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What is NAP?

- The **Noninsured Crop Disaster Assistance Program (NAP)** provides financial assistance to producers of non-insurable crops to protect against natural disasters that result in lower yields or crop losses, or prevented planting of a crop.

Who is Considered an Eligible NAP Producer?

- Landowner, tenant, or sharecropper who shares in the risk of producing an eligible crop and is entitled to an ownership share of that crop
- Individual or entity whose average adjusted gross income (AGI) does not exceed \$900,000

Eligible NAP Crops

Commercial agricultural crops for which crop insurance is not available and be any of the following:

- Crops grown for food
- Crops planted and grown for livestock consumption
- Crops grown for fiber (except trees)
- Crops grown in a controlled environment

Note: This is not an all inclusive list and there are several other crops that are eligible for NAP.

Montana NAP eligible crops

Some examples of eligible NAP crops in all Montana Counties:

- Barley for forage/grazing
- Oats for forage/grazing

There are several crops that have intended uses of grain that are insurable in Montana but are eligible NAP crops when the intended use is for forage or grazing:

- Peas/Lentils for forage/grazing
- Wheat for forage/grazing

Almost ALL crops intended for grazing are eligible for NAP coverage.

Montana ineligible NAP crops

- ▶ RMA crop insurance is offered on Alfalfa, AGM and GMA intended for forage in Montana on both dryland and irrigated, regardless of the age of stand.
- ▶ NAP coverage is not available on first year perennial seedings and RMA insurance is available on forage seeding (alfalfa) for a dollar value for loss of stand as opposed to yield protection.
- ▶ Crops considered to be poor farming practices such as: Mustard and peas/lentils have specific rotation requirements. If these requirements are not met and insured by RMA, they ARE NOT eligible for NAP either.

Producers should contact:

- A crop insurance agent for questions regarding insurability of a crop in their county.
- FSA for further information on whether a crop is eligible for NAP coverage.
- Please note that crops eligible for NAP coverage in one county, may not be eligible in another county.

Eligible Causes of Loss Include:

- Damaging weather, such as drought, freeze, hail, excessive moisture, excessive wind;
- Adverse natural occurrences, such as earthquake or flood; and
- Conditions related to damaging weather or adverse natural occurrences, such as excessive heat, plant disease or insect infestation.

Note: The natural disaster must occur during the coverage period, before or during harvest, and must directly affect the eligible crop.

Ineligible causes of loss include but are not limited to:

- ▶ Drifting herbicides
- ▶ Wildlife damage
- ▶ Weeds
- ▶ Failure to reseed or replant to the same crops if it is practicable to reseed by the final planting date
- ▶ Failure to follow good farming practices for the crop

Applying for Coverage

By the Application Closing Date, the producer must:

- File form CCC-471, "NAP Application for Coverage"
- Pay the applicable service fee at the FSA office where farm records are maintained.
- Choose Basic, Buy-up or Organic options as application time.



2017 NAP Application Closing Dates for Montana

September 30, 2016: Annual Fall-Seeded Crops including but not limited to Winter Rye, Speltz, Triticale and Wheat. All eligible Perennial crops intended for Forage & Grazing and Mixed Forage crops.

December 1, 2016: Honey

March 15, 2017: All Other NAP Crops specifically applicable to spring seeded crops.

Service Fee & Premium

For all coverage levels, the NAP service fee is the lesser of \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interests in multiple counties.

Service Fee & Premium (Continued)

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

- **Beginning farmers (BF)** - Has not operated a farm or ranch for more than 10 years,
 - **Limited Resource Farmers (LR)** <http://lrftool.sc.egov.usda.gov/>
 - **Targeted Underserved:** Members of underserved groups, specifically American Indians, other minorities and women.
- Producers meeting one of these definitions need to fill out form CCC-860, "Socially Disadvantaged, LR and BF Certification."

