UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
VEGETATION INDEX PLAN
PASTURE, RANGELAND, FORAGE (PRF) CROP PROVISIONS

If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Special Provisions; (2) these Crop Provisions; and, (3) the Basic Provisions of the Vegetation Index Plan of Insurance with (1) controlling (2), etc.

1. Definitions.

Crop – For the purposes of these Crop Provisions, crop is pasture, rangeland, or forage.

Crop year – In addition to the definition contained in section 1 of the Basic Provisions, the crop year begins on January 1 and ends on December 31.

Forage – Feed for livestock composed of plants grown for haying or grazing.

Grazing – Livestock feeding on growing or dormant forage.

Grazingland – Established acreage of forage on land suitable and intended for grazing by livestock. Acreage that is so steeply sloped, too far from water sources, etc., such that livestock would not normally physically graze such acreage, is not considered grazingland.

Harvest – Grazing by livestock or haying as the method of removal of the insured crop from pasture, rangelands, or haylands.

Haying – The severance and removal of the forage plant by mechanical equipment from its roots for curing as fodder.

Hayland – Established acreage of forage on land suitable and intended for haying. Acreage that is so steeply sloped, covered by water, etc., such that it would be impractical or impossible to mechanically harvest such acreage is not considered hayland.

Insurable acreage – In addition to the definition contained in section 1 of the Basic Provisions, insurable acreage will be hayland and grazingland that is not planted annually, unless allowed by the Special Provisions. For example, establishment of small grains or annual forage sorghums is insurable only if allowed by the Special Provisions. For the purposes of these Crop Provisions, overseeding is an acceptable farming practice and is not considered an annual planting.

Insured acres – In lieu of the definition contained in section 1 of the Basic Provisions, your insured acres do NOT have to equal your insurable acres. You may select the number of acres to be insured. However, the amount of your insured acreage in the county will not exceed 100 percent of your insurable acreage in the county.

Livestock – Includes, but is not limited to, cattle, sheep, horses, swine, goats, and poultry.

Native pasture – Land that is used for haying or grazing as a source of forage for livestock composed primarily of native plants.

Overseeding – To place or distribute seeds into an existing established forage plant community.

Pasture – Land that is used for haying or grazing as a source of forage for livestock.

Rangeland – Native pasture on which livestock graze.

Type – As specified in the Basic Provisions, the only types insured under these Crop Provisions are grazingland and hayland.

2. Insured Crop.

(a) In addition to the provisions in section 4(a) of the Basic Provisions, the insured crop will be the type in the county:
  (1) In which you have a share;
  (2) Which is grown for the purpose of grazing or haying;
  (3) Located on insurable acreage in the county listed on the accepted application;
  (4) Intended for harvest by haying, or grazing by livestock, and reported as such by the acreage reporting date;
  (5) That is produced on established acres unless otherwise specified in the Special Provisions; and
  (6) That is not initially planted to a forage crop after July 1 of the previous crop year, unless allowed by the Special Provisions;

(b) You may choose to insure grazingland, hayland, or both. You are NOT required to insure 100 percent of the type's insurable acres in the county.

3. Insured and Insurable Acreage.

(a) In lieu of section 5(a)(2) of the Basic Provisions, you may elect to insure all or a portion of your insurable acreage in the county.

(b) In lieu of section 5(b) of the Basic Provisions, you will have only one dollar amount of protection per acre for each county and type while the amount of premium and indemnity will be calculated separately for each unit.

(c) For the purposes of section 5(d) of the Basic Provisions, separate points of reference must only be established by type for each grid.

(d) In addition to section 5(d) of the Basic Provisions, insured acreage may be allocated to more than one index interval for each grid ID, type and share. The minimum percentage of insured acres allowed in any one index interval, by grid ID, type and share, is specified in the Special Provisions.

(e) An insured may select any index interval provided in the Special Provisions; however, no month can be included in more than one selected index interval for each grid ID, type, and share in the county. For example: If an insured selects an index interval that contains the months of April, May and June, the producer cannot select any other index interval offered that contains any of these same months for the same grid ID, type, and share in the county.

(f) In addition to section 5(e) of the Basic Provisions, we will not insure any acreage that is not intended for harvest by haying or grazing.

4. Amounts of Protection and Coverage Levels.

(a) In lieu of section 6(a) of the Basic Provisions, catastrophic risk protection is not available under these Crop Provisions.

(b) For the purposes of section 6(b) of the Basic Provisions, you must select only one coverage level and one protection factor per county and type.

