

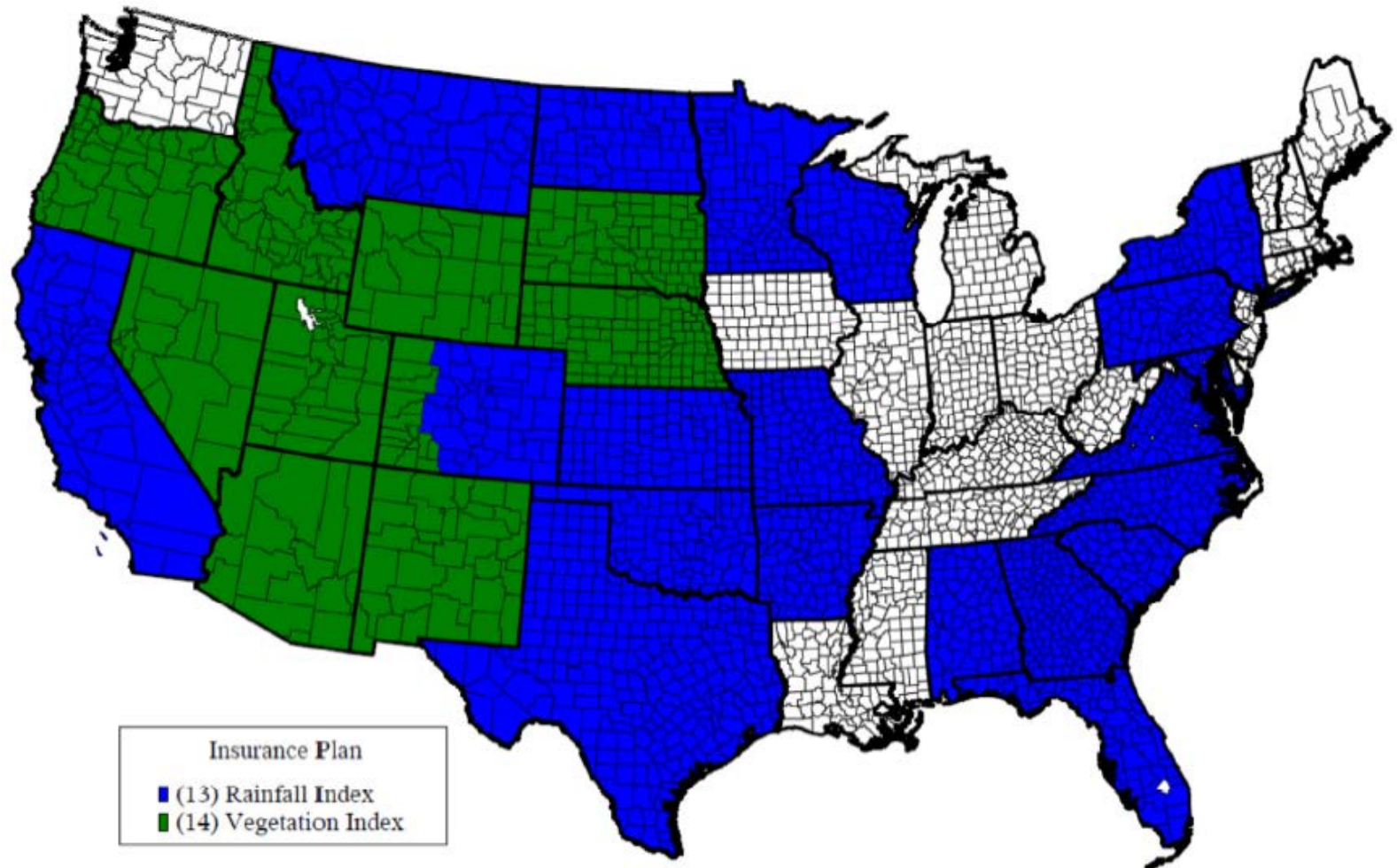
# **PASTURE, RANGELAND AND FORAGE (PRF)**