NAP Coverage Levels

- NAP provides a catastrophic level (CAT) coverage based on the amount of loss that exceeds 50% of the expected production at 55% of the average market price for the crop.
- **Under the 2014 Farm Bill**, NAP now offers buy-up coverage for the 2015 through 2018 crop years in addition to the basic CAT-level coverage.

Note: Crops and grasses intended for grazing are excluded from buy-up coverage.

Buy-Up Coverage Levels

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

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

Premium Calculation

Premium is equal to:

Producer's Share
× the number of eligible acres of the NAP crop
× producer's NAP approved yield
× coverage level (50%, 55%, 60%, or 65%)
× 100% of the applicable NAP price
× 5.25% percent factor

Premiums will be calculated by:

- Unit
- FSA administrative county
- Each tax ID number
- Crop definition according to pay group

Calculating Premium Example

Barley forage Example:

- 65.28 acres certified
- Current approved yield: 1.21 tons/acre
- NAP Price: \$112.00/ton
- Coverage Level: 50-65%
- Producer Share: 100%



Calculating Premium Example

Barley Forage Example:

Coverage Level	Total Premium Calculated
65/100	\$301
60/100	\$279
55/100	\$255
50/100	\$232

Payment Calculations

NAP Payment Example 1- Buy-Up

Variables		Calculation	
Crop (Type/lu/Prac/Pint Per)	Barley (forage)	Eligible Acres	65.28
Producer Share	1.000	X Share	1.000
Acres Certified	65.28	X App Yield	1.21 ton/acre
Approved Yield	1.21 ton/acre	X Yld Coverage Lvl	0.65
Price	\$112.00/ton	= Disaster Level	51.34 ton.
Coverage Level	65/100	- Production	35.00 ton.
Harvested?	Yes	= Net Production	16.34 ton.
Production	35.0 ton	For Payment	\$112.00/ton
		X Price	\$112.00/ton
		X Price Lvl Coverage	1.000
			\$1830

NAP Payment Example – Basic NAP

Variables		Calculation	
Crop (Type/lu/Prac/Pint Per)	Barley (forage)	Eligible Acres	65.28
Producer Share	1.000	X Share	1.000
Acres Certified	65.28	X App Yield	1.21 ton/acre
Approved Yield	1.21 ton/acre	X Yld Coverage Lvl	0.50
Price	\$112.00/ton	= Disaster Level	21.34.
Coverage Level	50/55	- Production	35.00.
Harvested?	Yes	= Net Production	For Payment
Production	35.0 ton	X Price	-13.66 ton.
		X Price	\$112.00/ton
		X Price Lvl Coverage	0.55
			\$0

NAP Payment Example 1 Buy-Up vs. Basic CAT Level Coverage

- Calculated NAP Payment at elected 65/100 is \$1830. (Buy-up premium was \$301 + \$250 Application fee= \$551 Total. \$1279 after fees).
- Compare this calculated payment to the same scenario with Basic CAT level
 - NAP payment at 50/55= \$0 (less\$250 application fee)
- Buy-up results in significantly higher calculated payment (\$1830 vs \$0)

Loss Calculation – Grazing Crop

Grazing crop losses are determined as follows:

$$\begin{aligned}
 & \text{Producer Acres (acres x share)} \\
 & \div \text{Carrying Capacity} \\
 & = \text{Animal Acres} \\
 & \times \text{Grazing Days} \\
 & = \text{Expected Animal Unit Days (AUDs)} \\
 & \times \text{Loss Level (Similar Mechanical or SIC Approved)} \\
 & = \text{AUD loss (for payment)}
 \end{aligned}$$



NAP Payment Example Grazing Loss – Basic NAP

Variables	
Crop (Type/U/Prac/Plnt Per)	Grass (NAG/GZ/NI/D1)
Producer Share	1.000
Acres Certified	640
AUD Rate	\$1.4130
Coverage Level	50/55
County Established	70%
Grazing Loss %	
Carrying Capacity (set by COC)	20.3
Grazing Period (set by COC)	215 Days

