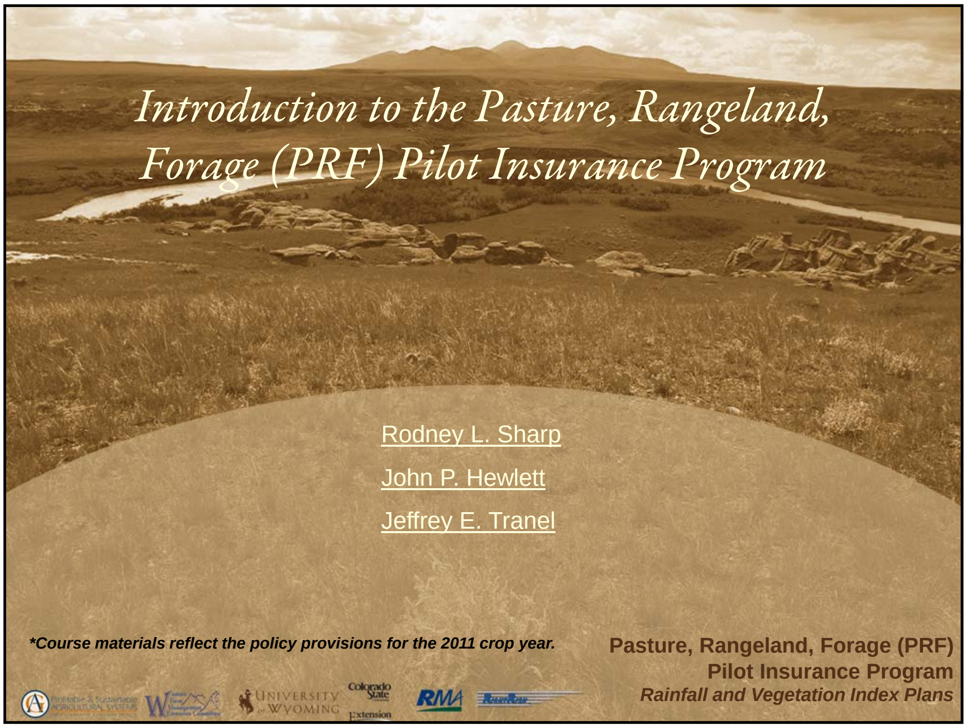


Categories of Insurance

There are three broad categories of RMA approved insurance products:

1. **Yield Insurance** pays indemnities when per acre yields are low
2. **Price insurance** pays indemnities when per unit output prices are low (currently this type of insurance is available only for certain classes of livestock).
3. **Revenue insurance** pays indemnities when per acre revenue (price x quantity) is low or when whole farm revenue is low due to losses in production and declines in product quality and price.

2

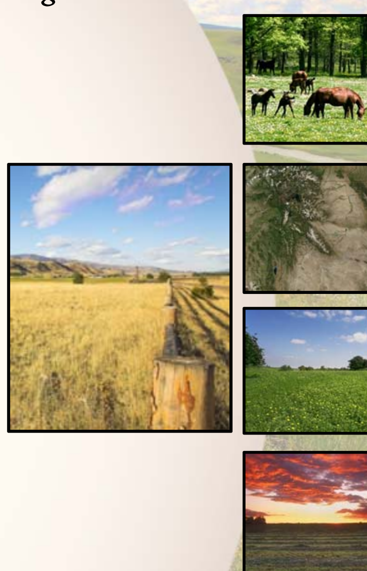
Introduction to PRF Pilot Insurance Program

The Purpose of PRF

Agricultural production is financially risky. Forage losses from natural hazards, especially drought, are frequent.

PRF insurance is a group risk plan that can help forage and livestock producers manage for potential production losses.

These plans are now available to producers in selected counties and states.



Introduction to PRF Pilot Insurance Program

Indexing

What is an *index?*

An index is a number derived from a series of observations which is used as an indicator or measure.

PRF insurance uses indexing to measure and compare conditions that affect forage production in specific areas over time.

Each index uses information gathered from a number of sources and locations.

Introduction to PRF Pilot Insurance Program

Rainfall Index or Vegetation Index

PRF insurance helps producers manage for production losses when the final grid index falls below the trigger grid index.

There are two separate indices: the rainfall index, and the vegetation index.

Rainfall Index

Vegetation Index

Introduction to PRF Pilot Insurance Program

Rainfall Index

In some states the rainfall index is available. Data from multiple sources, including weather, satellite, and radar data, are interpolated for the acreage within each 0.25 degree gridded area established by NOAA and identified by latitude and longitude. Losses are calculated based on deviation from the rainfall index for the grid during particular time intervals.

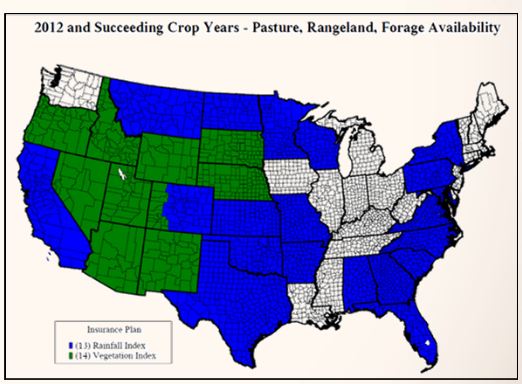
The insurance coverage is for a single peril, lack of precipitation. Coverage is based on historical experience of the grid, **not individual farms or ranches** or specific weather stations.

Introduction to PRF Pilot Insurance Program

PRF Program Availability for 2012

The PRF program is a pilot program, and is only available in selected states and counties.

Note: The most current coverage information is available on the USDA-RMA website.



Introduction to PRF Pilot Insurance Program

Index Intervals

Producers must select the appropriate time frames or index intervals to apply for PRF insurance coverage. It's important to select intervals when forage and pasture production is critical for your operation, and to follow guidelines for your index, county, and grid.

April-2010

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May-2010

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

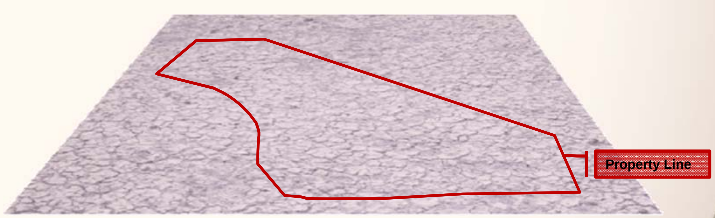
June-2010

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Introduction to PRF Pilot Insurance Program

Grid ID Number

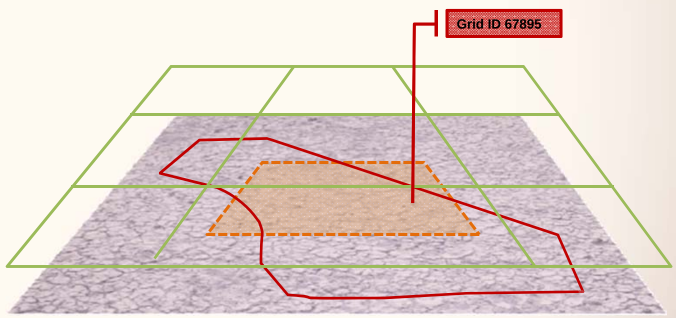
Producers must also select a reference point on the grid that best represents the location of the grazinglands or haylands they want to insure.



Introduction to PRF Pilot Insurance Program

Grid ID Number

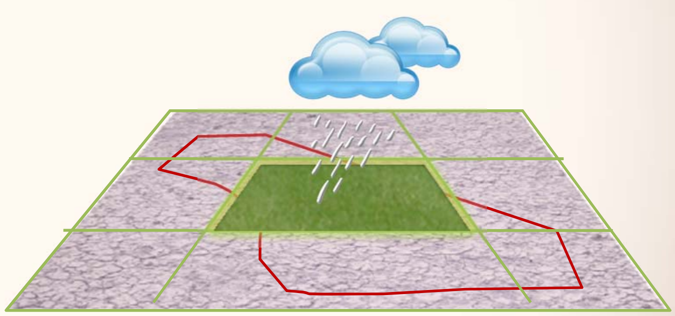
Each grid segment is identified by a grid ID. Rainfall index and vegetation index programs use different grid sizes, so the grid ID will be different depending on which plan is available.



Introduction to PRF Pilot Insurance Program

Expected Index Values

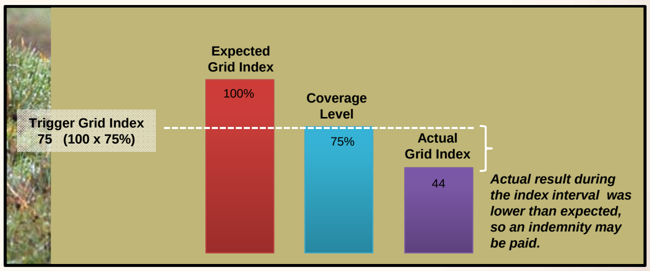
Historical data for each grid is used to determine the expected index value for either precipitation or vegetation greenness.



Introduction to PRF Pilot Insurance Program

Using Grid Indices

The expected grid index is compared to the final grid index. Producers may receive an indemnity if the actual final index falls below the trigger grid index, which is adjusted based on the coverage level.



Introduction to PRF Pilot Insurance Program

Key Characteristics of PRF

Coverage is based **on the experience of the entire grid area—not individual losses.**

PRF does not take into consideration the exact situation of the producer. It is possible that …

- Grid conditions might have been normal, while a specific property was experiencing drought. A *producer might not receive a payment, even if he or she incurred losses.*
- Final grid indices may have been less than expected, while a producer may not have suffered losses. A *payment might be awarded even though there was no loss of production.*

Introduction to PRF Pilot Insurance Program

Property that Extends Beyond the Grid Area

- A producer can base his or her insurance coverage on a single grid ID or on multiple grid IDs.
- Non-contiguous acres must be insured using the same coverage parameters if they are in the same grid.
- If the non-contiguous acres are in different grids, the coverage parameters can be different.

The rules are complex. Producers should contact an insurance agent familiar with PRF if they have questions.

Introduction to PRF Pilot Insurance Program

Important Dates

January

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

March

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

April

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	**30**			

July

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	**30**		

October

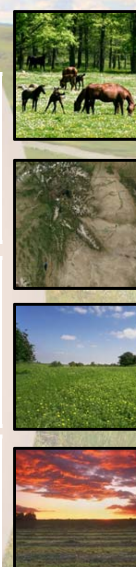
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	**15**	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	**31**	



Introduction to PRF Pilot Insurance Program

Flexible Risk Management Strategies

The PRF insurance program is one more option for farmers and ranchers to manage potential losses.

Agricultural operations can choose PRF insurance:

- As a standalone product.
- In combination with other risk management strategies or insurance products.

Producers considering PRF should work closely with an insurance agent to understand their options.

