

Pasture, Rangeland, Forage Pilot Insurance Program

November 2010

The Risk Management Agency has modified the Pasture, Rangeland, Forage Pilot Insurance Program, which uses two separate Basic Provisions; the Rainfall Index Basic Provisions and the Vegetation Index Basic Provisions. Basic provisions are the terms and conditions included in all policies under these plans. These innovative pilot programs are based on vegetation greenness and rainfall indices, and are designed to give forage and livestock producers the ability to buy insurance protection for losses of forage produced for grazing or harvested for hay.

The original Pasture, Rangeland, Forage Program was designed as a risk management tool for the 588 million acres of pastureland and the 61.5 million acres of hayland in the United States. In 2007, Pasture, Rangeland, Forage insurance was available for testing in selected States. The program has been expanded and revised for the 2009 crop year. The Risk Management Agency has replaced its Group Risk Plan Basic Provisions with the Rainfall Index and Vegetation Index Basic Provisions. The new basic provisions will be applied to all Pasture, Rangeland, Forage crop policies.

The Pasture, Rangeland, Forage Pilot Insurance Programs are only available in selected States and counties. To test each index in various climates, soils, and weather conditions, these pilot programs are available in six regions across the country: the warm and humid Southeast, the cool and humid Northeast, the Northern Great Plains, the Southern Great Plains, the semi-arid Southwest, and the intermountain region of the Northwest. You can see the States and counties where the Rainfall Index and the Vegetation Index pilot programs are available at: <http://www.rma.usda.gov/policies/pasturerangeforage/2011availabilitymap.pdf>

The [Rainfall Index](#) uses National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC) data and each grid is 0.25

degrees in latitude by 0.25 degrees in longitude. You must select at least two, 2-month time periods where rain is important to your operation in your area. These time periods are called index intervals. Your insurance payments will be calculated using NOAA CPC data for the grid(s) and index interval(s) you have chosen to insure. When the final grid index falls below your “trigger grid index” (coverage level multiplied by the expected grid index), you may receive a loss payment. This insurance coverage is for a single peril—lack of rain. **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.** (You can find more detailed information at the NOAA Web site: http://www.cpc.ncep.noaa.gov/products/outreach/research_papers/ncep_cpc_atlas/7/toc.html)

The [Vegetation Index](#) uses data from the U.S. Geological Survey Earth Resources Observation and Science data center called the *Normalized Difference Vegetation Index (NDVI)*. The NDVI is a measure of vegetation greenness and is used to estimate plant condition in approximately 4.8 x 4.8 mile grids. This index is not a direct measure of your production. It is a measure of all vegetation in a grid. In general, the healthier the plants in a given grid, the higher the NDVI value will be. With this insurance plan, you may select one or more 3-month time periods that represent your pasture, rangeland, or forage practices. These time periods are called index intervals. **Coverage is based on losses within the 4.8 x 4.8 mile grid rather than on an individual producer’s losses.** Losses for the Vegetation Index are paid based on the difference between the normal NDVI data (expected grid index) and the actual grid index experience during the index interval(s) you have chosen to insure. When the final grid index falls below your “trigger grid index” (coverage level times the expected grid index), you may receive a loss payment.

The process of developing these products included determining the value of forage for

grazing and haying for each county in the program. RMA and its partner used USDA Farm Service Agency Grassland Reserve Program prices for grazing land, USDA National Agricultural Statistics Service State hayland rates, U.S. Geological Survey land-cover estimates, and regional forage and hayland values determined by experts to establish a county base value for each location.

While developing these new insurance products, the Risk Management Agency considered public land versus private land, warm- and cool-season plants, different grazing patterns, and various forage species representing a wide range of relative feed values.

Pasture, Rangeland, Forage insurance was designed for maximum flexibility. You are not required to insure all your acres, but you cannot exceed the total number of grazing or haying acres you operate. This allows you to insure only those acres that are important to your grazing program or hay operation. By selecting a Protection Factor, you can establish a value between 60 and 150 percent of the County Base Value and match the amount of your protection to the value of forage that best represents your specific grazing or hay operation, as well as the productivity of your land.

You will be asked to make several choices when insuring your grazing or hay production, including coverage level, index intervals, protection factor, and number of acres. You should work with your crop insurance agent to view the Grid ID Locator map and index grids for your area, and assign acreage to one or more grids based on the location and use of the acreage to be insured. **The Vegetation and Rainfall indices do not measure your direct production or loss.** You are insuring a rainfall or vegetation index that is expected to estimate your production. **Please review the historical indices for your area to make sure that this product will be helpful to you.**

The Pasture, Rangeland, Forage Rainfall Index and Vegetation Index pilot programs are being tested in select counties and States. You can view a map and a list of the counties and States where each index is available at: <http://www.rma.usda.gov/policies/pasturerangeforage>.

Please visit your crop insurance agent for more information. If you do not have an agent, you can find one online using the RMA agent locator at: <http://www.rma.usda.gov/tools/agent.html> or at any USDA Service Center.

Contact Us

USDA/RMA

Mail Stop 0801

1400 Independence Ave., SW

Washington, DC 20250-0801

Web site: <http://www.rma.usda.gov>

E-mail: rma.cco@rma.usda.gov

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