Pasture Rangeland and Forage Insurance

The deadline to sign up for Pasture Rangeland and Forage (PRF) insurance for the 2022 calendar year with a crop insurance agent is December 1, 2021.

Jennifer Ifft, K-State Research and Extension policy specialist recently outlined ten key facts to consider before signing up for the program.

1. PRF makes automatic payment (indemnity) for hay or grazing acreage when local rainfall (precipitation) falls below the historic average.
2. Producers can select different triggers for payments or coverage levels. 90% is the maximum and pays whenever rainfall drops below 90% of the historic average. 70% is the minimum.
3. Higher coverage levels payout more often and cost more. Lower coverage levels payout less often and cost less.
4. Payments are triggered by rainfall/precipitation in your local area, or USDA-defined grid (approximately 17 by 13 miles). There is a risk of NOT getting an indemnity when you experience low rainfall or receiving an indemnity when you have adequate or high rainfall.
5. The Federal government pays for part of the crop insurance premium, from 59% of the premium cost at the lowest coverage level of 70% to 51% of the premium cost at the highest coverage level of 90%.
6. While the Federal government cost-share or premium subsidy percentage decreases as coverage levels increase, the dollar amount or total dollar value of the premium subsidy typically increases as coverage levels increase.
7. In the long run, producers should receive more money in indemnities than they pay in premiums, due to the premium subsidy. However, there is no guarantee of this and several years can pass without any indemnities.
8. Producers must select at least two intervals and at most six intervals per year. Intervals are two adjacent months, for example, June and July.
9. Summer months or summer intervals correspond to when producers typically face forage production risk.
10. Summer intervals have lower premiums and expected indemnities. Winter intervals have higher premiums and expected indemnities.

For additional PRF policy details and analysis, see https://agmanager.info/events/risk-and-profit-conference/2016-risk-and-profit-conference-presentations/pasture-rangeland

A wide variety of resources on crop and livestock insurance is available at https://agmanager.info/crop-insurance

A decision support tool for PRF is available at https://prodwebnlb.rma.usda.gov/apps/prf and you can contact a local crop insurance agent for more information.

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