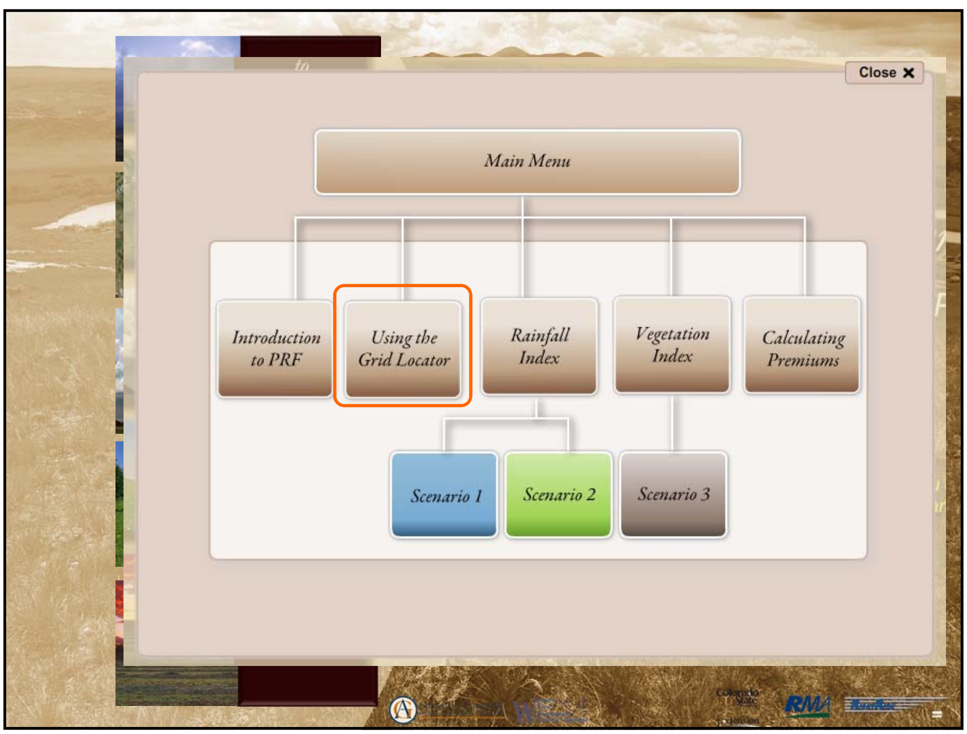
MPCI
Multi Peril Crop Insurance

LGM
Livestock Gross Margin

AGR-Lite

LRP
Livestock Risk Protection

NAP
Non-Insured CROP DISASTER Assistance Program

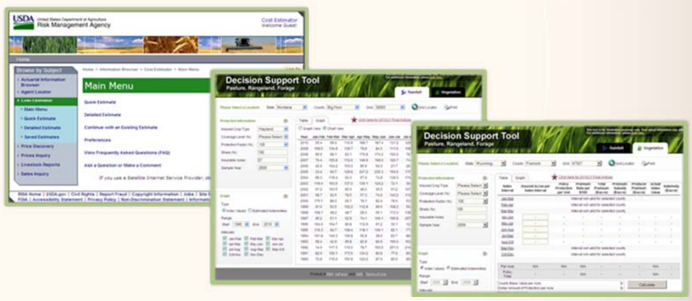


Introduction to PRF Pilot Insurance Program

Evaluating PRF for Yourself

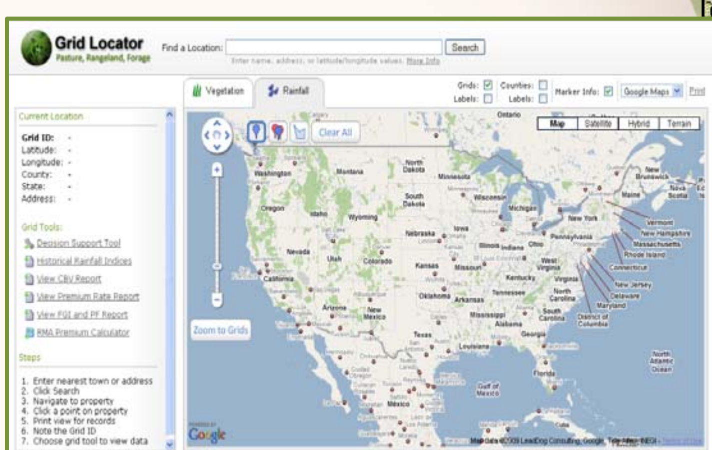
Producers can use online decision tools to analyze and evaluate the PRF insurance program as a possible risk management strategy.

Exploring different historical scenarios may help a producer make better decisions about PRF insurance.



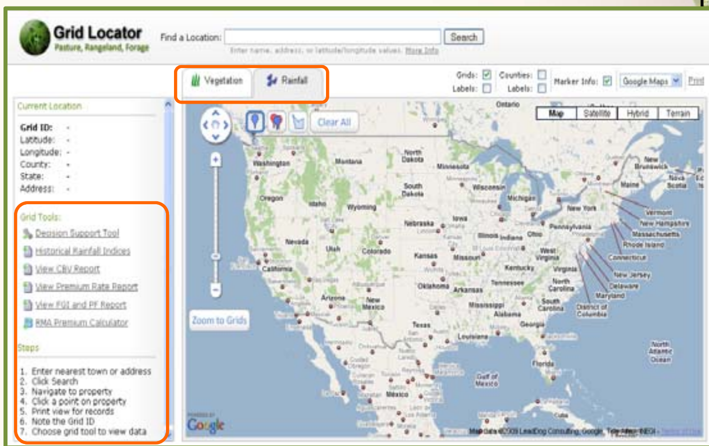
Using the Grid Locator

Enter a Location to Find



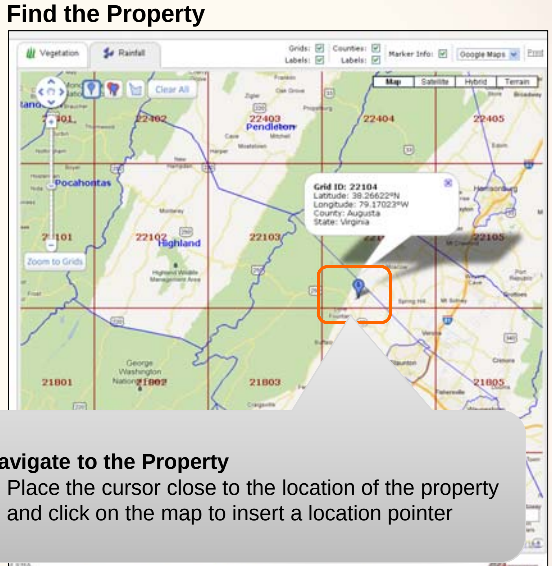
Using the Grid Locator

Enter a Location to Find



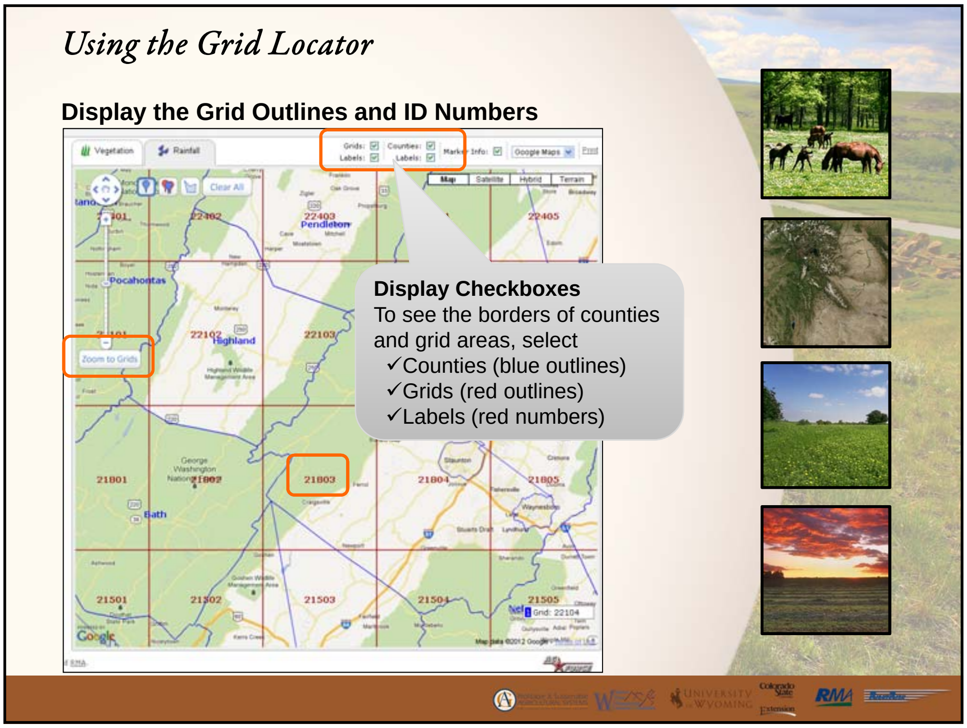
Using the Grid Locator

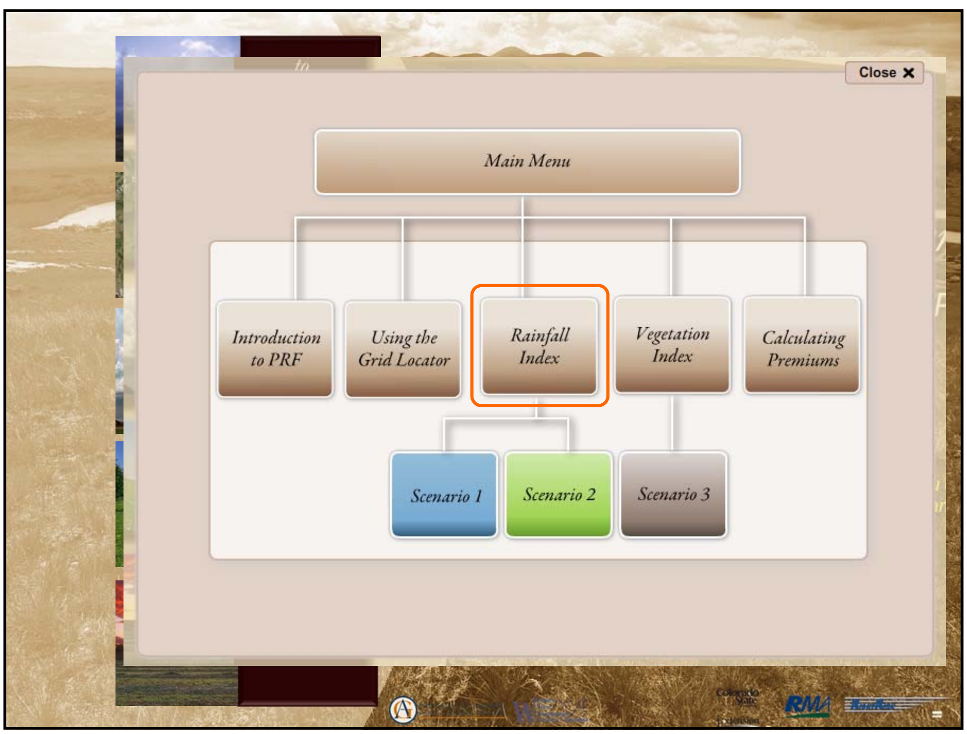
Find the Property



Navigate to the Property

1. Place the cursor close to the location of the property and click on the map to insert a location pointer


Using the Grid Locator
Display the Grid Outlines and ID Numbers
Display Checkboxes
To see the borders of counties and grid areas, select
✓Counties (blue outlines)
✓Grids (red outlines)
✓Labels (red numbers)


Close
Main Menu
Introduction to PRF
Using the Grid Locator
Rainfall Index
Vegetation Index
Calculating Premiums
Scenario 1
Scenario 2
Scenario 3

Introduction to PRF Pilot Insurance Program

How the Rainfall Index is Established

The PRF Rainfall Index:

- Uses historical precipitation data.
- Forage production is influenced by precipitation.
- Measures data in specific areas called grids

Remember, this index does NOT measure the actual precipitation received on any specific property within a grid.

