



United States Department of Agriculture  
Farm and Foreign Agricultural Services  
Risk Management Agency

April 3, 2003

**INFORMATIONAL MEMORANDUM: R&D-03-019**

TO: All Reinsured Companies  
All Risk Management Agency Field Offices  
All Other Interested Parties

FROM: Tim B. Witt /s/ *Tim B. Witt*  
Deputy Administrator

SUBJECT: Livestock Risk Protection (LRP) Insurance Policy Materials: Fed Cattle, Feeder Cattle, and Swine

**BACKGROUND:**

On December 18, 2002, the Federal Crop Insurance Corporation's (FCIC) Board of Directors approved expansion of the Livestock Risk Protection (LRP) insurance policy, submitted by Applied Analytics Group, for Fed Cattle and Feeder Cattle. The LRP Basic policy has been changed to encompass Fed and Feeder Cattle.

The LRP-Fed Cattle program is available in all counties in Illinois, Iowa and Nebraska. Fed cattle are those that will be marketed for slaughter at the end of the insurance period and include cattle expected to grade select or better with a yield grade of 1-3. The insurance periods available range in approximately 30-day increments from 13 to 52 weeks. The maximum number of fed cattle that may be insured by any one entity in any one crop-year is 4,000 head.

The LRP Feeder Cattle program is available in all counties in Colorado, Iowa, Kansas, Nebraska, Nevada, Oklahoma, South Dakota, Texas, Utah and Wyoming. Feeder cattle are those that will weigh 650-900 pounds and will be ready to be put into a feedlot for fattening at the end of the insurance period. Feeder cattle that are predominantly dairy or Brahma breeds are not eligible for insurance. The insurance periods available range in approximately 30-day increments from 21 to 52 weeks. The maximum number of feeder cattle that may be insured by any one entity in any one crop-year is 2,000 head.



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The Risk Management Agency Administers and Oversees  
All Programs Authorized Under the Federal Crop Insurance Corporation

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The LRP Swine insurance policy was approved November 15, 2001 and began sales July 8, 2002. Minor changes have been made to the Specific Coverage Endorsement for Swine, the Swine Underwriting Rules, and the Swine Premium Calculation Worksheet, including policy clarifications, insurance periods being quoted in weeks rather than days, and a weight range for swine of 1.5-2.25 cwt (203-304 pounds live weight) has been included to clarify that lean weight, rather than live weight, is insured. The changes for LRP-Swine will become effective July 1, 2003 when the 2004 crop-year begins.

The LRP-Swine program is available in all counties in Iowa. Swine are those that will be marketed for slaughter at the end of the insurance period. The insurance periods available have been changed from 30-day periods displayed in days to weeks that are displayed in approximately 30-day increments from 13 to 26 weeks. The maximum number of swine that may be insured by any one entity in any one crop-year is 32,000 head.

Coverage prices and premium rates for LRP Fed Cattle, Feeder Cattle, and Swine will change daily.

LRP's daily coverage prices, rates, and actual ending values (actual ending values become available at the end of each insurance period) may be viewed on RMA's web site at [www.rma.usda.gov/](http://www.rma.usda.gov/) .

Go to:	Tools/Calculators
Scroll to:	Livestock Reports
Click on:	Daily LRP Coverage Prices, Rates, and Actual Ending Values

To obtain coverage under LRP, producers must submit an application. Once an application is approved, the company will assign a policy number and the producer may activate coverage at any time by applying for a Specific Coverage Endorsement (SCE). More than one SCE may be purchased each year and different insurance periods and coverage prices may be elected.

Producers interested in LRP should contact a crop insurance agent and complete an application, which will be submitted through the approved insurance provider to FCIC. The Risk Management Agency (RMA) will publish on its website a list of Agents authorized by approved insurance providers to write livestock insurance. Agents must be specifically authorized by their company to sell LRP insurance.

The Federal Crop Insurance Act limits the amount of livestock insurance that may be reinsured each year, therefore RMA tracks total sales through a web-based computer program which operates on a real-time basis. Insurance will attach immediately upon RMA's confirmation of acceptance of a Specific Coverage Endorsement for Fed Cattle, Feeder Cattle, or Swine. When the annual underwriting capacity for livestock insurance, as authorized by the Federal Crop Insurance Act, has been obligated, this system will close sales of new and renewed policies.

