2016 PRF Payment Calculation Factor AND Indemnity Payment

Oct. 2015

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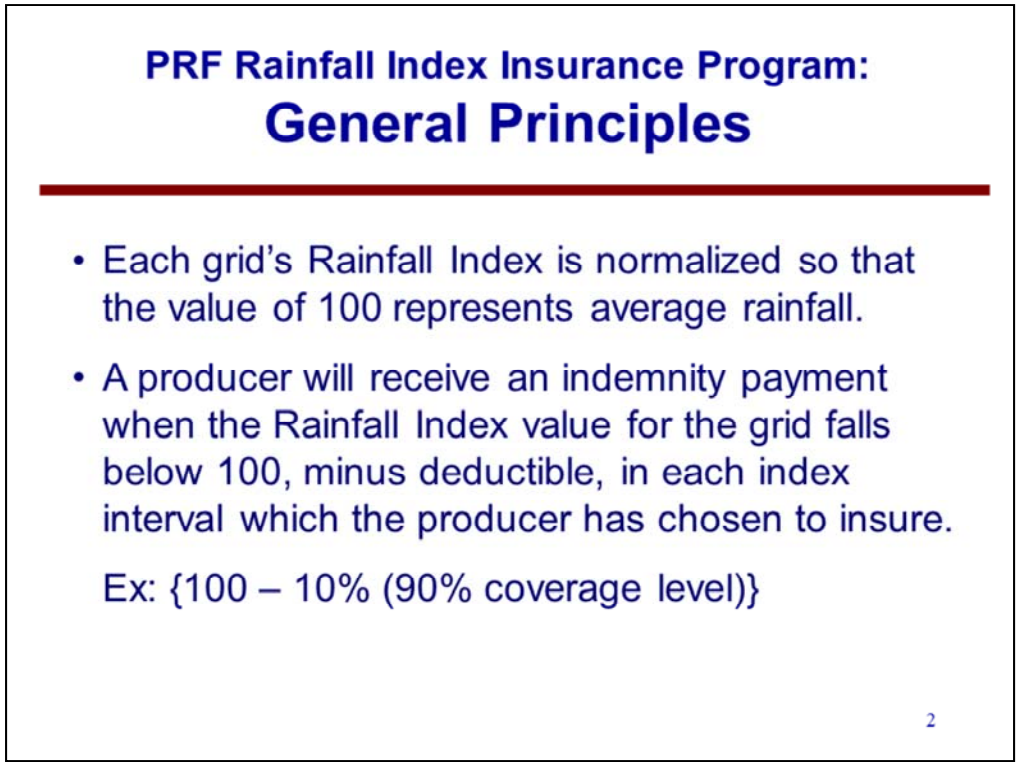
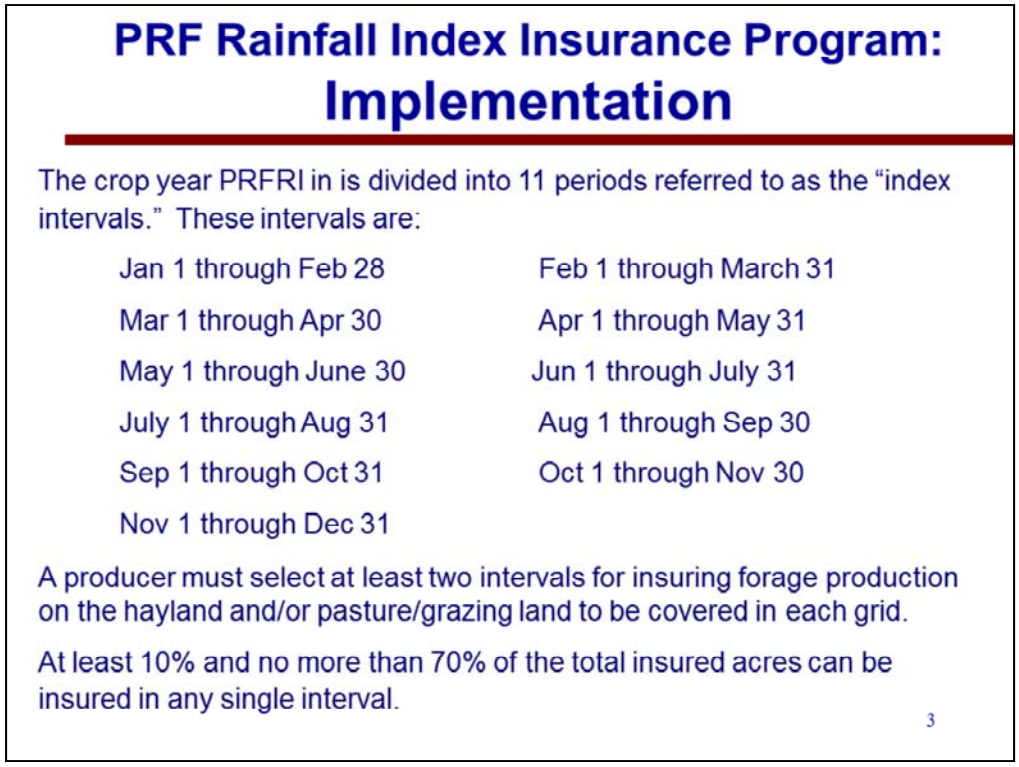
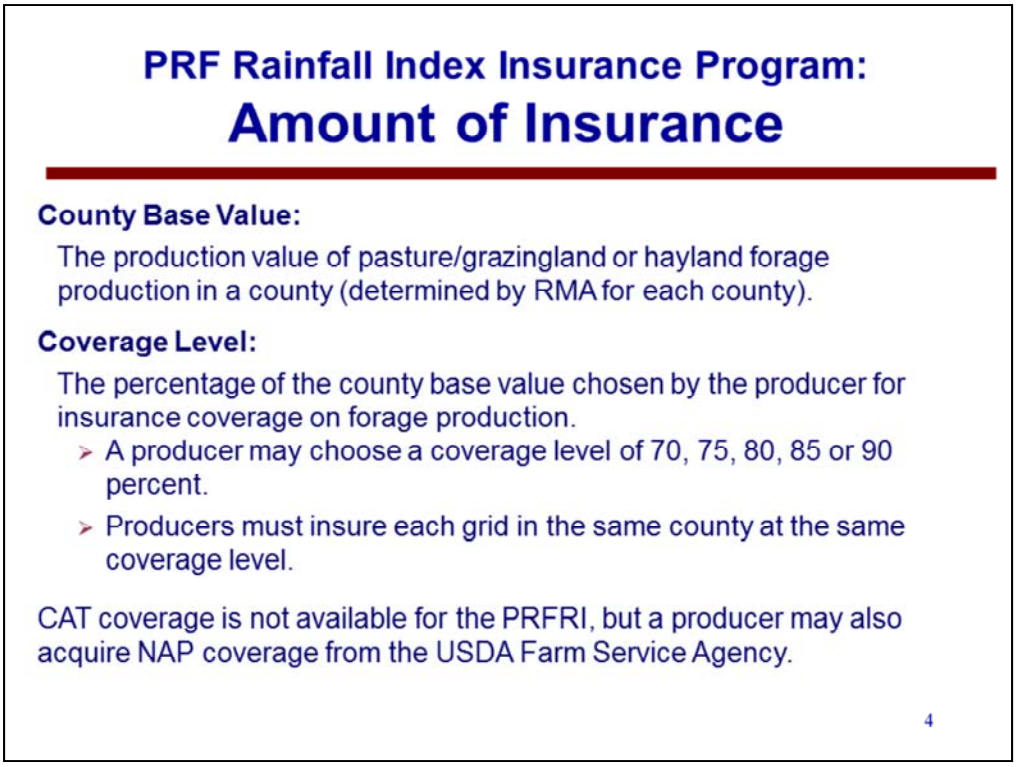


