



## Disaster Assistance for Uninsured Farmers Affected by Recent Flooding

June 11, 2008

Paul D. Mitchell, Agricultural and Applied Economics, UW Madison/Extension  
(608) 265-6514, [pdmitchell@wisc.edu](mailto:pdmitchell@wisc.edu), <http://www.aae.wisc.edu/mitchell/extension.htm>

The recent heavy rainfall and flooding in parts of Wisconsin made national news, just like the flooding last August. Farmers with crop insurance will receive indemnities for their crop losses, but not all farmers have crop insurance and not all losses are to crops. This article is a quick summary of current federal assistance available from the USDA Farm Service Agency (FSA) for farmers affected by the recent flooding.

### **Federal Disaster Assistance for Farmers**

Other than federal crop insurance and the noninsured crop disaster assistance program (NAP) coverage (described below), no permanent USDA disaster program exists for farmers suffering crop losses from natural disasters. Historically, temporary ad hoc programs have been established for specific disasters. For example, the most recent became law in May 2007, combining several disaster programs into one bill (see the FSA Agricultural Assistance Act of 2007 Fact Sheet [http://www.fsa.usda.gov/Internet/FSA\\_File/disasteraid07.pdf](http://www.fsa.usda.gov/Internet/FSA_File/disasteraid07.pdf)). Potentially a program may be established for the recent disasters in Wisconsin. An important step in this process is for the USDA to develop an accurate assessment of actual crop losses for both standard commodity crops, as well as non-traditional and organic crops, including fresh market vegetables sold at farmers' markets, road side stands, and through CSA's. Hence, Wisconsin farmers suffering significant crop loss from recent disasters should contact their county FSA office to report their losses, even if they do not have federal crop insurance or NAP coverage.

Though currently no disaster program exists for Wisconsin farmers affected by these recent weather related losses, a disaster program may be established in the future. Thus, Wisconsin farmers adversely affected by recent natural disasters should document their losses, even if they do not have federal crop insurance or NAP coverage. Documenting losses can include keeping records of acreage planted, yields and production, as well as photographs of damaged crops, buildings, fences, and other structures. Again, contact your county FSA office to report your losses and for information on documentation of production and losses to maintain for, possible, future disaster programs.

Though no federal disaster program exists specifically for the recent losses, the FSA does have other types of disaster assistance available now.

### **Emergency Conservation Program (ECP)**

The FSA's Emergency Conservation Program (ECP) provides emergency funding and technical assistance to farmers to rehabilitate farmland damaged by natural disasters. For farmers affected by flooding and excessive rainfall, funding may be available to remove debris and to restore fences and conservation structures. Eligibility requirements must be met and payment limits exist. For more information, see the FSA Emergency Conservation Program 2007 Fact Sheet [http://www.fsa.usda.gov/Internet/FSA\\_File/ecpagi07.pdf](http://www.fsa.usda.gov/Internet/FSA_File/ecpagi07.pdf). Farmers interested in ECP funding to help with flood clean up should contact their county FSA office before taking any actions on the land to determine their eligibility and to begin the process for obtaining funding.

## **Emergency Farm Loans**

The FSA provides Emergency Farm Loans to help farms recover from natural disasters. These loans can be used for a variety of recovery purposes, such as to restore/replace essential property, pay part or all of production costs during a disaster year, pay family living expenses, reorganize the farm operation, and refinance some debts. These loans are generally short term (less than seven years) and have competitive interest rates (currently 3.75%). Eligibility and collateral requirements apply. Loan recipients must keep acceptable farm records and may be required to participate in financial management training and to purchase crop insurance. The FSA also administers other loan programs to help farmers recover from disasters, including loans for beginning or socially disadvantaged farmers and providing loan guarantees for qualifying farmers. Those interested in an Emergency Farm Loan or these other programs to help with flood recovery should contact their county FSA office for more information or see the following FSA webpage: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=efl>.

## **Noninsured Crop Disaster Assistance Program (NAP)**

For farmers growing less common crops, crop-specific federal crop insurance policies supported by the RMA may not exist. To fill this gap, the FSA manages the Noninsured Crop Disaster Assistance Program (NAP) to provide insurance coverage. NAP coverage is similar to catastrophic coverage for standard insurable crops—a 50% or greater yield loss is needed to trigger payments, losses are paid at 55% of the established conventional price for the crop, and farmer premiums are generally low. Affected farmers with NAP coverage should contact their county FSA office to report losses and determine their eligibility for payments. For those without NAP coverage, it is too late for farmers to receive such coverage for crops planted this year, but farmers should seriously consider NAP coverage for later years. For more information about NAP coverage, contact your county FSA office or see the FSA Noninsured Crop Disaster Assistance Program Fact Sheet [http://www.fsa.usda.gov/Internet/FSA\\_File/nap07.pdf](http://www.fsa.usda.gov/Internet/FSA_File/nap07.pdf).

Another insurance possibility for farmers to consider is AGR-Lite, an insurance policy that insures a farmer's Schedule F income as a whole farm insurance policy. Again, it is too late to purchase AGR-Lite coverage for this year, but the insurance is worth serious consideration for later years. For more information, contact a crop insurance agent or see the RMA fact sheet: <http://www.rma.usda.gov/pubs/rmc/agr-lite.pdf>.

## **Summary**

Recent heavy rainfall and flooding in parts of Wisconsin have hit some farmers especially hard. Some affected farmers had federal crop insurance or NAP coverage, which will provide financial help if losses are sufficiently large. For farmers without insurance, currently no disaster program has been established, but one could possibly be created in the future. Affected farmers should report losses to the FSA, document losses and maintain these documents in case a disaster program is established. The FSA has other programs that both insured and uninsured farmers may find useful, including the Emergency Conservation Program and various farm loan programs. All Wisconsin farmers adversely affected by recent natural disasters should contact their county FSA office to report their losses, so that accurate assessments of actual damages can be developed to help with the potential establishment of a disaster program. All USDA programs have eligibility requirements and require paperwork and record keeping, but can be very useful for helping farmers recover more quickly from natural disasters.