



United States
Department of
Agriculture

Risk
Management
Agency

Beacon Facility
P.O. Box 419205
Mail Stop 0801
Kansas City, MO
64141-6205

April 23, 2009

INFORMATIONAL MEMORANDUM: PM-09-019

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

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

SUBJECT: 2010 Reinsurance Year Livestock Gross Margin Policy and Insurance Documents Release

BACKGROUND:

The Federal Crop Insurance Corporation's Board of Directors approved revisions to the Livestock Gross Margin (LGM) plans of insurance on March 12, 2009. The changes were requested by Iowa Agricultural Innovations, Inc. the owners of the LGM plan of insurance. The following are features of the revised LGM plans of insurance:

- The sales period for swine, cattle and dairy has been modified to the last business Friday of each month till 8:00 pm the following evening;
- The basis adjustment has been eliminated for all plans of insurance;
- LGM-Dairy has been expanded to Kentucky, New Mexico, Tennessee and Washington; and
- Default feed coefficients have been added for LGM-Dairy. Currently, dairy producers have the flexibility to use different feed coefficients for corn and soybean meal per hundredweight of milk. Producers can now choose to use predetermined default corn and soybean meal coefficients, similar to LGM-Swine and LGM-Cattle.

Producers interested in LGM plans of insurance will need to 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) has published on its website a list of agents authorized by their insurance providers to write livestock insurance. The address of the website is: www.rma.usda.gov/.



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

An Equal Opportunity Employer

To find the LGM 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

ACTION:

The following 2010 reinsurance year LGM materials will be available by close of business today and may be accessed on the RMA website from the Livestock page at:

<http://www.rma.usda.gov/livestock/>

Material

- Basic Policy (2010)
- Commodity Exchange Endorsement (2010)
- FAQ (2010)
- Underwriting Rules (2010)
- Premium Calculation (2010)

All 2010 reinsurance year LGM plans of insurance will be available for sale beginning July 31, 2009.

DISPOSAL DATE:

This Informational Memorandum is for the purpose of transmitting information and its disposal date is December 31, 2009.