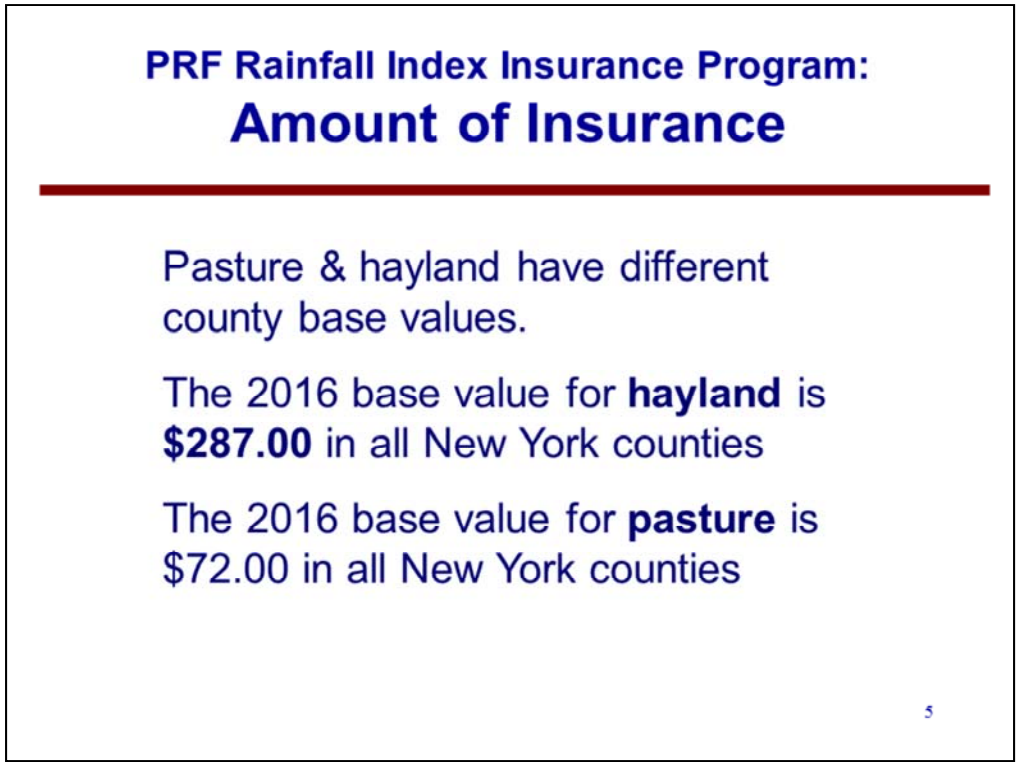
A producer will receive an indemnity payment when the rainfall index for the grid falls below 100 minus the deductable.