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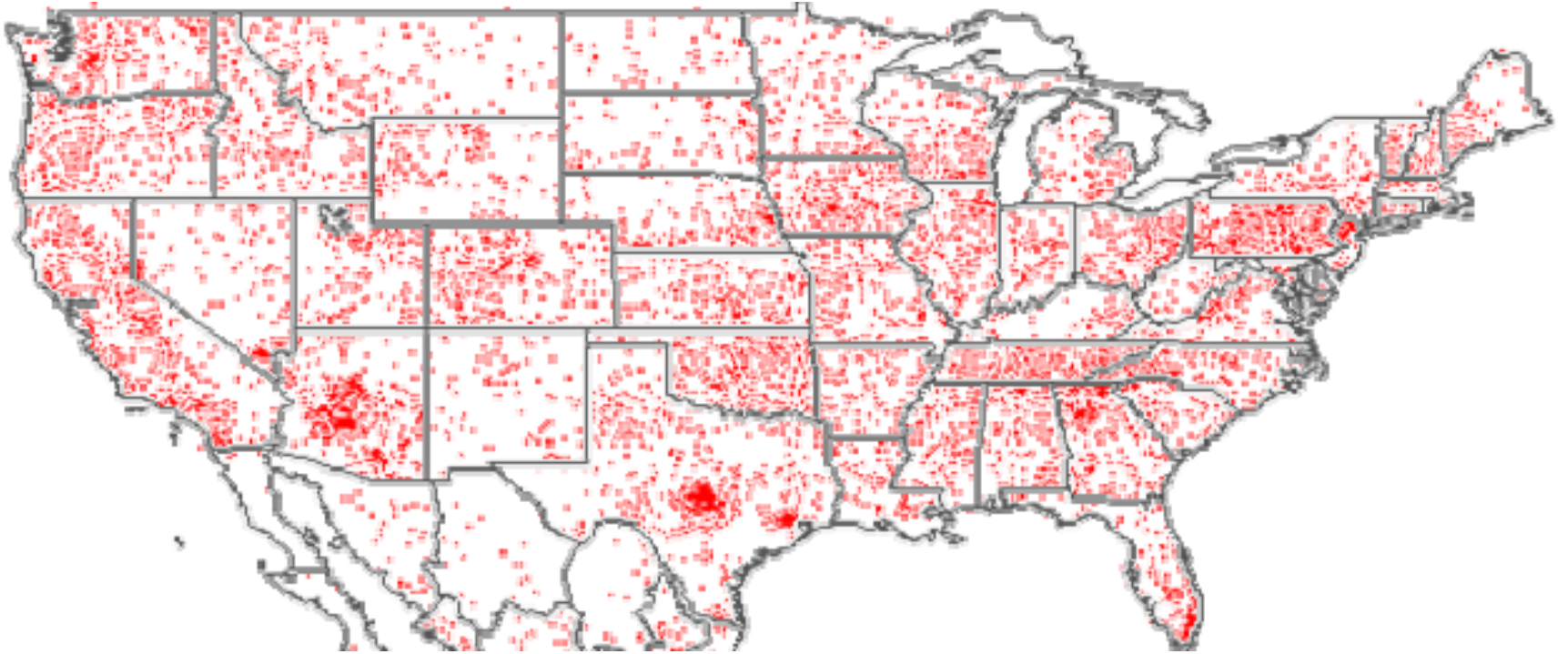
Federally subsidized insurance program offered by RMA  
designed specifically for hay and livestock producers.

