

Pasture, Rangeland, Forage Rainfall Index Insurance: What Is RI-PRF?

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Rainfall Index for Pasture, Rangeland, and Forage (RI-PRF) is a subsidized insurance product developed for the United States Department of Agriculture (USDA) Risk Management Agency (RMA). The RI-PRF is designed to help protect producers from forage loss risks due to low precipitation.

Most insurance products rely on historical yield and actual farm level yield for indemnity payments. However, the rainfall index pays indemnities based on below average rainfall rather than actual production losses. For land where yield is not measured, or is unmeasurable, such as pasture, rangeland, and forage acres, insurance is now possible. Producers must select two, 2-month time intervals to insure, called index intervals. Rainfall during each interval

is measured by the National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC). The current level of precipitation is then compared to historical averages to determine if an indemnity will be paid.

Producers must also determine what grid their acreage is located in for insurance purposes. NOAA measures precipitation based on an approximately 17 by 17-mile grid. Acreage will be insured based on which grid it is located in.

Rainfall Variation in Utah

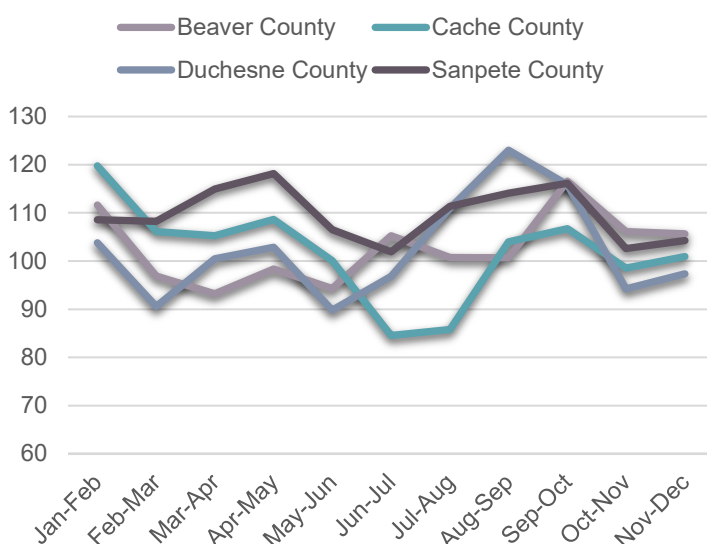
Precipitation in Utah can vary drastically from year to year, and from month to month. When rainfall drops during the growing season, or snowpack was not sufficient, producers may suffer from higher hay costs, and lower prices when attempting to reduce herd size.

Required Information

Insurable Acres: Producers do not have to insure 100% of their acreage. Annual forage crops are not eligible, only perennial pasture, rangeland, and forage crops can be insured. Irrigated alfalfa is uninsurable in Utah.

Producer Share: Written documentation of your insurable interest in insured crop as an owner, operator, or tenant at the time insurance attaches. This could mean the owner/operator or a producer leasing the land. Producer shares can be divided between owner/operators and leasers. Share percentage for federal land is determined by number of livestock on the federal land.

20 YR AVG as percent from historical average of 100



Producer selections: Producers must make several decisions when enrolling in RI-PRF, these include:

Selection	Description	Example
<i>Crop Type</i>	Either haying or grazing	
<i>Grid IDs</i>	Based on actual location	
<i>Coverage Level</i>	70, 75, 80, 85, or 90 percent	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.
<i>Productivity Factor</i>	60 to 150% of county base value in 1% increments	Frank believes his alfalfa acreage has a greater value than the county base value. He can use the protection factor to increase his guarantee.
<i>Index Intervals</i>	selection should be based on when precipitation or plant growth is most critical to the producer	
<i>Irrigated Practice</i>	Irrigated or Non-Irrigated	
<i>Insured Acres</i>	Total number of perennial haying and/or grazing acres. Cannot be insured under any other insurance plan or prohibited from haying or grazing by USDA programs	

Premium Subsidy

Insurance premiums are based on the rate for the chosen interval index, the level of coverage, and acres covered. Subsidies are determined by the coverage level.

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

Decision Support Tool

The Risk Management Agency provides a decision support tool to help producers determine appropriate coverage under PRF. The Decision Support Tool includes four tabs, the Grid Locator, Historical Indexes, Decision Support Tool, and Estimated Indemnities.

The Grid Locator: The Grid Locator is essential for anyone enrolling in PRF, a variety of search options on the grid locator map are available to help the producer determine their Grid ID.

Historical Indexes: This tab provides the historical percent of normal for each interval index of the chosen Grid ID. The data in this tab can be filtered by year and exported to CSV.

Decision Support Tool: The Decision Support Tool allows the producer to experiment with different selections to help determine what selections are best for them. Intended use, irrigation practice, coverage level, productivity factor, insurable interest, insured acres, a sample year, and index intervals must all be selected. Policy information, premium rates, and subsidy levels will be displayed after selections are made.

Estimated Indemnities: This tab will display estimated indemnities based on selections in the decision support tool and a range of years selected.

Additional information on the Decision Support Tool can be found at:

<https://prodwebnlb.rma.usda.gov/apps/PRF/Content/PDFs/User%20Tutorial%20-%20PRF%20Decision%20Support%20Tool.pdf>

The Decision Support Tool can be found at:

<https://prodwebnlb.rma.usda.gov/apps/prf>

The Utah State Decision Tool can be found at:

<https://utahrainfall-insurance.usu.edu/>

For any additional questions, please contact:

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