Introduction to PRF Pilot Insurance Program

How the Rainfall Index is Established

For each grid, data from nearby weather, radar, and satellite estimates are combined and interpolated.

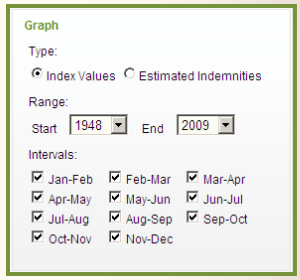
The resulting index is a composite value for the entire grid that cannot be traced to a single point or data set.

The database contains data from 1948 to the present.

Introduction to PRF Pilot Insurance Program

How the Rainfall Index is Established

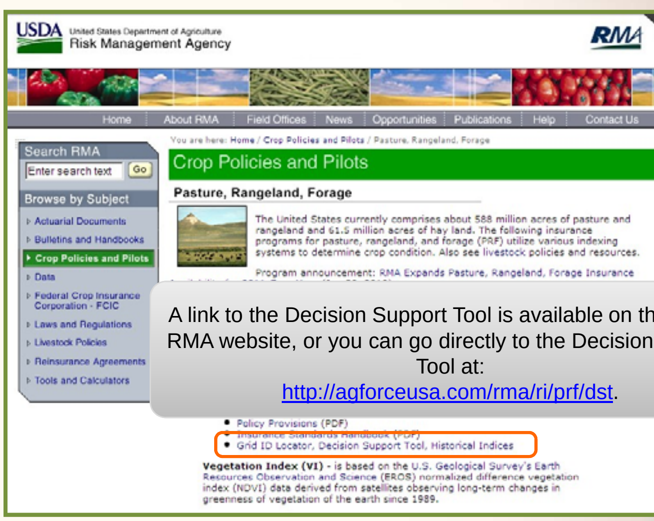
Precipitation data is used to establish rainfall indices for each grid. One index is calculated for each two-month interval in a twelve-month period.



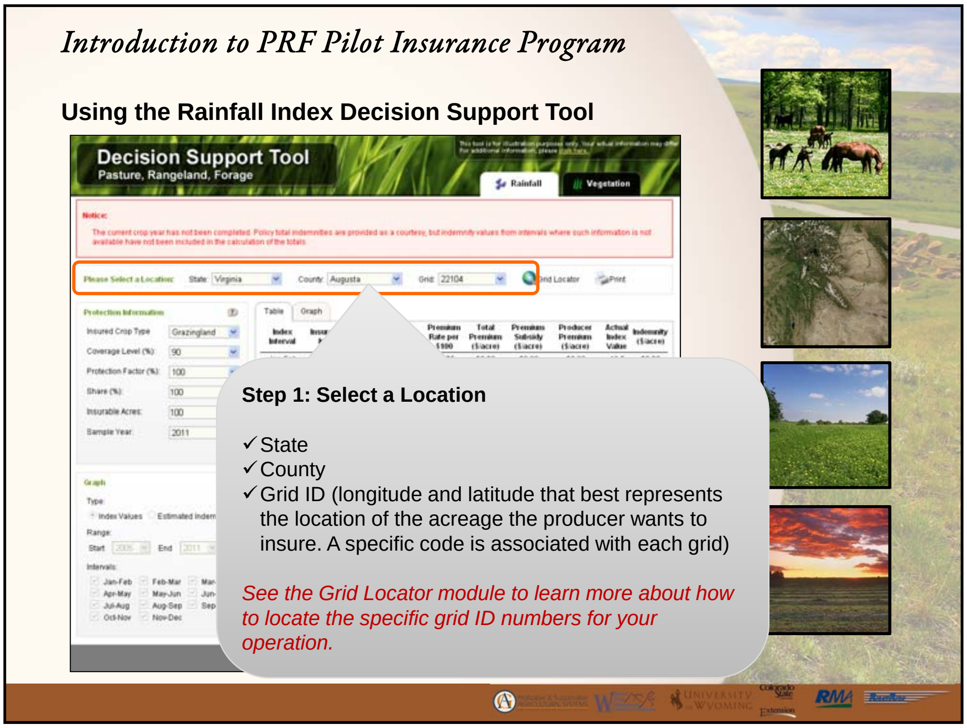
The index is the ratio of interpolated precipitation to expected average (normal) precipitation. The index is expressed as a percentage.

Introduction to PRF Pilot Insurance Program

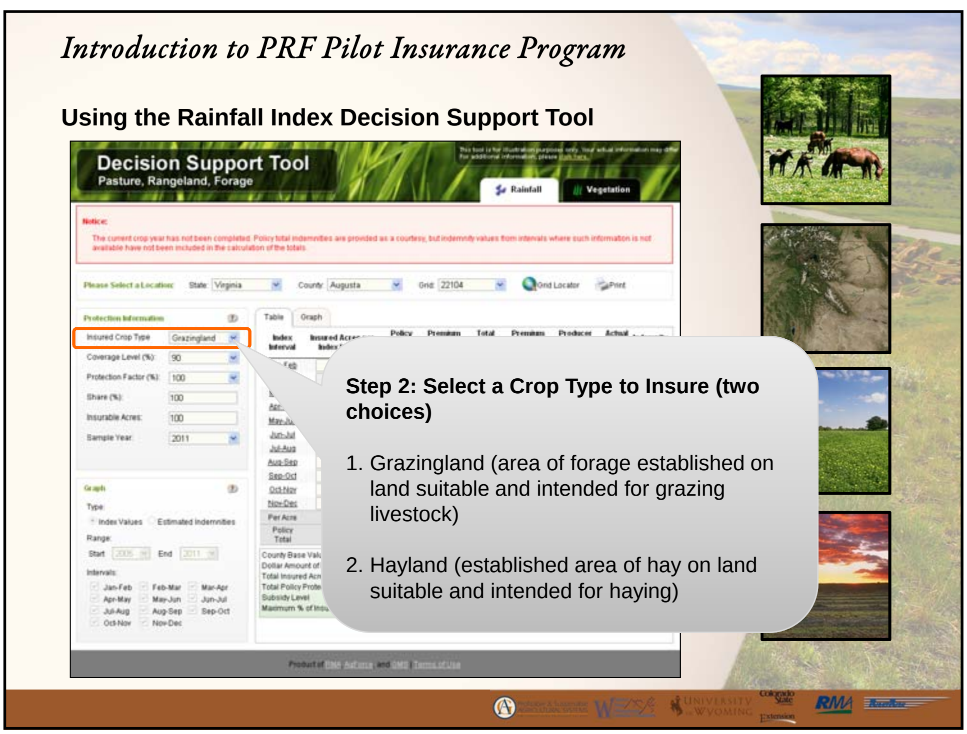
Finding Information about the Rainfall Index Program



A link to the Decision Support Tool is available on the USDA RMA website, or you can go directly to the Decision Support Tool at: http://agforceusa.com/rma/ri/prf/dst.



Introduction to PRF Pilot Insurance Program
Using the Rainfall Index Decision Support Tool
Decision Support Tool
Pasture, Rangeland, Forage
Rainfall
Vegetation
Step 1: Select a Location
✓State
✓County
✓Grid ID (longitude and latitude that best represents the location of the acreage the producer wants to insure. A specific code is associated with each grid)
See the Grid Locator module to learn more about how to locate the specific grid ID numbers for your operation.



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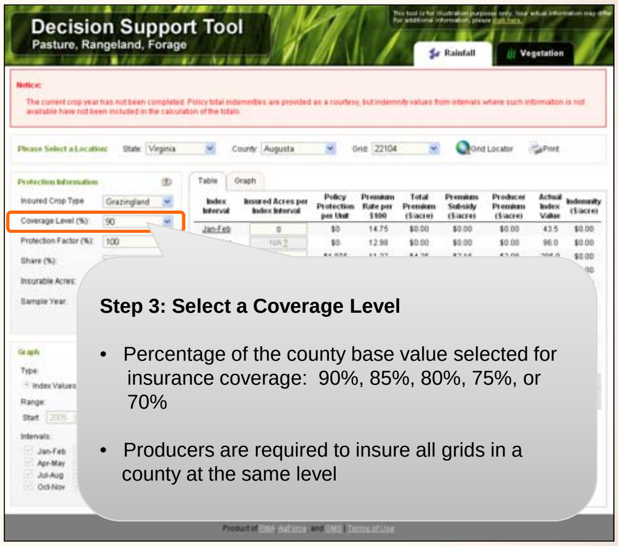
Step 2: Select a Crop Type to Insure (two choices)
1. Grazingland (area of forage established on land suitable and intended for grazing livestock)
2. Hayland (established area of hay on land suitable and intended for haying)

Introduction to PRF Pilot Insurance Program

Using the Rainfall Index Decision Support Tool

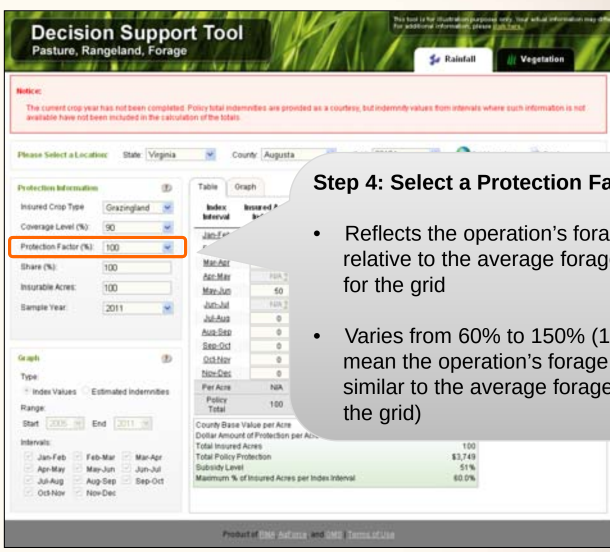


Step 3: Select a Coverage Level

- Percentage of the county base value selected for insurance coverage: 90%, 85%, 80%, 75%, or 70%
- Producers are required to insure all grids in a county at the same level

