

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 rainfall or vegetation in the insured area falls below a chosen percentage of average (i.e trigger index). Insurance is based on final measurements in an entire grid (based on a 12 mile by 12 mile grid system), NOT on a specific property within that grid. Individuals select the time periods they would like to insure as well as the acreage to insure during each time period.

### Why Participate?

Drought poses a risk to any 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. FCIC 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 earning rates considerably. Additionally, participation in PRF also makes the insured eligible for various FSA disaster programs.

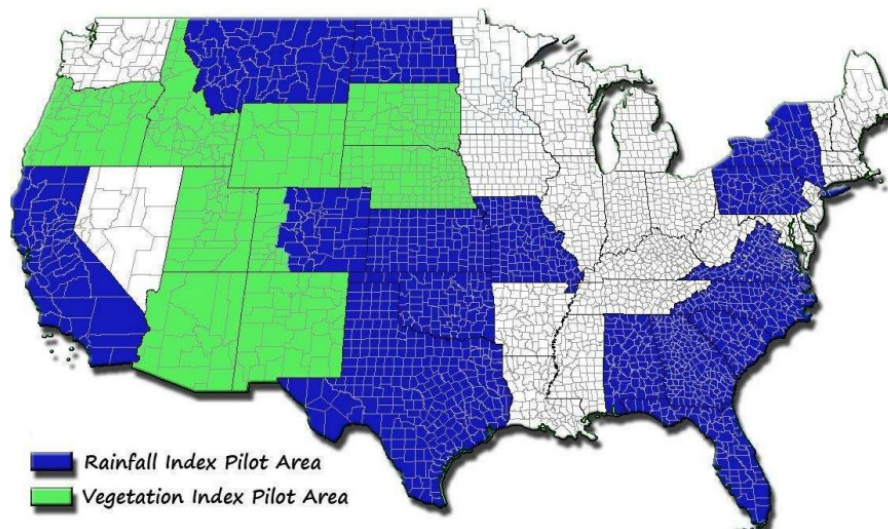
### Why Purchase From Texas AgFinance?

Premium rates are set by RMA, so the only difference between PRF insurance agencies is Service. As part of the Farm Credit system, Texas AgFinance 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 and to provide timely communication throughout the year.

### How does PRF Work?

PRF uses two separate provisions to calculate returns - the Rainfall Index (RI) and the Vegetation Index (VI). The basic principles of the PRF program are the same for both provisions.

Pasture, Rangeland Forage - 2011 Crop Year County Availability  
by Insurance Plan



### Rainfall Index

This provision uses National Oceanic and Atmospheric Administration (NOAA) precipitation data that is normalized across 12 X 12 mile grids. Historical data is used to calculate average precipitation, known as the expected grid index. Indices occur in 2-month intervals. Two to six non-overlapping intervals must be chosen, and each selected interval may contain between 10-50% of the insured acres. Losses are payable when the final grid index is less than the designated trigger index.

### Vegetation Index

This provision uses the Normalized Difference Vegetation Index (NDVI) from the U.S. Geological Survey data center. NDVI is a measure of vegetation greenness and is used to estimate plant condition in 4.8 X 4.8 mile grids. The average NDVI value is expressed as 100% and is known as the expected grid index. Indices occur in 3-month intervals. One or more intervals may be chosen. Losses are payable when the final grid index is less than the designated trigger index.

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

- **Acreage:** Individuals can insure all or part of their property. FSA Farm Numbers or Lease Agreements are required to prove ownership and interest. All property falls into one or more grids. Grid numbers can be found on the RMA website. 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 a single grid ID using one point of reference for all of the acreage.
- **Coverage Level:** This ranges from 70-90% of average rainfall or vegetation index, and is the percentage of average below which payments are received.
- **Protection Factor:** This ranges from 60-150% and allows individualization based on the property's productivity in comparison to the county average.
- **Index Intervals:** These are the specific time periods during which data is collected to calculate the expected and final grid indices.

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### What are some key benefits of PRF?

- **Straightforward:** There are no reporting or record-keeping requirements for PRF. After an individual signs up, their paperwork is essentially done. Claims are then calculated based on chosen coverage and paid automatically.
- **No Limits:** Unlike traditional crop insurance, PRF does not have gross adjusted income or payment limits.
- **Independent Intervals:** Final grid indices in one interval are independent of final indices in any other interval. This means that high rainfall during one interval won't affect claims in another interval.

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### What is the PRF timeline?

The PRF Crop Year is January 1 – December 31. The Closing Date is September 30 (prior to the beginning of the Crop Year), and premiums are due July 1 (during the Crop Year). Any payments are received when RMA releases final grid indices, which generally happens 60 days after the last day of an index interval.

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*This is an informational document only and results will vary for each individual. Please contact Jen Livsey at Texas AgFinance for more information. [Jen.Livsey@texasagfinance.com](mailto:Jen.Livsey@texasagfinance.com) or 719-659-2494.*

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