



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

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Washington, DC
20250-0801

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Ross J. Davidson, Jr.
Manager

SUBJECT: Board Memorandum No. 732
Docket No. CI-LRP Program Update-03-01
Livestock Risk Protection Program Update for Feeder Cattle, Fed cattle and Swine submitted under 508(h) by the Applied Analytics Group.

There is submitted for your consideration the subject docket authorizing or not authorizing Livestock Risk Protection (LRP) changes for feeder cattle, fed cattle and swine beginning with the 2004 crop year as submitted by Applied Analytics Group (AAG). The submission seeks the following policy changes: (1) approval of a procedure to apply a factor for certain cattle to allow insurance for heifer feeder cattle, Brahman feeder cattle, dairy cattle and cattle at all weights; (2) approval of LRP-Feeder Cattle pilot program to include 91 and 119 day periods (13 and 17 week contracts); and (3) approval of change to the price/liability algorithm in LRP-Swine pilot program, as approved by RMA.

Under section 508(h) of the Federal Crop Insurance Act (Act), the Board shall approve a submission if the interests of producers are protected and the premium rates are actuarially appropriate. While section 508(h) of the Act states that submissions may be prepared without regard to the limitations in the Act, it is not unrestricted. The coverage level and price elections have been specifically referenced as examples of the limitations that do not apply. All other provisions of the Act, such as prohibitions, are applicable to the submission. If the submission violates one of these other provisions, then the Board does not have the authority to approve the submission. Since the Act also requires the agency to take such action to make the program actuarially sound and protect the integrity of the program, the Board does not have the authority to approve submissions that contain program vulnerabilities or adversely affect program integrity.

LRP Program Update
Beginning with the 2004 Crop Year
Docket CI-LRP Program Update-03-01

FINAL RESOLUTION

RESOLVED, That, Docket No. CI-LRP Program Update-03-01, Exhibit No. 2202, authorizing the following policy provision changes and additions for the Livestock Risk Protection (LRP) changes for feeder cattle, fed cattle and swine beginning with the 2004 crop year as submitted by Applied Analytics Group (AAG): (1) approval of a procedure to apply a factor to adjust the insurable price of feeder cattle as necessary; (2) allow insurance for heifer feeder cattle, Brahman feeder cattle, dairy feeder cattle and feeder cattle at all weights; (3) approval of LRP-Feeder Cattle pilot program to include 91 and 119 day periods (13 and 17 week contracts); (4) revise the weight eligibility criteria to allow insurance for feeder cattle that are less than 600 pounds and those that are equal to or greater than 600 pounds and less than 900 pounds, with the application of the applicable price factor based on weight and type of feeder cattle; and (5) approval of change to the price/liability algorithm in LRP-Swine pilot program, with reinsurance, risk subsidy, and administrative and operating subsidy for LRP under such terms and conditions as determined appropriate by the Board during, to the maximum extent practicable, the 2004 crop year, as authorized under section 508(h) of the Federal Crop Insurance Act, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

Adopted by the Board of Directors on: October 29, 2003

/signed/
Byron Anderson, Secretary
Federal Crop Insurance Corporation

[SEAL]

Approved by:

/signed/
Keith Collins
Chairman of the Board

11-03-2003
Date