Introduction to PRF Pilot Insurance Program

Using the Rainfall Index Decision Support Tool

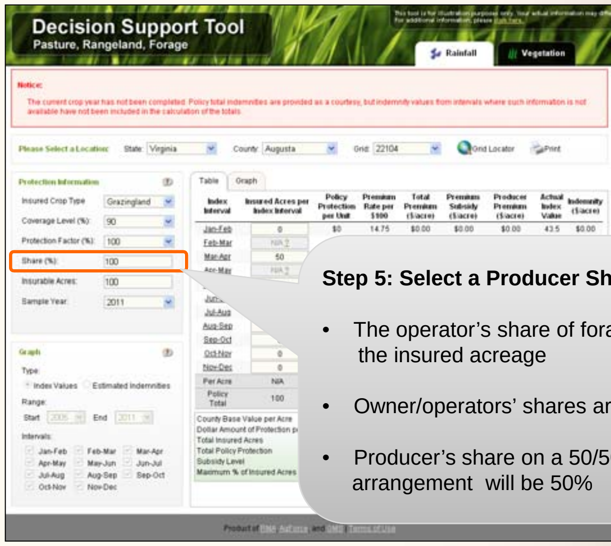


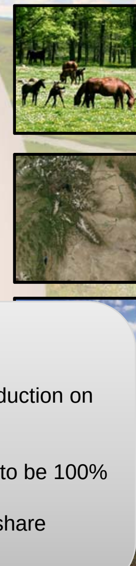
Step 4: Select a Protection Factor

- Reflects the operation's forage productivity relative to the average forage productivity for the grid
- Varies from 60% to 150% (100% would mean the operation's forage productivity is similar to the average forage productivity for the grid)

Introduction to PRF Pilot Insurance Program

Using the Rainfall Index Decision Support Tool



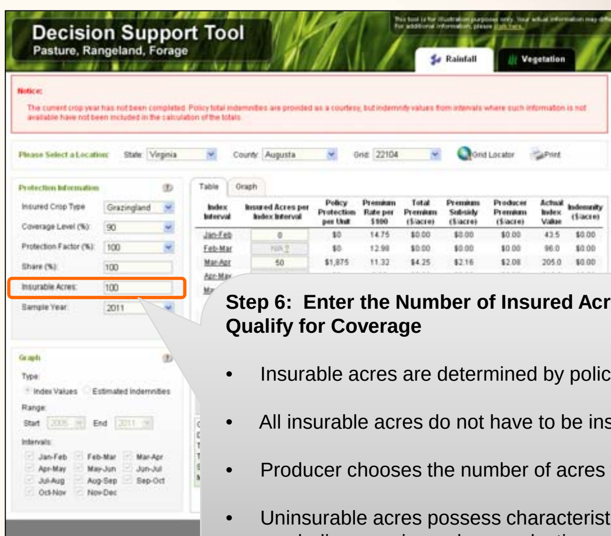


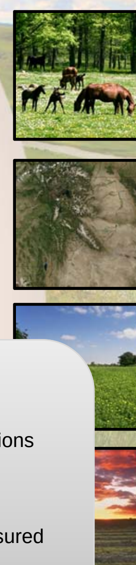
Step 5: Select a Producer Share

- The operator's share of forage production on the insured acreage
- Owner/operators' shares are likely to be 100%
- Producer's share on a 50/50 crop share arrangement will be 50%

Introduction to PRF Pilot Insurance Program

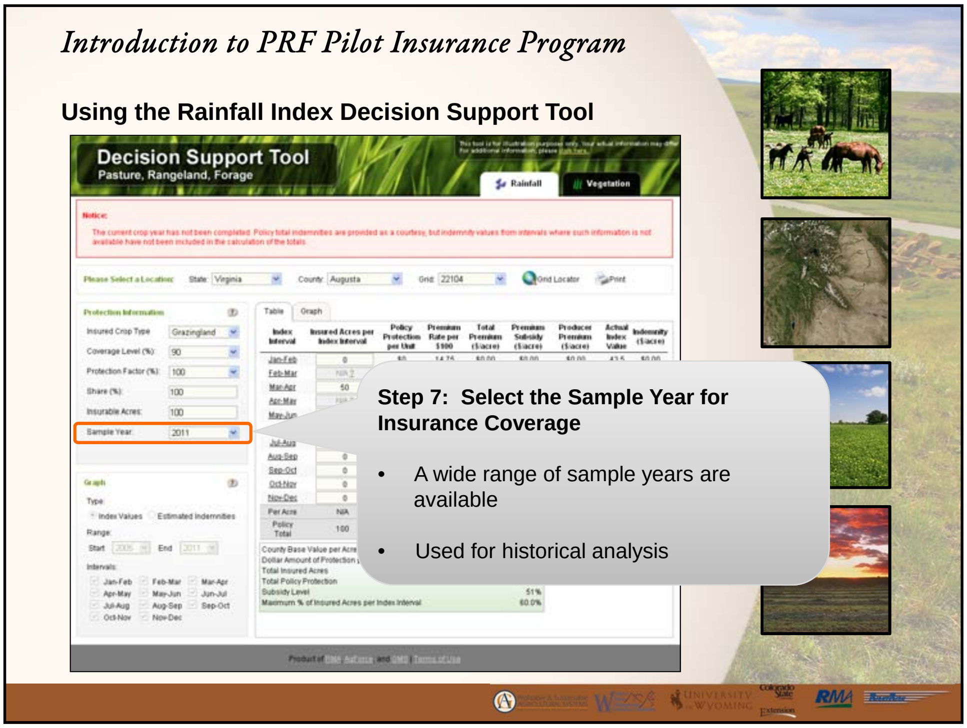
Using the Rainfall Index Decision Support Tool





Step 6: Enter the Number of Insured Acres That Qualify for Coverage

- Insurable acres are determined by policy provisions
- All insurable acres do not have to be insured
- Producer chooses the number of acres to be insured
- Uninsurable acres possess characteristics precluding grazing or hay production


Introduction to PRF Pilot Insurance Program
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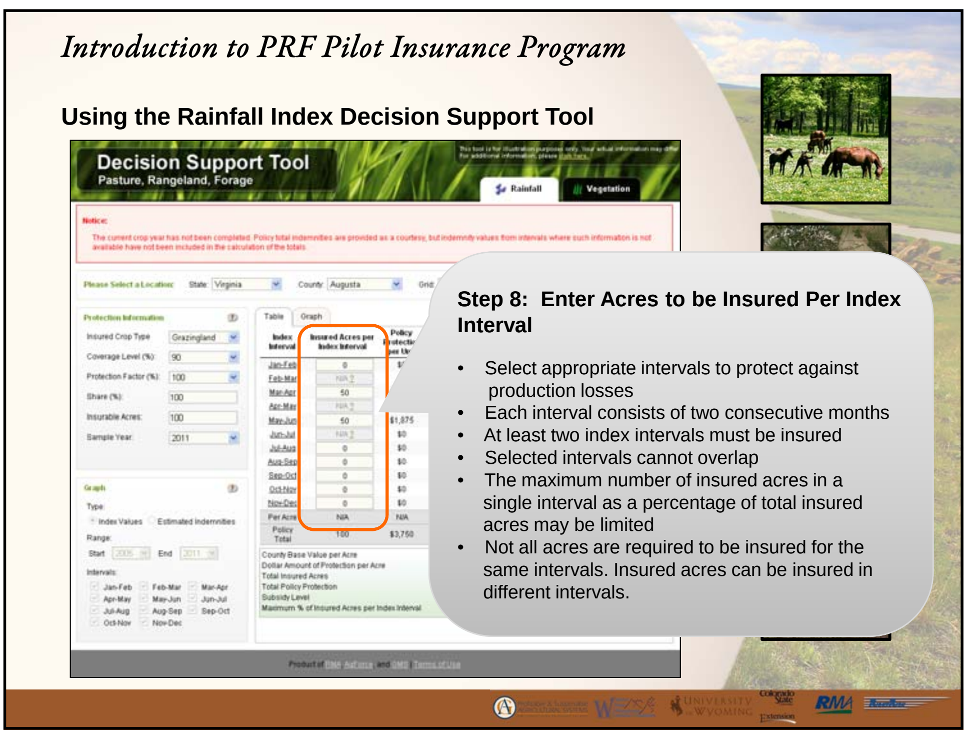
Step 7: Select the Sample Year for Insurance Coverage
A wide range of sample years are available
Used for historical analysis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Decision Support Tool
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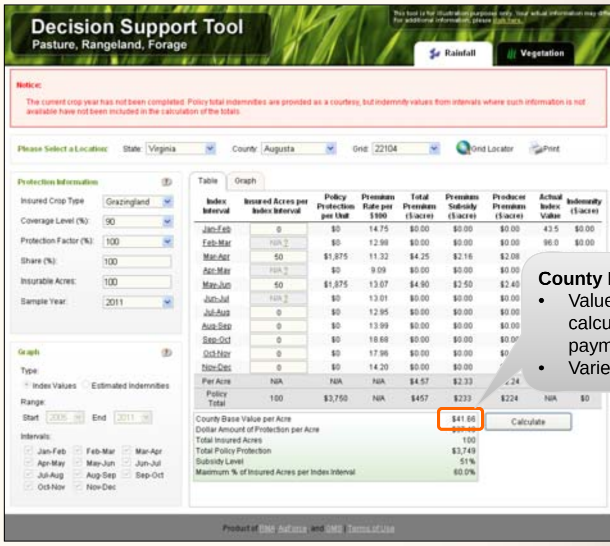
Step 8: Enter Acres to be Insured Per Index Interval
Select appropriate intervals to protect against production losses
Each interval consists of two consecutive months
At least two index intervals must be insured
Selected intervals cannot overlap
The maximum number of insured acres in a single interval as a percentage of total insured acres may be limited
Not all acres are required to be insured for the same intervals. Insured acres can be insured in different intervals.

Introduction to PRF Pilot Insurance Program

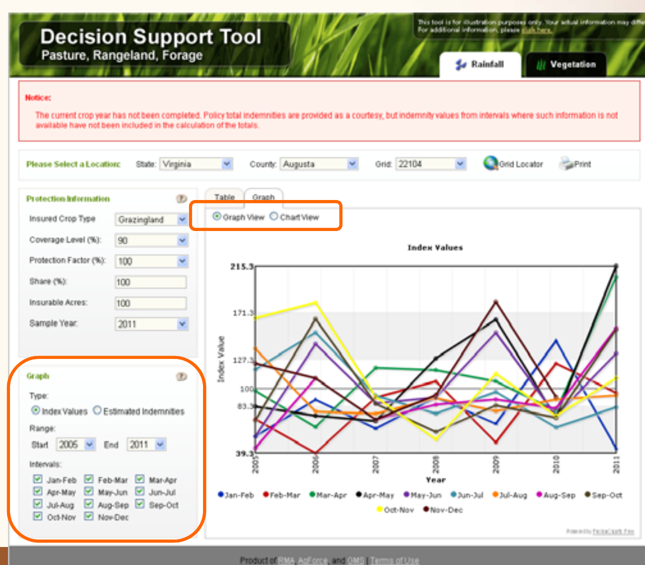
Using the Rainfall Index Decision Support Tool

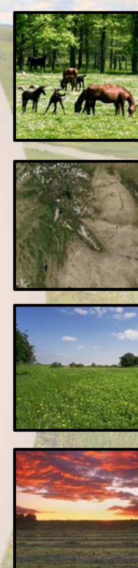


County Base Value per Acre:
- Value of forage used for calculating any indemnity payments
- Varies by grid, county, forage type

