Pasture, Rangeland, Forage

What is the Pasture, Rangeland, and Forage Insurance Policy?

The PRF policy is an area-based insurance plan that covers perennial pasture, rangeland, or forage used to feed livestock. It provides producers a risk management tool to cover the precipitation needed to produce forage for their operation.

What does "area-based" mean?

Area-based means payments are not based on an individual producer's experience; rather, payments are based on a grid’s deviation from normal experience. For example, under the Rainfall Index, if your ranch received a surplus of rain, but the area in your grid was below average, you could receive a payment or vice versa.

How is the precipitation determined for each day of the interval?

The precipitation is measured each day based on a 24-hour period determined by the data set utilized by the Rainfall Index programs. Currently, the NOAA CPC data set utilized in the Rainfall Index programs measures precipitation for a 24-hour period based on Coordinated Universal Time (UTC).

Will RI-PRF be available in my area?

RI-PRF is being offered in all 48 contiguous states. The expansion for the 2017 crop year covered over 650 million haying and grazing acres. All counties within those 48 states were offered RI-PRF. A few producers did not have coverage because the majority of their grid crossed over either the northern or southern United States borders.

Who is NOAA CPC?

NOAA CPC is the National Oceanic and Atmospheric Administration Climate Prediction Center, which is the data set used in the PRF Program.

How does the Rainfall Index work?

Producers must choose at least two, 2-month periods when precipitation is important for forage growth for their operation. These periods are called index intervals. RMA uses NOAA CPC data to calculate normal precipitation and deviations from normal precipitation. RMA uses NOAA precipitation data based on the Optimal Interpolation methodology. Interpolation is based on the idea that things closer together in space are generally more similar than those farther apart and it estimates precipitation for a grid using reporting stations within a search radius around the grid. More information about the technology and how NOAA CPC interpolates weather data to a specific grid can be found on RMA's PRF web page. Select "Rainfall Index, Pasture, Rangeland, Forage Technology". It is important to understand that precipitation is interpolated to the grid, not measured within the grid.

How is precipitation measured under the Rainfall Index?

The Rainfall Index uses NOAA CPC Daily Precipitation Data that interpolates precipitation to the grid. RMA compares the compiled data for each 2-month interval with the historical precipitation data for the same period that is normally expected in the grid. Additional information on NOAA CPC's interpolation and quality control process can be found in NOAA CPC's Conceptual Description Paper.

What is Coordinated Universal Time (UTC)?

NOAA states the following on their website, www.nhc.noaa.gov/aboututc.shtml, regarding Coordinated Universal Time (UTC):

Weather observations around the world (including surface, radar, and other observations) are always taken with respect to a standard time. By convention, the world's weather communities use a twenty four hour clock, similar to "military" time based on the 0° longitude meridian, also known as the Greenwich meridian.

Prior to 1972, this time was called Greenwich Mean Time (GMT) but is now referred to as Coordinated Universal Time or Universal Time Coordinated (UTC). It is a coordinated time scale, maintained by the Bureau International des Poids et Mesures (BIPM). It is also known as "Z time" or "Zulu Time".

What is a grid? Why is it important?

A grid is the physical area under which your operation is insured. You are paid based on the losses interpolated to the grid for the Rainfall Index, which is why it is important that you choose the right grid(s) in which your operation is located. If you have any questions about your grid(s) identification number, or for more information on how grids are measured please contact your crop insurance agent.

Does it matter which index intervals I choose to insure?

Yes, which index intervals you insure and how much you insure for each interval is important. It is important to review the historical indices tools for your grid along with past production records to determine if these programs work for your operation and to assess which index intervals correlate well to your production. For example, a producer has an operation in Virginia and has cool season grasses. July and August are normally extremely dry months when the vegetation normally becomes dormant (turns brown). Since July and August are normally dry, this may not be a good period to insure. This Virginia producer may be better served by insuring months earlier in

the spring that are important for cool season forage growth and months in the fall that would establish his cool season grasses for fall grazing.

RMA strongly encourages you to use our decision support tools to help you make the right decision for your insurance needs. Selecting index intervals is a critical component of these policies and the result of your selections will directly correspond to your satisfaction with the product.

How are losses triggered?

When the interpolated precipitation falls below average for the index interval, it triggers a loss payment to all producers who have signed up for the program in the grid that are covered under this interval. Producers do not need to submit a loss claim or notify their agents. RMA calculates any loss and your insurance company processes any indemnity due. Losses are calculated based on whether the current year's precipitation in a grid has deviated from normal compared to the historical normal precipitation in the same grid, for the same period. Losses are not based on a single ranch or a specific weather station in a general area.

What are these support tools?

These tools are the Grid ID Locator, decision support tool, and historical indices tool and are available on RMA's website for producers to use to view past results with their production records. This comparison assists in index interval selection and determining how well these products correlate to your historical productions records.

Where do I find out more information on the technology, shares, or how to use the tools?

RMA's Pasture, Rangeland, Forage provides several PowerPoints that provide information on the program including a general overview, the technology used for the Rainfall Index, and step-by-step directions on how to use the tools. There is also a PowerPoint outlining who has a "share" in the forage. For grazing, RMA recognizes the livestock producer as having the insurable interest or "share" in the crop. The livestock producer suffers the loss – replacement feed. For haying, RMA recognizes

the financial interest in the hay crop similar to other crops. The RI-PRF program does not measure actual production and was designed for livestock producers who do not keep detailed hay records. For commercial grass growers, who maintain detailed forage records and are not interested in RI-PRF, RMA offers an Actual Production History Forage Production policy that may be better suited for them.

How do I find a crop insurance agent?

A list of insurance agents is available at all USDA service centers or RMA's Agent Locator.

