

# **COM-19-001.1: Updated Livestock Price Reinsurance Agreement (LPRA) Appendix IV \$200,000 Indemnity Review Requirements for RY 2025**

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Date

July 30, 2024

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Francie Tolle, Deputy Administrator for Compliance /s/ Francie Tolle

Subject

Updated Livestock Price Reinsurance Agreement (LPRA) Appendix IV \$200,000 Indemnity Review Requirements for RY 2025

## **Background**

Per LPRA Appendix IV, AIPs shall identify and conduct an inspection on any eligible livestock price insurance contract (ELPIC) with an indemnity of \$200,000 or more.<sup>1</sup> On April 12, 2019, RMA issued COM-19-001 to address the \$200,000 Indemnity Review (\$200K Review) requirements for aggregating losses by endorsement or insurance period for the Dairy Revenue Protection (DRP), Livestock Gross Margin (LGM), and Livestock Risk Protection (LRP) plans of insurance.

COM-19-001 provided specific examples for aggregating losses by endorsement and insurance periods to illustrate when the review requirement would be triggered for producers. Further, RMA stated that \$200K Reviews are only required once per producer, per reinsurance year (RY).

Effective for RY 2025, this Informational Memorandum updates COM-19-001 and informs AIPs that the review requirement is for one \$200K Indemnity Review for each ELPIC per RY (instead of one \$200K Indemnity Review per producer per RY) and is applicable for all LPRA plans of insurance including Weaned Calf Risk Protection (WCRP), a new insurance program for RY 2024.

For WCRP, the AIP must conduct a \$200,000 Indemnity Review for each ELPIC based on total indemnities for the reinsurance year. WCRP allows the producer to protect against both yield (based on the producer's actual production history) and price declines in the market value of the calves. For example, if a beef cow calf producer has ELPICs in three different counties under the WCRP plan of insurance, each ELPIC that exceeds \$200K in total indemnities must be reviewed independently.

## **Action**

This memorandum serves to update the review requirements for \$200K Reviews in accordance LPRA Appendix IV, Section III(b)(3)(C) which states, "The Company shall identify and conduct an inspection on any eligible livestock insurance contract with an indemnity of \$200,000 or more."

An ELPIC consists of the following eight PASS data elements: RY, Commodity Year, State, County, AIP, Commodity Code, Producer Tax ID, and Insurance Plan.

### **DISPOSAL DATE:**

Until modified or rescinded

<sup>1</sup> LPRA Appendix IV, Section III(b)(3)(C)