

AGECONMT

News and Posts

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Updates to USDA Pasture, Range, and Forage Insurance: Choosing Insurance in 2027



Source: Adobe Stock Livestock herd grazing in an open rangeland pasture By [jia](#)

We recently conducted a webinar on some updates to an important government program for Montana producers: the USDA's Pasture, Rangeland, and Forage Insurance (PRF), which covered 13.6 million acres of perennial pasture and hay in Montana in 2025. As the signup deadline of December 1st approaches, we encourage producers to make sure they have the information they need to get the right coverage for their operation.

The full-length webinar is posted at <https://youtu.be/tzYteALfUJY>.

In this post, we offer a summary about what PRF is, what changed this year, and how producers can make good decisions for their PRF purchases.

What is PRF?

PRF is the USDA's main insurance product for covering pasture and rangeland. This insurance triggers based on rainfall. The USDA divides up the US into 200-square-mile grid squares and estimates average monthly rainfall within each of those squares. Producers who buy the insurance can divide their coverage over two-month blocks, such as March-April or July-August. If rainfall in a grid square for a two-month period falls below a certain threshold—between 70% and 90% of average rainfall, depending on a producer's chosen policy—the insurance pays out for any producer with a PRF policy covering that time period and that grid square.

This program is heavily subsidized. The government pays 59% of the premium for insurance coverage at a 70% strike rate and 51% of the premium at a 90% strike rate. Because of this, Montana producers have received more in PRF indemnities (insurance payouts) than they have spent on premiums in 8 out of the last 10 years. On average, PRF gives producers more money than it costs. Coverage can be purchased through a crop insurance agent: RMA's Agent Locator can help producers find an agent at <https://public-rma.fpac.usda.gov/apps/AgentLocator/#!/>

What has changed this year?

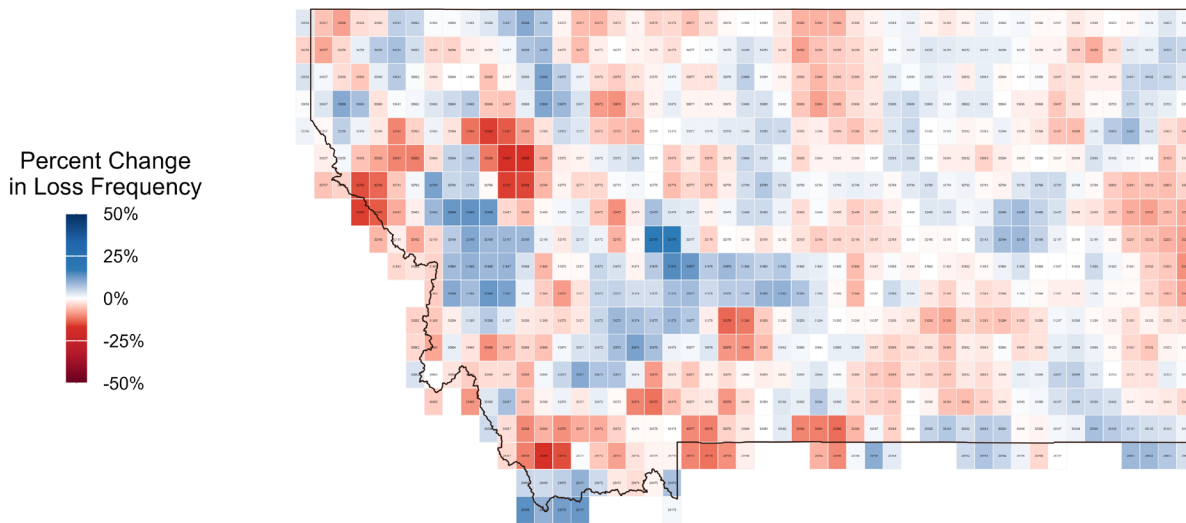
Starting with 2027 policies, the USDA has updated the weather metrics they're using to calculate payments. This change will impact both premiums and the likelihood of payouts. In some areas, this new metric is more stable, showing fewer years with unusually low rainfall. In those areas, payouts will be less likely with the new metrics. The red boxes in the map below indicate places where the new rainfall metrics would have caused insurance to trigger less frequently, if those metrics had been used over the last decade.

