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LIVESTOCK RISK PROTECTION (LRP) INSURANCE STANDARDS HANDBOOK

2026 and Succeeding Crop Years

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM PRODUCTION AND CONSERVATION
RISK MANAGEMENT AGENCY

TITLE: LIVESTOCK RISK PROTECTION (LRP) INSURANCE STANDARDS HANDBOOK	**NUMBER: FCIC-20010** **OPI: Product Administration & Standards Division**
EFFECTIVE DATE: 2026 and Succeeding Crop Years	**ISSUE DATE: April 30, 2025**
SUBJECT: **Provides the procedures and instructions for administering the Livestock Risk Protection (LRP) Plan of Insurance.**	**APPROVED:** ***/s/ John W. Underwood* for** **Deputy Administrator for Product Management**

REASON FOR ISSUANCE

This handbook is being issued to provide procedures and instructions for administering the Livestock Risk Protection Plan of Insurance for the 2026 and succeeding crop years. This handbook replaces FCIC-20010, Livestock Risk Protection (LRP) Handbook, dated May 24, 2024. This handbook is effective upon approval for the 2026 and succeeding crop years until obsoleted.

SUMMARY OF CHANGES

Listed below are the changes to the 2025 FCIC-20010 Livestock Risk Protection Insurance Standards Handbook with significant content change. All changes and additions are highlighted. Minor changes and corrections are not included in this listing. *** used throughout the handbook indicate where major deletions occurred.

Reference	Description of Change
Para. 21(C)(1)	New procedure for establishing insurable interest based on livestock purchase agreements.
Para. 21(C)(2)	Additional requirements added to documentation required to be provided to receive an indemnity.
Para. 21(D)	Added examples regarding termination for delinquent debt on the policy.
Para. 22 F (3)	New paragraph added to address situations where a clear and obvious error is made in any offers of insurance.
Para. 23(A)	Unborn steers and heifers type renamed to unborn bulls and heifers. Coverage is also available for unborn beef and beef-on-dairy calves under the unborn calves type.
Para. 23(B)	Additional requirements for documentation related to unborn calves, and covered steers or heifers sold within 60 days of the end date.
Para. 23(C)(1)	Information on price adjustment factors for unborn calves.
Para. 24(A)	Coverage is available for cull dairy cows.
Para. 26	New section with additional examples on adjusting the number of covered livestock, including cases when the weight or sex of sold livestock does not reflect the elections on the SCE.
Para. 27	New section providing guidance regarding access to brokerage records in case USDA initiates a review related to potential violation of prohibition of subsidy capture.
Para. 28	New section on procedure to determine if the insured is eligible for drought hardship exemption.

SUMMARY OF CHANGES (Continued)

Reference	Description of Change
Exhibit 2	Added definitions: disinterested third party, liability, subsidy capture, void. Modified definitions: bill of sale, livestock purchase agreement, marketable, sold. Deleted definitions: insured value.
Exhibit 3	Insured and Agent certified statements against subsidy capture are new substantive fields.

LIVESTOCK RISK PROTECTION (LRP) INSURANCE STANDARDS HANDBOOK

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PART 1: GENERAL INFORMATION AND RESPONSIBILITIES

1 General Information

A. Purpose and Objective

This handbook provides procedures for administering the LRP plan of insurance in accordance with the LRP Insurance Policy.

If there is a conflict between this handbook and the GSH or other FCIC approved handbook, this handbook controls. If there is a conflict between this handbook and the policy, the policy controls.

B. Source of Authority

The LRP is a privately developed product submitted and approved by the FCIC Board of Directors in accordance with sections 508(h) and 523(b) of the Act.

C. Title VI of the Civil Rights Act of 1964

The USDA prohibits discrimination against its customers. Title VI of the Civil Rights Act of 1964 provides that "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Therefore, programs and activities that receive Federal financial assistance must operate in a non-discriminatory manner. Also, a recipient of RMA funding may not retaliate against any person because they opposed an unlawful practice or policy, or made charges, testified or participated in a complaint under Title VI.

It is the AIPs' responsibility to ensure that standards, procedures, methods, and instructions, as authorized by FCIC in the sale and service of crop insurance contracts, are implemented in a manner compliant with Title VI. Information regarding Title VI of the Civil Rights Act of 1964 and the program discrimination complaint process is available on the USDA public website at www.usda.gov/oascr. For more information on the RMA Non-Discrimination Statement, see the DSSH.

D. AIP Option to Offer

In accordance with Section II. (a)(3) of the LPRA, AIPs are not required to offer LRP to producers. Accordingly, each AIP must determine whether it will offer the LRP in the approved area. AIPs that elect to offer the LRP must offer all LRP products to all eligible producers in the approved area and must administer the program according to the policies approved and issued by FCIC, procedures in this handbook, and the provisions of Section II. (a)(3) of the LPRA.

1 General Information (Continued)

E. Related Handbooks

The following table provides handbooks related to this handbook.

Handbook	Relation/Purpose
DSSH	This handbook provides the official FCIC-approved form standards and procedures for use in the sale and service of any eligible Federal crop insurance policy; required statements and disclosures; and the standards for submission and review of non-reinsured supplemental policies in accordance with the SRA.
GSH	This handbook provides the official FCIC-approved standards for policies administered by AIPs under the General Administrative Regulations; Common Crop Insurance Policy Regulations Basic Provisions, including the Catastrophic Risk Protection Endorsement; the Area Risk Protection Insurance Regulations Basic Provisions; the Stacked Income Protection Plan of Insurance; the Rainfall Index Plan; and the Whole-Farm Revenue Protection Pilot Policy.
ITS	This handbook provides the official FCIC-approved standards and instructions for use in reporting, administering, and maintaining the Ineligible Tracking System, identifying and notifying ineligible persons, and implementing RMA and AIP reinstatement.

2 Responsibilities

A. Insured's Responsibilities

To be eligible for LRP, the insured must comply with all terms and conditions of the Livestock Risk Protection Insurance Policy.

B. AIP Responsibilities

AIPs must use standards, procedures, methods, and instructions as authorized by FCIC in the sale and service of livestock insurance contracts. Each AIP is responsible for using FCIC-approved procedure. AIPs should report any program issues or concerns to RMA's Product Administration and Standards Division.

3-20 Reserved

PART 2: INSURABILITY

21 LRP Insurability Requirements

A. Application

(1) LRP is a continuous policy and will remain in effect for each crop year following the acceptance of the original application until canceled by the insured or AIP in accordance with the terms of the policy.

(2) The original application can be submitted at any time during the crop year. It must be completed by the insured and received by the agent not later than the SCD for which coverage is requested under an SCE.

(3) An application is required to purchase LRP coverage on an SCE.

(a) The application establishes eligibility.

(b) An SSN and EIN Reporting Form showing those with an SBI shall be attached to the application. This form shows the SSNs, EINs, and share of those with a 10 percent interest or more in the insured person. The SBI Form is used to establish eligibility and to account for insurance limits.

(c) No insurance coverage attaches to the application until the producer submits an SCE.

(d) Additional applications are necessary for each different SBI arrangement and for each state where insurance is written.

(4) The producer must complete the initial application before electing coverage on the SCE to ensure the producer is eligible to participate in the crop insurance program. No insurance coverage attaches until information on the SCE is provided in conjunction with an accepted application.

(5) Early completion of an application confirms whether the producer is compliant with the conservation provisions and, if applicable, qualifies as a beginning farmer or rancher or veteran farmer or rancher (BFR/VFR). These determinations may impact the producer's coverage decisions. According to GSH paragraph 303, if the BFR/VFR application is received and accepted before any SCEs are purchased, then the BFR/VFR benefits would be applicable for all SCEs for the entire crop year. If the BFR/VFR application is received during a crop year after SCEs are purchased, then the BFR/VFR benefits would not be applicable to any SCEs purchased before the BFR/VFR application is received but would apply for any SCEs purchased after the BFR/VFR application is received and accepted.

A. Application (Continued)

(6) Instructions for commodity information to be entered on the application:

(a) Crop year is the twelve-month period beginning July 1 and ending the following June 30 and designated by the calendar year in which the period ends. The crop year in which the effective date falls will determine the crop year for an SCE.

(b) State and county where the livestock are located. Only one application is required per state and all the insurable livestock within a state is covered under this policy provided the SBI are the same. A separate application is required to insure livestock located in another state.

(c) Covered livestock are Fed Cattle (0802), Feeder Cattle (0801), Swine (0815), or any other livestock covered by an SCE.

(d) Plan of insurance is LRP (81).

(7) To obtain coverage on a specific livestock class, an insured must submit an SCE during the sales period that identifies the class, the effective date of coverage, the number of covered livestock, the state and county where the livestock are located, the target weight at the end date, the end date, the coverage level, percent of the insured's insured share and other substantial elements required in exhibit 3. Any SCE submitted without these elements or outside of the sales period cannot be accepted.

B. Insurance Period

(1) The insured should determine the date the livestock are to be ready for market and/or reach the target weight and count the number of weeks until that date.

(2) The insured must choose an insurance period, which should end within 60 days of the date that the livestock are to be marketed or will reach the desired weight.

(3) Based on the selected insurance period, determine the end date of the SCE. The end date is the final coverage day of the SCE and is calculated by counting the weeks of the SCE length from the effective date. The end date is always the same day of the week as the effective date.

(4) The available insurance periods are contained in the SCE.

C. Coverage and Limitations

(1) The policy only covers livestock in which the insured has an ownership interest during the insurance period under the applicable SCE and which are marketable by the end date. Such ownership interest may include:

(a) Livestock owned and raised by the insured.

C. Coverage and Limitations (Continued)

(b) Unborn livestock, provided the insured has:

(i) an ownership interest in pregnant cows or sows to which the unborn livestock will be born.

(ii) (for swine only) an ownership interest, or holders of SBI in the insured, have an ownership interest, in the entity that owns the pregnant sows. The insured may insure the number of unborn swine in proportion to ownership interest in the pregnant sows. For example, if an SBI holder in the insured has a 20 percent ownership interest in a sow breeding entity, then the insured can insure up to 20 percent of the unborn swine produced by sow breeding entity.

(c) Livestock purchased by the insured under a valid livestock purchase agreement entered before the start of the insurance period, provided that such livestock will be in the insured's possession during the insurance period of the applicable SCE, and the last day of the delivery period specified in the livestock purchase agreement is at least 90 days prior to the applicable SCE end date.

(i) Contracts where the pricing formula only fixes the price differential versus a national or a regional price index do not qualify as livestock purchase agreements for the purpose of demonstrating insurable interest or determining the date when the insured sold their covered livestock.

(ii) Contracts where one of the parties has the option to fix the price at a later point in time based on some publicly available pricing index qualify as livestock purchase agreements from the date when such option is exercised and the selling price is fixed.

