



Annual Forage Insurance Program

Dual Use Option



2018 Farm Bill

The 2018 Farm Bill allowed annual forage producers to purchase two different insurance policies for crops that can be grazed and mechanically harvested on the same acres during the same growing season in certain counties. This Dual Use Option allows the purchase of an Annual Forage (AF) policy and a Small Grains policy. In the case of a loss under each policy, the insured can retain the indemnities paid under both policies.

Annual Forage — Rainfall Index

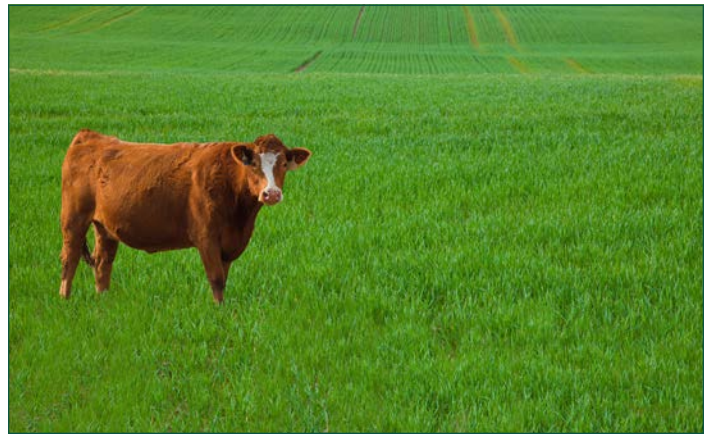
Overview

The Risk Management Agency's (RMA) Annual Forage insurance program provides coverage on your annually planted forage or grazing crops. This program is designed to protect against a single peril: lack of precipitation.

The AF program utilizes a rainfall index to determine precipitation for coverage purposes and does not measure production or loss of products themselves. The Rainfall Index uses National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC) data, which utilizes a grid system to determine precipitation amounts within an area. Each grid is 0.25 degrees in latitude by 0.25 degrees in longitude, approximately 17 by 17 miles at the equator. Acres are assigned to one or more grids based on the location of acreage to be insured. When the final rainfall index falls below your "trigger grid index," you may receive an indemnity. Coverage is based on the precipitation 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 website: cpc.ncep.noaa.gov/products/monitoring_and_data/)

RMA encourages you to use the Grid ID Locator, Decision Support Tool, Historical Indices Tool available on RMA's website (rma.usda.gov/Policy-and-Procedure/Insurance-Plans/Annual-Forage) to help you determine whether AF is the right insurance coverage for you. The rainfall indices do not measure your direct production or loss. You are insuring a rainfall index that is expected to estimate your production.

Please review the historical indices tools for your grid along with past production records to determine if AF will work for your operation and which time periods correlate best to your forage production.



Dual Use Option

The AF policy now offers a Dual Use Option in several Great Plains states. Producers who select this option can insure their small grains crop with both an AF policy for grazing and a multi-peril Small Grains policy for grain. The Dual Use Option is available in counties where RMA considers "grain/graze" a good farming practice as indicated in the Special Provisions. Producers may also purchase a Noninsured Crop Disaster Assistance Program policy (NAP — for Grazing) through Farm Service Agency (FSA) for the same crop and retain all benefits from these companion programs since these programs cover different losses during different timeframes.

How it Works

This option is ideal for producers who plant a small grain crop to use as a grazing crop over the winter and harvest for grain the next summer.

The County Base Value (CBV) for the Dual Use Option reflects the value of the grazing crop for the shortened grazing period when used in tandem with a Small Grains policy. The CBV is adjusted by estimating the ratio of



grazing value between grazing animals for a full crop year, compared to pulling off animals early to allow for a grain crop to recover. The Dual Use CBV is equal to 40% of the full year CBV. Contact your crop insurance agent for more information on this option.

Who is Eligible?

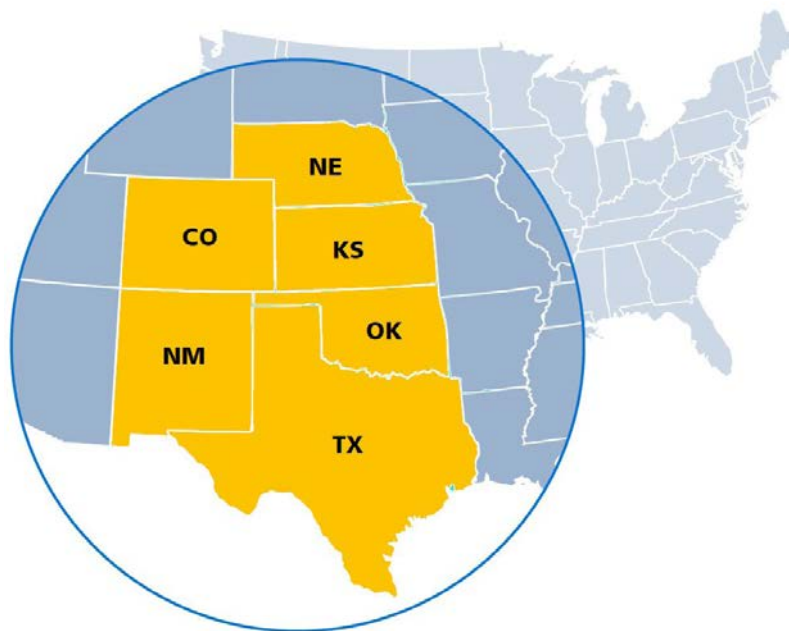
The AF Dual Use Option is available in certain counties in Colorado, Kansas, Nebraska, New Mexico, Oklahoma, and Texas as allowed by the Special Provisions. Check the Special Provisions for both the AF policy and the Small Grains policy to verify this option is available in your county. Producers who grow a small grain to both graze and harvest for grain in the covered counties may be eligible for the dual use option.

Find a Crop Insurance Agent

All Federal reinsured crop insurance policies are available from authorized crop insurance agents. A list of crop insurance agents is available at all USDA service centers and the RMA website on the Agent Locator Page: <https://rma.usda.gov/en/Information-Tools/Agent-Locator>.

National Office:

- ◆ USDA/RMA/Stop 0801/Room 2004-South 1400 Independence Ave. SW Washington, DC 20250
- ◆ Email: FPAC.BC.Press@usda.gov.



This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

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