



A Risk Management Agency Fact Sheet Pasture, Rangeland, Forage Pilot Insurance Program

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USDA’s Risk Management Agency (RMA) has modified the Pasture, Rangeland, Forage (PRF) Pilot Insurance Program. PRF insurance now uses two separate crop provisions: the Rainfall Index Basic Provisions and the Vegetation Index Basic Provisions. Basic provisions are the terms and conditions included in all policies of this type. This innovative pilot program is based on vegetation greenness and rainfall indices and is designed to give forage and livestock producers the ability to buy insurance protection for losses of forage produced for grazing or harvested for hay.

The original PRF Program was designed as a risk management tool for the 588 million acres of pastureland and the 61.5 million acres of hayland in the United States. In 2007, PRF insurance was available for testing in selected States. The program has been expanded and revised for the 2009 crop year. RMA has

replaced its Group Risk Plan Basic Provisions with the Rainfall Index and Vegetation Index Basic Provisions. The new basic provisions will be available for all PRF crop policies.

The PRF Pilot Insurance Program is only available in selected States and counties (see table above). To test each index in various climates, soils, and weather conditions, the pilot program is available in six regions across the country: the warm and humid Southeast, the cool and humid Northeast, the Northern Great Plains, the Southern Great Plains, the semi-arid Southwest, and the intermountain region of the Northwest. States and counties where the Rainfall Index and the Vegetation Index pilot programs are available at: <http://www.rma.usda.gov/policies/ri-vi/apiculture.html>.

The **Rainfall Index** uses National Oceanic and Atmospheric Administration (NOAA) data and each grid covers an approximate 12 x 12 mile grid. You must select at least two 2-month time slots where rain is important to your operation in your area. These time slots are called index intervals. Your insurance payments will be calculated based on the actual rainfall in the grid and how it differs from normal rainfall within the grid and index interval(s) you have chosen to insure. When the final grid index falls below your “trigger grid index” (coverage level multiplied by the expected grid index), you will receive a loss payment. This insurance coverage is for a single peril—lack of rain. **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.** (You can

find more detailed information at the NOAA Web site: http://www.cpc.ncep.noaa.gov/products/outreach/research_papers/ncep_cpc_atlas/7/toc.html)

The **Vegetation Index** uses data from the U.S. Geological Survey Earth Resources Observation and Science data center called the *Normalized Difference Vegetation Index (NDVI)*. The NDVI is another measure of vegetation greenness and is used to estimate plant condition in approximately 4.8 x 4.8 mile grids. This data is not a direct measure of your production. It is a measure of all vegetation in a grid. In general, the healthier the plants in a given grid, the higher the NDVI value will be. With this insurance plan, you may select one or more 3-month time slots that represent

	Rainfall Index	Vegetation Index
States	Colorado*, Idaho*, Texas*, South Carolina*, North Dakota*, Pennsylvania*	Colorado*, Oklahoma*, Oregon*, Pennsylvania*, South Carolina*, South Dakota*
Available in 2009	Alabama, Missouri, Montana	Kansas, Nebraska, New York*, North Carolina, Virginia, Wyoming
Sales Closing Date	November 30	November 30
Notes	* Select counties only	* Select counties only

your pasture, rangeland, or forage practices. These time slots are called index intervals. **Coverage is based on losses within the 4.8 x 4.8 mile grid** rather than on an individual producer's losses. Losses for the Vegetation Index are paid based on the difference between the normal NDVI data (expected grid index) and the actual grid index experience during the index interval you have chosen to insure. When the final grid index falls below your "trigger grid index" (coverage level times the expected grid index), you may receive a loss payment.

The process of developing these products included discovering the value of forage for grazing and haying for each county in the program. RMA and its partner used USDA Farm Service Agency Grassland Reserve Program prices for grazing land, USDA National Agricultural Statistics Service State hayland rates, and U.S. Geological Survey land-cover estimates, and regional forage and hayland values determined by experts to establish a county base value for each location.

While developing this new insurance product, RMA considered public land versus private land, warm- and cool-season plants, different grazing patterns, and various forage species representing a wide range of relative feed values.

PRF insurance was designed for maximum flexibility. You are not required to insure all your acres, but you cannot exceed the total number of grazing or haying acres you operate. This allows you to insure only those acres that are important to your grazing program or hay operation. By selecting a Productivity Factor, you can establish a value between 60 and 150 percent of the County Base Value and match the amount of your protection to the value of forage that best represents your specific grazing or hay operation, as well as the productivity of your land.

You will be asked to make several choices when insuring your grazingland or hayland production, including coverage level, index intervals, productivity factor, and number of acres. You should work with your crop insurance agent to view the map and index grids for your area, and assign acreage to one or more

grids based on the location and use of the acreage that is to be insured. **The Vegetation and Rainfall indices do not measure your direct production or loss.** You are insuring a rainfall or vegetation index that is expected to estimate your production. **Please review the historical indices** for your area to make sure that this product will be helpful to you.

More information about this pilot program is available on the RMA Web site at:

<http://www.rma.usda.gov/policies/pasturerangeforage>.

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