(2) To receive an indemnity, the insured must provide:

(a) For Fed Cattle and Swine (including covered unborn swine), or sold Feeder Cattle, documents verifying the sale of covered livestock during the insurance period or no later than 60 days (30 days for the unborn calves type) after the end date, that show:

(i) the insured as seller;

(ii) the purchaser;

(iii) the date sold;

(iv) the sex of the livestock (for sex-specific feeder cattle types only);

(v) the number of livestock sold; and

C. **Coverage and Limitations (Continued)**

(vi) the average weight of the livestock sold (not required for the unborn calves type, but if weight is provided on documentation for unborn calves, it should be within an appropriate range for calves sold within two weeks of birth).

(b) For covered feeder cattle not sold by the end date, instead of documents verifying the sale, the insured may provide:

(i) documents verifying ownership of their share of the livestock insured under the SCE, in accordance with the section 12(c) of the LRP Basic Provisions; and

(ii) a certified statement signed by the insured attesting that the covered livestock were not sold prior to the end date, and the covered livestock was marketable at the end date.

(c) For covered unborn livestock, in addition to marketing records or documents verifying ownership and marketability on the end date in accordance with sections 6(2)(i) and (ii) of the LRP Basic Provisions, the insured must also provide the proof of ownership interest in cows or sows to which covered livestock were born, in accordance with section 12(c) of the LRP Basic Provisions.

(d) When ownership interest in covered livestock is claimed under section 6(a)(1)(iii) of the LRP Basic Provisions, the insured must also provide:

(i) a valid livestock purchase agreement, entered into before the start of the insurance period; and

(ii) a delivery receipt, trucking records reflecting the weight of livestock hauled, or a document from the seller of the livestock or auction service that states the date the livestock were delivered to verify you have taken possession of covered livestock no later than 90 days prior to the applicable SCE end date.

(e) For livestock purchased by the insured and not sold within 60 days of the SCE end date, livestock purchase agreements or bills of sale, entered into on or before the SCE effective date and specifying the insured as the buyer.

C. **Coverage and Limitations (Continued)**

(f) For covered unborn livestock or feeder cattle raised by you (that you have not purchased or otherwise obtained by other means), and not sold within 60 days of the SCE end date, financing and credit documents secured by the covered livestock, other documents that are related to covered livestock (such as purchase records for cows that covered livestock are born to, or tax records from the previous years, etc.), or certified written statements from disinterested third parties such as feed suppliers or veterinarians who have visited the farm or ranch, who visually identified the livestock listed on the SCE (or cows that covered livestock are born to) and can attest to your ownership of the identified livestock prior to the end date.

(g) When ownership interest in unborn swine is claimed under section 6(a)(1)(ii)(B) of the LRP Basic Provisions, the insured must also provide documentation establishing:

(i) the insured's ownership interest, or the ownership interest of the person with a substantial interest in the insured, in the sow breeding entity;

(ii) the percentage of ownership interest in the sow breeding entity;

(iii) the number of sows and offspring produced and sold annually from the sow breeding entity; and

(iv) livestock purchase agreement with delivery or pick-up date within the insurance period.

(3) If the insured disposes of or sells covered livestock more than 60 days prior to the SCE end date, the insured will not be considered to have an ownership interest in the disposed of or sold livestock and will not be able to receive an indemnity but premium will still be due.

(4) During each crop year where a policy is in effect, the insured may obtain coverage for as many head of livestock, under as many different SCEs, as the insured is eligible for, subject to the following restrictions:

(a) The insured may not insure the same class of livestock with the same end date under more than one SCE during the same sales period.

C. Coverage and Limitations (Continued)

(b) The insured may not cover the same covered livestock under more than one SCE simultaneously. For example, an insured owns 1,000 head of feeder cattle, and has covered all 1,000 head as Steers Weight 1. Until the SCE on which these head are covered has ended, the insured may not cover the same 1,000 head again as Steers Weight 1 with the same end month (e.g., if available coverage price has increased), as Steers Weight 2 with a later end month, or as Fed Cattle with a later end month. Once the original Steers Weight 1 SCE ends, if the insured has retained some or all of the original 1,000 head, the insured may then choose to purchase a new endorsement to cover the cattle at a new weight with a new end month.

(c) The insured may not have any other FCIC reinsured livestock policy insuring the same covered livestock with the same end month or have any other FCIC reinsured livestock policy covering the same covered livestock at the same time.

(5) The number of covered livestock insured under an SCE must be adjusted if:

(a) the insured disposes of his or her share or sell the covered livestock more than 60 days prior to the end date, unless that portion of his or her share is properly transferred, on the AIP’s form, to an eligible transferee under the policy.

(b) at any time during the insurance period the insured’s covered livestock are seized, quarantined, or destroyed by order of any governmental authority, or the covered livestock are not deliverable due to death or disease and the insured has not provided the AIP with written notice of such circumstance within 72 hours after the insured’s knowledge of the livestock's death. This exemption does not apply to livestock that the insured purchased under a livestock purchase agreement and that is not yet delivered to the insured. For unborn feeder cattle or swine born to females owned by the insured:

(i) written notice of death needs to include either evidence of pregnancy, or records of number of born livestock in one of the prior three years.

(ii) if records for prior years are used in place of evidence of pregnancy, then the number of livestock born in a prior year must be higher than the number of insured unborn livestock.

(iii) valid records include, but are not limited to, veterinary reports, or supply or sales contracts.

(c) the insured fails to provide sales or ownership records for any covered livestock, as required in section 6(a)(2) of the LRP Basic Provisions.

C. Coverage and Limitations (Continued)

(d) the total weight of the covered livestock at the end date is less than the number of covered livestock multiplied by the minimum allowed target weight, unless the insured can establish that extraordinary circumstances caused the livestock to weigh less than the minimum allowed target weight, such as drought causing a lack of feed. If the covered livestock do not meet the minimum allowed target weight, the number of covered livestock will be adjusted in accordance with paragraph 26.

(e) livestock meeting the conditions in (a) through (d) will no longer be covered and will be adjusted as follows:

(i) The number of covered livestock insured under the SCE will be reduced by the applicable number of livestock.

(ii) No indemnity will be paid for any livestock no longer covered under the SCE.

(iii) Because no indemnity is due because of a breach of this policy, the insured will still be responsible to pay the full premium owed in accordance with section 5 of the LRP Basic Provisions.

D. Termination and Cancellation

(1) The termination and cancellation dates are contained in the actuarial documents.

(2) The insured may cancel the policy after the initial crop year by providing written notice to the AIP on or before June 30. AIP may cancel the policy with express written consent from FCIC, unless provided differently in the Basic Provisions.

(3) A delinquent debt for any policy will make the insured ineligible to obtain an LRP policy for any subsequent crop year and result in termination of their LRP policy in accordance with section 2(i)(2) of Basic Provisions. Delinquent debt on the LRP policy will make the insured ineligible to obtain crop insurance authorized under the Act for any subsequent crop year. Termination will be effective:

D. Termination and Cancellation (Continued)

(a) For an LRP policy with unpaid premiums, such policy will terminate for the current crop year even if insurance attached prior to the: termination date. Such termination will be considered effective as of the prior crop year's cancellation date and no insurance will be considered to have attached for the current crop year and no indemnity will be owed.

Example: For the 2026 crop year, an insured purchased an LRP Insurance Policy with a termination date of September 30, 2027, and they do not pay the premium by the termination date. Their LRP policy will terminate for the current crop year (2028) retroactive to the cancellation date of the prior crop year (2027), June 30, 2027, even if insurance has already attached for the current crop year. The effective date of ineligibility would be June 30, 2027.

(b) For an LRP policy with other amounts due, cancellation date immediately following the date the insured has a delinquent debt;

Example: Insured owes reimbursement of an overpaid indemnity on an SCE purchased on June 30, 2026 (crop year 2026), with SCE end date in June 2027. The endorsement had a claim that was paid on August 15, 2027. In January 2028, the AIP discovered they have overpaid for the indemnity and have sent a notice to the insured to repay the overpaid amount by March 1, 2028. The insured failed to pay the amount due and is determined ineligible as of March 1, 2028. The insured will not be allowed to buy any new SCEs on their LRP policy after March 1, 2028. The debt remained delinquent at the next cancellation date, June 30, 2028. The policy is not renewed for crop year 2029.

(c) For delinquent debt on any other policy that is issued under the authority of the Act, this policy will terminate on the cancellation date that coincides with the ineligibility date for the policy with the delinquent debt or, if there is no coincidental cancellation date, the cancellation date immediately following the date the insured becomes ineligible. No new SCEs will be approved for the LRP policy after the ineligibility date.

D. Termination and Cancellation (Continued)

Example: Insured purchased a Federally reinsured corn policy on March 15, 2025, but failed to pay the premium due by the crop year 2025 termination date, March 15, 2026. The insured is ineligible for crop insurance as of March 15, 2026. The insured also purchased an SCE on their LRP policy on July 3, 2025, with end date in April 2026. The LRP cancellation date does not coincide with the ineligibility date, so the LRP policy will be terminated on the cancellation date immediately following March 15, 2026 (i.e., June 30, 2026), if the debt on the corn policy remains delinquent. The insured will not be allowed to buy any new SCEs on their 2026 LRP policy after March 15, 2026. If any indemnity is owed to the insured on SCEs purchased before March 15, 2026, it will remain owed.

Note: For termination for other policies issued by the AIP which issued the LRP policy with delinquent debt, refer to termination provisions in Basic Provisions for those respective policies.

(d) For an LRP policy with a written payment agreement and failure to make any scheduled payment, the policy is terminated effective on the cancellation date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

Example: Insured executed a written payment agreement for crop year 2026 before the termination date of September 30, 2027, to pay the premium by December 15, 2028. Insured fails to make the scheduled payment by December 15, 2028. The crop year in which they failed to make the scheduled payment is 2029. Their crop year 2029 policy is terminated effective June 30, 2028, the cancellation date for the crop year 2028 policy.

E. Premium

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The premium billing date is the first day of the second month following the end date for the SCE and is specified in the actuarial documents.

F. Crop Year

The LRP crop year runs from July 1 to June 30. The crop year is determined for the individual SCEs based on the effective date.

G. Claims

(1) To be eligible for an indemnity, the insured must provide proof of ownership for all covered livestock.

(2) If the actual ending value, as specified in the SCE, is below the coverage price, the claims form must be completed and sent to the AIP within 60 days from the date the AIP provides the insured with the form.

(3) An indemnity payment will be made within 30 days of receipt of the claim form.

H. Continuous Policy

If the policy is not cancelled in writing by the Cancellation Date, the policy (but not any SCEs) will automatically renew.

I. LRP Policy Documents

The following are applicable to the LRP policy:

(1) LRP Insurance Policy-Basic Provisions.

(2) Application Form.