Introduction to PRF Pilot Insurance Program

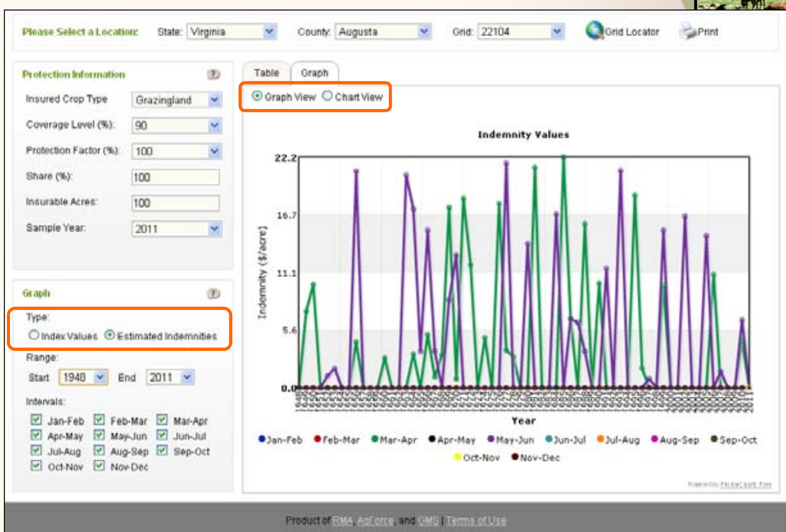
Using the Rainfall Index Decision Support Tool





Introduction to PRF Pilot Insurance Program

Using the Rainfall Index Decision Support Tool



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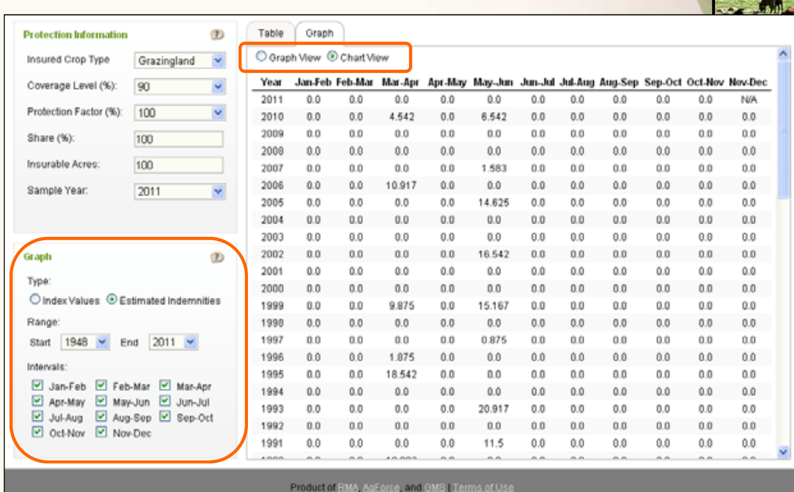
Using the Rainfall Index Decision Support Tool



Year	Jan-Feb	Feb-Mar	Mar-Apr	Apr-May	May-Jun	Jun-Jul	Jul-Aug	Aug-Sep	Sep-Oct	Oct-Nov	Nov-Dec
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
2010	0.0	0.0	4.542	0.0	6.542	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2007	0.0	0.0	0.0	0.0	1.583	0.0	0.0	0.0	0.0	0.0	0.0
2006	0.0	0.0	10.917	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2005	0.0	0.0	0.0	0.0	14.625	0.0	0.0	0.0	0.0	0.0	0.0
2004	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2003	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2002	0.0	0.0	0.0	0.0	16.542	0.0	0.0	0.0	0.0	0.0	0.0
2001	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1999	0.0	0.0	9.875	0.0	15.167	0.0	0.0	0.0	0.0	0.0	0.0
1998	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.875	0.0	0.0	0.0	0.0	0.0	0.0
1996	0.0	0.0	1.875	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995	0.0	0.0	18.542	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1993	0.0	0.0	0.0	0.0	20.917	0.0	0.0	0.0	0.0	0.0	0.0
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1991	0.0	0.0	0.0	0.0	11.5	0.0	0.0	0.0	0.0	0.0	0.0

Introduction to PRF Pilot Insurance Program

Using the Rainfall Index Decision Support Tool

Decision Support Tool
Pasture, Rangeland, Forage

This tool is for illustration purposes only. Your actual information may differ. For additional information, please click here.

Rainfall | Vegetation

Please Select a Location: State: Virginia County: Augusta Grid: 22104 Grid Locator Print

Protection Information

- Insured Crop Type: Hayland
- Coverage Level (%): 90
- Protection Factor (%): 100
- Share (%): 100
- Insurable Acres: 100
- Sample Year: 2010

Graph

Type: Index Values / Estimated Indemnities

Range: Start 2007 End 2011

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

Table | Graph

Index Interval	Insured Acres per Index Interval	Policy Protection per Unit	Premium Rate per $100	Total Premium ($/acre)	Premium Subsidy ($/acre)	Producer Premium ($/acre)	Actual Index Value	Indemnity ($/acre)
Jan-Feb	0	$0	14.75	$0.00	$0.00	$0.00	144.8	$0.00
Feb-Mar	N/A ?	$0	12.98	$0.00	$0.00	$0.00	123.6	$0.00
Mar-Apr	50	$12,458	11.32	$28.20	$14.38	$13.82	79.1	$30.18
Apr-May	N/A ?	$0	9.09	$0.00	$0.00	$0.00	72.4	$0.00
May-Jun	50	$12,458	13.07	$32.57	$16.61	$15.96	74.3	$43.46
Jun-Jul	N/A ?	$0	13.01	$0.00	$0.00	$0.00	63.5	$0.00
Jul-Aug	0	$0	12.95	$0.00	$0.00	$0.00	89.8	$0.00
Aug-Sep	0	$0	13.99	$0.00	$0.00	$0.00	81.3	$0.00
Sep-Oct	0	$0	18.68	$0.00	$0.00	$0.00	72.6	$0.00
Oct-Nov	0	$0	17.96	$0.00	$0.00	$0.00	74.3	$0.00
Nov-Dec	0	$0	14.20	$0.00	$0.00	$0.00	92.1	$0.00
Per Acre	N/A	N/A	N/A	$30.39	$15.50	$14.89	N/A	$36.82
Policy Total	100	$24,916	N/A	$3,039	$1,550	$1,489	N/A	$3,682

County Base Value per Acre	$276.85
Dollar Amount of Protection per Acre	$249.17
Total Insured Acres	100
Total Policy Protection	$24,917
Subsidy Level	51%
Maximum % of Insured Acres per Index Interval	60.0%

Calculate

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Introduction to PRF Pilot Insurance Program

Using the Rainfall Index Decision Support Tool

Decision Support Tool
Pasture, Rangeland, Forage

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Rainfall | Vegetation

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Mar-Apr	50	$12,458	11.32	$28.20	$14.38	$13.82	79.1	$30.18
Apr-May	N/A ?	$0	9.09	$0.00	$0.00	$0.00	72.4	$0.00
May-Jun	50	$12,458	13.07	$32.57	$16.61	$15.96	74.3	$43.46
Jun-Jul	N/A ?	$0	13.01	$0.00	$0.00	$0.00	63.5	$0.00
Jul-Aug	0	$0	12.95	$0.00	$0.00	$0.00	89.8	$0.00
Aug-Sep	0	$0	13.99	$0.00	$0.00	$0.00	81.3	$0.00
Sep-Oct	0	$0	18.68	$0.00	$0.00	$0.00	72.6	$0.00
Oct-Nov	0	$0	17.96	$0.00	$0.00	$0.00	74.3	$0.00
Nov-Dec	0	$0	14.20	$0.00	$0.00	$0.00	92.1	$0.00
Per Acre	N/A	N/A	N/A	$30.39	$15.50	$14.89	N/A	$36.82
Policy Total	100	$24,916	N/A	$3,039	$1,550	$1,489	N/A	$3,682

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Calculate

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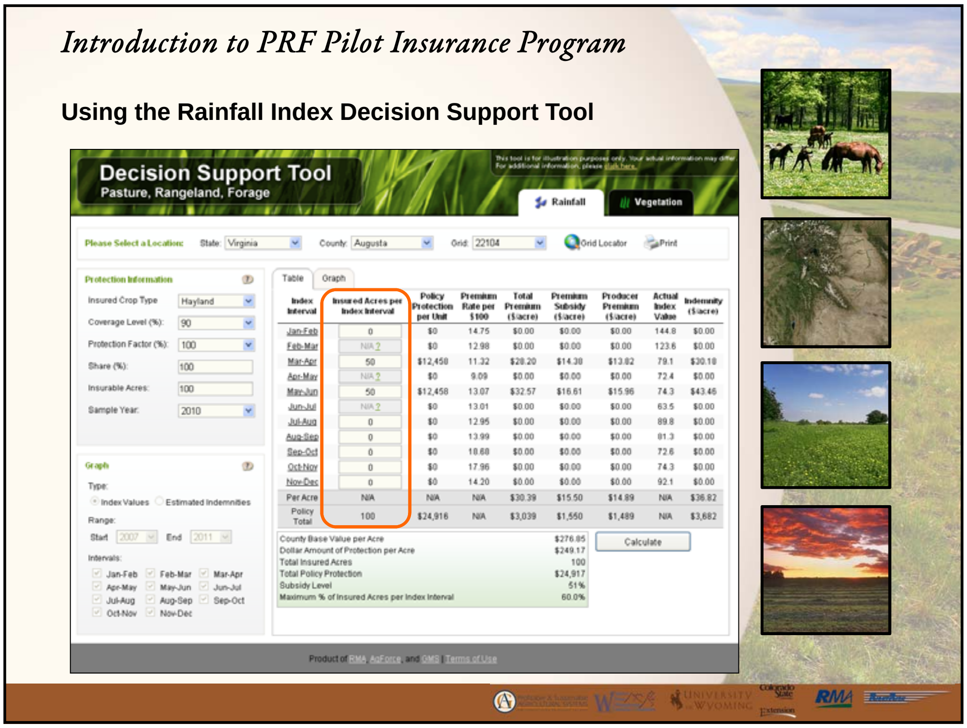
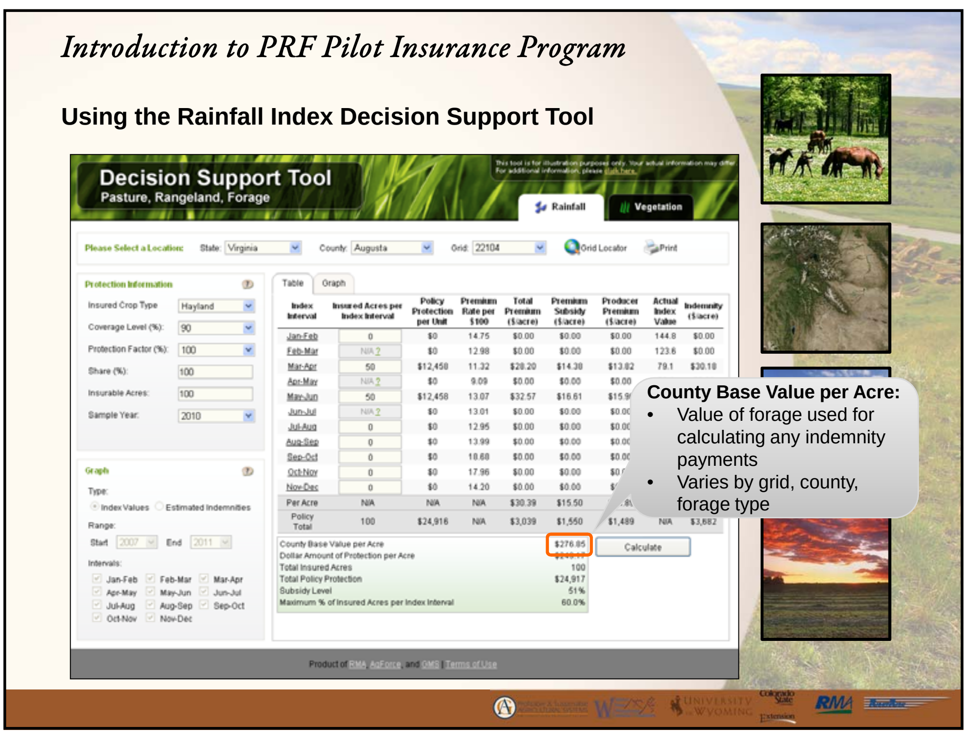
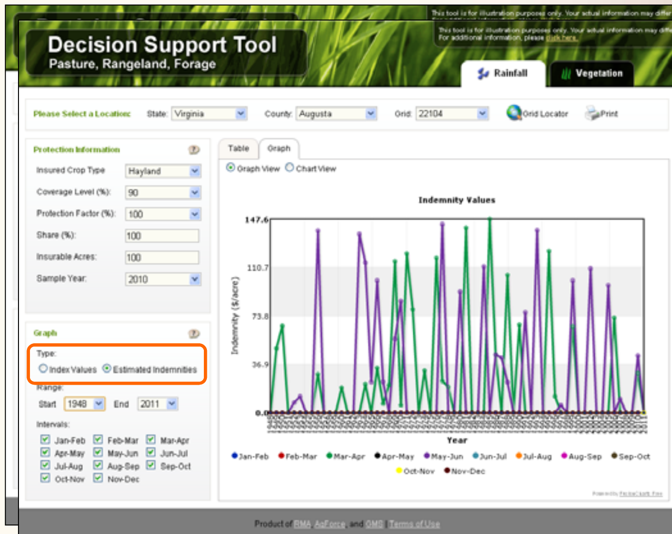