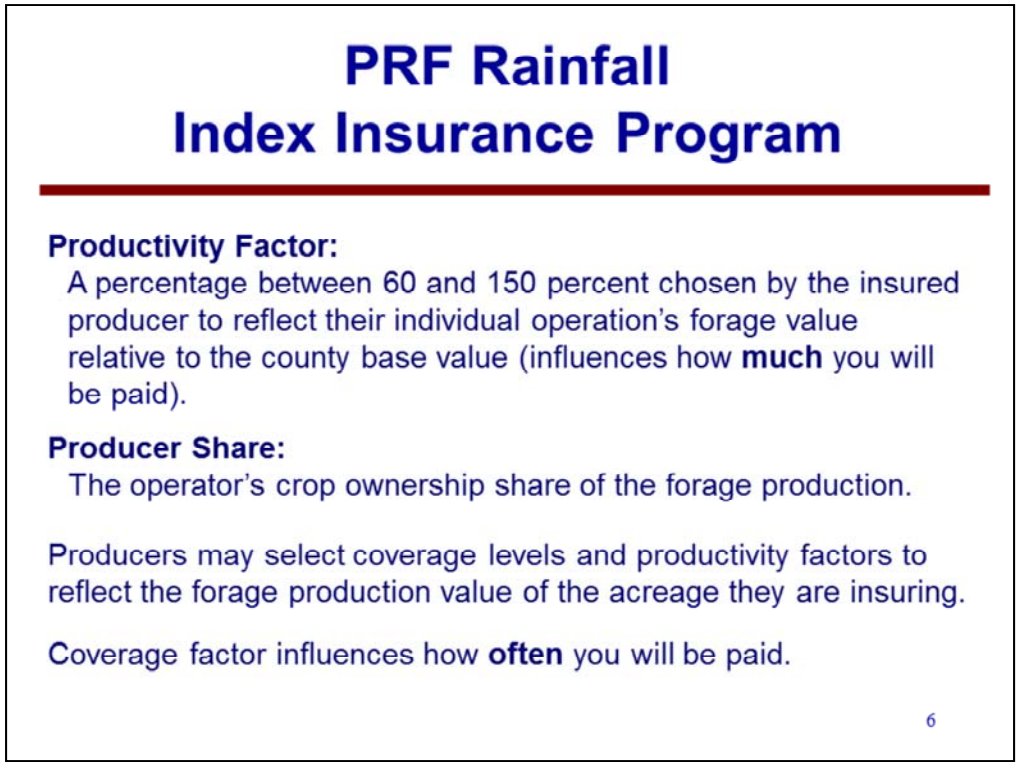
The PRF Rainfall Index program is divided into 11 periods referred to as the "Index Intervals". Producers must select at least 2 intervals for insuring pasture or hay land with at least 10% and no more than 70% of the total insured acres insured in any single interval.