5. Share Insured.

(a) In addition to section 9(c) of the Basic Provisions, you may still have a 100 percent share in the insured crop even if you lease the acreage for a portion of the crop year, provided you received 100 percent of the benefits from such crop. However, under no circumstances can the share in the annual crop produced on the insured acres exceed 100 percent (*e.g.,* the landlord cannot insure 50 percent of the annual crop produced on the insured acreage and the tenant insure 100 percent of the annual crop produced on the same insured acreage during the same crop year).

(b) In addition to section 9 of the Basic Provisions, your share in the insured crop will be used to determine the minimum percentage of insured acres that must be allocated to each index interval in accordance with section 3(d) of these Crop Provisions.

6. Annual Premium and Administrative Fees.

In accordance with section 10(a) of the Basic Provisions, the annual premium is earned and payable at the time the insured crop is reported on or before the acreage reporting date.

7. Insurance Period and Program Dates.

(a) The sales closing date for all states and counties is September 30 preceding the start of the crop year, unless otherwise specified in the Special Provisions.

(b) The cancellation and termination date for all states and counties is September 30, unless otherwise specified in the Special Provisions.

(c) The contract change date for all states and counties is June 30, unless otherwise specified in the Special Provisions.

8. Other Insurance.

In addition to the provisions in section 17(b) of the Basic Provisions, you may insure acreage eligible for coverage under the Actual Production History (APH) Forage Production policy. However, under no circumstances can the same acreage be insured under the APH Forage Production policy and this policy in the same crop year.

Examples Demonstrating How the Pasture, Rangeland, Forage Vegetation Index Works.

Note: Many of the calculations are rounded to the nearest whole dollar.

The county base value per acre for grazingland in this example is $20.00.

Producer A

Producer A has a 100 percent share and selects a 90 percent coverage level and a 120 percent protection factor, resulting in $21.60 of protection per insured acre [dollar amount of protection per acre equals county base value per acre multiplied by the coverage level selected ($20.00 x .90 = $18) multiplied by the protection factor selected ($18 x 120% = $21.60)].

Producer A:
Has acreage in the same grid as Producer B;
Has only one grid ID;
Has 1,000 acres of insurable grazingland in the county and chooses to insure all acres resulting in 1,000 insured acres.

Producer A insures 50 percent of his/her insured acres with grazingland as the type and selects April – June Index Interval as the index interval (500 acres), and 50 percent of his/her insured acres with grazingland as the type and selects July – September Index Interval as the index interval (500 acres).

Note: As provided in section 3(d), insured acreage may be allocated to more than one index interval for each grid ID, type, and share. The total of insured acres per unit must equal the total number of elected insured acres for each grid ID, type, and share. In addition, an insured may select any index interval provided in the Special Provisions; however, selected index intervals cannot contain any month in more than one interval for each grid ID, type, and share in the county. In this example (all intervals are offered in the county) an insured is not allowed to insure acreage in February – April Index Interval, March – May Index Interval, May – July Index Interval, or June – August Index Interval because each of these intervals contains one of the months included in April – June Index Interval for this same grid ID, type and share in the county.

Producer B

Producer B has a 50 percent share and selects a 75 percent coverage level and a 100 percent protection factor, resulting in $15.00 of protection per insured acre [dollar amount of protection per acre equals county base value per acre multiplied by the coverage level selected ($20.00 x 0.75 = $15.00) multiplied by the protection factor ($15.00 x 100% = $15.00)].

Producer B:
Has acreage in the same grid as Producer A;
Has only one grid ID;
Has 1,000 acres of insurable grazingland in the county and chooses to only insure 800 acres, resulting in 800 insured acres.

Producer B insures 50 percent of his/her insured acres with grazingland as the type and selects April – June Index Interval as the index interval (400 acres), and 50 percent of his/her insured acres with grazingland as the type and selects July – September Index Interval as the index interval (400 acres).

Insurance Information
The expected grid index is 100 for each grid ID, type, and index interval. The premium rate for 90 percent coverage level is $10 per hundred dollars of protection for grazingland April – June Index Interval and $11 per hundred dollars of protection for grazingland July – September Index Interval. The premium rate for 75 percent coverage level is $6 per hundred dollars of protection for grazingland April – June Index Interval, and $7 per hundred dollars of protection for grazingland July – September Index Interval. The adjustment factor is 0.01.

Policy Protection and Premium:
Producer A
Producer A’s total policy protection is $21,600.

Producer A’s policy protection, for the unit comprised of grazingland April – June Index Interval (648), is $10,800 [$21.60 x 500 acres x 1.0 share (100% share)] and, for the unit comprised of grazingland July – September Index Interval (651), is $10,800 [$21.60 x 500 acres x 1.0 share (100% share)].

