

PRF insurance a new risk management tool

Written by Gothenburg Times
Thursday, 17 October 2013 16:19 -

LINCOLN—The deadline for pasture, rangeland and forage insurance coverage for 2014 is Nov. 15, and University of Nebraska-Lincoln Extension educators are encouraging producers to consider this program if they've lost forage production due to drought.

This year was the first year PRF insurance in Nebraska used the "rainfall index" system, and it will be used again in 2014. The model is based on precipitation data collected by NOAA's Climate Prediction Center. The index reflects how much precipitation is received relative to the long-term average for a specified grid area during a given two-month time frame.

Insurance premiums and indemnities are based on the level of coverage (70 to 90 percent) and level of production (60 to 150 percent) insured. Premiums are subsidized from 51 to 59 percent by the federal government, depending on the level of coverage.

Extension educator Monte Vandever said producers can insure their land for either grazing or for haying. For land that is insured for haying, forage production must come from perennial forages such as grass or alfalfa. Annual forages are not eligible under this program.

Producers using this insurance will need to choose which time periods throughout the year that they want to insure, Vandever said. More information and a decision support tool is available at <http://www.rma.usda.gov/policies/pasturerangeforage/>

Using the online support tools, producers can identify the grid area for their land. Rainfall index data are available going back to 1948 for each grid area, and producers can evaluate how different coverage options would have performed in any particular year for each grid.

Producers should consider several issues as they evaluate using PRF as a possible risk management tool, Vandever said.

Insuring time periods which have the greatest impact on forage production is the best approach for reducing potential drought impact. Research indicates that precipitation from April through

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July accounts for a majority of the variation in forage production in Nebraska.

Because the rainfall index is calculated using precipitation data from NOAA weather stations, the rainfall index for a producer's grid area may not exactly reflect a producer's own rainfall experience. As a result, the rainfall index may not precisely reflect changes in forage production. Over the long term these differences should even out, but there may be discrepancies in any particular year.

This insurance product is best used over the long term where a producer participates every year and doesn't try to outguess what the next year will bring. Taking the premium subsidies into account, producers should more than recover their premiums if they participate over a period of many years.

For more information, a UNL Extension NebGuide "Pasture, Rangeland, and Forage Insurance: A Risk Management Tool for Hay and Livestock Producers" is available at the UNL Extension Publication website: <http://www.ianrpubs.unl.edu/sendIt/g2217.pdf>.

UNL Extension Educator Aaron Berger also has produced a webinar titled, "Pasture Rangeland and Forage Insurance in Nebraska" (<https://connect.unl.edu/p1sv93lws5l/>) that explains how the product works and how it can be used in Nebraska. The webinar also is available through beef.unl.edu.

The deadline for participating in the PRF Insurance program for 2014 is Nov.15. PRF is sold through local crop insurance agents, just like traditional crop insurance. If you cannot find a local agent who handles PRF, RMA's Agent Locator, found online at www3.rma.usda.gov/tools/agents/, provides a search for other agents.