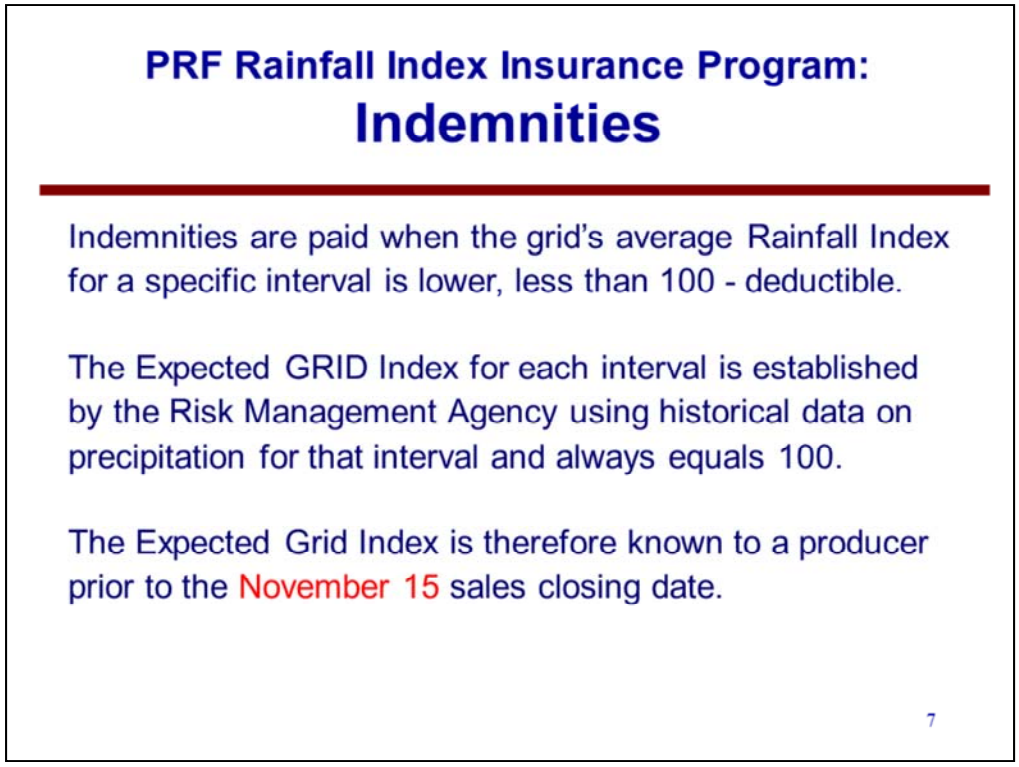
Each county has a base value for hayland and pasture. A level of coverage is determined by the producer who can select a coverage level of 70% to 90% of the base value. CAT coverage is not available for the PRFRI program.



