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Pasture, Rangeland and Forage (PRF)

Sales Closing Date: September 30th
Acres Reporting Date: November 15th

PRF Overview

The Pasture, Rangeland and Forage policy (PRF) is a FCIC reinsured risk management tool offered by ARMtech for farmers and ranchers who rely on pasture, rangeland, or forage for haying and/or grazing. It offers coverage for a significant reduction in either the vegetative index or rainfall amount in a given geographic area (or grid) containing the insured property. It is NOT based on individual farms or ranches or specific weather stations in the general area.

Both grazing land and hay land utilized for forage production may be insured. The policy is based on the experience of each grid to determine indemnities rather than individual farms or ranches. It indemnifies the insured in the event a grid's accumulated index (either vegetative or rainfall) is below the insured's "trigger grid index" (coverage level multiplied by the expected grid index) for the period of insurance. This coverage is offered for landlords and tenants, as well as an owner/operators.

PRF Availability

Alabama, Arizona, California, Colorado, Florida, Georgia, Idaho, Kansas, Missouri, Montana, Nebraska, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Virginia and Wyoming. Not all counties are included so please ask your agent for specific county availability.

Vegetation Indexing Methodology

The Vegetation Index uses data from the US Geological Survey Earth Resources Observation and Science data center called the Normalized Difference Vegetation Index (NDVI). This is another measure of the vegetation greenness and is used to estimate plant condition on approximately 4.8 x 4.8 mile grids. The data is a measure of all vegetation in a grid, not a measure of your production. You may select one or more 3-month index intervals that represent your pasture, rangeland or forage practices.

Losses are based on the difference between the normal NDVI data and the actual grid index during the index interval you have selected. When the final grid index falls below your "trigger grid" you will receive a loss payment.

Rainfall Indexing Methodology

The Rainfall Index is based on the National Oceanic and Atmospheric Administration (NOAA) rainfall data in a 12 x 12 mile grid. You must select at least two 2-month index intervals where rain is important to your operation.

Losses are based on the actual rainfall in the grid and how it differs from normal rainfall within the grid and index interval(s) you selected.

Coverage is for a single peril—lack of rain.

PRF Coverage Levels

Levels of coverage are 70, 75, 80, 85 or 90% with premium rates stated in dollars per one-hundred dollars of protection.

Non-contiguous acreage located in a single grid is combined and insured as a single unit even though they are non-contiguous and the point of reference identifies the Grid ID for all insured acreage. However, a separate point of reference must be selected for each acreage and a FSA farm serial number, tract number and field number for the acreage must be provided on the acreage report.

PRF Indemnity

At the end of the insurance period FCIC issues a final grid index. When the final grid index falls below your “trigger grid index” you will receive a loss payment.

Calculating Indemnities

Payment Calculation Factor

$$\frac{(\text{trigger grid index} - \text{final grid index})}{\text{trigger grid index}}$$

Indemnity Payment

$$\text{Payment calculation factor} \\ \times \text{Policy Protection per unit}$$

PRF Definitions

Trigger Grid Index—will equal the coverage level selected.

Final Grid Index—

- For Rainfall it will be determined by FCIC based on the NOAA’s current .25 degree grid precipitation data for each grid ID and index interval during the crop year, expressed as a percentage.
- For Vegetation it will be determined by the FCIC based on the current NDVI values for each grid ID and index interval during the crop year expressed as a percentage.

NOAA—National Oceanographic and Atmospheric Administration

NDVI—Normalized Difference Vegetation Index, which is a measure indicating the density of photosynthetic biomass on the ground, resulting from the processing of satellite imagery.

Policy Protection Per Unit—The result of multiplying the dollar amount of protection per acre, by your insured acres, by your share for the unit.

Indemnity Example for Rainfall

At the end of the insurance period, the FCIC issues a final grid index for the insured grids. A payment is made only if the final grid index for the insured unit is less than the trigger grid index, regardless of the individual’s actual precipitation in that index interval.

So, if the final grid index is 60 and the trigger grid index selected was 85, the indemnity is calculated as follows assuming the insured owns 100% of the acreage:

$$\text{Payment Calculator Factor : } \frac{(85-60)}{85} = .294$$

$$\text{Indemnity Payment : } .294 \times \$450 = \$132$$

Indemnity Example for Vegetation

At the end of the insurance period, the FCIC issues a final grid index for the insured grids. A payment is made only if the final grid index for the insured unit is less than the trigger grid index, regardless of the individual’s actual precipitation in that index interval.

So, if the final grid index is 55 and the trigger grid index selected was 75, the indemnity is calculated as follows assuming the insured owns 100% of the acreage:

For More Information

This summary is for general illustration purposes only.

Consult your crop insurance agent to obtain specific information regarding practices, options, planting dates and appropriate deadlines. **READ THE POLICY PROVISIONS BEFORE MAKING YOUR DECISION ON PRF OR OTHER LIVESTOCK INSURANCE PRODUCTS. POLICY PROVISIONS ARE AVAILABLE FROM YOUR INSURANCE AGENT.**

ARMtech Insurance Services, Inc. is an equal opportunity provider.