(3) SSN and EIN Reporting Form.

(4) Premium Calculation Instructions - This worksheet can be used to calculate the LRP premium once the Coverage Price and Rate information is obtained from the website on the date of sale.

(5) SCE - The part of the policy that describes coverage of feeder cattle, fed cattle, or swine.

(6) SCE Form - This form is filled out to attach coverage to the policy.

(7) Assignment of Indemnity Form - This form is used for assigning any indemnity to a third party, if applicable.

(8) Transfer of Right to Indemnity Form - This form is used if the feeder cattle are sold prior to the end of insurance period to transfer any indemnity to the new owner (providing the new owner meets eligibility requirements), if applicable.

(9) Note of Probable Loss Form.

(10) SP and AD may be obtained from the RMA website (www.rma.usda.gov) and are part of the policy materials.

J. Insured Area

LRP is offered in all counties in all states.

22 LRP SCE Underwriting Rules

A. LRP SCE Basic Principles

Daily AD: Coverage prices, rates, and coverage levels are available on the daily AD posted on the RMA website for the LRP program. Coverage prices and rates change daily and must be referred to at the time of sale for each endorsement.

B. LRP SCE Coverage

(1) Protection Offered: LRP insurance protects against a decline in prices below the established coverage price.

(2) Coverage Prices: The price provided for the insured livestock, determined by the chosen coverage level. Prices offered at each coverage level change daily and must be obtained from the RMA website.

(3) Coverage Levels: Authorized coverage levels are 75%, 80%, 85%, 87.5%, 90%, 92.5%, 95%, 96%, 97%, 98%, 99%, and 100%.

(4) Availability of Coverage: Coverage information is found exclusively on the daily AD and is applicable only for the effective date.

(5) To obtain coverage, an insured must submit an SCE to the AIP during the sales period.

(a) Any properly executed SCE provided to an agent before the sales period will not be considered submitted until the sales period has begun.

(b) The insured may revise or withdraw the SCE at any time up to 1:30 PM Central Time on the effective date. Withdrawal must be documented in writing. Revisions must be documented by completing a new SCE and writing in the remarks "This SCE replaces the SCE signed on mm/dd/year."

(c) After the start of the sales period, the SCE may not be revised and will be presumed to be the election of the insured.

(d) The insured's signature can be obtained up to 14 calendar days prior to the end of the sales period of the effective date provided all the substantive items regarding the insured's information, commodity information and required statements are completed on the SCE. The date must be the calendar date when the form is signed by the insured.

(e) Before the insured's signature can be obtained, the SCE must contain the livestock class and type, the effective date of coverage, the end date, the state and county where livestock is located on the effective date, the number of covered livestock, the target weight at the end date, the coverage level, and the insured share.

(f) The agent's signature can be obtained up to 14 calendar days prior to the end of the sales period of the effective date provided all other substantive items are completed on the SCE. The date must be the calendar date when the form is signed by the agent.

B. LRP SCE Coverage (Continued)

(6) The SCE must be received by the AIP's information technology system by 8:25 AM Central Time, the end of the sales period.

(a) The AIP will accept a signed SCE if received by the AIP's information technology system after the end of the sales period provided:

(i) the SCE was signed by the agent and the insured during the sales period, and proof of time of signature is provided;

(ii) the information from the SCE was keyed into the AIP's information technology system and that SCE's data received at the AIP by the end of the sales period; and

(iii) the AIP receives a copy of the completed, signed SCE no later than 10:30 AM Central Time immediately following the end of the sales period.

(b) The AIP may accept the SCE if received by the AIP's information technology system after 10:30 AM Central Time immediately following the end of the sales period provided:

(i) all criteria in 6(a)(i) and 6(a)(ii) are met;

(ii) the AIP receives a copy of the completed, signed SCE no later than 12:00 PM (Noon) Central Time immediately following the end of the sales period; and

(iii) the AIP can document a valid reason for the delay.

(c) Beyond 12:00 PM (Noon) Central Time, no exceptions are allowed.

(7) SCEs will not be approved:

(a) if the coverage level indicated on the SCE is not available for purchase;

(b) unless such SCE is accepted by RMA;

(c) if the RMA website or premium calculator are not operational; or

(d) if the SCE is signed after the time when LRP sales are halted by FCIC under section 4 of the LRP Basic Provisions due to an extraordinary event that results in market conditions significantly different than those used to issue the rates.

B. LRP SCE Coverage (Continued)

(8) The coverage will not be available for purchase:

(a) for feeder cattle and fed cattle, on the days on which USDA releases the Cattle on Feed report;

(b) for swine, on the days on which USDA releases the Hogs and Pigs report;

(c) for affected offers, in the event of a limit movement in any relevant livestock futures;

(d) on dates the CME livestock complex is closed. If a holiday falls on a Saturday, CME livestock complex will be closed on the preceding Friday. If a holiday falls on a Sunday, CME livestock complex will be closed on the following Monday. CME holiday schedule for a specific year can be found here: www.cmegroup.com/tools-information/holiday-calendar.html. Observed holidays are:

(i) New Year's Day;

(ii) Birthday of Martin Luther King, Jr.;

(iii) Washington's Birthday;

(iv) Good Friday;

(v) Memorial Day;

(vi) Juneteenth National Independence Day;

(vii) Independence Day;

(viii) Labor Day;

(ix) Thanksgiving Day; and

(x) Christmas Day.

(e) if for any reason offers are not published in the AD by 4:30 PM Central Time on the effective date.

(9) Neither the coverage offered nor the cost of coverage will not be changed in response to any revisions to the information used in determining coverage prices or rates.

C. **LRP Premium Calculation**

The premium is calculated by multiplying the number of insured livestock times the target weight, times the coverage price, times any PAFs, if applicable, times the insured's share, and times the premium rate contained in the AD for the insurance period. See Exhibit 8 for Liability and Premium Computation Illustration.

D. **Indemnity Calculation**

(1) An indemnity is payable if the actual ending value is less than the coverage price (otherwise the indemnity is zero). Unless the number of insured livestock require adjustment in accordance with paragraph 21(C)(6), the indemnity is calculated by:

(a) multiplying the number of covered livestock times the target weight;

(b) subtracting the actual ending value from the coverage price;

(c) multiplying the results of (a) and (b); and

(d) multiplying the result of (c) by the insured share.

(2) If adjustment of the number of insured livestock are required, the number of insured livestock will be calculated in accordance with paragraph 26.

E. **Offset of Premium from Indemnities**

If the insured is entitled to an indemnity under the LRP policy or any other agricultural commodity policy insured with the AIP and it is:

(1) prior to the premium billing date or for any endorsement that has not ended, the insured may request the premium and administrative fees to be offset from any indemnity or prevented planting payment due the insured; or

(2) on or after the premium billing date, or for any endorsement that has ended, the insured's premium and administrative fees will be offset from any indemnity or prevented planting payment due to the insured. If there are multiple endorsements with amounts due past the premium billing date, then the indemnity must be credited first to endorsements with earliest premium billing dates.

F. **Correction of Errors**

(1) Any correction to insured's elections on the SCE that affects the premium, liability or record requirements, such as changes to the type, target weight, or number of covered livestock, must be made within 14 calendar days after the effective date, and the request must be accompanied by the timely signed SCE and supporting documentation, dated before the end of the SCE sales period, that demonstrates a clear and inadvertent error was made.

F. Correction of Errors (Continued)

(2) Correction of transmission errors made by the AIP may be submitted to RMA at any time the transmission error is discovered, and must be accompanied by the timely signed SCE matching the correction requested.

(3) If RMA is notified there has been a clear and obvious error made in any offers of insurance, such as but not limited to premiums announced that are significantly lower than those for any previous offer, and the error is discovered after acceptance of the SCE endorsement by the RMA system:

(a) Within 5 business days, AIPs must inform insureds who have properly and timely executed SCEs affected by the error. If notice is not provided by electronic means, the date the notice is mailed must be within 5 business days of the date when AIP was notified by RMA of the error.

(b) The insured must notify the AIP within 5 business days after receiving the notice, and confirm they wish to maintain coverage under corrected terms. If the correction does not affect any information presented on the SCE, AIP may accept any communication from the insured as sufficient notice that the insured wishes to retain previously purchased coverage. For example, the AIP SCE form contains expected prices, but not premium. If originally issued actuarial records result in incorrect premium, but expected prices are unaffected by the error, then the SCE form, as originally signed by the insured, does not contain any errors, and does not need to be executed again. If any information presented on the SCE is affected by the error, then SCE must be executed again with corrected information within 5 business days after the insured received the notice of the error, even if the information affected is not a substantive field on the SCE form.

23 LRP Feeder Cattle Underwriting Rules

A. Feeder Cattle Basic Principles

(1) Insurance Period: LRP-Feeder Cattle insurance is offered for 13, 17, 21, 26, 30, 34, 39, 43, 47, and 52-week periods.

(2) SCE: The SCE is used to initiate LRP coverage for a specified group of feeder cattle by type.

(3) Target Weight: The target weight for the covered feeder cattle should fall within the following ranges:

(a) Steer feeder cattle; categorized in the two weight ranges of 1.0 - 5.99 cwt (for steers and bulls) and 6.0 - 10.0 cwt (steers only).

A. Feeder Cattle Basic Principles (Continued)

(b) Heifer feeder cattle; categorized in the two weight ranges of 1.0 - 5.99 cwt and 6.0 - 10.0 cwt.

(c) Predominantly Brahman feeder cattle; categorized in the two weight ranges of 1.0 - 5.99 cwt (for heifers, steers and bulls) and 6.0 - 10.0 cwt (for heifers and steers).

(d) Predominantly Dairy feeder cattle; categorized in the two weight ranges of 1.0 - 5.99 cwt (for heifers, steers and bulls) and 6.0 - 10.0 cwt (for heifers and steers).

(e) Unborn bulls and heifers, i.e., bulls and heifers unborn on the SCD, to be marketed as bulls, steers or heifers, with target weight of 1.0 - 5.99 cwt.

(f) Unborn predominantly Brahman feeder cattle; with target weight of 1.0 - 5.99 cwt (for heifers, steers and bulls).

(g) Unborn predominantly Dairy feeder cattle; with target weight of 1.0 - 5.99 cwt (for heifers, steers and bulls).

(h) Unborn calves; with target weight of 0.6 - 0.99 cwt, for calves sold within the first two weeks after birth. Insurable calves include beef calves and beef-on-dairy crossbred calves produced by crossing dairy cows (including, but not limited to Holstein, Jersey, Brown Swiss, Ayrshire, Guernsey, or Milking Shorthorn) with beef bulls (including, but not limited to Angus, Hereford, Simmental, Charolais, Limousin, Wagyu). Dairy-on-dairy calves (such as when the bull semen is Holstein, Jersey, etc.) cannot be insured under the unborn calves type, and must be insured under unborn predominantly dairy type.

