



# Rainfall Index Pasture, Rangeland and Forage

Rainfall Index (RI) Pasture, Rangeland,  
and Forage (PRF) General Program  
Overview

August 2015



This information is provided for training only. Any discrepancy between the training material and the policy is not intended. The information provided in this training does not supersede policy and procedure. Any changes to the policy and procedures may make this training material obsolete. *If you use this training material, check to assure it is still correct and relevant.*



# Program Overview

- Producers are not required to insure 100% of their acreage;
  - All acres within a property may not be productive, e.g., rocky areas, submerged areas.
  - Provides additional flexibility for the policyholder to design the coverage to their specific needs/risks
  - Because the program is an area program, there is no opportunity to 'move' production.
- Losses cover an area called a grid;
- No individual coverage;
  - Does not measure actual individual production
- Index-based on deviation from normal/historical;
- No loss adjustments, records, etc.;
- Timely payments; and
  - Within 60 days of RMA publishing the final grid index.
- Does not reward poor management practices.
  - Producer cannot influence outcome.



# Program Overview

- Administration Fee:
  - \$30; and
  - By county and crop.
    - Crop is pasture, rangeland, and forage.
- Units:
  - Basic unit only; and
  - Insured acres within or assigned to a grid for each crop type, irrigated practice, share, and index interval in the county
    - Can have multiple basic units

- No Production and Loss Adjustment:
  - RI program does not measure, capture, or use actual crop production of any producer or any production within the grid; and
  - There are no loss adjustment activities.
- Index Based:
  - RI - decline from historical normal interpolated precipitation for grid and index interval, since 1948.
    - Example: For 2015 rainfall it is 1948 through 2013



# Important Dates

Premium Billing Date	September 1
Contract Change Date	August 31
Sales Closing Date	November 15
Acreage Reporting Date	November 15
Cancellation & Termination Date	November 15
Policy Year	January 1 - December 31 Policy is continuous

- Crop:
  - Perennial pasture, rangeland and forage only; and
  - Annual forage crops are not eligible under the PRF program.
- Crop Types:
  - Grazing and hay land only; and
    - Must be intended for haying and/or grazing livestock
    - Same acreage cannot be insured as both hay and grazing land – producer must elect one based on the intended use.
      - If intent is to both hay and graze producer must elect whether to insure as hay or grazing land based on their needs/risk.
  - This policy does not cover annual forage unless it is overseeded or interseeded into established perennial forage acres.
    - There is a product “Annual Forage” available in specific states that insures annual forage.

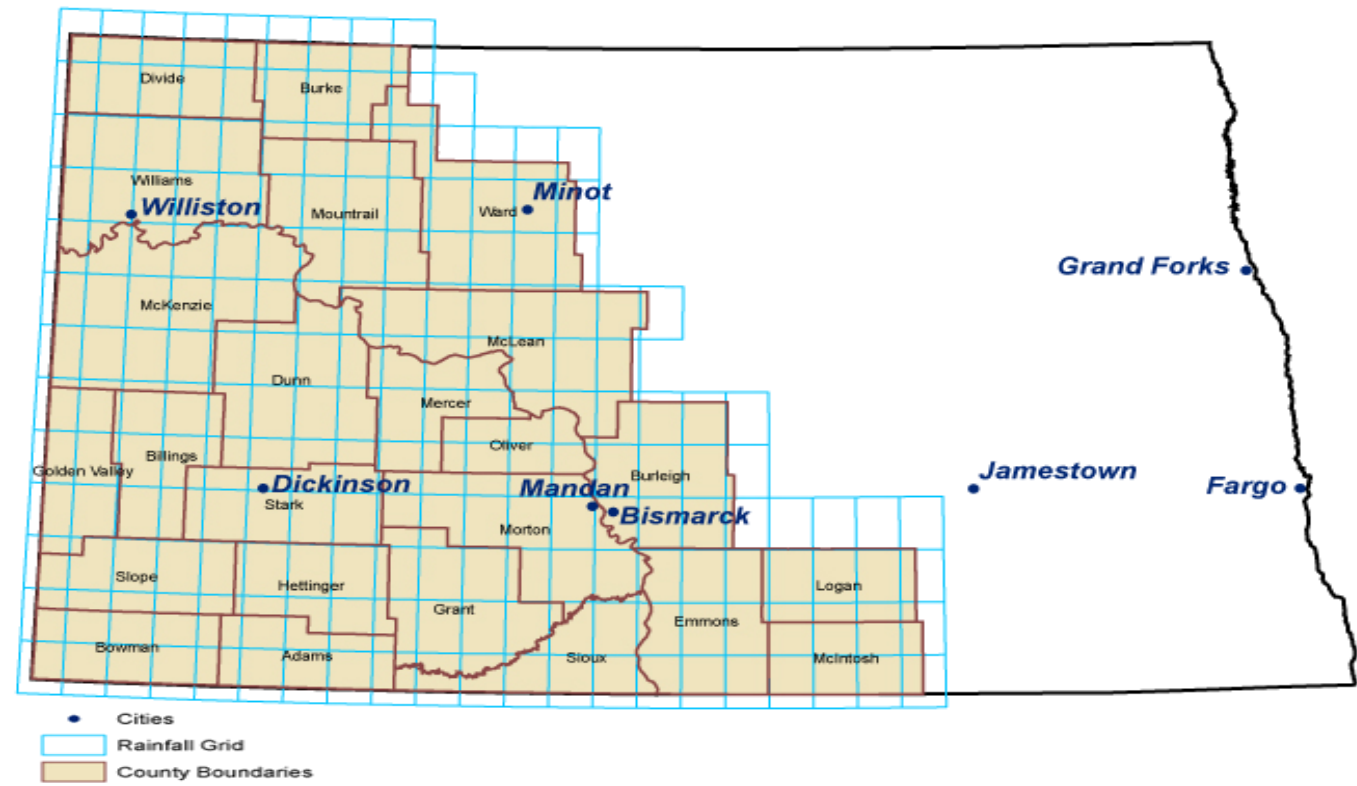
- Coverage requirements:
  - Producer has a share;
  - On insurable acreage; and
  - Must be first planted before July 1 of the previous crop year.
    - Example: For 2015, crop must have been first planted before July 1, 2014
- Coverage Levels:
  - Catastrophic Risk Protection coverage not available;
  - 70, 75, 80, 85, and 90 percent; and
    - Established by county and crop type
  - Example.
    - Frank has both hay and grazing land in the same county. He may select 75% coverage level for all hay land and a 90% coverage level for all grazing land.



