PRF INSURANCE
RISK ASSESSMENT WORKSHEET

DISCLAIMER

This worksheet is intended for educational purposes. It is not intended to contradict or supersede official USDA definitions, calculations, policy or other material. This is not formal insurance or financial planning advice.

Name: _____ **Date:** _____

I. Value at risk

1. First, think about a **"normal" year**.

   a. How many bales of hay per acre do you normally produce?

   b. How many bales of hay per acre do others in your county normally produce?

   c. Are the number of bales you produce greater than or less than what is typical in your county?

Understanding what is normal for you and the difference between your typical yield and that of others in your county helps determine the productivity factor for PRF coverage.

SOUTHERN EXTENSION RISK MANAGEMENT EDUCATION

USDA National Institute of Food and Agriculture
U.S. DEPARTMENT OF AGRICULTURE

This material is based upon work supported by USDA/NIFA under Award Number 2024-70027-42471.

I. Value at risk (cont.)

2. Now, think of a time when you experienced **low rainfall**.

   What happened?

   a. Hay production impact?

   b. Grazing production impact?

   c. Herd management impact?

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I. Value at risk (cont.)

3. What is the cost or value of these impacts?

    a. Examples
        i. Lower hay sales or more purchased hay
        ii. Sell calves early or lighter calves
        iii. Sell brood cows instead of retaining them

    b. Hay production impact

    c. Grazing production impact

    d. Herd management impact

This assessment sets the value of production that is at risk from low rainfall. This value can be compared to the base value set at the county-level and adjusted by the productivity factor under PRF insurance.

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II. Rainfall and forage production

1. When is rainfall most important?

    a. Think of a time when forage production was low because of low rainfall.

    b. When did that low rainfall occur?

2. When is plant growth most critical for your operation?

The months when plant growth is 1) most important for your operation and 2) when limited rainfall causes low forage production are the months that should be considered for coverage by PRF insurance.

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III. Coverage levels

1. From an objective standpoint, when thinking about poor forage production from low rainfall, consider the following:

    a. How low was the rainfall compared to normal?

    b. Was rainfall less than 90, 80, or 70% of normal?

2. From a subjective perspective, how much of the low rainfall risk do you want covered by insurance? Consider the following when making this evaluation:

    When you choose to insure more,
    i. Your indemnity payments will be larger
    ii. You have a lower threshold of rainfall amount to receive a payment
    iii. When you choose to insure more, your premiums will increase

This evaluation helps to navigate what coverage level to choose when selecting PRF insurance.

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