MGR-21-008: Suspension of Livestock Risk Protection Basic Provisions 60 Day Ownership Requirement Due to Severe Drought

View PDF

Date
August 2, 2021

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

From
Richard H. Flournoy, Acting Administrator /s/ Richard H. Flournoy

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

Background

Due to 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 recently announced measures to assist producers affected by severe drought conditions.

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.

Section 2 of the LRP Basic Provisions states:

* * *

(h) Coverage provided under each SCE will:

(1) Expire on the end date if:

(i) you do not dispose of your share in the insured livestock or livestock product prior to the end date, or

(ii) you dispose of your insured share in the insured livestock or livestock product during the last 60 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 60 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 SCE.

(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 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

In order 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 August 02, 2021, 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 60-day ownership requirement waiver is applicable to any state where LRP is available.

DISPOSAL DATE:
December 31, 2021