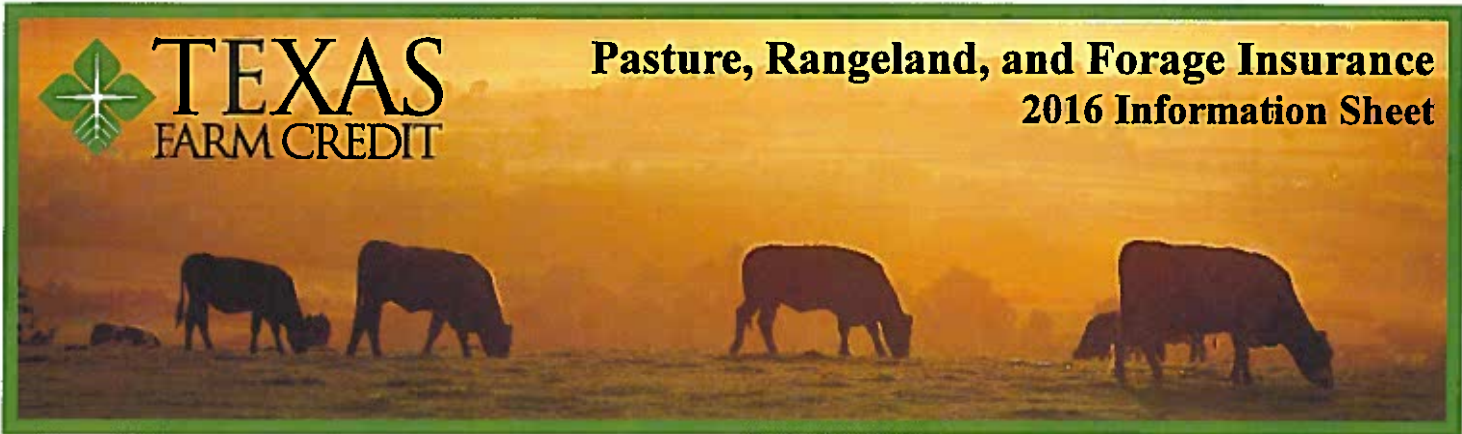




Pasture, Rangeland, and Forage Insurance 2016 Information Sheet



Pasture, Rangeland, and Forage (PRF) insurance is a flexible risk management tool developed by USDA's Risk Management Agency (RMA) and reinsured by the Federal Crop Insurance Corporation (FCIC). Losses are paid when calculated precipitation during a specific time period (2-month interval) in a specific area (approximately 12 x 12 mile grid) falls below a selected percentage of historic average precipitation for that time period and area. Indemnities (payments) are based on final precipitation conditions in an entire grid, not on a specific property within that grid. Individuals select the intervals they would like to insure as well as the number of acres to insure during each interval. PRF is available in every county of all lower 48 states.

Why Participate?

Drought poses a risk to any livestock grazing or haying operation. PRF offers landowners and/or lessees the ability to transfer some of that risk and, at the same time, cover costs such as extra feed, rent, or restocking. RMA covers as much as 59% of the premium, making this program very affordable. Furthermore, in an industry such as ranching, where most investments have returns of less than 10%, PRF has proven to be a great opportunity to exceed those returns considerably.

Why Purchase From Texas Farm Credit?

Premium rates are set by RMA, so the only difference between PRF insurance agencies is Service. As part of the Farm Credit system, Texas Farm Credit understands production agriculture and has proudly served this industry since 1933. In order to better serve our customers, we have developed a tool that allows us to provide a personalized, advanced analysis of possible PRF scenarios for each individual. Our team of experts works diligently to ensure that our customers clearly understand the program. We also provide timely communication throughout the year.

How is precipitation calculated?

Rainfall data collected at official National Oceanic and Atmospheric Administration (NOAA) stations is combined to calculate an official precipitation amount for each 2-month interval in each grid. For all grids, which measure exactly .25° latitude x .25° longitude and do not follow state or county boundaries, rainfall data collected since 1948 is used to calculate average precipitation during each 2-month interval.

PRF Grids (red lines) cover the United States





What decisions do I have to make in order to sign up?

- **Number and location of acres:** You can insure all or part of the land you own or lease. FSA Farm Numbers are required to prove acres and ownership/lease. All property falls into one or more grids. Noncontiguous acreage in different grids and/or counties must be insured in the grid in which they are located. Contiguous acreage that extends into different grids and/or counties may be combined into one grid.
- **Type of Acres:** Acres can be insured as pasture, irrigated hay, or nonirrigated hay (irrigation practice must be specified)
- **Coverage Level:** This represents the percentage of historic average rainfall you would like to insure, ranging from 70-90%. The final grid index for a grid must come in below the selected coverage level in order to trigger a payment.
- **Protection Factor:** This ranges from 60-150% and allows individualization based on how productive a property is compared to average property in that county.
- **Intervals:** These are the specific 2-month periods during which data is collected in order to calculate the average and final grid indices. You can be insured in as few as 2 intervals and as many as 6 intervals per year in each grid.

What are some key benefits of PRF?

- **Straightforward:** There are no reporting or record-keeping requirements for PRF. After you provide FSA farm numbers, make your decisions, and complete an application, your paperwork is essentially done. Payments are calculated based on the selected coverage level and paid automatically.
- **No Limits:** Unlike traditional crop insurance, PRF does not have gross adjusted income or payment limits.
- **Independent Intervals:** Each 2-month interval is independent of any other interval. This means above average rainfall in one interval won't affect payments in another interval.

What is the PRF timeline?

The PRF Crop Year is January 1 – December 31. The Signup Deadline is November 15 (prior to the beginning of the Crop Year), and premiums are billed September 1 and due in full on September 30 (during the Crop Year). Renewal season runs from September 1 - November 15 of each year. Any payments are received after RMA releases final grid indices, which generally happens 60 days after the last day of an interval (Ex: May 1 for the Jan-Feb interval).

*This is an informational document only; results will vary for each individual.
Please contact Jen Livsey at Texas Farm Credit for more information.*

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