2012 and Succeeding Crop Years - Pasture, Rangeland, Forage Availability





# Rainfall Index Precipitation Measurement

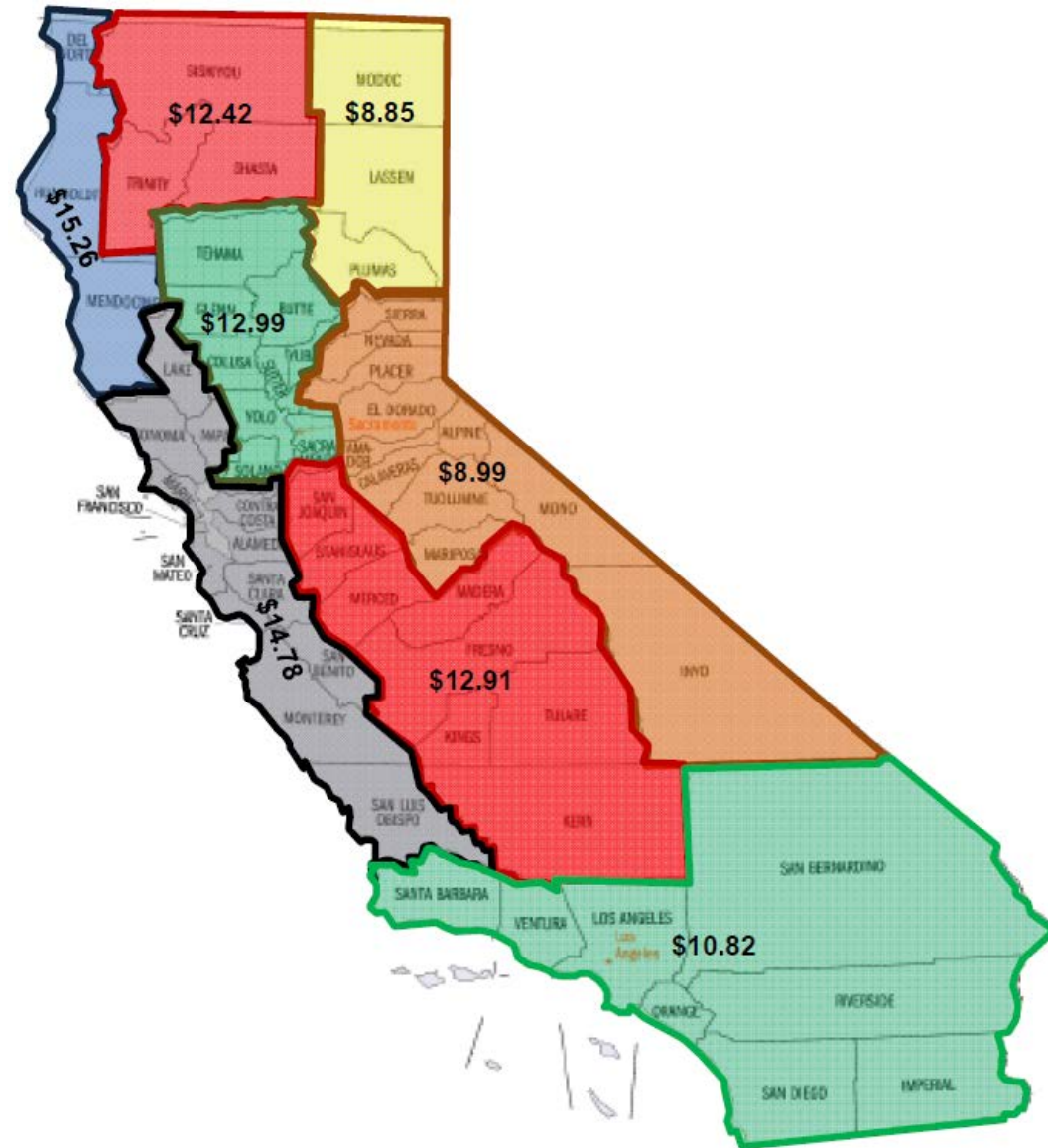


There are over 9,000 NOAA Weather Stations across the country

It is Impossible to accurately monitor the precipitation every ranch actually receives using this system

It is possible to create an index and monitor the precipitation an area receives relative to history

# 1 - Type and Location of Land



➤ **PRF Coverage Is Available for Pasture/Rangeland and any Perennial Hay Crop**

➤ **PRF Coverages Are Based On Range Values Established By FSA For The “NAP” Program (Non-Insurable Assistance Program)**

**Protection Factor – Gives You The Ability To Increase The County Base Value To More Accurately Reflect The Value Of Your Land up to 150%**

# 1 - Type and Location of Land



## Rainfall Index (RI)

- RI Is Based On Historical Rainfall Experience In a Small Area Called a Grid
- RI Grids are approx 12 X 12 Miles
- Measurement of relative precipitation since 1948
- Average Rainfall = 100%
- Premiums & Losses Are Calculated On Individual Grid.

