



United States
Department of
Agriculture

Risk
Management
Agency

6501 Beacon Drive
Kansas City,
MO 64133-4676

April 24, 2007

INFORMATIONAL MEMORANDUM: PM-07-016

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Tim B. Witt /s/ *Rodger M. Matthews*
Deputy Administrator

SUBJECT: Livestock Risk Protection (LRP) Policy Materials and
LRP Expansion States for 2008 Crop Year

BACKGROUND:

The Federal Crop Insurance Corporation's (FCIC) Board of Directors (Board) directed the Risk Management Agency (RMA) in January 2007 to make revisions to the Livestock Risk Protection plan of insurance (LRP) based on results of the contracted Livestock Evaluation. Additionally, the RMA Administrator approved expansion of the LRP plan of insurance in April 2007 to begin sales on July 1, 2007, for the 2008 crop year.

Expansion states for LRP include the following 17 States: Alabama, Arizona, Arkansas, California, Florida, Georgia, Idaho, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oregon, South Carolina, Tennessee, Virginia, and Washington. Expansion is for Fed Cattle, Feeder Cattle, and Swine in these states.

Revisions to the policy documents include the addition of a 100 percent coverage level, revision of the price adjustment factor for predominately dairy animals under 600 pounds, and removal of the prohibition regarding off-setting transactions. Producers interested in LRP should contact an insurance agent who sells livestock insurance and complete an application. RMA publishes a list of agents on its web site. The address of the website is: <http://www.rma.usda.gov/>.

Although insurance purchases must be executed through insurance agents, producers may access the current day's rates and coverage prices and all policy materials, including Premium Calculation Instructions, on the RMA website cited below under 'Actions'.

Because the Federal Crop Insurance Act limits the amount of livestock insurance that may be reinsured each year, the Risk Management Agency (RMA) must review all LRP applications and provide an approval number to the company before coverage can be



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bound. Companies and agents are reminded that they do not have authority to bind coverage without first obtaining an approval number from RMA's e-DAS system. E-DAS operates on a "real-time" basis and will track total sales, discontinuing sales of both new and renewed when the annual underwriting capacity for livestock insurance has been obligated. All sales are final at the time of purchase and premium is owed.

Following RMA's confirmation of acceptance of the application, insurance companies may notify their applicants that insurance will attach.

Companies intending to sell LRP must first sign a Livestock Price Reinsurance Agreement (LRPA).

ACTION:

The following updated LRP materials may be accessed on the RMA web site from the Livestock page at: <http://www.rma.usda.gov/livestock/>

- Basic Policy
- Feeder Cattle Specific Coverage Endorsement (SCE)
- Feeder Cattle Premium Calculation Instructions
- Feeder Cattle Underwriting Rules
- Fed Cattle Specific Coverage Endorsement (SCE)
- Fed Cattle Premium Calculation Instructions
- Fed Cattle Underwriting Rules
- Swine Specific Coverage Endorsement (SCE)
- Swine Premium Calculation Instructions
- Swine Underwriting Rules
- LRP Handbook

Additional materials may be found at:

Draft Manual 13 Requirements
Special Provisions

<http://www.rma.usda.gov/data/m13/>

<http://www3.rma.usda.gov/apps/docbrowser/>

DISPOSAL DATE:

This Informational Memorandum is for the purpose of transmitting information and its disposal date is December 31, 2007.