumpkins:

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<tr>
<th>Coverage Level</th>
<th>Guarantee</th>
<th>Maximum Benefit</th>
<th>Premium Calc</th>
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<td>$6,563</td>
</tr>
<tr>
<td>60/100</td>
<td>$138,000</td>
<td>$125,000</td>
<td>$7,245</td>
<td>$6,563</td>
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<tr>
<td>55/100</td>
<td>$126,500</td>
<td>$125,000</td>
<td>$6,641</td>
<td>$6,563</td>
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<tr>
<td>50/100</td>
<td>$115,000</td>
<td>$115,000</td>
<td>$6,037</td>
<td>$6,037</td>
</tr>
</tbody>
</table>
NAP Participants with SDA, BF and/or LR Status

SDA, BF and/or LR Status:

- The premium fee for buy-up coverage will be reduced by 50 percent for producers who meet the definitions for SDA, BF and LR status
Questions