



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

1400 Independence
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Stop 0801
Washington, DC
20250-0801

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Ross J. Davidson, Jr.
Manager

SUBJECT: Board Memorandum No. 747
Docket No. CI-LGM-SWINE-04-01
Withdrawing Reinsurance of the Livestock Gross Margin Pilot Plan of
Insurance Pending Revision

There is submitted for your consideration the subject docket authorizing the Federal Crop Insurance Corporation (FCIC) to withdraw reinsurance of the Livestock Gross Margin (LGM) Pilot Plan of Insurance pursuant to 7 C.F.R. section 400.709(b). The approved insurance provider will have the option of selling and servicing the LGM Plan of Insurance at its own risk and without reinsurance and subsidy, or canceling the plan of insurance in accordance with its terms. No additional policies sold after the date of this withdrawal will be reinsured.

If the conditions stated below are implemented, FCIC will again provide reinsurance for the LGM Pilot Plan of Insurance.

- Changes approved by the Board on August 1, 2003 (Board Memorandum No. 709 Docket No. CI-LGM-03-01), are implemented, except that the sales period shall be limited to starting after validation of prices and rates on the last day of the price discovery period and ending on the following day at 9:00 AM central time.
- Additional language will be added to the policy prohibiting insureds from having offsetting positions on any board of trade.
- Additional language will be added to the policy to permit suspension of LGM sales due to an extraordinary event, as determined by the Manager.
- Other revisions to the policy necessary to implement the changes described herein.

FINAL RESOLUTION

**Docket No. CI-LGM-SWINE-04-01
Livestock Gross Margin (LGM) Pilot Plan of Insurance**

WHEREAS to provide the maximum possible continuity of livestock price risk protection to producers while effectuating the changes necessary to ensure actuarial, underwriting, and program integrity of the Livestock Gross Margin product, the following resolutions are hereby approved:

RESOLVED, that Docket No. CI-LGM-SWINE-04-01, authorizes the Federal Crop Insurance Corporation to withdraw reinsurance of the Livestock Gross Margin (LGM) Pilot Plan of Insurance pursuant to 7 C.F.R. section 400.709(b) effective as of the date of this resolution.

RESOLVED, that Docket No. CI-LGM-SWINE-04-01, authorizes the Federal Crop Insurance Corporation to offer reinsurance for the LGM Pilot Plan of Insurance, pursuant to sections 508(h) and 523(b) of the Federal Crop Insurance Act, if the following conditions are met: (1) Changes approved by the Board on August 1, 2003 (Board Memorandum No. 709 Docket No. CI-LGM-03-01), are implemented, except that the sales period shall be limited to starting after validation of prices and rates on the last day of the price discovery period and ending on the following day at 9:00 AM central time; (2) Additional language will be added to the policy prohibiting insureds from having offsetting positions on boards of trade; (3) Additional language will be added to the policy to permit suspension of LGM sales due to an extraordinary event, as determined by the Manager; and (4) Other revisions to the policy necessary to implement the changes described herein.

Adopted by the Board of Directors on: April 6, 2004

SIGNED

Byron Anderson, Secretary
Federal Crop Insurance Corporation

[SEAL]

Approved by:

SIGNED

Keith Collins
Chairman of the Board

4/13/04

Date