# Pasture, Rangeland, and Forage: How does it work?

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Pasture, Rangeland, and Forage (PRF) crop insurance helps reduce risk for producers who grow forage for their animals or for sale. It covers only the lack of precipitation, making it a "single peril" insurance product. PRF requires very little reporting: when the rainfall (or snowfall)[i] level in your area falls below average, you automatically receive an indemnity check. The sales closing date is November 15th, 2018. This leaves farmers a short time to learn about the policy and decide whether it would help their farms. The following are some of the basics of the policy. To illustrate, I have included as an example the details of my own PRF policy, which insures my farm in Groton, NY.

**Steps to insuring with PRF**

PRF is considered a "Group Policy" which means there are <u>no</u> requirements for a farm's actual production history. The first step is to identify on a map the "grid" where your farm is located. Find your grid using the USDA Risk Management Agency (RMA) PRF Support Tool at [https://prodwebnlb.rma.usda.gov/apps/prf#](https://prodwebnlb.rma.usda.gov/apps/prf#) or by talking with a crop insurance agent. A typical rural NY county contains all or part of 4-6 grids. Once you know your grid number:

- Identify your insured "guarantee" by using county rates for the hay or pasture. In Tompkins county, those rates are $285/acre for hay or $66/acre for pasture. Multiply the farm's forage acres by those rates to find your guarantee.
- Choose a "Productivity Factor." This allows a producer to be compensated at above or below the county rates. You may choose a productivity factor between 60% and 150%. For example, if your farm is certified organic you may wish to increase the value of the forage from $285/acre to $427/acre by choosing a 150% productivity factor. The higher the productivity factor, the higher the cost of insurance and also the higher the indemnity payments.
- Choose the months when the coverage is in place. You must select at least 2, 2-month intervals of coverage. You may choose to have coverage year round. Select which percent of your guarantee you can receive in each interval so that the 'percents' add up to 100.

- Select the "trigger" precipitation level for the intervals chosen. This is the percentage of average precipitation that will trigger an indemnity payment. The National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC) average precipitation (based on the past 67 years) is designated as 100. A trigger level of 80 during a given interval would result in an indemnity payment if rainfall in your grid is 20% below the average level over that interval.

Producers do not have to insure all acres, but cannot insure more than total number of insurable acres. Insurance payments are determined by using NOAA CPC data for your grid over the intervals that you choose to insure. If the precipitation level in your grid falls below your chosen trigger level, you may receive an indemnity. Coverage is based on the experience of the entire grid. **It is not based on individual farms or ranches or specific weather stations in the general area. If your grid experiences higher rainfall than your farm, it is possible to not receive an indemnity even though you experience low rainfall on your farm.**

**Example: Benson Farm**

- I have 90 acres of pasture which can also be harvested for hay. I chose to cover it at the Hay Value so my guarantee would be: 90 acres X $285/acre = $25,650
- I used a productivity factor of 100, which did not raise or lower the county value, keeping it at $285
- I wanted to have year round coverage so I put 15% of my guarantee in to each interval starting with the January/February except the May/June where I put 25%. The total was 100%.
- I chose the highest "trigger" level of 90. If any of the intervals have a precipitation of less than 90% of average rainfall, I will receive an indemnity check.

The total cost of this policy is $2,335. However, I do not pay that full amount because USDA shares the cost as a way to encourage participation. For my policy, the premium subsidy is 51%, which brings down my cost to $1,144.

I have used PRF for the past 6 years. Most years I don't get many indemnity payments. The exception was last year when it helped the bottom line for my farm immensely. That is the goal of crop insurance: it's better to have a normal year where your crops yield well, but in those years when the weather just doesn't provide a farm with good growing conditions, it's nice to have insurance to keep from experiencing a disaster. PRF can help you buy feed for your animals from elsewhere or just keep your finances afloat.

**Enrollment Deadline: November 15, 2018**

All transactions and policy contracts need to be completed by a certified Crop Insurance Agent. These agents are also an excellent source of information about this policy. To find an agent see the information below.

**List of Crop Insurance Agents: https://www.rma.usda.gov/tools/agent.html**

**USDA/RMA Website, Forage: https://www.rma.usda.gov/en/RMA-Insurance/General-Policies/Pasture-Rangeland-Forage**

**USDA/RMA Website, Apiculture: https://www.rma.usda.gov/policies/ri-vi/apiculture.html**

Contact Fay at afb3@cornell.edu or (607)-391-2660

[i] This article will use rainfall as shorthand to refer to all forms of precipitation.

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