B. Feeder Cattle Limitations

(1) The maximum number of feeder cattle that may be insured under any one SCE shall be 12,000 head, and during any crop year shall be 25,000 head. For the purposes of determining whether the number of the insured's covered feeder cattle has reached the maximum allowed for the crop year, the AIP will sum the values in items (a) and (b) below:

(a) All feeder cattle insured under any SCE insured under this policy; and

(b) All feeder cattle insured under any other LRP policy in which the insured, or any person who has an SBI in the insured, have an SBI, in proportion to the percentage of SBI.

B. Feeder Cattle Limitations (Continued)

(2) If the number of covered feeder cattle calculated per 23B(1) has reached the maximum allowed number of head for the crop year, no further endorsements will be accepted.

Example: ABC Farms has 1,000 head of feeder cattle insured under LRP. Producer A has an SBI in ABC Farms and has 90 percent interest (1,000 × .90 = 900 head). Producer A also has cattle under their own name and wants to insure 200 head. The total cattle insured by Producer A are: 900 + 200 = 1,100 head which is below the crop year limit of 25,000 head.

(3) If covered steers or heifers are sold within 60 days of the end date:

(a) in addition to requirements of section 6(a)(2)(i) of the Basic Provisions, the marketing records must also specify the sex of sold livestock; and

(b) if marketing records indicate that any of the sold covered livestock are of the sex different than the sex indicated on the SCE, the number of such animals is adjusted by multiplying by 0.90, and rounded to the closest whole number.

(4) To receive an indemnity for covered unborn calves:

(a) in addition to requirements of section 6(a)(2)(i) of the Basic Provisions, you must provide documents verifying the sales of covered unborn calves not earlier than 30 days before the SCE end date and no later than 30 days after the SCE end date; and

(b) in lieu of the requirements of section 6(a)(2)(i)(D) of the Basic Provisions, marketing records do not need to show the weight of the livestock sold. If marketing records do show weight, the weight must be consistent with sale occurring within two weeks after birth. Any animals with weight in excess of 135 lbs must not be counted as sold covered livestock, unless the insured can demonstrate such weight is consistent with the sale occurring within two weeks after birth.

(5) Sales of all affected feeder cattle SCEs will be suspended in the event of a limit movement in any relevant CME Feeder Cattle futures. As of June 2023, the daily price limit for CME Feeder Cattle futures is set by the CME to $0.0825/lb. ($8.25/cwt), and the expanded price limit is set to $0.1225/lb. ($12.25/cwt). The daily price limit and the expanded price limit are subject to change, and the latest values can be found at www.cmegroup.com/company/livestock-market-enhancements.html and www.cmegroup.com/trading/price-limits.html.

(6) Sales of all feeder cattle SCEs will be suspended on the calendar days on which USDA releases the Cattle on Feed report.

C. Feeder Cattle Coverage

(1) PAFs: LRP Feeder Cattle insurance coverage prices and rates are based on the CME's Feeder Cattle Contract, which is cash settled to the CME Feeder Cattle Index.

(a) The CME Feeder Cattle Contract and the CME Feeder Cattle Index are only based on the price series for steers weighing 700 to 899 pounds, excluding predominantly Brahman or dairy breeds.

(b) Because the CME Feeder Cattle futures prices are for steers of a certain type and weight, the LRP insurance plan for Feeder Cattle uses PAFs to calculate expected ending values, coverage prices, and actual ending values to adjust for select types and weights of feeder cattle, particularly for heifer, predominately Brahman and predominately dairy feeder cattle.

Price Adjustment Factors

Weight Range	Steers	Heifers	Unborn Bulls and Heifers	Predominantly Brahman	Unborn Predominantly Brahman	Predominantly Dairy	Unborn Predominantly Dairy
1.0 - 5.99 cwt	110%	100%	105%	100%	100%	50%	50%
6.0 - 10.0 cwt	100%	90%	N/A	90%	N/A	50%	N/A

(c) PAFs were designed to account for the differences between steer prices and prices of other types and weights of cattle.

(d) PAFs are applied to the expected ending values, coverage prices and actual ending values prior to publishing. Therefore, coverage prices and actual ending values are presented by type and weight of cattle on the RMA website and no further calculations are needed by agents or insureds.

(e) PAFs are included in the SCE, for the convenience of insureds, to provide information as to how coverage prices and actual ending values (liability, premium, and indemnity) will differ from the CME for certain types and weights of cattle and to allow the insured to calculate or estimate the actual ending value prior to its being published.

(f) Prices for feeder cattle types and weights covered under this endorsement are adjusted by multiplying the daily LRP expected ending value or actual ending value, as appropriate for the type of feeder cattle, times the appropriate PAF. The coverage prices determined with these factors will be posted in the actuarial document on RMA's website at www.rma.usda.gov/.

C. Feeder Cattle Coverage (Continued)

(g) PAFs for the Unborn Calves type are published in the actuarial documents and vary depending on the relative value of beef-on-dairy crossbred calves vs. CME Feeder Cattle Index.

(2) To receive indemnity for feeder cattle not sold by the end date, the insured must provide the following:

(a) A certified statement that feeder cattle were marketable as of the end date.

(b) A document to support verification of ownership. Allowable documents include, but are not limited to: livestock purchase agreements, bills of sale; financing and credit documents secured by the covered livestock; or certified written statements from third parties such as feed suppliers or veterinarians who have visited the farm or ranch, who visually identified the livestock listed on the SCE and can attest to your ownership of the identified livestock. If livestock purchase agreements are provided to verify ownership, they must have a date of delivery or pickup before the start of the insurance period. Bills of sale are valid proof of ownership only if the date on the bill of sale is not later than 60 days after the end date.

(3) Unborn Feeder Cattle: Unborn feeder cattle may be insured if the insured has an ownership interest in pregnant cattle at the time coverage is established.

(a) When unborn feeder cattle are insured, the location of the pregnant cattle must be provided on the SCE.

(b) The SCE must list the unborn feeder cattle type: Unborn Steers & Heifers, Unborn Brahman, or Unborn Dairy.

(c) The insureds must provide documentation to verify the number of pregnant cattle, thereby verifying the number of unborn feeder cattle allowed on an SCE. The insured's verifying documents must show that under normal circumstances, the number of pregnant cattle must be capable of producing the number of unborn feeder cattle insured. Valid records include veterinary reports or sales contracts from previous years.

(d) Unborn feeder cattle must have a target weight of at most 6 cwt at the end date of the SCE to be insured.

D. Feeder Cattle Premium Calculation Example

An operation has 100 head of steer feeder cattle and expects to market the feeder cattle at a target weight of 7.5 cwt each. The PAF is 100%. The insured share is 100 percent. The expected ending value is $78.95 dollars per live cwt and the insured selects a coverage price of $75 per live cwt. For this coverage price the rate is 1.3990%. The example premium subsidy is 35 percent. The Premium is calculated by:

(1) 100 head times 7.5 cwt equals 750 cwt.

(2) 750 cwt times the coverage price of $75 equals $56,250.

(3) $56,250 times the PAF of 1.00 equals an insured value of $56,250.

(4) $56,250 times the insured share of 1.00 equals an insured value of $56,250.

(5) $56,250 times the rate of .013990 equals $787 total premium.

(6) $787 times the producer premium subsidy percentage of .35 equals $275.

(7) $787 minus $275 equals the producer premium of $512.

E. Feeder Cattle Indemnity Calculation Example

(1) If the operation has 100 head of feeder cattle, a target weight of 7.5 cwt, a PAF of 100%, an insured share of 100 percent, and a coverage price of $75 per live cwt, the actual ending value is equal to $70 per live cwt. Since $70 is less than the coverage price of $75, an indemnity is due. Indemnity is calculated as follows:

(a) Multiplying 100 head by 7.5 cwt target weight equals 750 cwt.

(b) Subtracting the actual ending value of $70 from the coverage price of $75 equals $5/cwt.

(c) Multiplying 750 cwt by $5/cwt equals $3,750.

(d) Multiplying $3,750 by the insured share of 1.00 equals an indemnity payment of $3,750.

(2) If the insured fails to notify the AIP that 5 feeder cattle have died, the number of insured head is reduced to 95 head so the indemnity would be determined as follows:

(a) Multiplying 95 head by 7.5 cwt target weight equals 712 cwt.

(b) Subtracting the actual ending value of $70 from the coverage price of $75 equals $5/cwt.

(c) Multiplying 712 cwt by $5/cwt equals $3,562.50.

E. Feeder Cattle Indemnity Calculation Example (Continued)

(d) Multiplying $3,562.50 by the insured share of 1.00 equals an indemnity payment of $3,562.50.

24 LRP Fed Cattle Underwriting Rules

A. Fed Cattle Basic Principles

(1) Covered types:

(a) Steers and Heifers: Cattle raised for meat production, expected to grade select or higher, that are marketable by the end date. Quality grade and yield grade are defined by the USDA “Official United States Standards for Grades of Slaughter Cattle” and the “Official United States Standards for Grades of Carcass Beef.”

(b) Cull cows: Dairy cows removed from the herd and sold for beef that grade USDA Standard or lower and are marketed for slaughter as beef. Replacement cows, breeding stock, beef cows, and dairy cows sold at herd dispersal auctions are not eligible for coverage under LRP-Fed Cattle endorsement.

(2) Insurance Period: LRP-Fed Cattle insurance is offered for 13, 17, 21, 26, 30, 34, 39, 43, 47, and 52-week periods. Cull cow endorsement length is 13 weeks. The insurance period should be within 60 days of the number of days that the livestock are to be marketed or reach the desired weight.

(3) SCE: The SCE is used to initiate LRP coverage for a specified group of fed cattle to be slaughtered on or near the end date of the SCE.

(4) Unborn fed cattle are not insurable under the SCE.

(5) Target weight: The Target Weight for the covered steers and heifers should fall within the range of 10 - 16 cwt. Target weight for cull cows must fall within the range of 8 to 15 cwt.

(6) If sales records do not contain live weight, then live weight may be imputed by dividing the hanging weight by 0.6325 for steers and heifers and 0.55 for cull cows.

B. Fed Cattle Limitations

(1) The maximum number of fed cattle that may be insured under any one SCE shall be 12,000 head, and during any crop year shall be 25,000 head. For the purposes of determining whether the number of an individual's insured fed cattle has reached the maximum allowed for the crop year, sum the values in items (a) and (b) below:

(a) All fed cattle insured under any SCE issued under this policy; and

(b) All fed cattle insured under any other LRP policy in which the insured, or any person who has an SBI in the insured, have an SBI, in proportion to the percentage of SBI.

(2) If the number of covered fed cattle calculated per 24B(1) has reached the maximum allowed number of head for the crop year, no further endorsements will be accepted.