The blue areas, on the other hand, are places where the new metrics would have triggered insurance payouts more frequently using the new measures. Blue areas may face higher premiums but receive more frequent payouts going forward.

However, blue or red areas won't necessarily become better or worse deals for PRF because premiums will adjust too. In red areas, premiums should fall to reflect the lower payout probability. In blue areas that are now riskier for insurers, premiums will likely rise.

Montana

All Intervals, 90% Coverage Level Backcasted Change in Loss Frequency (2016-2025)



Values show the change in the percent of indemnity-triggering intervals from 2016-2025. For example, a value of 20% indicates that the new dataset would have triggered indemnities in 2 more intervals than the old dataset.

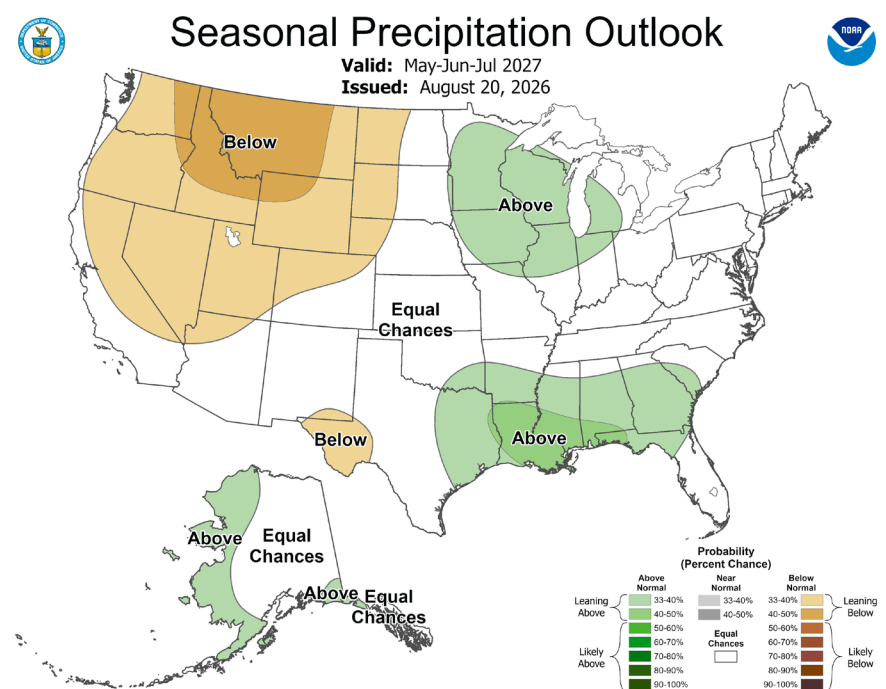
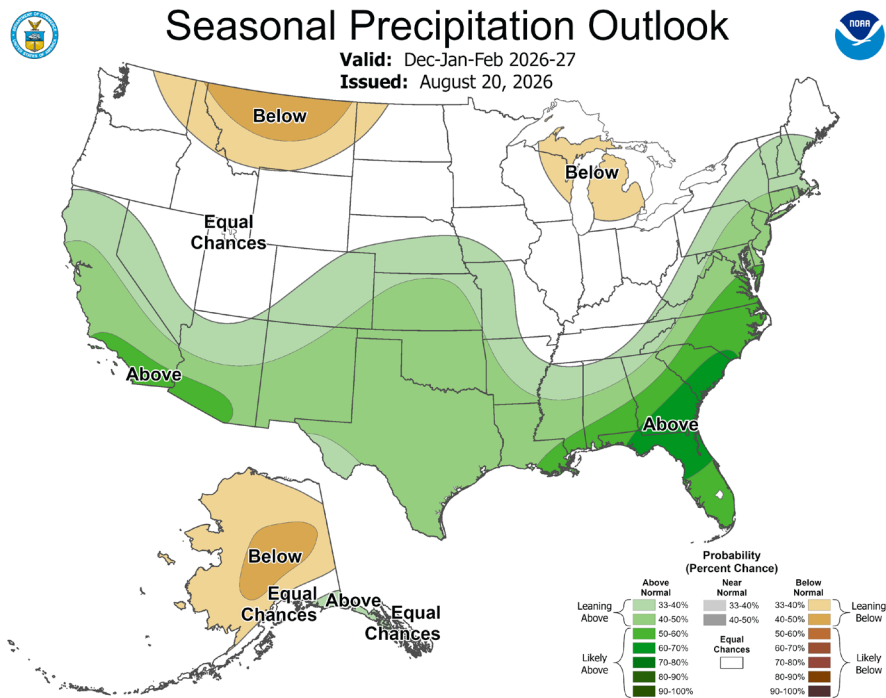
Source: Watts and Associates, Inc