# Coverage Level

- **PRF Coverage Levels Range From 70% – 90%**
- **Coverage Levels Are Also Known As The “Trigger Level”**
- **When Index Values Fall below The Coverage Level An Indemnity Will Be Triggered.**
- **RMA Offers Several Different Subsidy Levels**

| <b>COVERAGE LEVELS AND SUBSIDY RATES</b> |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| <b>COVERAGE LEVEL</b>                    | <b>90%</b> | <b>85%</b> | <b>80%</b> | <b>75%</b> | <b>70%</b> |
| <b>RMA SUBSIDY</b>                       | <b>51%</b> | <b>55%</b> | <b>55%</b> | <b>59%</b> | <b>59%</b> |

# STEP 3 – Spreading Coverage Over The Year



**Each 60 Day Interval Acts Like a Mini Insurance Period...Experience in One Interval Does Not Effect Another**

**Depending on the county summer intervals may not be available for coverage**



|  |                                   |  |  |  |                                   |  |  |  |                                   |  |  |
|--|-----------------------------------|--|--|--|-----------------------------------|--|--|--|-----------------------------------|--|--|
| <u>Entity</u><br><b>Susanville, CA</b> |                                   |  | <u>Ranch Name</u><br><b>Susanville, VA</b> |  |                                   |  | <u>Quote</u><br><b>1 of 1 Historic</b> |  |                                   |  |  |
| <u>Quote Year</u><br><b>2011</b>       | <u>State</u><br><b>CALIFORNIA</b> |  | <u>County</u><br><b>Lassen</b>             |  | <u>Crop</u><br><b>Grazingland</b> |  | <u>Grid</u><br><b>24338</b>            |  | <u>Prod. Factor</u><br><b>150</b> |  |  |

Acres: 1000  
 Base Value: \$8.85  
 \$ Cov./Acre: \$11.28  
 Prem/Acre: \$1.38  
 Subsidy/Acre: \$1.68

Total Coverage: \$11,283.75  
 Tot/Prem: \$3,060  
 Total Subsidy: \$1,683  
 Prod. Premium: \$1,377  
 Subsidy Rate: 12%

Prod. Factor: 150  
 Cov. Level: 85%  
 Start Year: 1998  
 End Year: 2010

|             |     |     |     |     |     |     |     |     |     |      |      |             |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|------|-------------|
| Interval #: | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | Total: 100% |
| % Acres:    | 30% | 0%  | 20% | 0%  | 10% | 0%  | 0%  | 0%  | 20% | 0%   | 20%  |             |

| Year | Jan/Feb | Feb/Mar | Mar/Apr | Apr/May | May/June | June/July | July/Aug | Aug/Sep | Sep/Oct | Oct/Nov | Nov/Dec | Blended | Out Pckt |
|------|---------|---------|---------|---------|----------|-----------|----------|---------|---------|---------|---------|---------|----------|
| 1998 | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00   | \$0.00    | \$2.69   | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$1.38   |
| 1999 | \$0.00  | \$0.00  | \$3.28  | \$2.07  | \$4.47   | \$5.95    | \$6.86   | \$0.93  | \$0.00  | \$1.53  | \$8.27  | \$2.76  | \$0.00   |
| 2000 | \$0.00  | \$0.00  | \$1.25  | \$0.00  | \$4.39   | \$9.52    | \$10.31  | \$4.96  | \$1.63  | \$4.37  | \$8.54  | \$2.72  | \$0.00   |
| 2001 | \$5.84  | \$1.47  | \$0.44  | \$5.64  | \$11.23  | \$7.01    | \$2.85   | \$8.19  | \$8.03  | \$0.00  | \$0.00  | \$4.57  | \$0.00   |
| 2002 | \$7.22  | \$8.76  | \$7.61  | \$6.45  | \$9.45   | \$9.72    | \$9.07   | \$11.28 | \$11.20 | \$0.00  | \$0.00  | \$6.87  | \$0.00   |
| 2003 | \$5.66  | \$4.77  | \$0.00  | \$0.00  | \$7.82   | \$9.43    | \$0.00   | \$0.00  | \$10.65 | \$9.81  | \$1.06  | \$4.82  | \$0.00   |
| 2004 | \$0.00  | \$0.00  | \$9.65  | \$3.19  | \$0.00   | \$3.01    | \$10.66  | \$11.16 | \$6.21  | \$0.38  | \$0.00  | \$3.17  | \$0.00   |
| 2005 | \$4.01  | \$2.77  | \$0.42  | \$0.00  | \$0.00   | \$0.12    | \$11.20  | \$0.80  | \$3.44  | \$1.83  | \$0.00  | \$1.98  | \$0.00   |
| 2006 | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$6.05   | \$10.37   | \$11.10  | \$11.06 | \$10.87 | \$6.13  | \$6.00  | \$3.98  | \$0.00   |
| 2007 | \$3.53  | \$1.14  | \$3.32  | \$2.69  | \$8.91   | \$9.57    | \$10.90  | \$8.50  | \$2.43  | \$6.49  | \$7.86  | \$4.67  | \$0.00   |
| 2008 | \$0.70  | \$7.14  | \$8.89  | \$6.84  | \$6.69   | \$11.27   | \$11.28  | \$11.24 | \$10.42 | \$7.81  | \$6.74  | \$6.09  | \$0.00   |
| 2009 | \$7.26  | \$0.00  | \$0.00  | \$0.00  | \$0.00   | \$0.00    | \$7.38   | \$7.65  | \$0.00  | \$3.46  | \$6.45  | \$3.47  | \$0.00   |
| 2010 | \$5.26  | \$7.70  | \$5.56  | \$6.39  | \$9.52   | \$10.20   | \$8.97   | \$10.74 | \$0.00  | \$0.00  | \$0.00  | \$3.64  | \$0.00   |

