

PM-21-021: Dairy Revenue Protection and Livestock Gross Margin Revisions for the 2022 and Succeeding Crop Years

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Date

April 28, 2021

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator /s/ Richard H. Flournoy

Subject

Dairy Revenue Protection and Livestock Gross Margin Revisions for the 2022 and Succeeding Crop Years

Background

The Federal Crop Insurance Corporation's Board of Directors (Board) approved revisions to the Dairy Revenue Protection (DRP) plan of insurance, under section 508(h) of the Federal Crop Insurance Act, on November 20, 2020. The Board also approved revisions to the Livestock Gross Margin (LGM) plans of insurance, under section 508(h) of the Federal Crop Insurance Act, on June 23, 2020. The following revisions are applicable for the 2022 and succeeding crop years:

Dairy Revenue Protection changes include:

- Added a Class Price Weighting Factor Restricted Value, which in the event that the Class 3 or Class 4 milk price is not published, the Class Price Weighting Factor Restricted Value will allow producers to still purchase the Class Pricing Option by defaulting to the milk price of the published class;

- Provided more precise state level production and milk yields for Georgia by no longer grouping it with nearby states.
- Relaxed records requirements by allowing monthly (instead of daily) total pounds of milk and milk components (butterfat and protein) to be acceptable records.
- Incorporated Manager Bulletin MGR-20-017 into the policy and handbook to cutoff the weekend sales period on Sunday at 9:00 a.m. Central Time.
- Clarified when the policy will terminate for unpaid premium or other amounts due; and
- Clarified when the producer may seek arbitration.

Livestock Gross Margin changes include:

- Modified the Expected Price Measurement Period definition and the Sales Period definition to allow for weekly sales; and
- Clarified when the producer may seek arbitration

Action

The following documents will be available by close of business today on the RMA website via the Livestock page at: www.rma.usda.gov/policy-procedure/general-policies/livestock-insurance-plans:

- Dairy Revenue Protection Insurance Policy (22-DRP)
- Dairy Revenue Protection Commodity Exchange Endorsement (22-DRP-CEE)
- Dairy Revenue Protection Insurance Standards Handbook (20400U)
- Livestock Gross Margin for Swine Policy (22-LGM Swine)
- Livestock Gross Margin for Swine Commodity Exchange Endorsement
- Livestock Gross Margin for Dairy Policy (22-LGM Dairy Cattle)
- Livestock Gross Margin for Dairy Commodity Exchange Endorsement
- Livestock Gross Margin for Cattle Policy (22-LGM Cattle)
- Livestock Gross Margin for Cattle Commodity Exchange Endorsement

Approved insurance providers must notify policyholders of these changes at least 30 days prior to the cancellation date, as required by the policy.

If you have any questions, please contact the Product Administration and Standards Division Livestock Specialists at rma.kc.livestock@usda.gov.

DISPOSAL DATE:

December 31, 2022