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Vegetation Index Pilot

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The Risk Management Agency is now offering a pilot Vegetation Index Basic Provisions that replaces the Group Risk Plan Basic Provisions for Vegetation Index insurance programs. Two examples of such programs are *Pasture, Rangeland, Forage* and *Apiculture*.

The Vegetation Index Program uses data from Normalized Difference Vegetation Index (NDVI) data and uses an approximate 4.8 by 4.8 mile grid. Grids this size reduce the basic risk of county level programs while eliminating the need to measure actual production.

NDVI data comes from the United States Geological Service, Earth Resources Observation and Science (USGS-EROS) data center for the conterminous United States from the 14-day compositing period archive. The USGS-EROS database contains data from 1989 to the present. In addition, temperature data is used to constrain the NDVI results when there are extreme temperatures. Daily temperature data comes from the National Oceanic and Atmospheric Administration (NOAA).

Currently, there are two different crop insurance programs, Pasture, Rangeland, Forage and Apiculture, that use the Vegetation Index Basic Provisions. The Vegetation Index Basic Provisions and the specific crop provisions, along with other insurance documents, such as actuarial documents, together make up a complete insurance program.

The program is available in six regions across the country to test the Vegetation Index in various climates, soils, and weather conditions: The warm and humid Southeast, the cool and humid Northeast, the Northern Great Plains, the Southern Great Plains, the semi-arid Southwest, and the intermountain region of the Northwest.

The NDVI is an alternate measure of vegetation greenness which is used to estimate local forage conditions and productive capacity. NDVI is not a direct measure of any specific crop production; it is a measure of **ALL** vegetation or biomass in a grid. Insurance coverage is based on the experience of the entire grid, and **NOT** individual farms or ranches. Losses for the Vegetation Index are indemnified based on the deviation from normal NDVI (expected grid index) within the grid and index interval(s) selected. NDVI measurements are obtained throughout the time period insured and are averaged. When the grid's accumulated index (final grid index) falls below a "trigger grid index" (coverage level multiplied by the expected grid index), insured producers may be indemnified.

The insurance plans that use this index are designed as risk management tools to insure against a decline in the Vegetation Index for a grid. It is possible for policyholders to have low production on their insured acreage and not receive a payment under an insurance plan that calculates crop losses using a Vegetation Index. **The only insurable cause of loss for a Vegetation Index policy is having a final grid**

index less than the trigger grid index. Because the program is designed for producers whose production and vegetation index tends to follow the average vegetation index patterns for the grid and not individual crop production, it is important that you review the historical indices, additional tools, and information provided on the RMA Web site to determine if the program is suitable for you.

You can find more information about this pilot program on the RMA Web site at: www.rma.usda.gov

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