



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*



Topics ▾

Data Products ▾

Publications ▾

Newsroom ▾

Calendar ▾

Amber Waves Magazine ▾

ERS Info ▾

Home / Amber Waves / Applications for the Noninsured Crop Disaster Program Increased After the Agricultural Act of 2014

Finding: Crops

July 03, 2017



PRINT



PDF



EMAIL

Applications for the Noninsured Crop Disaster Program Increased After the Agricultural Act of 2014

by Ashley Hungerford and Gregory Astill



USDA operates a number of Federal crop insurance and disaster aid programs to mitigate the downside risks inherent to agricultural production (e.g., damaging weather, price, or yield shocks). However, crop insurance underwritten by the USDA Risk Management Agency is only available to certain commodities in specified areas. Producers have been able to enroll in the Noninsured Crop Disaster Assistance Program (NAP), which is managed by the USDA Farm Service Agency, since 1994. This program insures producers in situations when Federal crop insurance is unavailable to them due to their crop or location.

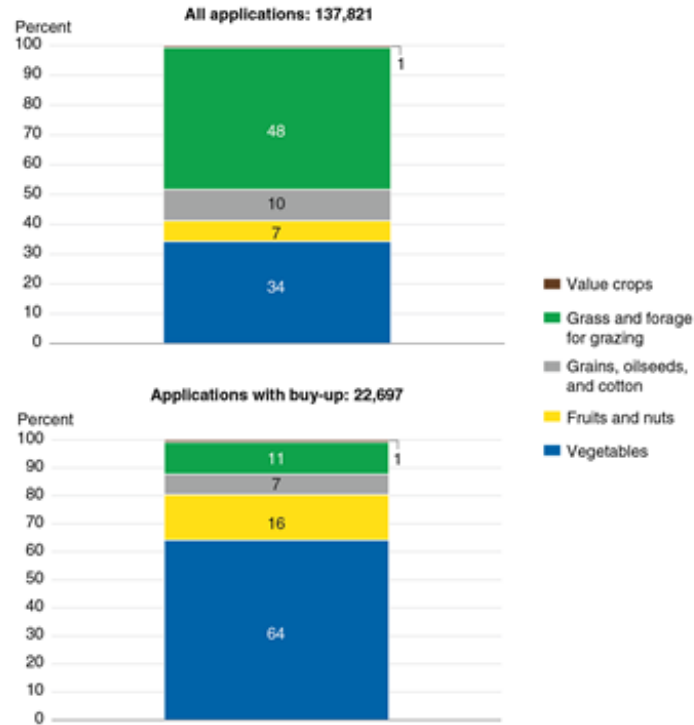
Before the Agricultural Act of 2014, NAP provided only catastrophic coverage (CAT), which guarantees 50 percent of the approved yield—based on the producer’s historical yields—at 55 percent of the average market price (NAP Basic). There is no premium for CAT, only a service fee. Now, producers can instead purchase coverage up to 65 percent of the approved yield at 100 percent of the average market price (NAP Buy-Up) by paying a premium along with the service fee. If the producer is classified as limited-resource, socially disadvantaged, or beginning, then the premium is reduced by 50 percent, and the service fee is waived. Previous to the Agricultural Act of 2014, only limited-resource producers qualified for the service fee waiver.

Applications for NAP increased from 66,000 to 138,000 between 2014 to 2015, and the number of producers who enrolled and qualified for a service fee waiver increased from 8,000 to over 16,000. In 2015, the first year NAP Buy-Up was offered, 16 percent of policies purchased buy-up coverage. Excluding grasses and other forage crops for grazing, most of which do not qualify for NAP Buy-Up, 28 percent of policies purchased buy-up coverage.

The largest share of applications (48 percent) was for grasses and other forage crops for grazing, while vegetables had the second highest share of applications at 34 percent. The majority of applications for NAP Buy-Up is for specialty crops, with 64 percent of applications with buy-up coverage for vegetables and 16 percent for fruits and nuts.

Overall, recent changes to NAP appear to be the motivation for expanded enrollment in the program and resulted in thousands of specialty crop producers who purchased NAP Buy-Up for their crops.

Almost half of all NAP applications are for grass or forage, but most NAP applications with buy-up coverage are for vegetables



Note: Value loss crops are aquaculture, Christmas trees, ginseng, ornamental nursery, and turf-grass sod.
Source: USDA, Economic Research Service using the USDA, Farm Service Agency's Noninsured Crop Disaster Assistance Program Application for Coverage: National Summary Report.

[Download higher resolution chart \(1269 pixels by 1651, 150 dpi\)](#)

This article is drawn from...

Changes to the Noninsured Crop Disaster Assistance Program Under the Agricultural Act of 2014: Their Potential Risk Reduction Impacts, by Ashley Hungerford, Gregory Astill, and Anne Effland, ERS, May 2017

[ERS Home](#)
[Careers](#)
[Contact Us](#)
[E-Mail Updates](#)

[FOIA](#)
[Information](#)
[Quality](#)
[Report Fraud](#)
[Site Map](#)

[Text Only](#)
[USDA.gov](#)
[USA.gov](#)
[White House](#)

[Privacy Policy &
Nondiscrimination
Statement](#)