Example: ABC Farms has 2,000 head of fed cattle insured under LRP. Producer A has an SBI in ABC Farms and has 90 percent interest (2,000 × .90 = 1,800 head). Producer A also has cattle under their own name and wants to insure 1,000 head. The total cattle insured by Producer A are: 1,800 + 1,000 = 2,800 head which is below the crop year limit of 25,000 head.

(3) Suspension of Sales:

(a) Sales of all affected fed cattle SCEs will be suspended in the event of a limit movement in any relevant CME Live Cattle futures. As of June 2023, the daily price limit for Live Cattle futures is set by the CME to $0.0675/lb. ($6.75/cwt) and the expanded price limit is set to $0.1000/lb. ($10.00/cwt). The daily price limit and the expanded price limit are subject to rule change, and the latest values can be found at www.cmegroup.com/company/livestock-market-enhancements.html and www.cmegroup.com/trading/price-limits.html.

(b) Sales of all fed cattle SCEs will be suspended on the calendar days on which USDA releases the Cattle on Feed report.

C. Fed Cattle Coverage Premium Calculation Example

An operation has 50 head of fed cattle and expects to market the fed cattle at a target weight of 11 cwt each. The insured share is 100 percent. The expected ending value is $68.42 per live cwt and the insured selects a coverage price of $65 per live cwt. For this coverage price the rate is 1.3990%. The example premium subsidy is 35 percent. The premium is calculated as follows:

(1) 50 head times 11 cwt equals 550 cwt.

(2) 550 cwt times the coverage price of $65 equals $35,750.

(3) $35,750 times the insured share of 1.00 equals an insured value of $35,750.

(4) $35,750 times the rate of .013990 equals $500 total premium.

(5) $500 times the producer premium subsidy percentage of .35 equals $175.

(6) $500 minus $175 equals the producer premium of $325.

D. Fed Cattle Indemnity Calculation Example

(1) For the above operation with 50 head of fed cattle, a target weight of 11 cwt, an insured share of 100 percent, and a coverage price of $65 per live cwt, the actual ending value is equal to $60 per live cwt. Since $60 is less than the coverage price of $65, an indemnity is due. Indemnity is calculated as follows:

(a) 50 head times the 11 cwt target weight equals 550 cwt.

(b) Subtracting the actual ending value of $60 from the coverage price of $65 equals $5/cwt.

(c) Multiplying 550 cwt by $5/cwt equals $2,750.

(d) Multiplying $2,750 by the insured share of 1.00 equals an indemnity payment of $2,750.

(2) If the insured fails to properly notify the AIP that 5 fed cattle have died, the number of insured head is reduced to 45 head so the indemnity would be calculated as follows:

(a) 45 head times the 11 cwt target weight equals 495 cwt.

(b) Subtracting the actual ending value of $60 from the coverage price of $65 equals $5/cwt.

(c) Multiplying 495 cwt by $5/cwt equals $2,475.00.

D. Fed Cattle Indemnity Calculation Example (Continued)

(d) Multiplying $2,475.00 by the insured share of 1.00 equals an indemnity payment of $2,475.00.

25 LRP Swine Underwriting Rules

A. Swine Basic Principles

(1) Insurance Period: LRP-Swine insurance for:

(a) swine born before the SCE effective date is offered for 13, 17, 21, 26, and 30-week periods.

(b) unborn swine before the SCE effective date is offered for 30, 34, 39, 43, 47, and 52-week periods. The time closest to the time the swine will be marketed should be chosen.

(2) Target Weight: The Target Weight must fall within the range of 1.40 and 2.60 cwt lean weight (this equates to a head weighing from about 189 to 351 lbs. on a live basis). To convert live weight to lean weight, multiply the live weight by the lean weight conversion factor of .74. For example, a 2.50 cwt per head live weight is equal to 1.85 cwt lean weight.

B. Swine Limitations

(1) The maximum number of swine that may be insured under any one SCE shall be 70,000 head, and during any crop year shall be 750,000 head. For the purposes of determining whether the number of an individual's insured swine has reached the maximum allowed for the crop year, sum the values determined in items (a) and (b) below:

(a) All swine insured under any SCE insured under this policy; and

(b) All swine insured under any other LRP policy in which the insured, or any person who has an SBI in the insured, have an SBI, in proportion to the percentage of SBI.

(2) If the number of covered swine calculated per 25B(1) has reached the maximum allowed number of head for the crop year, no further endorsements will be accepted.

Example: ABC Farms has 20,000 head of swine insured under LRP. Producer A has an SBI in ABC Farms and has 90 percent interest (20,000 × .90 = 18,000 head). Producer A also has hogs under their own name and wants to insure 10,000 head. The total hogs insured by Producer A are: 18,000 + 10,000 = 28,000 head which is below the crop year limit of 750,000 head.

B. Swine Limitations (Continued)

(3) Suspension of Sales:

(a) Sales of all affected swine SCEs will be suspended in the event of a limit movement in any relevant CME Lean Hog futures. As of September 2023, the daily price limit for CME Lean Hog futures is set by the CME to $0.0375/lb. ($3.75/cwt) and the expanded price limit is set to $0.055/lb. ($5.50/cwt). The daily price limit and the expanded price limit are subject to rule change, and the latest values can be found at www.cmegroup.com/company/livestock-market-enhancements.html and www.cmegroup.com/trading/price-limits.html.

(b) Sales of all swine SCEs will be suspended on the calendar days on which USDA releases the Hogs and Pigs report.

(4) Unborn swine: Unborn swine may be insured if the insured has an ownership interest in pregnant swine at the time coverage is established, or as otherwise authorized by the policy.

(a) When unborn swine are insured, the location of the pregnant swine must be provided on the SCE.

(b) The SCE must list the unborn swine.

(c) If the sows are owned, the insureds must provide documentation to verify the number of pregnant swine, thereby verifying the number of unborn swine allowed on an SCE. The insured's verifying documents must show that under normal circumstances, the number of pregnant swine must be capable of producing the number of unborn swine insured. Valid records include veterinary reports or sales contracts from previous years.

(d) Unborn swine must have a target weight of at least 1.40 cwt at the end date of the SCE to be insured.

C. Swine Premium Calculation Example

An operation has 1,000 head of hogs and expects to market the hogs at 2.50 cwt each. Therefore, the target weight is 2.50 times the lean weight conversion factor of .74, which is 1.85 cwt. The insured share is 100 percent. The expected ending value is $55.00 dollars per cwt and the insured selects a coverage price of $52.25 per cwt (on a lean cwt basis). For this coverage price the rate is 2.8708%. The example premium subsidy is 35 percent. The premium is calculated as follows:

(1) 1000 head times 1.85 equals 1,850 cwt.

(2) 1,850 cwt times the coverage price of $52.25 equals $96,663.

(3) $96,663 times the insured share of 1.00 equals an insured value of $96,663.

(4) $96,663 times the rate of .028708 equals $2,775 total premium.

(5) $2,775 times the producer premium subsidy percentage of .35 equals $971.

(6) $2775 minus $971 equals the producer premium of $1,804.

D. Swine Indemnity Calculation Example

For the above operation with 1,000 head of hogs, a target weight of 1.85 cwt, an insured share of 100 percent, and a coverage price of $52.25 per cwt, the actual ending value is equal to $44.80 per cwt. Since $44.80 is less than the coverage price of $52.25, an indemnity is due. Indemnity is calculated as follows:

(1) 1,000 head times the 1.85 target weight equals 1,850 cwt.

(2) Subtracting the actual ending value of $44.80 from the coverage price of $52.25 equals $7.45/cwt.

(3) Multiplying 1,850 cwt by $7.45/cwt equals $13,783.

(4) Multiplying $13,783 by the insured share of 1.00 equals an indemnity payment of $13,783.

26 Determining Number of Marketable Livestock

A. Livestock physically delivered to the buyer

For livestock physically delivered to the buyer no later than 60 days after the SCE end date, the bill of sale must contain the number of livestock delivered, sex (for sex-specific feeder cattle types only), and weight of delivered livestock.

(1) If the number of delivered livestock is less than the number of covered livestock, the marketable number of livestock is reduced to the number of delivered livestock.

Example**:** 100 steers insured at 700-pound target weight. Sales records provided indicate 95 head with an average weight of 705 pounds. The marketable number of livestock is 95 head.

(2) For sex-specific feeder cattle types only, if marketing records indicate that any of the sold covered livestock are of the sex different than the sex indicated on the SCE, the number of such misidentified animals is adjusted by multiplying by 0.90, and rounded to the closest whole number.

Example: 100 steers insured at 700-pound target weight. Sales records provided indicate 100 head, 65 steers and 35 heifers, with an average weight of 705 pounds. The marketable number of livestock is 65 + 35 × 0.90 = 97.

(3) If the total weight of the covered livestock at the end date is less than the number of covered livestock multiplied by the minimum allowed target weight (i.e., total actual weight), unless the insured qualifies for Drought Hardship Exemption or can otherwise establish that extraordinary circumstances caused the livestock to weigh less than the minimum allowed target weight, the number of marketable livestock is adjusted as follows:

(a) Calculate the minimum allowed total weight, by multiplying the number of covered livestock (adjusted per 26(A)(1) and 26(A)(2) if necessary) by the minimum allowed target weight for the selected type.

(b) Calculate the actual total weight, by multiplying the number of covered livestock (adjusted per 26(A)(1) and 26(A)(2) if necessary) by the average weight of sold livestock. Note: the insured is only required to provide sales records for covered livestock, not all sold livestock.

(c) Subtract actual total weight from the minimum allowed total weight.

(d) Divide the difference calculated in (b) by the declared target weight, and round to the nearest whole number.

(e) Subtract the number of head calculated in (c) from the total declared number of livestock.

A. Livestock physically delivered to the buyer (Continued)

Example**:** 100 livestock insured at 700-pound target weight, for a total weight of 70,000 pounds. Sales records provided indicate 100 head with an average weight of 525 pounds. Insured is not able to establish that extraordinary circumstances caused the livestock to weigh less than the minimum weight, such as drought causing a lack of feed. Therefore, an adjustment to the marketable number of head is necessary. ***

(A) 100 times 600 pounds (minimum allowed target weight for the selected type) equals 60,000 pounds.

(B) 100 times 525 pounds equals 52,500 pounds.

(C) 60,000 minus 52,500 equals 7,500 pounds below target weight.

(D) 7,500 divided by 700 equals 11 head (rounded to the nearest head).

(E) 100 head minus 11 head equals the marketable number of livestock of 89 head.

