PASTURE, RANGELAND, AND FORAGE (PRF) RAINFALL INDEX

American Bank & Trust

Rainfall Index (RI) policies include Pasture Rangeland, and Forage (PRF), Annual Forage (AF), and Apiculture (API). RI plans are group policies meaning individual losses are NOT covered. The index associated with your crop and grid determines your indemnity.

Rainfall indices use weather data from NOAA's Climate Prediction Center. Each grid is 0.25 latitude by 0.25 longitude (approximately 12 miles by 17 miles).

Eligible policyholders include owners, operators, landlords, and tenants. Coverage levels range from 70-90% in 5% increments and protection factors range from 60-150%.

The FCIC issues a final grid index for insured grids at the end of the insurance period. The final grid index is based on precipitation received during the index interval for the selected grid, and is expressed as a percentage. An index of 100 represents average precipitation, an index below 100 represents below average precipitation, and an index above 100 represents above average precipitation. The trigger grid index is result of multiplying the expected grid index by the coverage level.

You will receive a payment only when the final grid index is less than the trigger grid index, regardless of your actual individual experience.

Rainfall PRF

Rainfall PRF covers pasture, rangeland or forage for perennial haying (including certified and transitional organic irrigated hay practices) and/or grazing purposes. It was designed to help protect a producer's operation from the risks of forage loss due to the lack of precipitation. PRF is available in all counties in the 48 contiguous states. Noncontiguous acreage in a grid must establish a point of reference by intended use (grazing or haying), irrigation practice, and organic practice.

PRF Rainfall Index

Rainfall PRF plans cover a decline in rainfall indices. To qualify, select at least two rainfall intervals per year. The intervals cannot overlap. Jan – Feb, Feb – Mar, Mar – Apr, Apr – May, May – Jun, Jun – Jul, Jul – Aug, Aug – Sept, Sept – Oct, Oct – Nov, Nov – Dec.

Calculating an Indemnity

In this Rainfall PRF example, assume the final grid index is 60, the County Base Value (CBV) is $250, the coverage level is 90%, the protection factor is 120% and the trigger grid is 90. The insured has a 100% share.

CBV x coverage level x protection factor = protection
$9.60 x 90% x 120% = $270 per acre

(Trigger grid – final grid) / trigger grid = factor
(.90-60) / 90 = .333

Factor x protection x share = indemnity
.333 x $270 per acre x 100% share = $89.91 per acre

CONTACT OUR CROP & LIVESTOCK INSURANCE TEAM TO HELP DECIDE IF THIS COVERAGE IS RIGHT FOR YOU, OR IF YOU HAVE ANY QUESTIONS.

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