|             |         |         |         |         |         |         |          |         |         |         |         |         |        |
|-------------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|---------|--------|
| Prem/Acre   | \$1.24  | \$1.11  | \$1.28  | \$1.03  | \$1.30  | \$1.65  | \$2.03   | \$1.83  | \$1.80  | \$1.27  | \$1.31  | \$1.38  | \$1.38 |
| Tot/Pynt    | \$39.48 | \$33.75 | \$40.42 | \$33.27 | \$68.53 | \$86.17 | \$103.27 | \$86.51 | \$64.88 | \$41.81 | \$44.92 | \$48.74 |        |
| Tot/Acre    | \$16.07 | \$14.48 | \$16.60 | \$13.41 | \$16.95 | \$21.45 | \$26.41  | \$23.82 | \$23.36 | \$16.55 | \$16.97 | \$17.90 | \$1.38 |
| Net/Pynt    | \$23.41 | \$19.27 | \$23.82 | \$19.86 | \$51.58 | \$64.72 | \$76.86  | \$62.69 | \$41.52 | \$25.26 | \$27.95 | \$30.84 |        |
| Avg. Net/Ac | \$1.80  | \$1.48  | \$1.83  | \$1.53  | \$3.97  | \$4.98  | \$5.91   | \$4.82  | \$3.19  | \$1.94  | \$2.15  | \$2.37  |        |
| % yrs Paid  | 62%     | 54%     | 69%     | 54%     | 69%     | 85%     | 92%      | 85%     | 69%     | 69%     | 54%     | 92%     |        |



# Overview of PRF/Lack of Rainfall Insurance

| Feature                      | NAP- FSA Disaster Payment Program   | PRF - Pasture, Rangeland, Forage  |
|------------------------------|---|---|
| Area Rainfall is determined  | Countywide  | 12 X 12 Mile Grids the National Weather Service has been tracking precipitation since 1948.   |
| When a Payment is triggered? | 50% or more damage, typically determined by an FSA committee or individual. | Depending on your coverage level PRF will pay when actual rainfall comes in less than 85% of the historical average for that interval.  |
| Extent of Lack of Rainfall   | Drought conditions must persist during the entire season                    | Each interval (2 month time frame) acts like a “mini insurance” period. So after the end of the interval the policy pays or it doesn't. |
| Payment                      | Payments are made 10 to 14 months after the drought conditions start        | Payment is made 60 days after interval is finished.   |

# Example of Historical Performance

|                                | Lassen County Location |                      |                      |
|--------------------------------|------------------------|----------------------|----------------------|
| Grid # 24638 Susanville        | Over 10 Years          | Over 15 Years        | Over 20 Years        |
| Insurance Cost                 | \$ 153,200.00          | \$ 229,700.00        | \$ 303,400.00        |
| Total Claim Amount             | \$ 504,500.00          | \$ 664,800.00        | \$ 784,000.00        |
| <b>Net Indemnity</b>           | <b>\$ 351,300.00</b>   | <b>\$ 345,100.00</b> | <b>\$ 480,600.00</b> |
| Average Net Indemnity Per Year | \$ 35,130.00           | \$ 29,006.00         | \$ 24,030.00         |

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