In addition to this change in measurements, the USDA also changed two other important rules for 2027:

- Producers now cannot put more than 25% of their coverage weight on the January-February interval.
- Producers must maintain livestock on the insured land with at least 25% of the recommended stocking rate. Producers must keep records that can verify the number of animals on the land (such as veterinary records, financial records, or pregnancy check records) for three years, and must show the USDA these records on request.

A concern for 2027: El Nino

El Nino is a cyclical weather pattern caused by warm waters in the Pacific Ocean. El Nino is currently surging, and it's expected to have effects through at least spring 2027. For Montana, El Nino typically causes drier weather patterns, and NOAA predicts that the winter and summer are more likely to experience below-average precipitation. This means that PRF payments are more likely for Montana producers in 2027.



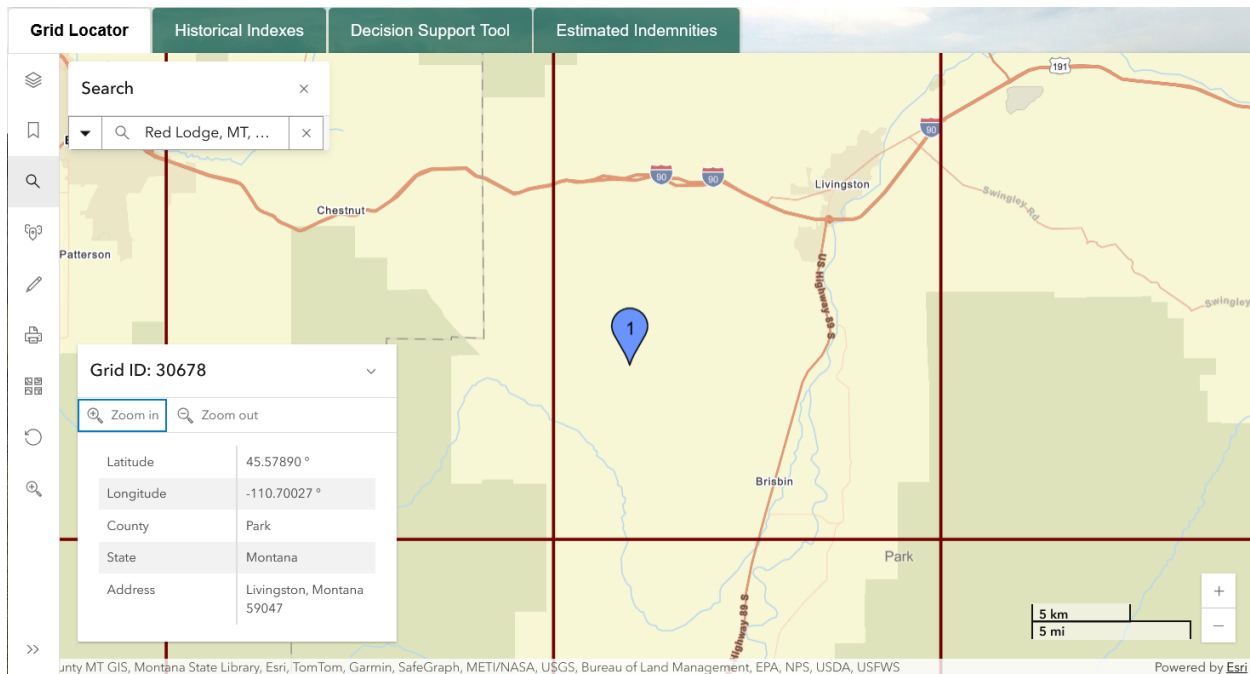
Source: National Weather Service Climate Prediction Center, https://www.cpc.ncep.noaa.gov/products/predictions/long_range/

How can producers decide on the right PRF coverage?