The RMA premium calculator is available on the RMA web site for general information purposes. To access the LRP premium calculator on the web-site:

- Go to: Tools/Calculators
- Scroll to: Premium Calculation Software for 2000 and succeeding years (Online Version) - Calculate Premiums
- Click on: Calculate Premiums

Companies intending to sell LRP Fed or Feeder Cattle insurance during the 2003 reinsurance year must first have an executed 2003 Livestock Price Reinsurance Agreement (LPRA). Secondly, the company must submit to the Reinsurance Services Division (RSD) a written request to be approved to write LRP Fed or Feeder Cattle, including a revised Plan of Operation Exhibit 13 specifying their applicable retention for each. For the 2004 reinsurance year, Fed and Feeder Cattle will be reinsured under the 2004 LPRA, which will be released in the near future. Any questions regarding FCIC reinsurance should be directed to your Account Executive, or to the Reinsurance Services Division, Attn: Denise Hoffmann, at (816) 926-7910.

**ACTION:**

RMA will begin accepting applications Monday, June 9, 2003 for LRP Fed and Feeder Cattle insurance from companies approved by RMA to write LRP Fed and Feeder Cattle under their 2003 LPRA.

The following materials for LRP have been placed on the RMA website:

**Effective Now With Sales Beginning June 9, 2003:**

<b><u>New 2003 Crop-Year Material</u></b>	<b><u>Comment</u></b>
Basic Policy (Fed & Feeder)	<a href="http://www.rma.usda.gov/policies/2003policy.html">http://www.rma.usda.gov/policies/2003policy.html</a>
Specific Coverage Endorsement Feeder Cattle	<a href="http://www.rma.usda.gov/policies/2003policy.html">http://www.rma.usda.gov/policies/2003policy.html</a>
Specific Coverage Endorsement Fed Cattle	<a href="http://www.rma.usda.gov/policies/2003policy.html">http://www.rma.usda.gov/policies/2003policy.html</a>
Underwriting Rules-Feeder Cattle	<a href="http://www.rma.usda.gov/policies/2003LRP.html">http://www.rma.usda.gov/policies/2003LRP.html</a>
Underwriting Rules-Fed Cattle	<a href="http://www.rma.usda.gov/policies/2003LRP.html">http://www.rma.usda.gov/policies/2003LRP.html</a>
2003 LRP Handbook-Fed & Feeder	<a href="http://www.rma.usda.gov/data/directives.html">http://www.rma.usda.gov/data/directives.html</a>
Draft Data Layouts-e-DAS	<a href="http://www.rma.usda.gov/data/m13/">http://www.rma.usda.gov/data/m13/</a>
Premium Calculation Instructions Feeder Cattle	<a href="http://www.rma.usda.gov/policies/2003LRP.html">http://www.rma.usda.gov/policies/2003LRP.html</a>
Premium Calculation Instructions Fed Cattle	<a href="http://www.rma.usda.gov/policies/2003LRP.html">http://www.rma.usda.gov/policies/2003LRP.html</a>

Special Provisions-Fed & Feeder <http://www.rma.usda.gov/tools> (click on “Search the Actuarial Document System”)

**Effective July 1, 2003 For The 2004 Crop-Year:**

**New 2004 Crop-Year Material\***

**Comment**

Basic Policy (applies to Swine also)

<http://www.rma.usda.gov/policies/2004policy.html>

Specific Coverage Endorsement

Swine

<http://www.rma.usda.gov/policies/2004policy.html>

Underwriting Rules-Swine

<http://www.rma.usda.gov/policies/2004LRP.html>

2004 LRP Handbook

<http://www.rma.usda.gov/data/directives.html>

Premium Calculation Instructions

<http://www.rma.usda.gov/policies/2004LRP.html>

Swine

Special Provisions -Swine

<http://www.rma.usda.gov/tools> (click on “Search the Actuarial Document System”)

\*Minor revisions will also be made to Manual 13 for Swine for the insurance periods in weeks and the weight range.

**DISPOSAL DATE:**

This Informational Memorandum is for the purpose of transmitting information and its disposal date is December 31, 2003.