

## **COM-26-003: Rainfall Index (RI) and Pasture, Rangeland, and Forage (PRF) Guidance**

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Date

March 11, 2026

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Patricia Swanson, Administrator /s/ Patricia Swanson

Subject

Rainfall Index (RI) and Pasture, Rangeland, and Forage (PRF) Guidance

### **BACKGROUND**

The Risk Management Agency (RMA) has received multiple questions on the topics of premium funding agreements, the insurability of ephemeral acres, and the insurability of acres grazed by wildlife such as wild horses. This memo is to provide guidance to all Federal Crop Insurance Program participants in the RI and PRF programs.

RMA is investigating multiple complaints related to the anti-rebating provisions outlined in 7 U.S.C. § 1508(a)(9)(A). These complaints, submitted by stakeholders within the insurance industry, concern the payment of producers' crop insurance premiums through a premium funding arrangement tied to PRF policies. Under these arrangements, a third-party entity covers some or all of the policyholders' premium obligations in exchange for an assignment of a percentage of net indemnity payments. In cases where indemnities are insufficient to cover the premium, the entire premium is paid by the third party. While these entities assert that they are unaffiliated with any insurance agent or agency, several cases have been referred to the USDA Office of Inspector General (OIG) for further action.

The PRF program requires that insureds own or lease the insured acres and any lease must be finalized by the December 1<sup>st</sup> acreage reporting date. RMA provides further guidance in the [Rainfall Index Insurance Standards Handbook](#) ("RI handbook") specific to determining an insured's share based on whether the lease is a Federal or State lease. In Exhibit 6E of the RI handbook, the procedure states that for Bureau of Land Management (BLM) acreage, shares will

be based on the insureds Active Use Animal Unit Months (AUMs). This would apply to acreage, such as ephemeral acres, where utilization is allowed based on adequate forage for grazing and has been approved by BLM. The insured would need to provide the BLM lease along with documentation of their Active Use AUMs by the December 1<sup>st</sup> acreage reporting date, so the share and insurable acres can be determined.

In addition to requiring insured acres to be owned or leased for the PRF program, for the intended use of grazing the program also requires that an insured have an insurable interest in the livestock grazing the insured acres. The [PRF Crop Provisions](#) define livestock as domesticated animals produced or maintained for use as part of an agricultural operation and not for other reasons such as animals produced or maintained for hunting, wild free roaming animals, recreational animals, or pets. The definition is clear that wildlife such as deer, elk, wild horses, etc. are not considered livestock for the purposes of insurability under the PRF program. In some cases, animals like bison can be used for both agricultural and recreational purposes such as hunting; however, coverage is only available for animals used as part of an agricultural operation.

## **ACTION**

Approved Insurance Providers (AIP) should advise policyholders that entering into any agreement not specified in the policy that reduces or eliminates the producer's obligation to pay the premium named in an insurance policy constitutes a violation of Section 508(a)(9) of the Federal Crop Insurance Act (FCIA), except for the limited exceptions found in 508(a)(9)(B). Policyholders sign anti-rebating certifications as part of the crop insurance application process and accepting premium funding agreements violates the language of their application and contract. RMA expects AIPs and agents to ensure policyholders understand the terms of their contracts. If you become aware of a situation where a producer's premium obligation is paid by anyone other than the policyholder or if you receive a transfer of indemnity associated with such an arrangement, you must report the incident to RMA Compliance immediately.

For insureds grazing BLM land, the insured must have a BLM lease and documentation demonstrating the insured can graze the insured acres during the crop year. To determine the share and the ability for the insured to graze the BLM acreage, including ephemeral acres, documentation must show Active Use AUMs greater than a value of "0" for grazing in the insured crop year in which the acres are reported. This must be completed prior to the acreage reporting date.

For the intended use of grazing, insureds must have an insurable interest in the livestock grazing the insured acres. Wildlife such as deer, elk, wild horses, etc. or other animals such as bison that could be used for either recreational or agricultural purposes are not considered livestock if they are not domesticated animals produced or maintained as part of an agricultural operation.

AIPs should proactively educate policyholders about their contractual obligations and the importance of compliance. If policyholders see or hear an agent advertising or marketing the program in a way that conflicts with these requirements, they should immediately contact their AIP or RMA for guidance.