

PM-24-028: Livestock Risk Protection, Livestock Gross Margin, and Dairy Revenue Protection - Modifications Effective for 2025 and Succeeding Crop Years

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Date

April 29, 2024

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator

Subject

Livestock Risk Protection, Livestock Gross Margin, and Dairy Revenue Protection - Modifications Effective for 2025 and Succeeding Crop Years

Background

The Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) approved revisions to the Livestock Risk Protection (LRP), Livestock Gross Margin (LGM), Dairy Revenue Protection (DRP) plans of insurance under section 508(h) of the Federal Crop Insurance Act. The following revisions are applicable for the 2025 and succeeding crop years:

Livestock Risk Protection changes include:

- Allowed producers to sign application for coverage ahead of sales period;
- For LRP Fed Cattle and Swine, the insured must provide sales records for swine and fed cattle to receive an indemnity;

- Suspension of offers for LRP-Feeder Cattle and LRP-Fed Cattle on dates when USDA releases the Cattle on Feed report, and suspension of LRP-Swine offers on dates when USDA releases the Hogs and Pigs report;
- Removed the definition of “daily price limit” and added the definition of “limit movement” to allow LRP offers on days when livestock prices change more than the regular limit, but less than the expanded price limit; and
- Updated the policy and handbook to be consistent with other FCIC issued policies and handbooks.

Livestock Gross Margin changes include:

- Allowed producers to sign application for coverage ahead of sales period;
- For LGM Cattle and Swine, converted the “approved target marketings” and “target marketings report” to “cumulative target marketings”;
- For LGM Cattle, added definitions of “target corn weight,” “target feeder cattle weight,” and “target live cattle weight,” and modified definitions for “actual cost of feed,” “actual gross margin per head,” “expected cost of feed,” and “expected gross margin per head” to provide more flexibility in choosing the cattle weight and the amount of corn fed per head;
- For LGM Swine, modified definitions of “actual corn price,” “actual soybean meal price,” and “actual swine price” to reflect the change in timing and methodology for calculating actual prices, modified definitions of “expected corn price,” “expected soybean meal price,” and “expected swine price” to reflect the change in timing and methodology for calculating expected prices, modified definition of the “marketing report” to provide additional flexibility for swine sold earlier or later than expected, and removed the definition of “expected price measurement period” since that term is no longer used; and
- Updated the policy and handbook to be consistent with other FCIC issued policies and handbooks.

Dairy Revenue Protection changes include:

- Updated the policy and handbook to be consistent with other FCIC issued policies and handbooks.

Dairy Revenue Protection Notice:

- Due to reductions in National Agricultural Statistics Service (NASS) milk reporting, FCIC will not be able to calculate the state yield for the states listed

below for quarters 1 through 3 of 2025 for 2024 RY policies. Per section 7(g) of the DRP policy, 2024 policies for those 3 quarters in the below states will have their Yield Adjustment Factors set to 1. The policy and endorsement revisions for 2025 RY will account for NASS's changes and will resume functioning as normal.

- List of states:
 - AK, AL, AR, CT, DE, HI, KY, LA, ME, MD, MA, MS, MT, NE, NV, NH, NJ, NC, ND, RI, SC, TN, WV, and WY.

Action

The following documents will be available by close of business today on the Risk Management Agency (RMA) website via the Livestock page at:

www.rma.usda.gov/policy-procedure/general-policies/livestock-insurance-plans:

- Livestock Risk Protection Insurance Policy (25-LRP Basic)
- Livestock Risk Protection-Fed Cattle Specific Coverage Endorsement (2025 LRP Fed Cattle)
- Livestock Risk Protection-Feeder Cattle Specific Coverage Endorsement (2025 LRP Feeder Cattle)
- Livestock Risk Protection-Swine Specific Coverage Endorsement (2025 LRP Swine)
- Livestock Gross Margin for Swine Policy (25-LGM Swine)
- Livestock Gross Margin for Swine Commodity Exchange Endorsement (25-LGM Swine-CEE)
- Livestock Gross Margin for Dairy Policy (25-LGM Dairy Cattle)
- Livestock Gross Margin for Dairy Commodity Exchange Endorsement (25-LGM Dairy-CEE)
- Livestock Gross Margin for Cattle Policy (25-LGM Cattle)
- Livestock Gross Margin for Cattle Commodity Exchange Endorsement (25-LGM Cattle-CEE)
- Dairy Revenue Protection Insurance Policy (25-DRP)
- Dairy Revenue Protection Commodity Exchange Endorsement (25-DRP-CEE)

The LRP, DRP, and LGM handbooks will be available at a later date.

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 RMA at rma.kc.livestock@usda.gov.

DISPOSAL DATE:

December 31, 2024