In picking the right PRF coverage, producers want to ask two key questions: what coverage will best protect a producer against the risk of drought? And what coverage will offer the best financial returns?

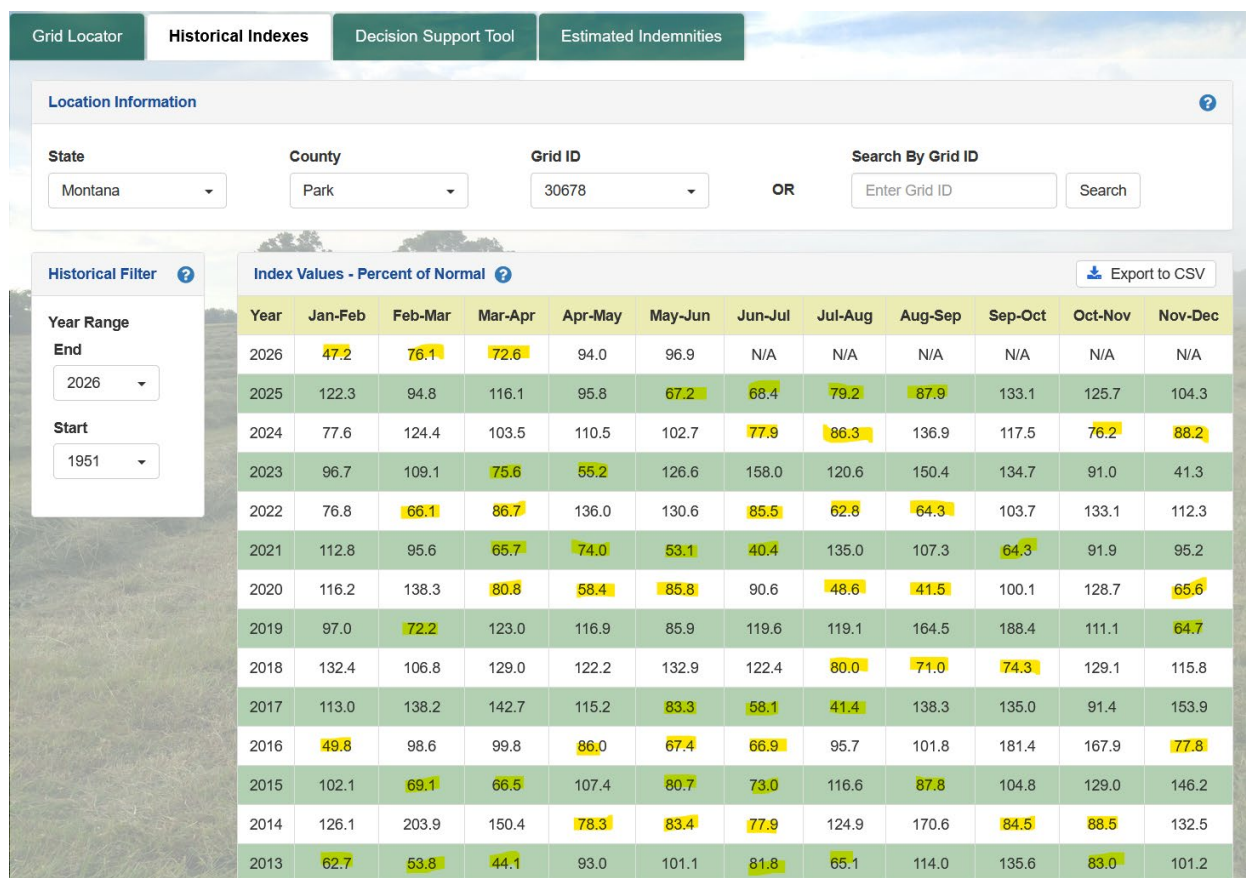
To help with both these questions, the USDA has a useful PRF Support Tool, available at <https://public-rma.fpac.usda.gov/apps/PRF>. To use it, you can follow these steps:

1. **Locate your grid number.** On the grid locator tab, click on the magnifying glass icon, search for an address near you, and then click on the map near your operation. For example, this producer searched for Red Lodge as a map reference, then clicked on the map near the ranch’s actual location. Their operation is in Grid ID 30678. If they buy PRF, their payments will be based on rainfall in 30678.