Introduction to PRF Pilot Insurance Program
Using the Rainfall Index Decision Support Tool
Decision Support Tool
Pasture, Rangeland, Forage
Rainfall
Vegetation


Introduction to PRF Pilot Insurance Program
Using the Rainfall Index Decision Support Tool
Decision Support Tool
Pasture, Rangeland, Forage
Rainfall
Vegetation
County Base Value per Acre:
Value of forage used for calculating any indemnity payments
Varies by grid, county, forage type

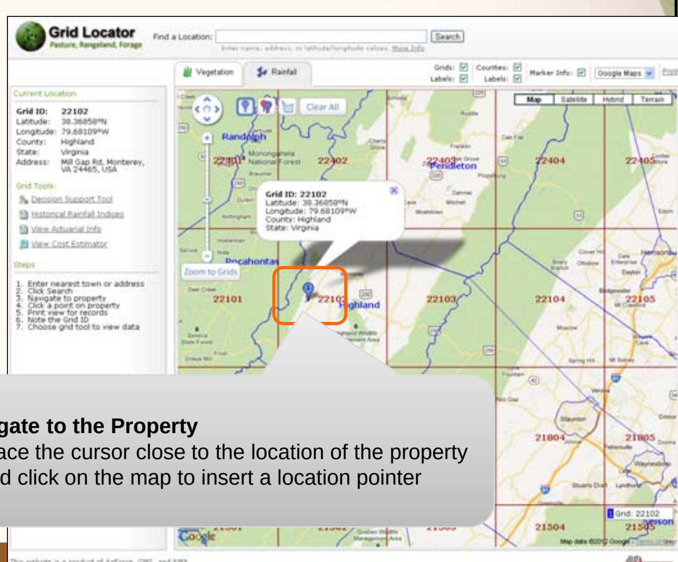
Introduction to PRF Pilot Insurance Program

Using the Rainfall Index Decision Support Tool



Using the Grid Locator

Find the Property

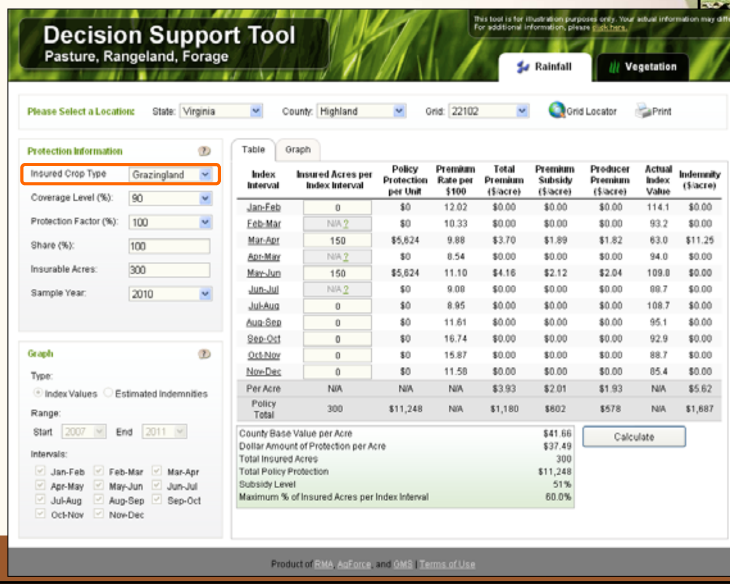


Navigate to the Property

1. Place the cursor close to the location of the property and click on the map to insert a location pointer

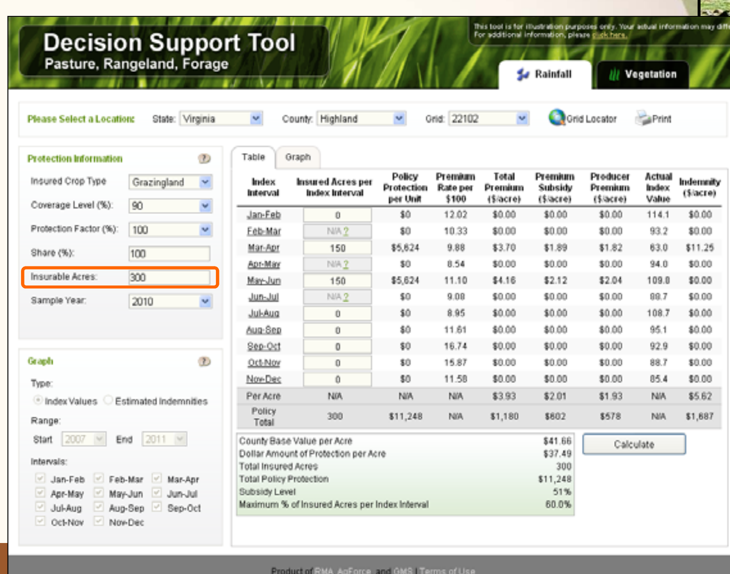
Using the Grid Locator

Display the Grid Outlines and ID Numbers



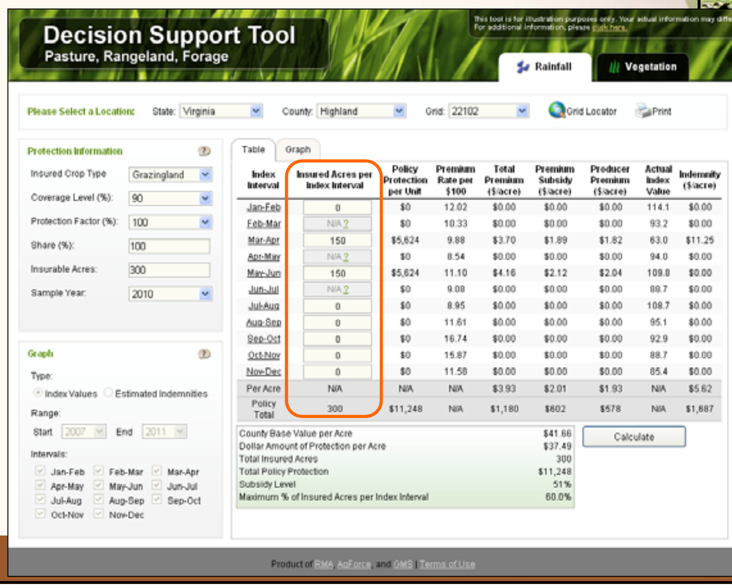
Using the Grid Locator

Display the Grid Outlines and ID Numbers



Using the Grid Locator

Display the Grid Outlines and ID Numbers

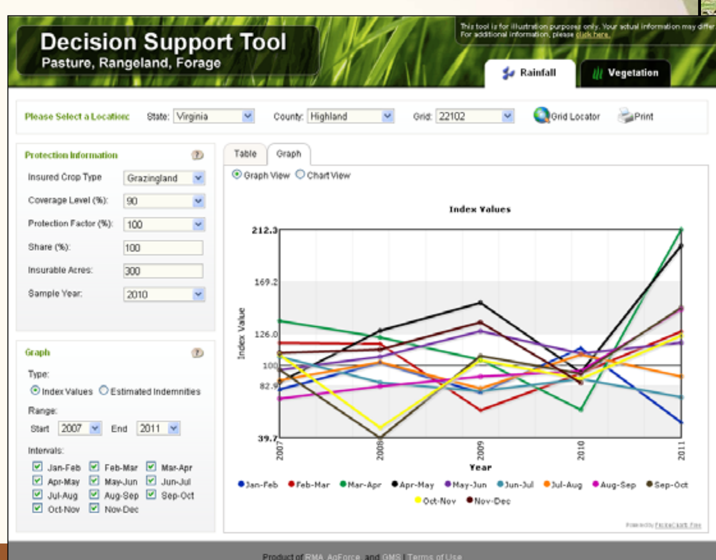


Index Interval	Insured Acres per Index Interval	Policy Protection per Unit	Premium Rate per $100	Total Premium ($/acre)	Premium Subsidy ($/acre)	Producer Premium ($/acre)	Actual Index Value	Indemnity ($/acre)
Jan-Feb	0	$0	12.02	$0.00	$0.00	$0.00	114.1	$0.00
Feb-Mar	N/A ?	$0	10.33	$0.00	$0.00	$0.00	93.2	$0.00
Mar-Apr	150	$5,624	9.88	$3.70	$1.89	$1.82	63.0	$11.25
Apr-May	N/A ?	$0	8.54	$0.00	$0.00	$0.00	94.0	$0.00
May-Jun	150	$5,624	11.10	$4.16	$2.12	$2.04	109.8	$0.00
Jun-Jul	N/A ?	$0	9.08	$0.00	$0.00	$0.00	88.7	$0.00
Jul-Aug	0	$0	8.95	$0.00	$0.00	$0.00	108.7	$0.00
Aug-Sep	0	$0	11.61	$0.00	$0.00	$0.00	95.1	$0.00
Sep-Oct	0	$0	16.74	$0.00	$0.00	$0.00	92.9	$0.00
Oct-Nov	0	$0	15.87	$0.00	$0.00	$0.00	88.7	$0.00
Nov-Dec	0	$0	11.58	$0.00	$0.00	$0.00	85.4	$0.00
Per Acre	N/A	N/A	N/A	$3.93	$2.01	$1.93	N/A	$5.62
Policy Total	300	$11,248	N/A	$1,180	$602	$578	N/A	$1,687

