AgWest FARM CREDIT Insurance Agency

PRF Insurance - For cattle, hay and forage producers

What is Pasture, Rangeland, Forage (PRF) insurance?

PRF protects against losses that may occur when below average rainfall is received, whether you're grazing cattle on public lands, your own ground, or growing forage to feed or sell. PRF insurance does not insure against ongoing or severe drought but is based on expected precipitation. Unlike other Multi-Peril Crop Insurance programs, you're not required to insure all eligible acres.

For more information: Visit AgWestFC.com/PRF to learn more and find your AgWest Farm Credit Insurance Agent.

How it works.

Choose the **acreages, coverage level, productivity factor,** and a minimum of two, **2-month intervals** to cover. Daily rainfall is measured by the National Oceanic and Atmospheric Association Climate Prediction Center (NOAA CPC). Rainfall data is compiled by a "grid" system and claims are determined based on rainfall within the designated "grid" and not on your specific insured acres. When grid rainfall is less than your insured level, you may receive a payout.

What is a "grid"?

A rainfall grid is the acreage within each approximate 0.25 x 0.25-degree gridded area (approximately 17x17 miles) established by NOAA and identified by longitude and latitude.

Available rainfall index intervals.
An interval is a 2-month period and selected intervals may not overlap.

Jan-Feb	Feb-Mar	Mar-Apr	Apr-May	May-Jun	Jun-Jul
Jul-Aug	Aug-Sep	Sep-Oct	Oct-Nov	Nov-Dec	Dec-Jan

How is the insured value per acre determined?

Each county has a base production value (by intended use and irrigation practice) as determined by the Risk Management Agency (RMA). Coverage can be purchased for up to 150% of this base production value.

Customize coverage for your operation.

- Insure between 70%-90% of average historical rainfall for your grid **(coverage level)**.
- Insure from 60%-150% of the established base production value **(productivity factor)**.
- Choose acres and intervals to insure **(acreages & intervals)**.

Subsidized premiums make coverage cost effective.

- Affordable per-acre premiums.
- Federal subsidies may reduce costs by 51%-59%.

Grazing land example: a customer decides to protect 10,000 acres of rangeland with PRF Insurance.

How is the insured value per acre determined?

Customer selects rainfall index coverage level:	Customer selects rainfall index coverage level:	Customer base production level:	Sample calculation:
90%	**150%**	**$17.70/acre** (Determined by RMA)	$17.70 x 1.50% x 90% = **$23.90/acre insured value**

Intervals and coverage selections.

AgWest Farm Credit insurance agents use an optimizer tool to analyze historic rainfall data. The customer chooses to split coverage between two, 2-month intervals that are important to the operation and protects 10,000 acres in May-June (using 60% of the coverage) and Aug-Sept (using the remaining 40% of coverage).

Premium costs:
Not billed until September the following year.

May-June (60%)	+	Aug-Sep (40%)	=	Aug-Sep (40%)
$10,467	+	**$9,452**	=	**$19,919 (1.99/acre)**

How are claims calculated?

Following each interval period, precipitation data is reported by NOAA CPC. A payment will only be made if the final precipitation data **(Final grid index)** for the insured grid is **less** than the rainfall index coverage level selected by the producer. For this example, let's assume the final grid indexes are reported at the following levels, which are below the customer-elected coverage of 90%.

May-June	Aug-Sep
Final grid index: 70%	**Final grid index: 55%**
(20% less than the 90% coverage selected)	(35% less than the 90% coverage selected)

Using this rainfall data, calculations are made to factor in insured value per acre, amount of coverage selected per interval, number of acres and premium costs. The insured customer could receive a total **net** payout of $49,111.

10,000-acre example calculation:

County Base Value	Coverage Level	Productivity Level	Insured Value	Interval	Allocation	Final Grid Index	Gross Indemnity	Producer Premium	Net Indemnity
$17.70	90%	150%	$23.90	May-Jun	60%	70%	$31,860	$10,467	$21,393
$17.70	90%	150%	$23.90	Aug-Sep	40%	55%	$37,170	$9,452	$27,718
							$69,030	$19,919	$49,111

For more information contact your local AgWest Farm Credit Insurance Agent. Visit AgWestFC.com/PRF to learn more.