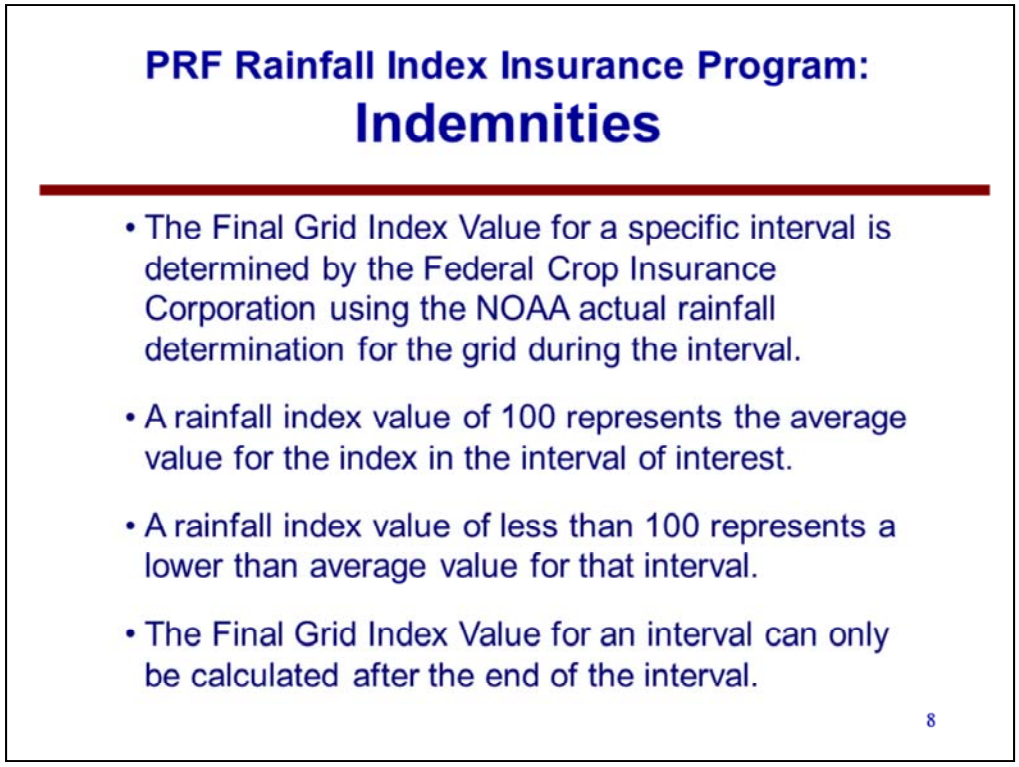
Pasture and hayland have different county base values. The 2015 base value for hayland is $270.27 and the base value for pasture ranges from a low of $41.53 to a high of $59.86.



A productivity factor between 60% and 150% can be chosen by the insured producer to reflect their individual operation's forage value relative to the county base value.



Indemnities are paid when the grid' average is lower than 100 minus the deductable. Producers can examine the historic grid's rainfall values on the web site noted above.



The final grid index value for each specific interval is determined by the RMA using NOAA data after the end of the interval. Indemnity payments, if any, are determined at that time.

PRF Rainfall Index Insurance Program:
Indemnities

The Trigger Grid Index =100 x the coverage level (selected by the producer).

An indemnity payment is made if the Final Grid Index (determined by RMA) is less than the Trigger Grid Index.

Indemnity payment = Policy Protection per Unit x Payment Calculation Factor (PCF).

Rainfall And Vegetation Index Plan Coverage Policy (13-RIVI) Section 8.(b) " For the purpose of calculating an indemnity payment for each unit, your payment calculation factor will be:"

PCF = [Trigger Grid Index – Final Grid Index] / Trigger Grid Index.