County Base Value per Acre	$41.66
Dollar Amount of Protection per Acre	$37.49
Total Insured Acres	300
Total Policy Protection	$11,248
Subsidy Level	51%
Maximum % of Insured Acres per Index Interval	60.0%

Using the Grid Locator

Display the Grid Outlines and ID Numbers



Using the Grid Locator

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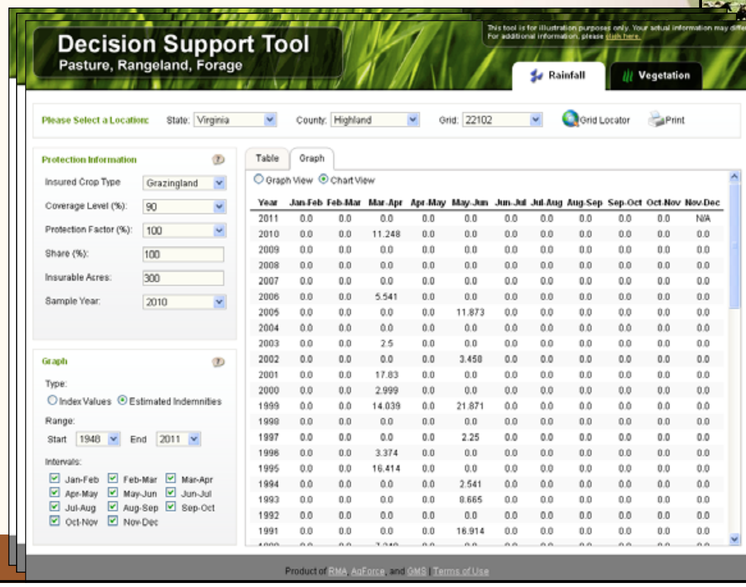
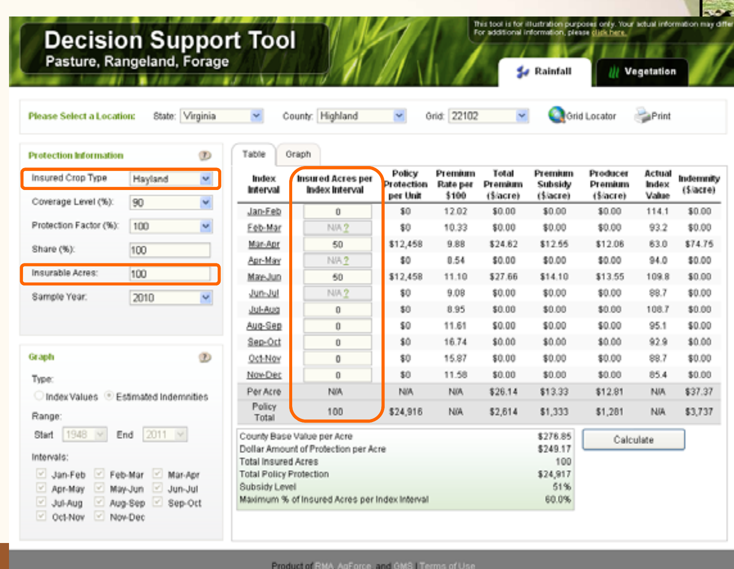


Using the Grid Locator

Display the Grid Outlines and ID Numbers



Using the Grid Locator

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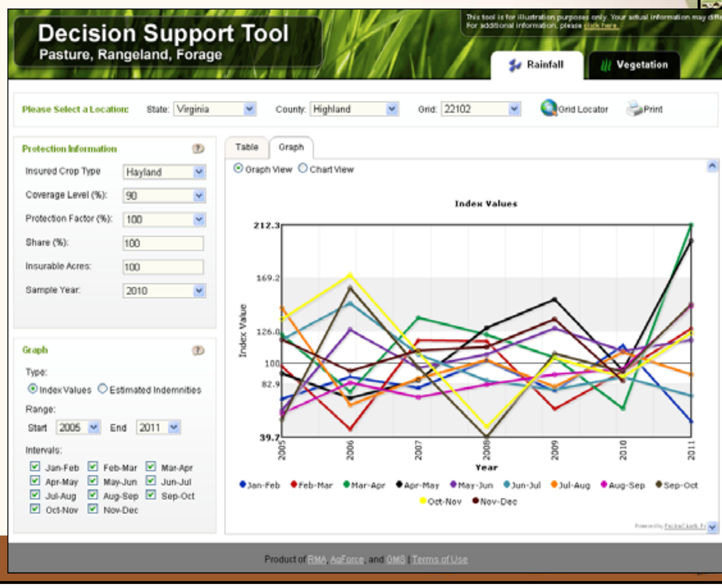

Using the Grid Locator

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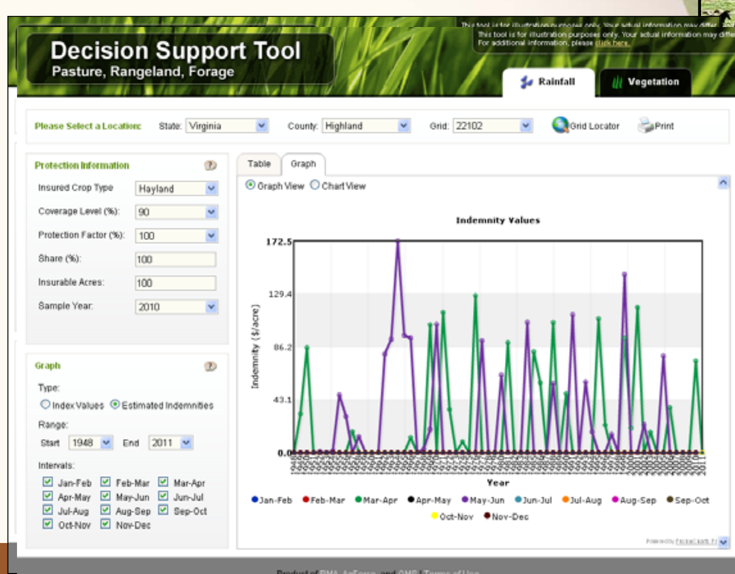


Using the Grid Locator

Virginia Rangeland Insurance History

Federal Crop Insurance Corporation
Crop Year Statistics for 2011
As of: February 13, 2012
Nationwide Summary - By Crop/State

Federal Crop Insurance Corporation
Crop Year Statistics for 2012
As of: February 13, 2012
Nationwide Summary - By Crop/State

State	Ins Plan	Pol Sold	Pol Earn Prem	Pol Indem	Units Earn Prem	Units Indem	Net Acres	Liabilities	Total Premium	Subsidy	Cost Share	State Sbsdy	Prem Dscnt	Indemnity	Loss Ratio
FRESH MARKET BEANS															
VIRGINIA	APH	18	0	0	0	0	0	0	0	0	0	0	0	0	.00
FRESH MARKET SWEET CORN															
VIRGINIA	DOL	2	0	0	0	0	0	0	0	0	0	0	0	0	.00
FRESH MARKET TOMATOES															
VIRGINIA	APH	6	0	0	0	0	0	0	0	0	0	0	0	0	.00
GRAIN SORGHUM															
VIRGINIA	RP	81	0	0	0	0	0	0	0	0	0	0	0	0	.00
	YP	121	0	0	0	0	0	0	0	0	0	0	0	0	.00
VIRGINIA Total		202	0	0	0	0	0	0	0	0	0	0	0	0	.00
GRAIN SORGHUM Total		202	0	0	0	0	0	0	0	0	0	0	0	0	.00
GRAPES															
VIRGINIA	APH	2	1	0	1	0	3	10,680	1,101	650	0	0	0	0	.00
NURSERY (FG&C)															
VIRGINIA	DOL	29	15	0	39	0	0	29,046,884	343,707	308,193	0	0	0	0	.00
OATS															
VIRGINIA	APH	[illegible]	[illegible]	0	15	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	.00
PASTURE,RANGELAND,FORAGE															
VIRGINIA	RAINF	298	266	0	1,101	0	53,494	4,003,927	403,524	211,189	0	0	0	0	.00

Using the Grid I

USDA United States Department of Agriculture

RMA Program Aid 2005

A Risk Management Agency Fact Sheet

Rainfall Index Pilot Program

November 2010

The Risk Management Agency is now offering pilot Basic Provisions for the Rainfall Index. These Basic Provisions replace the Group Risk Plan Basic Provisions for Rainfall Index insurance programs such as *Pasture, Rangeland, Forage* and *Apiculture*.

The Rainfall Index is based on National Oceanic and Atmospheric Administration (NOAA) Climate Prediction Center data. The database is the "Improved United States Precipitation Quality Control System and Analysis" and contains data from 1948 to the present. Multiple data sets, including weather, satellite, and radar data, are interpolated to 0.25 degrees latitude by 0.25 degrees longitude grids that smooth the data and address the problem of extreme variability of individual data sets and basis risk which results from being far from a precipitation data input source. Losses are calculated based on the deviation from normal precipitation for the grid and index interval(s). This insurance coverage is for a single peril—lack of rain. Coverage is based on the experience of the entire grid, and **NOT** individual farms or ranches or specific weather stations in the general area.

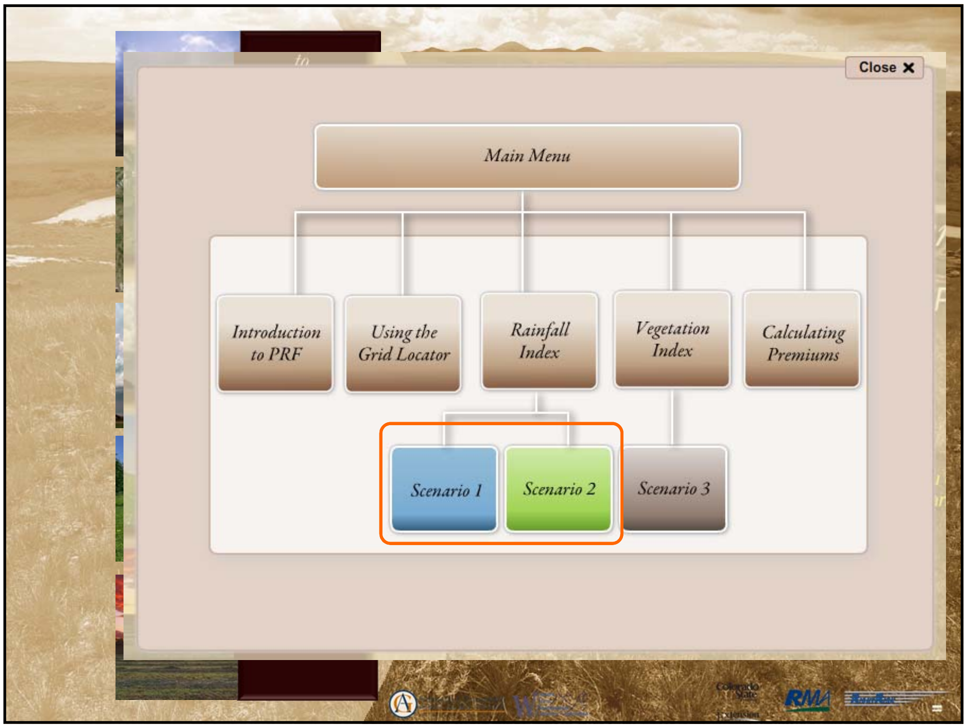
The precipitation data used for the Rainfall Index pilot program is data developed and maintained by NOAA, Climate Prediction Center, and is used by many government agencies and private entities. This data does not reflect the precipitation amounts measured at a specific weather station(s) within a given grid. The data is validated and reflects a smoothed result of nearby weather, radar, and satellite estimates to return a total estimate for the grid. The data set is the "Unified Rain Gauge Dataset" and goes through a rigorous set of quality control checks by Climate Prediction Center, including checks for extreme values, comparisons of observed amounts among nearby weather data sources, satellite data, and comparisons to NEXRAD data. **The outcome is a composite value for the entire grid that cannot be traced to a single point or data set**.

