

Pasture, Rangeland, Forage (PRF) - Rainfall Index



Talk to an RCIS crop insurance agent today.

The Risk Management Agency's (RMA) pilot insurance policy, Pasture, Rangeland, Forage (PRF) is designed to provide insurance coverage on perennial pasture, rangeland or forage acres, based on precipitation (Rainfall Index). The program helps protect a producer's operation from the risks of forage loss due to lack of precipitation. It's not designed to insure against ongoing or severe drought, as the coverage is based on precipitation expected during specific intervals only.



Coverage

Rainfall Index PRF is available in the 48 contiguous states with the exception of a few grids that meet international borders.

The Rainfall Index uses National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC) data. You must select at least two, two-month periods where precipitation is important to your operation. These periods are called index intervals.

Insurance payments are determined by using NOAA CPC data for the grid(s) and index interval(s) you choose to insure. When the final grid index falls below your "trigger grid index" (expected grid index x coverage level %), an indemnity may be paid. Notice of loss is not required. (See page 2 examples.)

This insurance coverage is for a single peril – lack of precipitation. Coverage is based on the experience of the entire grid. It is not based on individual farms or ranches or specific weather stations in the general area.



Select a coverage level from 70 to 90 percent. You are not required to insure all your acres, but you cannot exceed the total number of grazing or haying acres you operate.

The program provides insurance protection while allowing you to insure only those acres that are important to your grazing program or hay operation.

Important Date

**Sales Closing Date:
November 15**

Tools

You will be asked to make several choices when insuring your grazing or hay production, including coverage level, index intervals, irrigated practice, organic practice, productivity factor and number of acres. Work with your RCIS crop insurance agent to view the Grid ID Locator map and index grids for your area, and assign acreage to one or more grids based on the location and use of the acreage to be insured. Your RCIS agent can also help as you make decisions about PRF coverage for your operation, using RCIS mapping and quoting tools.

PRF Historical Indemnity Analysis Examples

Indemnity as % of premium*	Jan-Feb	Feb-Mar	Mar-Apr	Apr-May	May-Jun	Jun-Jul	Jul-Aug	Aug-Sep	Sep-Oct	Oct-Nov	Nov-Dec
Apache county, AZ	243%	254%	259%	219%	200%	78%	43%	66%	172%	271%	208%
Polk county, FL	206%	251%	204%	181%	160%	110%	80%	137%	175%	219%	223%
Cassia county, ID	87%	44%	34%	66%	186%	239%	196%	193%	132%	126%	120%
Pennington county, SD	221%	192%	119%	98%	220%	251%	157%	104%	168%	224%	266%

*Quoted at 20% of value per interval; 20-year historical analysis. The data above was recorded from the RCIS CQuote™ system, 9-3-19. These are only estimates. Quotes may not reflect actual coverage, premiums, or admin fees. Historical analysis is based on data through December 31, 2018. The examples provided above are for informational purposes only. Prior results and past performance are not indicative of future outcomes. Please refer to your policy for coverage terms. Contact an RCIS crop insurance agent for additional information.

Notes for Coverage

EXPECTED GRID INDEX

Mean precipitation by index interval provided by NOAA's interpolated **historical** data expressed as 100. (100 would be presumed to be "normal precipitation" for any given interval.)

TRIGGER INDEX

Expected grid index (100) x % coverage level

FINAL GRID INDEX

NOAA's interpolated **current** gridded precipitation data for each grid ID and index interval.

PAYMENT FACTOR

(Policyholder's trigger grid index – final grid index) ÷ policyholder's trigger grid index



Coverage and Loss Example - Grazing

In this example, the policyholder has:

- One property which is covered by a Rainfall Index plan for PRF intended for grazing
- Policyholder chooses to insure 1,000 acres of a total of 1,250 acres
- Acreage is within one grid - 11828
- 100% share in all the acreage

Policyholder elections

- 90% coverage level
- 150% productivity factor
- Index intervals Feb/Mar and Apr/May
- 60% of value for index interval Feb/Mar
- 40% of value for index interval Apr/May

Insurance protection per acre calculation

\$27.20	County base value per acre
x .90	Coverage level selected
x 1.50	Productivity factor selected
\$36.72	Dollar amount of insurance protection per acre

Total policy protection

\$36.72 per acre x 1,000 acres = **\$36,720**

Loss Example - Grazing

Index Interval Feb/Mar

RMA Final Grid Index: 22

22% of normal: \$16.63* per acre x 1,000 acres = **\$16,630**

*(90 - 22) ÷ 90 = .755 factor

.755 x (\$36.72 x .60) = \$16.63

Index Interval Apr/May

RMA Final Grid Index: 107

107% of normal: **No Indemnity Due**

Total Grazing Indemnity for the Year

\$16,630 + \$0 = **\$16,630**

The examples provided above are for informational purposes only. Please refer to your policy for coverage terms. Contact an RCIS crop insurance agent for additional information.

Coverage and Loss Example - Haying

In this example, the policyholder has:

- One property which is covered by a Rainfall Index plan for PRF intended for haying
- Non irrigated acreage
- Total of 320 acres, all 320 acres insured
- Acreage is within one grid - 11828
- 100% share in all the acreage

Policyholder elections

- 90% coverage level
- 150% productivity factor
- Index intervals Feb/Mar, Apr/May, Jun/Jul
- 33% of value for index interval Feb/Mar
- 33% of value for index interval Apr/May
- 34% of value for index interval Jun/Jul

Insurance protection per acre calculation

\$ 199.00	County base value per acre
x .90	Coverage level selected
x 1.50	Productivity factor selected
\$268.65	Dollar amount of insurance protection per acre

Total policy protection

\$268.65 per acre x 320 acres = **\$85,968**

Loss Example - Haying

Index Interval Feb/Mar

RMA Final Grid Index: 22

22% of normal: \$66.93* per acre x 320 acres = **\$21,417.60**

*(90 - 22) ÷ 90 = .755 factor

.755 x (\$268.65 x .33) = \$66.93

Index Interval Apr/May

RMA Final Grid Index: 107

107% of normal: **No Indemnity Due**

Index Interval Jun/Jul

RMA Final Grid Index: 63

63% of normal: \$27.40* per acre x 320 acres = **\$8,768**

*(90 - 63) ÷ 90 = .300 factor

.300 x (\$268.65 x .34) = \$27.40

Total Haying Indemnity for the Year

\$21,417.60 + \$8,768 = **\$30,185.60**