Source: USDA Pasture, Rangeland, Forage Support Tool, screenshot by authors.

2. **Compare the grid’s history to your history.** Open the “Historical Indexes” tab and put in your grid number. This shows the rainfall index used to trigger payments. When this number falls below the producer’s chosen threshold of 90 or 70%, payouts start, and payments grow when the index is lower. All highlighted blocks would have received a payout with a 90% insurance policy. Before staring at these numbers, consider: which years in the last decade were the worst for forage growth on your operation? Then look and see which years would have actually received PRF payments. If our example producer’s worst years had been 2017 and 2020, then PRF might have offered some good payouts at the right time, particularly if the producer’s policy mostly covered April through September. On the other hand, if 2019 and 2024 were the producer’s worst years, PRF would barely have paid out when most needed. In that case, it’s likely that PRF’s measure is a bad match for this producer’s real rainfall and won’t reduce their risk much.



Source: USDA Pasture, Rangeland, Forage Support Tool, screenshot by authors.

3. **Explore premiums and indemnities.** Switch to the “Decision Support Tool” tab, and enter some details of a potential policy: the coverage level, the insured acres, and the spread of coverage across two-month periods. The coverage levels below reflect an even-weighting strategy that spreads coverage equally across the year. The Producer Premium gives the premium a producer would pay under the current rules. The “Total” row at the bottom shows the total year’s premium. The Estimated Indemnity shows how much an insurance policy under current rules would have paid out in the sample year. When the estimated indemnity for a year is larger than the producer premium, the producer received more than they paid in premiums. So in 2025, if our producer had purchased this policy, they would have paid \$462 in premiums, received \$503 in indemnities, and ended the year with \$41 in net payments. The “Estimated Indemnity” tab can then show how the Estimated Indemnity number would have changed over time given this policy choice. You can revise the “Decision Support Tool” policy choices to see how different numbers would have paid out.

State

Montana

County

Park

Grid ID

30678

Search By Grid ID

Enter Grid ID

Search

OR

Protection Information

Intended Use

Grazing

Irrigation Practice

Please Select

Organic Practice

Please Select

Coverage Level

90%

Productivity Factor

100%

Insurable Interest

100%

Insured Acres

1000

Sample Year

2025

Policy Information

County Base Value

\$8.80

Dollar Amount of Protection

\$7.92

Total Insured

1,000

Protection Table

Export to CSV

Index Interval	Percent of Value (%)	Min-Max Percent (%)	Policy Protection Per Unit	Premium Rate Per \$100	Total Premium	Premium Subsidy	Producer Premium	Actual Index Value	Estimated Indemnity
Jan-Feb	16	10 - 25	\$1,267	11.71	\$148	\$75	\$73	122.3	\$0
Feb-Mar	N/A	10 - 70	\$0	9.95	\$0	\$0	\$0	94.8	\$0
Mar-Apr	16	10 - 70	\$1,267	8.52	\$108	\$55	\$53	116.1	\$0
Apr-May	N/A	10 - 70	\$0	7.62	\$0	\$0	\$0	95.8	\$0
May-Jun	17	10 - 70	\$1,346	7.95	\$107	\$55	\$52	67.2	\$341
Jun-Jul	N/A	10 - 70	\$0	13.52	\$0	\$0	\$0	68.4	\$0
Jul-Aug	17	10 - 70	\$1,346	15.48	\$208	\$106	\$102	79.2	\$162
Aug-Sep	N/A	10 - 70	\$0	14.54	\$0	\$0	\$0	87.9	\$0
Sep-Oct	17	10 - 70	\$1,346	13.58	\$183	\$93	\$90	133.1	\$0
Oct-Nov	N/A	10 - 70	\$0	12.37	\$0	\$0	\$0	125.7	\$0
Nov-Dec	17	10 - 70	\$1,346	13.93	\$187	\$95	\$92	104.3	\$0
Per Acre	N/A	N/A	N/A	N/A	\$0.94	\$0.48	\$0.46	N/A	\$0.50
Total	1,000	N/A	\$7,918	N/A	\$941	\$479	\$462	N/A	\$503

Source: USDA Pasture, Rangeland, Forage Support Tool, screenshot by authors.