Calculation	
Eligible Acres	640
+ Carrying Capacity	20.3 ac/AU
* Grazing Period	215 days
= Expected AUD's	6778
* Grazing loss (over 50%)	20%
= AUD's eligible for payment	1356
* AUD Rate	\$1.4130
* Price Lev. Cov.	0.55
	\$1,054

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NAP Premium Billing Example

2017 NAP Barley forage:

- Purchased NAP Buy-Up: 3/1/2017
- Application Closing Date (ACD): 3/15/2017
- Bill Date: 1/15/2018
 - 60 days prior to subsequent year ACD
- Premium due: 2/15/2018 (30 days)

Premium Payment Options

Billing for premiums will be generated through automated software applications.

- Payments are due 30 days from the date of billing.

Producer payment options:

- Pay the premium any time after premium has been calculated...and on or before the due date
- NAP payments issued prior to billing will be reduced to satisfy premiums

Organic Option

With the passing of the 2014 Farm Bill, NAP coverage based on organic average market prices is available under **both** basic 50/55 coverage and buy-up coverage for eligible crops.



NAP Assistance for Organic Crops

- To be eligible to receive NAP coverage based on an organic average market price, producers must:
 - Elect the organic option on form CCC-471 by the application closing date for the crop
 - Report their acreage of the crop as organic
 - **Note:** Producers reporting organic acreage of a crop must be certified or exempt from certification.
- ▶ Provide a copy of their organic system plan to FSA. **Acreage transitioning to a certified organic farming practice without an organic certificate or written documentation from a certifying agency will be considered conventionally grown for NAP purposes.**

Average Direct Market Price Option

- ▶ FSA may establish an average Direct Market Price for a crop within a State that reflects the price producers receive when the crop is sold through direct marketing (farm stands, farmers markets, etc.) when that average direct market price is different than the average market price received by producers using all marketing methods. To be eligible for NAP coverage based on an average direct market price, producers **must** elect buy-up coverage for that crop.
- ▶ Producers must submit to FSA their actual marketing records for the immediate preceding 1 to 3 years to determine and establish the producer's DMP based on the actual marketing history percentage for direct marketing.
- ▶ **Note:** DMP must be derived from the producer's historical data; no exceptions are allowed. If a producer has no history of direct marketing, DMP is not applicable and cannot be determined or used...*

Producer Responsibilities

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To be eligible for NAP payments, producers must:

- ▶ File CCC-471 timely
- ▶ Accurately report the acreage and shares for all crops for which CCC-471 is filed
- ▶ Certify crop production history for approved yield calculation

Producer Responsibilities (Cont.)

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To be eligible for NAP payments, producers must:

- ▶ File a notice of loss and application for payment timely:
 - for low yield claims the earlier of 15 calendar days after the disaster occurrence or date of loss or damage to the crop or commodity first becomes apparent or 15 calendar days after the normal harvest date,
 - for prevented planting claims, within 15 calendar days after the final planting date

Producer Responsibilities (Cont.)

- ▶ For Application for Payment, producers must:
 - ▶ Request measurement service, if needed
 - ▶ Request a crop appraisal, if applicable
 - ▶ Provide production records timely and maintain for 3 years
 - ▶ Pay premium, as applicable
- ▶ To be eligible for payments, a producer must also complete payment eligibility forms (CCC-902, certify AGI, AD-1026, etc.)

Additional Statutory Changes

Native Sod :

- New provisions for annual crops planted on native sod acreage:
 - Apply in Iowa, Minnesota, Montana, Nebraska, North Dakota, and South Dakota
 - Apply during the first 4 years of planting
 - Affect approved yields, service fees, and buy-up premiums

Additional Statutory Changes (Cont.)

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Substitute Yields:

- ▶ If a producer was a NAP participant before 2015 and production data was not filed in subsequent years, a one-time substitute of 65% of the T-yield will be made for:
 - ▶ All historical years for which there is a zero credited yield included in the approved yield database
 - ▶ Assigned yield if there is at least one zero-credited yield included in the approved yield database

