

Pasture Rangeland & Forage (PRF)

An area-based pilot program for lack of precipitation on haying and grazing lands.



What is PRF?

Precipitation is critical for farmers and ranchers. Without it they may be forced to sell livestock or purchase alternative feed stocks. PRF is an area plan of insurance intended to help mitigate those additional expenses associated with a lack of precipitation.



How It Works

PRF utilizes National Oceanic and Atmospheric Administration (NOAA) precipitation data reported across a grid system. These grids are approximately 17 by 17 mile areas of land established by NOAA and numbered with a Grid ID. Growers must have insured haying or grazing acres physically located within a grid to select it on their PRF policy.

When are indemnities triggered?

Losses are paid when precipitation in a grid during an interval deviates from normal and falls below an insured's trigger grid index. Precipitation data collected by NOAA does not reflect precipitation on individual farms or ranches. As such, it is possible to suffer a loss on an individual operation and not receive an indemnity payment, or an insured may receive an indemnity payment and not suffer a loss on their operation.

Index Intervals

Index Intervals are two-month periods elected for coverage. A minimum of two 2-month intervals must be elected per crop year and those intervals may not overlap.

Index Intervals Example



✗ Index Intervals Cannot Overlap



✗ Index Intervals Must Be Two Months



✓ Minimum of 2, No Overlapping Index Intervals



✓ Minimum of 2, No Overlapping Index Intervals



Customize Coverage

- Insure all or a portion of haying & grazing acres
- Coverage Levels from 70% to 90%
- Productivity Factors from 60% to 150%
- Percent of Value elections allow insureds to allocate a percentage of the total insured value to each index interval (minimum and maximum values apply per actuarials)

Indemnity Calculations

The below example calculates a PRF indemnity for an insured with 90% coverage and 120 productivity factor in a county with a \$40 base value and final grid index of .55. The grower has assigned a 60% value to this interval.

Step 1: Calculate \$/acre of Protection.

$$\begin{array}{|c|} \hline \$40 \\ \hline \text{County Base} \\ \hline \text{Value} \\ \hline \end{array} \times \begin{array}{|c|} \hline 90\% \\ \hline \text{Coverage} \\ \hline \text{Level} \\ \hline \end{array} \times \begin{array}{|c|} \hline 120\% \\ \hline \text{Productivity} \\ \hline \text{Factor} \\ \hline \end{array} = \begin{array}{|c|} \hline \$43.20 \\ \hline \text{\$/acre of} \\ \hline \text{Protection} \\ \hline \end{array}$$

Step 2: Calculate Trigger Grid Index.

$$\begin{array}{|c|} \hline 90\% \\ \hline \text{Coverage} \\ \hline \text{Level} \\ \hline \end{array} \times \begin{array}{|c|} \hline .01 \\ \hline \end{array} = \begin{array}{|c|} \hline .90 \\ \hline \text{Trigger Grid} \\ \hline \text{Index} \\ \hline \end{array}$$

If Trigger Grid Index *is greater than* Final Grid Index, proceed to Step 3.

If Trigger Grid Index *is less than or equal to* Final Grid Index there is no indemnity.

Step 3: Calculate Payment Factor

$$\begin{array}{|c|} \hline .90 \\ \hline \text{Trigger Grid} \\ \hline \text{Index} \\ \hline \end{array} - \begin{array}{|c|} \hline .55 \\ \hline \text{Final Grid} \\ \hline \text{Index} \\ \hline \end{array} \div \begin{array}{|c|} \hline .90 \\ \hline \text{Trigger Grid} \\ \hline \text{Index} \\ \hline \end{array} = \begin{array}{|c|} \hline .389 \\ \hline \text{Payment} \\ \hline \text{Factor} \\ \hline \end{array}$$

Step 4: Calculate Indemnity Per Acre

$$\begin{array}{|c|} \hline .389 \\ \hline \text{Payment} \\ \hline \text{Factor} \\ \hline \end{array} \times \begin{array}{|c|} \hline \$43.20 \\ \hline \text{\$/acre of} \\ \hline \text{Protection} \\ \hline \end{array} \times \begin{array}{|c|} \hline 60\% \\ \hline \text{Percent} \\ \hline \text{of Value} \\ \hline \end{array} = \begin{array}{|c|} \hline \$10.08 \\ \hline \text{\$/acre} \\ \hline \text{Indemnity} \\ \hline \end{array}$$



Important Dates:

Sales Closing Date:

December 1

Cancellation Date:

December 1

Acreage Reporting Date:

December 1

Premium Billing Date:

September 1

Termination Date:

December 1

End of Insurance Date:

December 31



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