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USDA Improves Livestock Crop Insurance Policies with New Options

News Release |

April 28, 2021

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WASHINGTON, April 28, 2021 — The U.S. Department of Agriculture is updating livestock insurance policies to improve options for producers and to create additional opportunities for producers to participate. USDA's Risk Management Agency's (RMA) updates to the Dairy Revenue Protection (DRP) and Livestock Gross Margin (LGM) policies will be effective for the 2022 and succeeding crop years.

"We are always looking for ways to improve the insurance program and coverage for our producers," said RMA Acting Administrator Richard Flournoy. "We strongly feel that these updates will benefit producers and their dairy and livestock operations in the years to come."

Updates to DRP

DRP has been RMA's most successful livestock product. In just its second year, it covered about 30% of milk production. It provided critical protection against unexpected decreases in prices, due to COVID and other causes, paying around \$478 million to dairy producers.

The changes for the 2022 crop year include:

- Ensuring the Class Pricing Option remains available for purchase even when either the Class III or Class IV milk price is not published.
- Relaxing records requirements by allowing monthly total pounds of milk and milk components (butterfat and protein) to be acceptable records instead of daily.
- Modifying weekend sales period to end on Sunday at 9 a.m. Central Time.

Updates to LGM

LGM is available for cattle, dairy, and swine producers and provides protection against loss of gross margin (market value of livestock minus feed costs). The LGM programs have also seen an increase in participation over the last year. The total insured livestock and livestock products increased approximately 103% from 2019 to 2020.

The changes for the 2022 crop year include allowing producers to purchase coverage on a weekly basis instead of monthly, which will allow producers to be more effective at managing the risks to their operations.

Additional Opportunities

In addition to DRP and LGM, another insurance options for livestock producers is Livestock Risk Protection (LRP), which is available for feeder cattle, fed cattle, and swine. It provides protection against declining market prices. Recent changes, which include increased head limits and additional subsidy increases, have resulted in a 1,000%-plus increase in program participation compared to the 2020 crop year.

Crop insurance is sold and delivered solely through private crop insurance agents. A list of crop insurance agents is available online using the [RMA Agent Locator](#). Learn more about crop insurance and the modern farm safety net at rma.usda.gov.

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris Administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit www.usda.gov.

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