There are two different crop policies, *Pasture, Rangeland, Forage* and *Apiculture*, that use the Rainfall Index Basic Provisions. The Rainfall Index Basic Provisions and the specific crop provisions, along with other insurance documents, such as actuarial documents, together make up a complete insurance program. The program is available in six regions across the country to test the Rainfall Index in various climates, soils, and weather conditions: the warm and humid Southeast, the cool and humid Northeast, the Northern Great Plains, the Southern Great Plains, the semi-arid Southwest, and the intermountain region of the Northwest.

This insurance plan is designed as a risk management tool to insure against a decline in the Rainfall Index for a grid. It is possible for policyholders to have low production or low precipitation on their insured acreage and not receive an indemnity under the Rainfall Index plan of insurance. **The only insurable cause of loss for an Rainfall Index policy is having a final grid index less than the trigger grid index**. Because the program is designed for producers whose production and precipitation

This fact sheet gives only a general overview of the Federal 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.

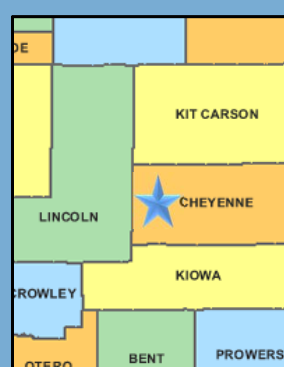
Copies from the Web

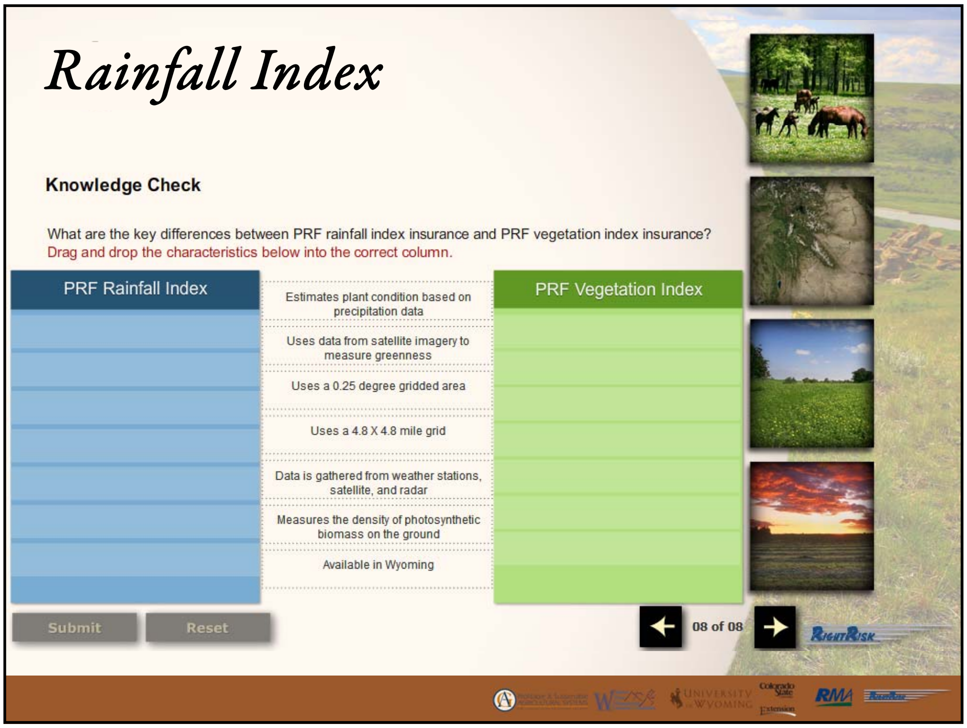


Scenario 1

The Timmerman Family Farm, LLC

Location	Cheyenne County, CO
Production details	• 2,492 acres (16 quarter sections) in non-irrigated crops (wheat/fallow, millet) • 1,240 acres in grazingland (60 cow/calf pairs) • 20 acres of homestead





Disaster Assistance Programs

- Supplemental Revenue Assistance (SURE)
- Livestock Forage Disaster Program (LFP)
- Livestock Indemnity Program (LIP)
- Emergency Livestock Assistance Program (ELAP)

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SURE Program

- Provides disaster assistance to farms/ranches:
  - In a county where a disaster is declared by the Secretary of Agriculture, or
  - In a county adjacent to a declared county, or
  - Have experienced a farm wide crop loss in excess of 50 percent of expected production
- To be eligible, producers must buy **crop insurance** or **Non-insured Disaster Assistance Program (NAP)** for all acres of economically significant crops
- An eligible farm/ranch disaster payment is linked to the dollar amount of crop insurance coverage the farm obtains

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Livestock Forage Disaster Program (LFP)

- Provides compensation to eligible livestock producers who have suffered grazing losses due to qualifying **drought** or **fire**
- To be eligible, producers must purchase **rangeland insurance** or **Non-insured Disaster Assistance Program (NAP)** for all forage acres

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Livestock Indemnity Program (LIP)

- Provides payments to eligible livestock owners and contract growers for livestock death losses in excess of normal mortality due to adverse weather
- Does **NOT** have a risk management purchase requirement for program benefit eligibility
- Payments are based on eligible losses due to adverse weather conditions

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ELAP Program

- ELAP covers losses **NOT** covered under other disaster assistance programs: SURE, LFP, or LIP
- Payments are limited to $100,000 per year per person or legal entity, a combined limit with SURE, LFP, and LIP

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ELAP Program cont.

- Covered losses include:
  - **Grazing losses** due to adverse weather or eligible loss conditions
  - **Loss of forage or feedstuffs raised** by livestock producers
  - **Cost of transporting additional feed** to eligible livestock
  - **Costs of purchasing additional feed** above normal quantities
  - **Payments for death loss** above normal mortality rates
  - Loss of feed intended for honeybees or farm-raised fish.
  - Honeybee colony or hive losses due to **colony collapse disorder**
  - Losses due to fish deaths from weather or eligible loss conditions
  - Livestock, honeybee or farm-raised fish losses that are not related to adverse weather or eligible loss conditions

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ELAP Program cont.

- ELAP has a **risk management purchase requirement**:
  - To be eligible for ELAP payments, producers on a farm or ranch must purchase insurance for each insurable crop excluding grazing land.
  - For non-insurable crops, producers must purchase NAP coverage when available, except grazing lands.
  - Persons without insurance or NAP coverage may be exempt from the risk management purchase requirement if they are socially disadvantaged, limited resource, or a beginning farmer or rancher

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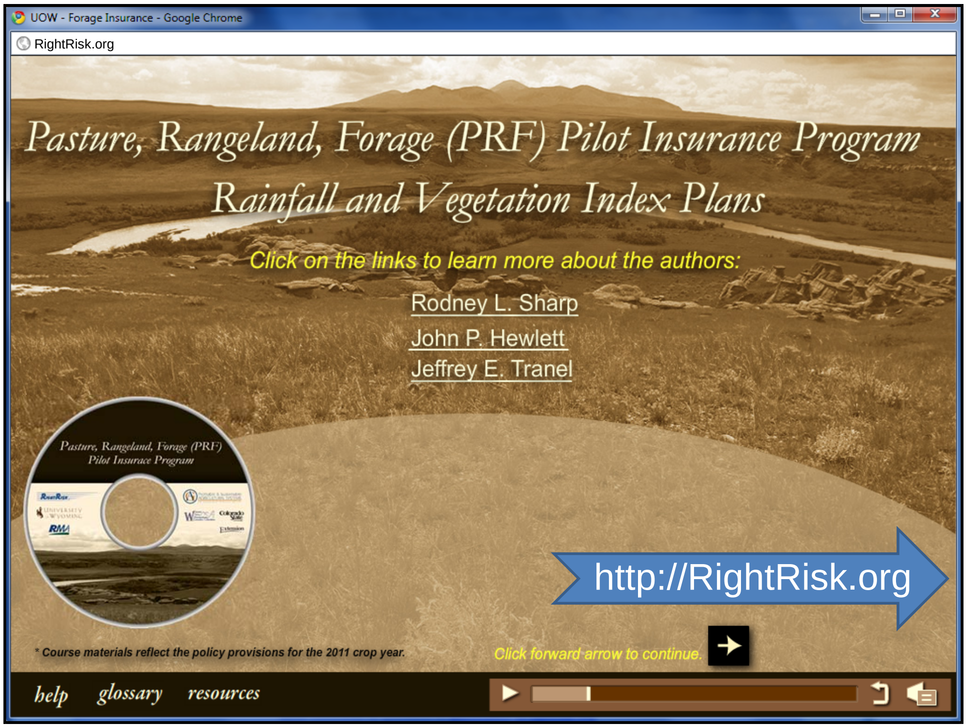

UOW - Forage Insurance - Google Chrome
RightRisk.org
Pasture, Rangeland, Forage (PRF) Pilot Insurance Program
Rainfall and Vegetation Index Plans
Click on the links to learn more about the authors:
Rodney L. Sharp
John P. Hewlett
Jeffrey E. Tranel
Pasture, Rangeland, Forage (PRF) Pilot Insurance Program
http://RightRisk.org
* Course materials reflect the policy provisions for the 2011 crop year.
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glossary
resources

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Insuring Success for Wyoming Agriculture 2006
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Getting on Track: Better Management Through Basic Ag Records
Insuring Success for Wyoming Agriculture 2006
Feasibility of Alternative Rural Enterprises Course
A LASTING LEGACY
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STRATEGIC RISK MANAGEMENT
TACTICAL
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Step 3: Establish Risk Goals
Step 4: Determine Risk Sources
Step 5: Identify Management Alternatives
Step 6: Estimate Likelihoods
Step 7: Rank Management Alternatives
RiskNavigator SRM
A ten-step strategic risk management program for agricultural practioners
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Financial Assets Real Estate
Personal Poss of Emotional
Instructions and Wishes to be Fulfilled
Legacy
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Questions??
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