Note: By signing the SCE the insured is attesting that they expect the covered livestock to reach target weight by the end date. Declaring target weight that intentionally exceeds expected livestock weight at the end date (such as target weight that is either not biologically achievable given the endorsement length and livestock type, or not supported by the insured's existing farming practices) is a willful and intentional provision of false and inaccurate information to the AIP and the FCIC, and subject to penalties as provided in Basic Provisions, Section 16(e), including disqualification from crop insurance and any other federal assistance for crop loss or a decline in the prices of agricultural commodities.

B. Retained livestock and livestock sold under a livestock purchase agreement

For retained livestock, and livestock sold under a livestock purchase agreement with delivery period ending more than 60 days after the SCE end date, the number of marketable livestock is determined based on the certified statement by the insured, livestock purchase agreements and bills of sale.

(1) If the number of livestock delivered to the insured not later than 90 days before the end date is less than the number of covered livestock, the marketable number of livestock is reduced to the number of livestock delivered to the insured.

Example: 100 steers insured at 700-pound target weight. Bill of sale specifying insured as the buyer indicates 95 head were delivered to the insured. The marketable number of livestock is 95 head.

B. Retained livestock and livestock sold under a livestock purchase agreement (Continued)

(2) If the number of livestock sold on the livestock purchase agreement (insured as a seller) is less than the number of covered livestock, the marketable number of livestock is reduced to the number of sold livestock.

Example: 100 steers insured at 700-pound target weight. Livestock purchase agreement (insured as a seller) lists 95 head. The marketable number of livestock is 95 head.

(3) For sex-specific feeder cattle types only, if either bills of sale (insured as a buyer) or livestock purchase agreement (insured as a seller) indicate that any of the sold covered livestock are of the sex different than the sex indicated on the SCE, the number of such animals is adjusted by multiplying by 0.90, and rounded to the closest whole number.

Example: 100 steers insured at 700-pound target weight. Livestock purchase agreement (insured as a seller) indicates 100 head, 65 steers and 35 heifers, with an average weight of 705 pounds. The marketable number of livestock is 65 + 35 × 0.90 = 97.

C. Impact on SCE Premium and Indemnity

If the number of marketable livestock must be reduced for any of the reasons enumerated in Section 26:

(1) Indemnity payments will be based on the reduced number of livestock.

(2) No adjustments are made to the SCE. The insured is still responsible for the full premium owed on the SCE.

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27 Prohibition of Subsidy Capture

A. Abusive Subsidy Capture Practices

(1) Any activity by the insured to derive financial gain through subsidy capture is considered abuse of the program.

(2) Section 25 of LRP Basic Provisions provides a list of activities which will be considered to be conducted for the purpose of subsidy capture. Other activities may be determined by USDA to be subsidy capture if a compliance investigation conclusively determines the insured exploited the difference between premium owed by the insured and the cost of a privately traded livestock contract for the primary purpose of deriving the financial gain to the insured.

B. Request for Brokerage Records

Regarding requesting brokerage records, the AIP must:

(1) not request brokerage records unless expressly requested to do so by the RMA.

(2) provide the insured an option to submit the brokerage records in such a way that the agent serving the policy does not have access to those brokerage records or names of the insured's brokers or other applicable persons.

(3) assist the RMA in obtaining brokerage records, as specified by the RMA, for the insured and their SBI holders, and any entity in which those SBIs have a substantial beneficial interest.

(4) request the full text of any private contract not traded on regulated commodity exchanges under which the insured or their SBI persons directly or through entities in which those SBIs have a substantial beneficial interest promise to pay to the counterparty an amount equal to or calculated based on the indemnities received under any SCEs.

(5) inform the RMA if the insured has refused to provide names of their brokers or applicable persons, or has otherwise failed to cooperate with providing the brokerage records. If the RMA determines and informs the AIP that the insured has failed to cooperate with the review, the AIP must deny indemnity to the insured for all SCEs for which the notice of probable loss would be sent after the date the RMA determination is made.

28 Drought Hardship Exemption

A. Criteria for Drought Hardship Exemption

(1) Drought Coverage and Severity Index (DSCI) is the index reported weekly by the National Drought Mitigation Center, National Oceanic and Atmospheric Administration, and USDA. DSCI is used for converting drought levels from the U.S. Drought Monitor map to a single value for an area, such as a state or a county. Possible values of the DSCI are from 0 to 500. Zero means that none of the area is abnormally dry or in drought, and 500 means that all of the area is in D4, exceptional drought. DSCI values are available at https://droughtmonitor.unl.edu/DmData/DataDownload/DSCI.aspx

(2) Insured may qualify for a drought hardship exemption for their covered feeder cattle if for the county where livestock is located (as declared on the SCE):

(a) DSCI measured not earlier than 30 days before the date covered feeder cattle are sold equals or exceeds 200; and

(b) the change (increase) in DSCI exceeds 150 points between the effective date and the date covered feeder cattle are sold.

(3) A change in DSCI shall be determined as follows:

(a) Initial DSCI is equal to DSCI for county and state indicated on the SCE, as last published on or before the effective date.

(b) Final DSCI is equal to the highest published DSCI for county and state indicated on the SCE, with publication date after the Initial DSCI and not earlier than 30 days before the date covered feeder cattle are sold, or later than the date covered feeder cattle are sold, as verified by the marketing records.

(c) The change in DSCI is equal to the final DSCI minus the initial DSCI.

(4) To qualify, the insured must provide the AIP with valid marketing records, and information on initial and final DSCI, in addition to all other documentation otherwise required.

(5) Swine and fed cattle are not eligible for drought hardship exemption.

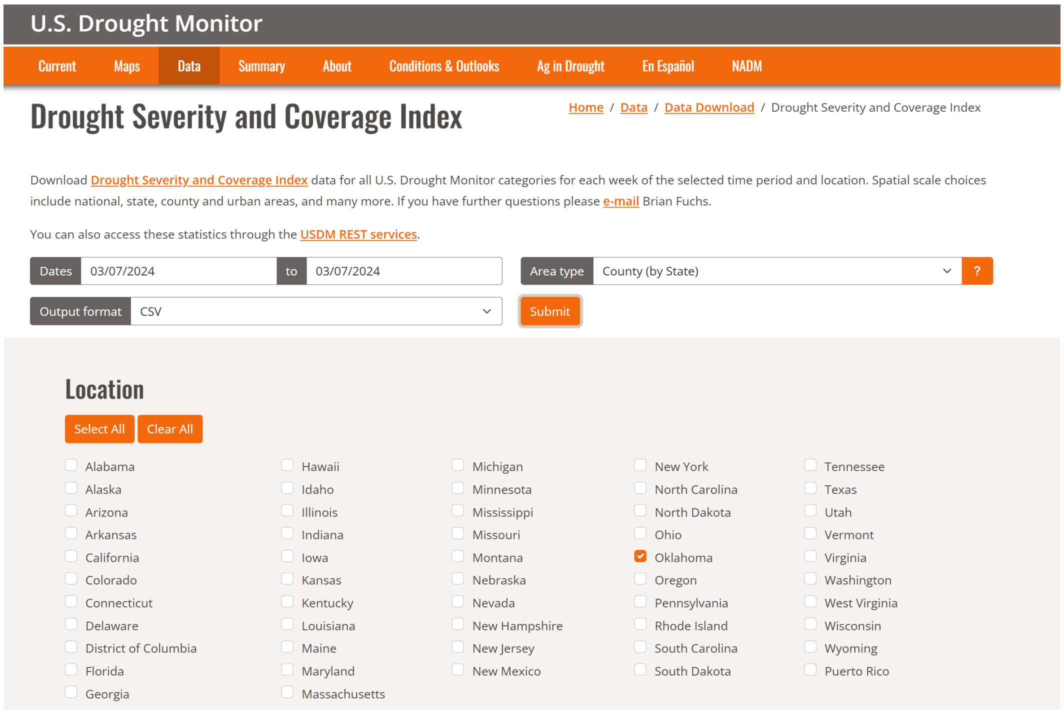
B. Determining Drought Hardship Eligibility – Examples

While the rules describe in this section only apply for SCEs purchased in crop year 2026 or later, to illustrate with data values that can be replicated, examples are presented as-if the drought hardship exemption applied for crop year 2025.

(1) Insured buys a feeder cattle SCE on March 7, 2024, with an end date of January 2, 2025, and the livestock location reported on the SCE is Garfield County, Oklahoma.

B. Determining Drought Hardship Eligibility – Examples (Continued)

(a) To calculate the initial DSCI, data is downloaded from https://droughtmonitor.unl.edu/DmData/DataDownload/DSCI.aspx with the following settings: Dates: 03/07/2024 to 03/07/2024; Area type: County (by State); Output format: CSV; Location: Oklahoma. In the downloaded CSV file, find the entry for Garfield County. The value is 0.



	A	B	C	D	E
1	State	County	FIPS	MapDate	DSCI
25	OK	Garfield County	40047	20240305	0

(b) The insured sold the covered livestock on September 1, 2024. To calculate the final DSCI, data is downloaded from https://droughtmonitor.unl.edu/DmData/DataDownload/DSCI.aspx with the following settings: Dates: 08/01/2024 to 09/01/2024; Area type: County (by State); Output format: CSV; Location: Oklahoma. The final DSCI is the highest value published in the 30 days prior to (and including) the day when the covered livestock were sold. In the downloaded dataset, the highest DSCI value for Garfield County is 252, observed on August 27, 2024.

B. Determining Drought Hardship Eligibility – Examples (Continued)

	A	B	C	D	E
1	State	County	FIPS	MapDat	DSCI
117	OK	Garfield County	40047	20240730	175
118	OK	Garfield County	40047	20240806	193
119	OK	Garfield County	40047	20240813	193
120	OK	Garfield County	40047	20240820	243
121	OK	Garfield County	40047	20240827	252

(c) The change in DSCI is equal to 252 minus 0, which equals 252.

(d) The change is higher than 150 points, and the final value is higher than 200. Therefore, the insured is granted drought hardship exemption.

(2) If the insured purchased an SCE when the county was already in drought, they would only be eligible for drought hardship exemption if drought sufficiently worsened, as measured by an increase in DSCI by more than 150 points. Consider an example where the insured buys a feeder cattle SCE on April 30, 2024, with an end date of January 28, 2025, and the livestock location reported on the SCE is Garfield County, Oklahoma. The initial DSCI, measured on April 30, 2024, is 260. The insured sold the covered livestock on September 1, 2024. The final DSCI is 252, observed on August 27, 2024, as described in the previous example. The DSCI did not increase between the sales effective date and the date when covered livestock is sold. Because the livestock was sold more than 60 days prior to the SCE end date, per LRP Basic Provisions, section 6(a)(3), the insured will not be considered to have an ownership interest in the covered livestock, and no indemnity will be due.

