



United States  
Department of  
Agriculture

Risk  
Management  
Agency

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Kansas City,  
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August 12, 2004

**INFORMATIONAL MEMORANDUM: R&D-04-033**

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: Revised Livestock Risk Protection Insurance Policy Materials

**BACKGROUND:**

On April 6, 2004, the Federal Crop Insurance Corporation's (FCIC) Board of Directors (Board) withdrew reinsurance for the Livestock Risk Protection (LRP) insurance plan pending revisions. Applied Analytics Group who submitted LRP completed the revisions and these LRP policy materials are now available on the Risk Management Agency (RMA) website.

The LRP program provides protection from decline in prices for swine, feeder cattle and fed cattle producers.

Revisions include those approved by the Board on both October 29, 2003 and April 6, 2004 and include: starting daily sales after validation of prices and rates and ending on the following day at 9:00 AM central time, procedure for long-term suspension and resumption of sales in cases of catastrophic events or highly volatile futures markets, addition of a new daily limit of LRP premium (starting at \$1 million for 2005), language to suspend sales for any endorsement period that involves rating based on a futures contract that closed at its limit price move.

Changes specific for the Feeder Cattle policy allow producers to insure additional types of feeder cattle (heifers, predominantly Brahman, and predominantly Dairy), with increased weight ranges for shorter time periods.

On July 29, 2004 the Board authorized expansion of all the LRP plans of insurance for Swine, Feeder Cattle and Fed Cattle in the states of Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Nevada, North Dakota, Oklahoma, Ohio, South Dakota, Texas, Utah, West Virginia, Wisconsin and Wyoming

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. RMA will publish on its website a list of Agents authorized by their companies to write



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

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livestock insurance. The address of the website is: [www.rma.usda.gov/](http://www.rma.usda.gov/).

Because the Federal Crop Insurance Act limits the amount of livestock insurance that may be reinsured each year, RMA must review LRP applications and provide an approval number to the company before coverage can be bound. RMA has developed a web-based computer program for this purpose, which operates on a real-time basis. RMA will track total sales and, if necessary, close sales of new and renewed policies when the annual underwriting capacity for livestock insurance, as authorized by the Federal Crop Insurance Act, has been obligated. Insurance will attach immediately upon RMA's confirmation of acceptance of the application.

LRP insurance purchases must be executed through crop insurance agents. However, the RMA premium calculator will be available on the RMA web site for general information purposes. To find 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 must first sign the Livestock Price Reinsurance Agreement (LPRA), which will be issued by RMA's Reinsurance Services Division separately. Agents must be specifically authorized by their company to sell LRP insurance.

LRP sales are expected to begin on or about October 1, 2004; however sales will only occur when RMA announces daily prices on its website.

### **ACTION:**

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

New 2005 Crop-Year Material	Comment
Basic Policy	<a href="http://www.rma.usda.gov/policies/2005policy.html">http://www.rma.usda.gov/policies/2005policy.html</a>
Specific Coverage Endorsements	<a href="http://www.rma.usda.gov/policies/2005policy.html">http://www.rma.usda.gov/policies/2005policy.html</a>
Underwriting Rules	<a href="http://www.rma.usda.gov/policies/2005LRP.html">http://www.rma.usda.gov/policies/2005LRP.html</a>
2005 LRP Handbook	<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	<a href="http://www.rma.usda.gov/policies/2005LRP.html">http://www.rma.usda.gov/policies/2005LRP.html</a>
Special Provisions	<a href="http://www.rma.usda.gov/tools">http://www.rma.usda.gov/tools</a> (click on "Search the Actuarial Document System")

### **DISPOSAL DATE:**

This Informational Memorandum is for the purpose of transmitting information and its disposal date is July 1, 2005