Do I need to purchase insurance coverage to participate in USDA programs even though I am a rancher and do not wish to do so?

If you participate in other USDA programs, please check with the applicable agency personnel to see if there is a requirement to obtain crop insurance.

Are there other livestock plans available if PRF isn't right for me?

Yes, RMA offers seven livestock plans and an annual forage insurance plan. Talk to a crop insurance agent to help you decide the option that is right for your operation.

Is this drought insurance?

No. The RI-PRF is not “drought insurance” and does not insure against abnormally “high temperatures” or “windy conditions.” While a drought may cause a decline in the index value to the point that an indemnity payment is issued to eligible insured producers, a drought being declared in a state, county or area does not, by itself, trigger an indemnity payment under the RI-PRF.

Why doesn't RMA use the drought monitor instead of NOAA data?

RMA does not utilize the drought monitor because the drought monitor utilizes multiple measurements to determine if an area is in a drought and the severity of the drought an area is experiencing. The PRF program is a single peril program, the lack of precipitation is the only insurable cause of loss covered under this program.

For the intended use of grazing, do you need records that show you own or have an insurable interest in the livestock grazing the insured acres?

Yes, the intent of the PRF policy is that you own or have an insurable interest in the livestock. In addition, the person with the insurable interest when the crop is grazed is based on the livestock and not the land. If requested, you will be required to provide records that show you have grazed livestock and that you have an insurable interest in the livestock. The type of records to support your interest in livestock inventory include, but are not limited to any one of the following:

- Livestock inventories from within the state;
- Sales documents of offspring (can be used to verify on farm livestock inventory);
- Documentation confirming you have purchased/owned/bred/raised livestock in the state;
- Documentation of livestock taken in on the gain or for a fee;
- Documentation that confirms you hauled livestock (in which you have an interest) into the state to graze; or
- If natural causes require you to destock your livestock, records demonstrating disposition are acceptable.

These records must be maintained for period of three years after the crop year.

Can a producer use FSA form FSA-578, Report of Acreage as an acceptable documentation for determining shares for PRF?

An FSA-578 is NOT acceptable documentation by itself for determining shares. FSA programs and PRF have different rules/criteria for determining who has a share in a crop, and therefore, may not be appropriate for PRF. The FSA-578 may be used in support of or in conjunction with other documentation for determining shares but cannot be used as the only documentation for determining shares.

The following are examples from the Rainfall Index Handbook Exhibit 6 E showing the use of a FSA-578 in conjunction with a lease, grazing permit, or ownership records to determine insurable acreage; however, upon request livestock records may also need to be provided for the intended use of grazing:

Example 1:
Lessee K leases land from the BLM. Lessee K reports the lease to FSA and obtains an FSA-578. Lessee K provides the FSA-578 and BLM allotment master report (BLM-AMR). The FSA-578 provides the location of the land and reports that Lessee K has a 100% share of 50,000 acres. The BLM-AMR clarifies that Lessee K has been authorized to graze only 100 AUM within the allotment, along with three other lessees who have also been authorized to graze 100 AUM each. Because the total Active Use AUMs on the BLM allotment in this example is 400, Lessee K's 100 AUM authorization grants them only a 25% share in the BLM allotment's 50,000 "Public Land" grazing acres.

Example 2:
Lessee M leases land from the BLM. Lessee M reports the lease to FSA and obtains an FSA-578. Lessee M provides the FSA-578 and BLM allotment master report (BLM-AMR). The FSA-578 provides the location of the land and reports that Lessee M has a 100% share of 10,000 acres. The BLM-AMR validates Lessee M's 100% share as they are the only authorized lessee on the BLM-AMR and are authorized to graze 600 of 600 available AUM on the allotment. The BLM-AMR indicates that there are 10,000 total acres within the allotment boundaries. However, 2,000 of those acres are "Private," and an additional 1,000 of those acres are managed by the "State." Based on this information, the total insurable acreage authorized on the BLM allotment for Lessee M would be limited to the 7,000 BLM, i.e., "Public Land," acres listed on the

report. Lessee M would be required to provide additional lease and/or ownership records to validate an additional insurable share in the 3,000 “Private” and “State” acres within the allotment.

Example 3:
Landowner X has 200 acres of grazing land that are used for grazing cattle and are reported to FSA as grazing. Landowner X is requested to provide records of livestock ownership and the acreage. To meet the request, Landowner X provides sales records of cattle, an FSA-578, and tax records from the previous year to show ownership of the acreage.

Example 4:
Lessee Y leases 100 grazing acres from Lessor Z. Lessee Y reports the lease to FSA and obtains an FSA-578. Lessee Y is requested to provide records of livestock ownership and a lease for the acreage. To meet the request, Lessee Y provides sales records of cattle, an FSA-578, and the lease certification form. The FSA-578 acreage matches the acreage certified on the verified lease certification form and the livestock records support the insurable interest.

When will these values take effect? Will 2018 CBVs be impacted?

Theses CBVs will take effect for the 2019 crop year. The CBVs for the rest of 2018 will not be impacted.

Why did RMA change the values?

RMA changed the methodology in order to more accurately reflect the value of forage production per acre realizing that the previous use of hay prices resulted in overvaluation of actual production potential of grazing land.

Will I have to pay more for my coverage?

No, to the extent the CBVs in your counties decreased, your premiums will decrease as well.

Why did RMA do this in the middle of a drought?

The values will not change for 2018. The values go into effect for 2019. RMA understands the difficulties that ranchers are facing. However, to more accurately reflect values and ensure sustainability and integrity of the program, these changes were made. With the changes, PRF still offers valuable risk management.

How can I increase coverage if I think the values are too low?

The option of using the productivity factor is still available, which allows producers to increase the CBV up to 50 percent more.