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 April 1 and ends on March 31 of the following calendar year.

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.

Practice – As provided in the Basic Provisions, practices are only periods of time labeled as index intervals and are contained in the Special Provisions.

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.

(c) You must determine the applicable grid IDs, the number of insured acres, the types and practices that will be insured not later than the sales closing date.

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 practice for each grid ID, type and share. The minimum percentage of insured acres allowed in any one practice, by grid ID, type and share, is specified in the Special Provisions.

(e) 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 productivity 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 practice 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 November 30 preceding the start of the crop year.

(b) The cancellation and termination date for all states and counties is November 30.

(c) The contract change date for all states and counties is August 31.

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 productivity 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 productivity 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 index interval II as the practice (500 acres), and 50 percent of his/her insured acres with grazingland as the type and selects index interval III as the practice (500 acres).

(Note: As provided in section 3(d), insured acreage may be allocated to more than one practice for each grid ID, type, and share. The total of all the insured acres per unit must equal the total number of elected insured acres for each grid ID, type, and share.)

Producer B

Producer B has a 50 percent share and selects a 75 percent coverage level and a 100 percent productivity 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 productivity 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 index interval II as the practice (400 acres), and 50 percent of his/her insured acres with grazingland as the type and selects index interval III as the practice (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 index interval II and $11 per hundred dollars of protection for grazingland index interval III. The premium rate for 75 percent coverage level is $6 per hundred dollars of protection for grazingland index interval II, and $7 per hundred dollars of protection for grazingland index interval III. 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 index interval II, is $10,800 [$21.60 x 500 acres x 1.0 share (100% share)] and, for the unit comprised of grazingland index interval III, 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 index interval II = $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 index interval III = $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 index interval II, 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 index interval III, 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 index interval II, 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 index interval III, 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 practice = index interval II:

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 0.111 ((90 - 80)/90) multiplied by the $10,800 policy protection per unit, = $1,199 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 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 0.333 ((90 - 60)/90) 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 0.200 ((75 - 60)/75) multiplied by the $3,000 policy protection per unit = $600 indemnity payment.

Scenarios for: type = grazingland and practice = index interval III:

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 0.133 ((90 - 78)/90) multiplied by the $10,800 policy protection per unit = $1,436 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 0.222 ((90 - 70)/90) multiplied by the $10,800 policy protection per unit = $2,398 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 0.067 ((75 - 70)/75) multiplied by the $3,000 policy protection per unit = $201 indemnity payment.

Total Indemnities for the Insurance Period

Scenario 1 – No indemnities for either producer.

Scenario 2 – Producer A's total indemnities are $2,635 ($1,199 index interval II + $1,436 index interval III).

Producer B received no indemnities.

Scenario 3 - Producer A's total indemnities are $5,994 ($3,596 index interval II + $2,398 index interval III).

Producer B's total indemnities are $801 ($600 index interval II + $201 index interval III).