



PRF Insurance

For livestock, hay and forage producers

What is Pasture, Rangeland, Forage (PRF) insurance?

PRF protects against losses that may occur when below average precipitation is received, whether you're grazing cattle on public lands, your own ground, or growing forage to feed or sell. PRF insurance does not insure against ongoing or severe drought but is based on expected precipitation. Unlike other Multi-Peril Crop Insurance programs, you're not required to insure all eligible acres.

For more information:
Visit AgWestFC.com/PRF to learn more and find your AgWest Farm Credit Insurance Agent.

How it works.

Choose the **acres**, **coverage level**, **productivity factor**, and a minimum of two, **2-month intervals** to cover. Daily precipitation is measured by the NOAA's National Centers for Environmental Information (NCEI). Precipitation data is compiled by a "grid" system and claims are determined based on precipitation within the designated "grid" and not on your specific insured acres. When grid precipitation is less than your insured level, you may sustain a loss.

What is a "grid"?

A grid is the acreage within each approximate 0.25 x 0.25-degree gridded area (approximately 17x17 miles) established by NOAA and identified by longitude and latitude.

Available precipitation index intervals.

An interval is a 2-month period and selected intervals may not overlap. A minimum of 2 intervals must be selected.

Jan-Feb	Feb-Mar	Mar-Apr	Apr-May	May-Jun	Jun-Jul
Jul-Aug	Aug-Sep	Sep-Oct	Oct-Nov	Nov-Dec	

How is the insured value per acre determined?

Each county has a base production value (by intended use and irrigation practice) as determined by the Risk Management Agency (RMA). Coverage can be purchased for up to 150% of this base production value.

Customize coverage for your operation.

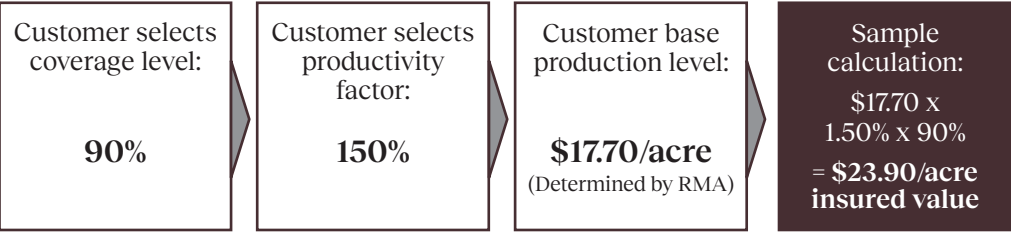
- Insure between 70%-90% of average historical precipitation for your grid (**coverage level**).
- Insure from 60%-150% of the established base production value (**productivity factor**).
- Choose acres and months to insure (**acres and intervals**).

Subsidized premiums make coverage cost effective.

- Affordable per-acre premiums.
- Federal subsidies may reduce costs by 51%-59%.

Grazing land example: a customer insures 10,000 acres of rangeland supporting their livestock operation with PRF insurance.

How is the insured value per acre determined?



Intervals and coverage selections.

AgWest Farm Credit insurance agents use an optimizer tool to analyze historic precipitation data. The customer chooses to split coverage between two, 2-month intervals that are important to the operation and protects 10,000 acres in May-June (using 60% of the coverage) and Aug.-Sept. (using the remaining 40% of coverage).

Premium costs:
Not billed until September the following year.

May-June (60%) \$10,467	+	Aug-Sep (40%) \$9,452	=	Total Policy Premium \$19,919 (\$1.99 premium/acre)
-----------------------------------	---	---------------------------------	---	---

How are claims calculated?

Following each interval period, precipitation data is reported by NOAA NCEI. A payment will only be made if the final precipitation data (**final grid index**) for the insured grid is **less** than the index coverage level selected by the producer. For this example, let's assume the final grid indexes are reported at the following levels, which are below the customer-elected coverage of 90%.

May-June Final grid index: 70% (20% less than the 90% coverage selected)	Aug-Sep Final grid index: 55% (35% less than the 90% coverage selected)
---	--

Using this precipitation data, calculations are made to factor in insured value per acre, amount of coverage selected per interval, number of acres and premium costs. The insured customer could receive a total **net** payout of \$49,111.

10,000-acre example calculation:

County Base Value	Coverage Level	Productivity Factor	Insured Value	Interval	Allocation	Final Grid Index	Gross Indemnity	Producer Premium	Net Indemnity
\$17.70	90%	150%	\$23.90	May-Jun	60%	70%	\$31,860	\$10,467	\$21,393
\$17.70	90%	150%	\$23.90	Aug-Sep	40%	55%	\$37,170	\$9,452	\$27,718
							\$69,030	\$19,919	\$49,111

AgWest Insurance Agency #0E14700

www.AgWestFC.com

This institution is an equal opportunity provider and employer.

Informational only. Crop insurance coverage, eligibility, claims, and deadlines may vary depending on your individual circumstances and applicable policy provisions.

For more information contact your local AgWest Farm Credit Insurance Agent. Visit AgWestFC.com/PRF to learn more.