Insuring Grapes with a NAP Policy in Wisconsin

March 20, 2012

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In Wisconsin, there is no specific federal crop insurance policy for grape growers. As a result, the USDA-FSA provides the Noninsured Crop Disaster Assistance Program (NAP) (http://www.fsa.usda.gov/Internet/FSA_File/nap_august_2011.pdf). NAP provides a catastrophic policy for crops that do not have a traditional USDA-RMA federal crop insurance policy, which in Wisconsin includes grapes. Growers interested in a NAP policy should contact their county FSA office to learn more.

As a perennial crop, the final purchase date for a NAP policy for grapes is November 20th. The coverage does not officially attach or start until 30 days after this final purchase date (December 20th). A NAP policy for grapes only covers the losses of the grape production due to natural causes. A NAP policy does not cover loss of the vines, only the production. In the past, the USDA-FSA had a program, the Tree Assistance Program (TAP), that covered losses of trees, vines, and similar crops, but this program is currently not active. The Farm Bill negotiations are currently in progress and there is some chance that the TAP or a similar disaster assistance program will be re-instated and that its coverage will be retro-active to the current year. As a result, if growers want to potentially be eligible for disaster assistance for loss of grape vines, they may want to contact their county FSA office to clarify what sort of documentation they may want to keep now to ensure that they receive any disaster payments that may become available if they have vines losses.

Growers should note that a NAP policy is a catastrophic policy – growers must have a loss of 505 of more of the production, and then it compensates growers for lost production beyond a 50% loss at 55% of the crop price determined by FSA at the time the policy starts. The implication is that if growers suffered a total loss of their grape production, the most they would receive as a payment would be 50% for their production at 55% of the FSA determined grape price in November, or 27.5% of the total crop value estimated in November. Finally, the cost of a NAP policy is $250 per crop, up to $750 per county.

Counties in south western Michigan have a grape crop insurance policy available for grape production (http://www.rma.usda.gov/fields/il_rso/2012/grape.pdf). Based on this nearby policy, the RMA will in some cases allow a special Written Agreement, that is, a standard crop insurance for a farmer in a county near another county that already has such a policy. There are rules for these policies and the most limiting rule seems to be the prior crop history with grapes. In general, the vines must be at least 5 years old and have a documented production history before a Written Agreement can be used in Wisconsin for grapes. For those eligible, a Written Agreement policy for grapes in Wisconsin would have a final purchase date of November 20th, with coverage starting on November 21st.

Another possible crop insurance alternative is an AGR-Lite policy. For this policy, the grower insures his/her Schedule F income, with some adjustments. In Wisconsin, grapes are an allowable crop for an AGR-Lite policy. However, again, the 5 year rule applies for the vine age.