

Beefenomics: Cattle Market Update

PRF Insurance Basics

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It feels like some kind of weather event has been affecting Georgia beef cattle markets every few months this year. It was about this time last year that North Georgia began to deal with drought conditions that caused many to feed hay earlier and longer than normal. Winter brought drought alleviation for the Southeast and the Southern Plains. Then came intermittent dryness and drought over the summer and into early fall for many in Georgia. Lastly, Hurricane Helene devastated a large swath of Southern and Southeastern Georgia.

Forage production is risky (Table 1), and weather is one risk among many in forage production. To manage forage production risks, producers can take several different actions. For example, producers may spray for fall armyworm, apply fertilizer to support plant growth, or invest in irrigation to mitigate rainfall risks.

Table 1. Hay yield per acre in select Southern States

STATE	10-YR AVERAGE	10-YR LOW	10-YR HIGH
Alabama	2.7 tons/ac	2.1 tons/ac (-22%)	3.1 tons/ac (+15%)
Florida	2.8 tons/ac	2.5 tons/ac (-10%)	3.1 tons/ac (+12%)
Georgia	2.8 tons/ac	2.3 tons/ac (-18%)	3.2 tons/ac (+14%)

Risks from low rainfall are a perennial concern. Low rainfall may push cow-calf producers to purchase more hay, sell calves early at a lighter weight, or even liquidate some of their herd. One tool that forage producers can use to financially manage the risk from low rainfall is Pasture, Rangeland, and Forage (PRF) Insurance that is provided by USDA and sold through approved insurance agents. PRF Insurance insures a producer against low rainfall in the producer's area. If rainfall in the producer's area is below a certain threshold during a certain timeframe, the producer will receive a payment. These payments, viewed from a risk mitigation perspective, help offset the additional costs (e.g., purchasing additional hay) or lost revenue (e.g., lower hay sales) from low rainfall. Premiums that producers pay to receive this coverage are also partially subsidized.

It is important to note a few things about PRF Insurance. Rainfall amounts are measured over an area – not rainfall on an individual producer's operation. Additionally, payments received by producers are based on policy parameters, not actual losses to the operation. Lastly, insurance coverage and payments depend significantly on policy factors that a producer chooses and policy factors that are set based on a producer's location and the USDA.

For more information about PRF Insurance, you can visit the [PRF Insurance website from USDA](#), attend a [PRF Insurance workshop](#) this fall, speak with your [local county extension agent](#), or reach out to an [approved insurance provider](#) near you.