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PART 3: FORM STANDARD INSTRUCTIONS AND RELATED HANDBOOKS

51 Form Standard Instructions

A. Forms

The following forms will be necessary for sales of the LRP Plan of Insurance:

(1) Application - Information necessary to apply for eligibility to purchase LRP insurance. The application may be completed prior to completing an SCE. However, no insurance coverage attaches until information on the SCE is provided in conjunction with an accepted application. One application is filled out for each operation, as long as the SBIs are the same. AIPs can use existing application-related forms for LRP. The elements required on application related forms for LRP are similar to the elements on such forms for other policies. The required elements on the application for LRP are effective crop year, state, county, crop, and plan of insurance. Coverage level, price, etc., are not required on the LRP application, as these elements are part of the SCE form. The duties and responsibilities identified on the DSSH and GSH apply to LRP except as otherwise noted in this handbook.

(2) Refer to Exhibit 23 of the DSSH for form standards of Social Security Number and Employer Identification Number Reporting - The information needed for each person with a 10 percent interest or more in the insured person and must accompany the application are: social security number or employer identification number, entity type, and share. The SBI is used to establish eligibility and to account for insurance limits.

(3) SCE Form - Information needed to attach coverage to the policy. Multiple SCEs, for multiple classes of livestock or livestock products, may be written under one application when the SBIs are the same.

(4) Assignment of Indemnity - Information necessary to assign any indemnity to a third party.

(5) Transfer of Coverage and Right to an Indemnity - Information necessary if the livestock or livestock product is sold prior to the end of insurance period to transfer any coverage indemnity to the new owner (providing the new owner meets eligibility requirements).

(6) Notice of Probable Loss - If the ending price, as specified in the SCE, is below the coverage price level, this form is used to notify the insured of a probable loss. Insured must complete the form and send it to the company within 60 days from the day the AIP provides the insured with the claim form. An indemnity payment will be made within 30 days of receipt of the claim form.

B. Required Items and Statements

(1) The entry items are the minimum form requirements. Form standards provided are considered "Substantive" (i.e., they are required) unless otherwise noted as Non-Substantive.

(2) The completion instructions for the required entry items on the various forms in the following subsections are "Substantive" (i.e., they are required).

(3) The Privacy Act and Nondiscrimination statements are required statements that must be printed on the form or provided as a separate document. These statements are not shown in the illustrations in this handbook. (If these statements are provided as separate documents, one set must be signed by the insured and kept by the agent, and one must be provided to the insured.)

(4) The current Privacy Act and Nondiscrimination Statement can be found in the applicable DSSH, see Para. 501 and 503, respectively, for the statements and specific instructions.

(5) A certification statement is required by the DSSH, Para 502, and must be included on the form directly above the insured's signature block. When the certification statement is required, it will be shown in the instructions for the form.

(6) Refer to the DSSH for other crop insurance form requirements (e.g., point size of font, etc.).

52 DSSH and GSH Applicability

Changes to the DDSH and GSH for the LRP program are described in this part. For the purposes of the LRP, references to crop or commodity are interchangeable and have the same meaning.

A. DSSH Applicability

(1) The duties and responsibilities identified in the DSSH apply to the LRP for applicable forms and procedures except as otherwise noted in Exhibit 3, Exhibit 4, Exhibit 5, and Exhibit 6.

(2) See DSSH, Exhibit 16 for application form standards.

(3) See DSSH, Exhibit 19 for BFR application form standards.

(4) See DSSH, Exhibit 20 for policy cancellation form standards.

(5) See DSSH, Exhibit 21 for policy transfer/application form standards.

(6) See DSSH, Exhibit 22 for policy change form standards.

(7) See DSSH, Exhibit 23 for social security number and employer identification number reporting form standards.

A. DSSH Applicability (Continued)

(8) See DSSH, Exhibit 26 for policy confirmation (policy declaration) form standards.

(9) See DSSH, Exhibit 27 for power of attorney form standards.

(10) See DSSH, Exhibit 28 for assignment of indemnity form standards.

(11) DSSH Exhibit 39 is amended as follows adding the new D subparagraph and updating the existing subparagraphs D and E, to E and F:

D. Terms and Conditions

Item #	Element	Substantive/ Non-Substantive
1	"The Insured or any of the Assignees may cancel this Single Payee Agreement. Cancellation of this Single Payee Agreement by the Insured or any of the Assignees during the crop year stated above will be accepted by the Approved Insurance Provider only upon notification in writing."	Substantive
2	"This Single Payee Agreement is automatically canceled when the Assignment of Indemnity is canceled or terminated."	Substantive
3	"If the number of Assignee(s) changes during the crop year stated above, this Single Payee Agreement is effectively canceled. If the Insured and all Assignee(s) want to have a single payee, a new Single Payee Agreement must be executed with all parties."	Substantive
4	"If the Insured or Assignee(s) want to change who the payee is that is stated in this Single Payee Agreement, it must be canceled, and a new Single Payee Agreement must be executed naming the new payee."	Substantive
5	"It is understood that if this Single Payee Agreement is canceled for any reason, any indemnity payment issued after cancellation will be a joint check."	Substantive

(12) For the purpose of LRP only, the GSH Para. 852 and DSSH Exhibit 28, Assignment of Indemnity is amended as follows:

The second sentence in opening paragraph "The assignment(s) applies for all acreage of the crop covered by the policy" is replaced with "The assignment(s) applies for all liability remaining on the livestock covered by the policy at the time the assignment is accepted by the AIP and any additional liability added for the crop year. An assignment cannot be executed for a single, specific SCE."

B. GSH Applicability

(1) The duties and responsibilities identified in the GSH apply to LRP except as otherwise noted Exhibit 3, Exhibit 4, Exhibit 5, and Exhibit 6.

B. GSH Applicability (Continued)

(2) The duties and responsibilities identified for Landlord-Tenant are not applicable to LRP.

(3) GSH 852A(1) is amended as follows:

Digitally signed by the insured or creditor, the witness requirement is waived. The AIP still has the option to request proof of debt or other pecuniary obligation before the Assignment of Indemnity is accepted.

(4) GSH 852G is amended as follows:

After the execution of an Assignment of Indemnity, an indemnity payment may be made to a single payee if all assignees and the insured agree in writing. The Assignment of Indemnity - Single Payee Agreement form (DSSH Exh. 39) must be completed before any payment is issued where a single payee is preferred.

The Single Payee Agreement is effective from the date the AIP accepts the Single Payee Agreement until:

(a) the Assignment of Indemnity ends (see Subpara. E);

(b) the number of assignees changes (see Subpara. C);

If the number of assignees changes during the crop year, a new Single Payee Agreement must be completed with all parties before any payment is issued where a single payee is preferred. If the new assignee(s) do not agree or will not execute a Single Payee Agreement, any indemnity payment made after the change in assignee(s) must be made by joint check.

(c) the Single Payee Agreement is canceled; or

The Single Payee Agreement may be canceled by the insured or any of the assignees by notifying the AIP in writing. If the Single Payee Agreement is canceled, any indemnity payment issued after the cancellation must be by joint check.

(d) the Insured and all Assignees want to change the payee in the Single Payee Agreement.

If the insured and all assignees want to change who the single payee is, a new Single Payee Agreement must be executed before a payment may be made to a new payee.

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EXHIBITS

Exhibit 1 Acronyms and Abbreviations

The following table provides approved acronyms and abbreviations used in this handbook.

Approved Acronym/Abbreviation	Term
ACT	The Federal Crop Insurance Act (7 U.S.C. 1501 et seq.)
AIP	Approved Insurance Provider
CME	Chicago Mercantile Exchange Group
CWT	Hundredweight
DSCI	Drought Coverage and Severity Index
DSSH	Document and Supplemental Standards Handbook
FCIC	Federal Crop Insurance Corporation
GSH	General Standards Handbook
ITS	Ineligible Tracking System Handbook
LPRA	Livestock Price Reinsurance Agreement
LRP	Livestock Risk Protection
PAF	Price Adjustment Factor
PASD	Product Administration and Standards Division
RMA	Risk Management Agency
SBI	Substantial Beneficial Interest
SCD	Sales Closing Date
SCE	Specific Coverage Endorsement
SP	Special Provisions
USDA	United States Department of Agriculture

The following are definitions of terms used in this handbook. Definitions in the SCE may be different and control.

Actual ending value: The price at the end of the insurance period as defined in each SCE.

Actuarial documents: The information for the crop year, available for public inspection in the insured's agent's office or on the RMA website, which shows the dates, coverage prices, rates, coverage levels, practices, insurable class, and other related information regarding LRP coverage in the state. ***

AMS: Agricultural Marketing Service of the USDA or a successor agency.

Application: The form required to be completed by the insured and approved by the AIP in writing before insurance coverage will begin. The Application form will identify the insured and the classes of livestock to be insured.

Assignment of indemnity: A transfer of policy rights, requested on our form, and effective when approved by the AIP in writing, whereby the insured assigns their right to an indemnity payment only to creditors or other persons to whom the insured has a financial debt or other pecuniary obligation.

Beginning farmer or rancher: An individual who has not actively operated and managed a farm or ranch in any state, with an insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than five crop years, as determined in accordance with FCIC procedures. Any crop year's insurable interest may, at the insured's election, be excluded if earned while under the age of 18, while in full-time military service of the United States, or while in post-secondary education, in accordance with FCIC procedures. A person other than an individual may be eligible for beginning farmer or rancher benefits if there is at least one individual substantial beneficial interest holder and all individual substantial beneficial interest holders qualify as a beginning farmer or rancher.

Bill of sale: Documentation that verifies the transfer of ownership of a specified number of livestock to a buyer, including the price, average weight and the date of transaction.

Cancellation date: The calendar date specified in the actuarial documents on which coverage will automatically renew unless canceled in writing by either the insured or the AIP or terminated in accordance with the policy terms.

Class: The same species of livestock that shares common traits or characteristics, including type, and can be insured under an SCE.

Consent: Approval in writing by the AIP allowing the insured to take a specific action.

Contract change date: The calendar date by which the AIP makes policy changes that will be effective for the following crop year available for inspection in the agent's office or on RMA's website in accordance with section 3 of the LRP Basic Provisions.

Coverage: The insurance provided by this policy insures against a decline in price as specified in the SCE.

Coverage level: The percent of the expected ending value, chosen by the insured, that is the coverage provided by the policy.

Coverage price: The level of protection provided by the policy on a dollar per cwt basis as published each day on RMA's website.

Covered livestock: The livestock insured under an SCE.

Crop year: The twelve-month period beginning on July 1 and ending on the following June 30 and designated by the calendar year in which the period ends. The crop year in which the effective date falls will determine the crop year for an SCE.

Days: Calendar days unless otherwise specified.

Deductible: The amount determined by subtracting the coverage level from 100 percent. For example, if the insured elected an 85 percent coverage level, their deductible would be 15 percent (100% - 85% = 15%).

Delinquent debt: Has the same meaning as the term defined in 7 CFR part 400, subpart U.

