

MGR-22-004: Suspension of Livestock Risk Protection Basic Provisions 60-Day Ownership Requirement Due to Severe Drought

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Date

May 19, 2022

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Marcia Bungler, Administrator /s/ Marcia Bungler

Subject

Suspension of Livestock Risk Protection Basic Provisions 60-Day Ownership Requirement Due to Severe Drought

Background

Due to the continuing severe drought conditions impacting many parts of the nation, 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 has announced measures to assist producers affected by severe weather events including drought.

The Livestock Risk Protection (LRP) Basic Provisions contain language that requires livestock to be owned by the producer within the last 60 days of the insurance period or the endorsement is terminated with premium owed, but no indemnities payable.

The 60-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

To assist producers in managing drought conditions, Approved Insurance Providers, at their sole discretion, may waive the 60-day ownership requirement for LRP Specific Coverage Endorsements (SCE) currently in effect as of May 19, 2022, 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.

DISPOSAL DATE:

December 31, 2023