

MANAGERS BULLETIN: MGR-17-008

DATE July 11, 2017

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

FROM: Heather Manzano Acting Administrator /s/ Heather Manzano 7/11/2017

SUBJECT: Suspension of Livestock Risk Protection Basic Provisions 30 Day Ownership Requirement Due to Severe Drought in Montana, North Dakota, and South Dakota

Background

In light of the severe drought conditions in Montana, North Dakota, and South Dakota, producers are struggling to find adequate supplies of feed or forage, causing them to market their livestock sooner than anticipated. In response, the United States Department of Agriculture recently announced measures to assist producers affected by severe drought conditions in Montana, North Dakota, and South Dakota.

The Livestock Risk Protection (LRP) Basic Provisions contain language that requires livestock to be owned by the producer within the last 30 days of the insurance period or the policy is terminated with premium owed, but no indemnities payable.

Section 3 of the LRP Basic Provisions states:

(i) Coverage provided under each Specific Coverage Endorsement will:

(1) Expire on the end date if you dispose of any part of your insured share in the insured livestock or livestock product during the last 30 days of coverage.

(2) Be terminated on the date of disposal for any portion of your insured share in the insured livestock or livestock product disposed of prior to the last 30 days of coverage, unless that portion of your share is properly transferred, on our form, to an eligible transferee under section 17.

i) Termination will be effectuated by reducing the number of livestock insured under the applicable Specific Coverage Endorsement.

ii) No indemnity will be paid for any portion of the endorsement that is terminated.

iii) Because no indemnity is due as a result of a breach of this policy, no premium for any terminated portion will be refunded.

The 30-day ownership requirement assures the producer maintains an insurable interest in the livestock but does not affect the actuarial performance of the product as insurance coverage and losses are determined from the commodity futures or cash markets.

Action

In keeping with USDA measures to assist producers in managing drought conditions, Approved Insurance Providers, at their sole discretion, may waive the 30-day ownership requirement for LRP Specific Coverage Endorsements (SCE) currently in effect as of July 11, 2017, subject to verification of proof of ownership. Proof of ownership can include sales receipts, kill sheets, or other documentation that verifies ownership during the insurance period showing the date the livestock were sold or slaughtered. The waiver does not affect actuarial performance of the LRP policy and permits producers to market their livestock as necessary while the policy continues in force.

The 30-day ownership requirement waiver is applicable in Montana, North Dakota, and South Dakota.

DISPOSAL DATE:

December 2017