The total premium due is $2,268 [($21.60 per acre protection x $10 per hundred rate x 500 acres x 0.01 adjustment factor x 1.0 share for April – June Index Interval = $1,080) + ($21.60 per acre protection x $11 per hundred rate x 500 acres x 0.01 adjustment factor x 1.0 share for July – September Index Interval = $1,188)].

Of the total premium due, FCIC pays $1,247 [($1,080 x 55 percent maximum subsidy for 90 percent coverage = $594 + ($1,188 x 0.55 = $653)].

Producer A’s trigger grid index is 90 [90% coverage level x 100 expected grid index].

Producer B
Producer B’s total policy protection is $6,000.

Producer B’s policy protection, for the unit comprised of grazingland April – June Index Interval, is $3,000 [$15.00 x 400 acres (50% of the insured acres) x 0.5 share (50% share)] and, for the unit comprised of grazingland July – September Index Interval, is $3,000 [$15.00 x 400 acres x 0.5 share)].

The total premium due is $390.

Producer B’s premium, for the unit comprised of grazingland April – June Index Interval, is $180 [$15.00 per acre protection x $6 per hundred rate x 400 acres x 0.01 adjustment factor x 0.5 share] and, for the unit comprised of grazingland July – September Index Interval, is $210 [$15.00 x $7 per hundred rate x 400 acres x 0.01 x 0.5 share].

Of the total premium due, FCIC pays $249 [($180 x 64 percent maximum subsidy for 75 percent coverage = $115) + ($210 x 0.64 = $134)].

Producer B’s trigger grid index is 75 [75% coverage level x 100 expected grid index].

Scenarios for: type = grazingland and index interval = April – June Index Interval:

Scenario 1 – FCIC issues a final grid index of 120 for the grid:
The final grid index is above both producers’ trigger grid index, so no indemnity payment is due, even if one or both have individual NDVI values below normal for the index interval.

Scenario 2 – FCIC issues a final grid index of 80 for the grid:
Producer A’s trigger grid index of 90 is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.167 {(90 - 80)/[90 – (100 x 0.30)]} multiplied by the $10,800 policy protection per unit, = $1,804 indemnity payment.

Note: For each unit, your payment calculation factor will be {(your trigger grid index – final grid index) ÷ [your trigger grid index – (expected grid index x total loss factor)]}. The payment calculation factor cannot exceed 1.000.

Producer B’s trigger grid index of 75 is less than the final grid index so no indemnity payment is due.

Scenario 3 – FCIC issues a final grid index of 60 for the grid:
Producer A's trigger grid index of 90 is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of
0.500 {(90 - 60)/[90 – (100 x 0.30)]} multiplied by the $10,800 policy protection per unit = $5,400 indemnity payment.

Producer B's trigger grid index of 75 is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of
0.333 {(75 - 60)/[75 – (100 x 0.30)]} multiplied by the $3,000 policy protection per unit = $999 indemnity payment.

Scenarios for: type = grazingland and index interval = July – September Index Interval:

Scenario 1 – FCIC issues a final grid index of 105 for the grid:
The final grid index is above both producers' trigger grid index, so no indemnity payment is due.

Scenario 2 – FCIC issues a final grid index of 78 for the grid:
Producer A's trigger grid index of 90 is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.200 {(90 - 78)/[90 – (100 x 0.30)]} multiplied by the $10,800 policy protection per unit = $2,160 indemnity payment.

Producer B's trigger grid index of 75 is less than the final grid index so no indemnity payment is due.

Scenario 3 – FCIC issues a final grid index of 70 for the grid:

Producer A's trigger grid index of 90 is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of
0.333 {(90 - 70)/[90 – (100 x 0.30)]} multiplied by the $10,800 policy protection per unit = $3,596 indemnity payment.

Producer B's trigger grid index of 75 is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.111 {(75 - 70)/[75 – (100 x 0.30)]} multiplied by the $3,000 policy protection per unit = $333 indemnity payment.

Total Indemnities for the Insurance Period

Scenario 1 – No indemnities for either producer.

Scenario 2 – Producer A's total indemnities are $3,964 ($1,804 April – June Index Interval, $2,160 July – September Index Interval).

Producer B received no indemnities.

Scenario 3 - Producer A's total indemnities are 8,996 ($5,400 April – June Index Interval, $3,596 July – September Index Interval).

Producer B's total indemnities are $1,332 ($999 April – June Index Interval, $333 July – September Index Interval).