

Pasture, Rangeland, Forage (PRF)

2016
IAC Annual Membership Meeting

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Pasture, Rangeland, & Forage (PRF) Overview

AREA plan only

- Coverage available on an area called a grid (not by state or county)
- No individual coverage
 - Does NOT measure actual individual production
- Index – based on deviation from normal/historical
- No loss adjustments, records, etc.
- Still eligible for NAP coverage.
- Does not reward poor management practices
 - Producer cannot influence outcome/losses

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PRF

Intended Use:

- **Grazing**
 - Established acreage of perennial forage
 - Intended for grazing by livestock
 - Acreage must be suitable for grazing
- **Haying**
 - Established acreage of perennial forage
 - Intended for haying
 - Acreage must be suitable for haying

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Rainfall Index Overview

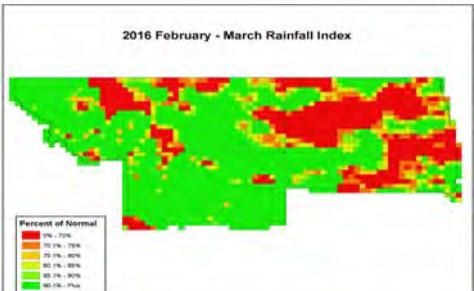
Rainfall Index Program

- Coverage based on a 0.25 degree grid (approximately 17 mile X 17 mile)
- Utilizes NOAA **Climate Prediction Center** data
 - Utilizes multiple point data, not a single point system
- Deviation from Normal 1948 to present
- Single Peril vs. Multiple Peril
 - Lack of Precipitation is the only cause of loss
- Review of Historical Indices is critical

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Grid Overview

- Area of insurance = 0.25° grids (approx. 17 mile X 17 mile)



2016 February - March Rainfall Index

Percent of Normal

Red	0% - 75%
Orange	75.0% - 75%
Yellow	75.0% - 80%
Light Green	80.0% - 85%
Dark Green	85.0% - 90%
Light Blue	90.0% - Plus

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Rainfall Index Overview

Index Intervals

- The purpose of the program is to insure against lack of precipitation
 - Precipitation correlates to plant growth.
- Producers must insure at least two 2-month intervals

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Index Interval Selection

- Is it a good strategy to insure in each index interval?
- Should you just have your crop insurance agent figure it out and make those selections?
- What information would you need to consider?
- Would consulting your Ag Extension Agent or land grant university be worthwhile or useful?
- Should you consider your prominent forage species in each grid?

Index Interval Selection

Percent Growth				
	NATIVE	BROME	FESCUE	ALF/BROME
MARCH	0	5	5	0
APRIL	5	15	15	10
MAY	30	50	35	25
JUNE	33	10	15	25
JULY	18	0	0	15
AUGUST	10	0	0	10
SEPTEMBER	4	5	8	10
OCTOBER	0	10	17	5
NOVEMBER	0	5	5	0

Source : Kansas State University

Risk Management Tool

- PRF should be used as a tool to protect against loss of precipitation in key months for forage production
- This is a risk management tool, not a gambling tool
 - It is not meant to be used to maximize indemnity
- Picking the correct coverage level will dictate the amount of rainfall you will be insuring

Will this work for me?

- Precipitation is interpolated to the grid and not measured within a grid.
 - You must understand that even if there is a weather station that reports daily to NOAA CPC inside your grid, the results will NOT equal that weather station
 - Data to calculate precipitation for a grid may come from a series of weather stations from the surrounding area.
 - There is not a data collection point in every grid area.

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Program Overview – RI

Indemnity Overview

- The only insurable cause of loss is when the final grid index value is less than the coverage level (deductible) selected by the producer
- Indexes are based on normal/historical and deviation from normal/historical

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PRF - Summary

- Critical that the Historical and Decision Support Tools are understood and used
 - Must spend time reviewing the historical and comparing to past production
- The basis of decision to purchase **MUST** be based on an analysis between the historical results as compared to a producer's results.
- Critical the appropriate Index Intervals are selected

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Questions?