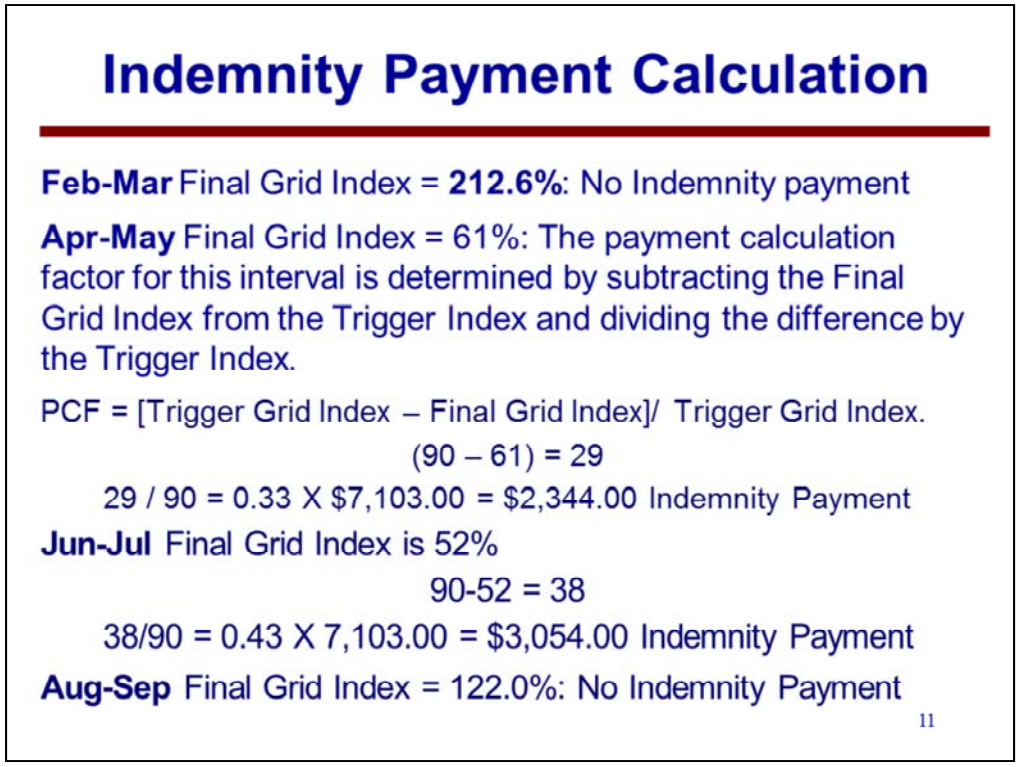
The Trigger Grid Index = 100 X the coverage level. An indemnity payment is made if the Final Grid Index is lower than the Trigger Grid Index.

PRFVI Insurance Program:

Hayland Example in Tompkins County Grid #27215

Contract Data	Selected Value	Procedure
County Base Value (CBV)	$287.00	This hayland value is established by RMA .
Productivity Factor (PF)	110%	The producer chooses a value in the range of 60 to 150% of the county base value (CBV)
Coverage Level (CL)	90%	The producer chooses one of the following: 70, 75, 80, 85 or 90 percent.
Dollar Amount of Coverage (100 Acres)	$28,413.00	$287.00 x 1.10 x 0.90 X 100 Acres (CBV x PR x CL)
Grid # 27216 Feb-Mar, Apr-May Jun-Jul, Aug-Sep	25% Each Interval 25% Each Interval	The grid number is assigned by RMA using the point of reference provided by the producer. (Total Acres insured 100)
Unit Protection Feb-Mar, Apr-May Jun-Jul, Aug, Sep	$7,103.00 Each Interval	$28,413.00 X 25% = $7,103.00

This is an example of how the unit protection is determined and how a premium and indemnity payment is calculated for hayland in Tompkins County, Grid # 27216. The 2016 county base value is $287.00 and the producer selected 110% productivity Factor and 90% coverage level. The dollar amount of protection is $28,413.00($287.00 X 1.10 X .90 X 100 Acres). The producer is insuring 100 acres of hayland, 25% in the Feb-Mar, Apr-May, Jun-Jul, Aug-Sep intervals. The unit protection for each interval is $7,103.25($287.00 X 25% X 100% share).



There is no indemnity payment for the Jun-Jul interval because the final grid index was above the trigger index (90). The payment calculation factor for the Feb-Mar interval is determined by subtracting the final grid index from the trigger index and dividing the difference by the trigger index. The indemnity payment is then determined by multiplying the policy protection for the interval times the payment calculation factor.

Producer Premium

- Feb - Mar $316.00
- Apr - May $324.00
- Jun - Jul $325.00
- Aug - Sep $303.00
- Total $1,268.00

Additional Information

USDA Risk Management Agency (RMA)

www.rma.usda.gov/

To find a crop insurance agent, go to
www.rma.usda.gov/tools/agent.html

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Risk Management Agency
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NYS Department of Agriculture and Markets

Crop Insurance & Risk Management Education

www.agriculture.ny.gov/AP/CropInsurance.html

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