- Productivity factor:
  - Individualized coverage based on crop productivity and risk;
  - Selected by policyholder;
  - By county and crop type; and
  - 60 - 150% of county base value in 1% increments; and
  - Examples:
    - Frank believes his alfalfa acreage has a greater value than the county base value. He can use the protection factor to increase his guarantee.
    - Due to a multi-year drought Nancy has depleted her feed reserves and had to borrow money for hay. She is worried about covering the high cost of hay and shipping hay to her operation. She can use a higher productivity factor to increase her guarantee to cover her costs and risk if the drought continues.

- Area Insurance Plans:
  - Area defined by grids;
    - RI - 0.25 degree grid.
  - Does not follow geopolitical boundaries; and
  - Some grids not insurable.
    - Significant portions of grid outside United States border.
    - No actuarial data for such grids.

Insurance Area = 0.25 latitude x 0.25 longitude  
 (approximately 17 x 17 miles at the equator)



Grids do not follow county, state, or U.S. borders.

- Index Intervals:
  - Period of time during which applicable data is collected;
    - Precipitation data for RI
  - RI - 11 specific 2-month periods; and
    - Not all intervals available in all states.
  - Selection of index interval(s) to insure is critical.



## Index Intervals

### RI Index Intervals

- January and February (625)
- February and March (626)
- March and April (627)
- April and May (628)
- May and June (629)
- June and July (630)
- July and August (631)
- August and September (632)
- September and October (633)
- October and November (634)
- November and December (635)

Not all index intervals are available in all states



# Insurable Acreage

- Insurable acreage is:
  - Hay land and grazing land that are not:
    - Planted annually;
    - Prohibited from haying or grazing by USDA programs, such as:
      - Conservation Reserve Program, including easements after CRP contract expires; and
      - Natural Resources Conservation Service programs/easements.
    - Insured under any other insurance plan
  - Reported by:
    - Crop type; and
    - County
  - Less than or equal to insurable acres
  - Reported by grid
  - Acreage for which a producer provides Farm Service Agency farm, tract, and field numbers.
    - May result in multiple farm, tract, and field numbers being reported.
- Uninsurable acreage is:
  - Not reported as RI PRF; and
  - Not suitable for haying or grazing

- Rating:
  - Each grid and index interval are rated individually.
    - Provides options for producers
    - Rates should not be a determining factor when selecting index intervals
      - Selection of an index interval should be based on when precipitation or plant growth is most critical to a producer's operation.

The Federal Government subsidizes the premium.

Coverage Level Percent	Subsidy Percent
70	59
75	59
80	55
85	55
90	51



- Agents need to collect the following information for all PRF policies:
  - Insurable acres;
  - Producer share; and
  - Producer selections for each county/state combination of:
    - Crop type;
    - Grid IDs;
    - Coverage level;
    - Productivity factor;
    - Index intervals
    - Irrigated Practice; and
    - Insured acres.



# Questions?

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