Disinterested third party: A person who does not have any familial relationship (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, 1st cousins, or grandparents, related by blood, adoption or marriage, are considered to have a familial relationship) with the insured or who will not benefit financially from the sale of covered livestock.

Effective date: The date associated with the beginning of insurance for an SCE. This is the date that coverage begins. The effective date will always be the date the rates were published on the RMA website. If the SCE was purchased and we approved it on the day following the date the rates were published on the RMA website, the effective date is still the date that the rates were published on the RMA website.

End date: The date selected by the insured, and stated in the SCE, on which coverage under an SCE ends.

Ending period: The period specified by the SCE, ending on the end date, over which the actual ending value is determined.

Expected ending value: The expected value of the livestock at the end of the insurance period, as published on the RMA website.

Federal Crop Insurance Corporation: A wholly owned Government Corporation administered by RMA within USDA.

Insurance period: The period of time coverage is provided as specified in section 8 of the LRP Basic Provisions.

Insured: The named person(s) shown on the application approved by the AIP. This term does not extend to any other person having a share or interest in the covered livestock.

Insured share: The insured's percentage of ownership interest in the covered livestock at the time coverage attaches.

***

Lean weight: Lean weight is a measure of animal carcass weight, presented in cwt to convert live weight to lean weight, multiply the live weight by the factor specified in the SCE. For example, for hogs, a 2.50 cwt per head live weight multiplied by .74 is equal to 1.85 cwt lean weight.

Liability: The total dollar amount of coverage calculated by multiplying the number of livestock insured under the Specific Coverage Endorsement by the target weight (as shown in the Specific Coverage Endorsement), by the coverage price (in dollars per cwt), and by the insured share.

Limit movement: The maximum price change based on the CME group current daily price limit for commodity futures.

Limited resource farmer or rancher: Has the same meaning as the term defined by USDA at lrftool.sc.egov.usda.gov/LRP_Definition.aspx or successor website.

Live weight: Measure of the live animal's weight, stated in cwt.

Livestock: A species of domestic animals sharing the same traits or characteristics which are insurable under an SCE.

Livestock purchase agreement: A legal contract to purchase a set number of livestock at an agreed-upon price or pricing formula, specifying the weight or weight range, sex (for sex-specific feeder cattle types only) and designating a delivery or pick-up date period.

Marketable: The covered livestock is considered marketable if the average actual livestock weight on the earlier of the date when the buyer takes possession of the livestock or the SCE end date meets or exceeds the minimum allowed target weight as stated in the SCE. Livestock that does not meet the minimum weight may be considered marketable if the insured can establish that extraordinary circumstances caused the livestock to weigh less than the minimum weight, such as drought causing a lack of feed.

Offset: The act of deducting one amount from another amount.

Ownership interest: The insured's insurable interest as an owner in the covered livestock during the insurance period.

Person: An individual or an association, corporation, estate, partnership, trust, or other legal entity, and, where applicable, a State or a political subdivision or agency of a State. "Person" does not include the United States Government or any agency of the United States Government.

Policy: The agreement between the insured and the AIP consisting of the application approved by the AIP in writing, these Basic Provisions, the SCE, the SP, other applicable endorsements, and the actuarial documents for the covered livestock.

<u>Premium billing date</u>: If applicable, the earliest date upon which the insured will be billed for the SCE. The premium billing date is the 1st day of the 2nd month following the end date for the SCE and is contained in the actuarial documents.

<u>Producer premium</u>: Total premium minus the premium subsidy paid by FCIC.

<u>Risk Management Agency</u>: The Risk Management Agency, which operates the Federal crop insurance program on behalf of FCIC.

<u>RMA's website</u>: A website hosted by RMA and located at www.rma.usda.gov or a successor website.

<u>Sales closing date</u>: The effective date of the SCE.

<u>Sales period</u>: The period of time that begins when the coverage price and rates are posted and ends at 8:25 AM Central Time the following calendar day or as otherwise specified in each SCE. Sales will not be available for purchase on any sales period that would have an effective date of a Federal or a market holiday or as otherwise specified in each SCE.

<u>Sold</u>: Livestock transferred to another person through a valid bill of sale or through a livestock purchase agreement. Livestock is considered sold: (1) for livestock born to cows or sows in which you have an ownership interest, at your option, on the date when you enter into a livestock purchase agreement as a seller, or the date the buyer takes possession of the livestock; and (2) for previously purchased livestock, on the date the buyer takes possession of the livestock, or, if earlier, when you enter into a livestock purchase agreement as a seller.

<u>Special Provisions (SP)</u>: The part of the policy that contains specific provisions of insurance for each insured class and may vary by geographic area.

<u>Specific Coverage Endorsement (SCE)</u>: An endorsement to the policy necessary to provide coverage that includes information about the class to be insured.

<u>Subsidy Capture</u>: The practice of exploiting the differences between premium owed by the insured for an SCE, and the cost of a privately traded livestock contract such as a put option, for the purpose of deriving financial gain.

Substantial beneficial interest (SBI): An interest held by any person of at least 10 percent in the insured (e.g., there are two partnerships that each have a 50 percent interest in the insured and each partnership is made up of two individuals, each with a 50 percent share in the partnership. In this case, each individual would be considered to have a 25 percent interest in the insured, and both the partnerships and the individuals would have a substantial beneficial interest in the insured. The spouses of the individuals would not be considered to have a substantial beneficial interest unless the spouse was one of the individuals that made up the partnership. However, if each partnership is made up of six individuals with equal interests, then each would only have an 8.33 percent interest in you and although the partnership would still have a substantial beneficial interest in you, the individuals would not for the purposes of reporting in section 2). The spouse of any individual applicant or individual insured will be presumed to have a substantial beneficial interest in the applicant or insured unless the spouses can prove they are legally separated or otherwise legally separate under the applicable State dissolution of marriage laws. Any child of an individual applicant or individual insured will not be considered to have a substantial beneficial interest in the applicant or insured unless the child has a separate legal interest in such person.

Target weight: The anticipated weight at the end date as specified in the SCE.

Termination date: The calendar date contained in the actuarial documents upon which the insured's insurance ceases to be in effect because of nonpayment of any amount due the AIP under the policy, including premium if applicable.

Unborn livestock: Livestock not born on the effective date but expected to be marketable before the end date.

Veteran farmer or rancher:

(1) An individual who has served active duty in the United States Armed Forces, including the Air Force, Army, Coast Guard, Marine Corps, Navy, Space Force, and their reserve components; was discharged or released under conditions other than dishonorable; and:

- (a) Has not operated a farm or ranch;
- (b) Has not operated a farm or ranch for not more than 5 years; or
- (c) First obtained status as a veteran during the most recent 5-year period.

(2) A person, other than an individual, may be eligible for veteran farmer or rancher benefits if all SBI holders qualify as a veteran farmer or rancher. A spouse's veteran status does not impact whether an individual is considered a veteran farmer or rancher in accordance with the first paragraph of this definition; except in cases in which there is only a married couple, then a veteran or non-veteran spouse are considered a veteran farmer or rancher.

Void: When the policy or SCE is considered not to have existed for a crop year.

Exhibit 3 Specific Coverage Endorsement

The AIP may create form to allow multiple types of livestock or multiple SCEs to be purchased on a given sales date and require only one signature.

A. Insured Information

Item #	Element	Substantive/ Non-Substantive
1	"Insured's Name"	Substantive
2	"Farm or Business Name"	Non-Substantive
3	"Street and/or Mailing Address"	Substantive
4	"City and State"	Substantive
5	"Zip Code"	Substantive
6	"Phone Number"	Substantive
7	"Email"	Non-Substantive
8	"Fax"	Non-Substantive
9	"Policy Number"	Substantive
10	"Identification Number"	Substantive
11	"Identification Number Type"	Substantive
12	"Person Type"	Substantive
13	"Spouse's Name"	Substantive
14	"Spouse's Identification Number"	Substantive

B. Crop Information

Item #	Element	Substantive/ Non-Substantive
1	"State"	Substantive
2	"County"	Substantive
3	"Crop Year"	Substantive
4	"Commodity"	Substantive
5	"Type"	Substantive
6	"Practice"	Substantive
7	"Effective Date"	Substantive
8	"End Date"	Substantive
9	"Number of Head Covered"	Substantive
10	"Insured Share %"	Substantive
11	"Target Weight (Cwt Per Head)"	Substantive
12	"Coverage Level"	Substantive
13	"Coverage Price"	Non-Substantive
14	"Liability"	Non-Substantive
15	"Rate"	Non-Substantive
16	"Total Premium"	Non-Substantive

C. Required Signatures

Item #	Element	Substantive/ Non-Substantive
1	"Insured's Printed Name, Signature, and Date" **Note:** Proof of time of signature is substantive for SCE received by the AIP after the end of the sales period.	Substantive
2	"Agent's Printed Name, Signature, Code Number, and Date" **Note:** Proof of time of signature is substantive for SCE received by the AIP after the end of the sales period.	Substantive

D. Required Statements

Item #	Element	Substantive/ Non-Substantive
1	Conditions Statement. "SCE Conditions of Acceptance (a) I certify that I have a share in the livestock or livestock product identified in this Specific Coverage Endorsement to the extent of the percentage insured share that I have stated. I will provide documentation to affirm ownership of my share of the livestock or livestock product to the company, its authorized agent, or any designated employee of USDA upon request. (b) I do not have any other insurance authorized under the Federal Crop Insurance Act on this class of livestock or livestock product. (c) I agree to on-site inspections by the Company's representative and any designated employee of USDA to verify my ownership and share in the covered livestock or livestock product."	Substantive
2	Certification Statement. **Note:** See DSSH, Para. 502.	Substantive
3	Privacy Act Statement. **Note:** See DSSH, Para. 501.	Substantive
4	Non-Discrimination Policy Statement **Note:** See DSSH, Para. 503.	Substantive
5	Insured's Certification Against Subsidy Capture. "I certify that I will not offset any insurance provided under this specific coverage endorsement through livestock contracts traded on commodity exchanges or with other means for the purpose of subsidy capture, and I acknowledge that if I violate this certification, I may be subject to administrative, civil or criminal sanctions."	Substantive

D. Required Signatures (Continued)

Item #	Element	Substantive/ Non-Substantive
6	Agent's Certification Against Subsidy Capture. "I certify that I have not advised or assisted in any way with the purchase of any livestock contracts to offset insurance provided under this specific coverage endorsement for the purpose of subsidy capture, and I acknowledge that if I violate this certification, I may be subject to administrative, civil or criminal sanctions."	Substantive

Exhibit 4 Transfer of Coverage and Right to an Indemnity

Use a Transfer of Coverage and Right to an Indemnity to transfer insurance coverage and the right to any subsequent indemnity from one insured person to another person. The transfer is used when a transfer of part or all the ownership/share of the insured livestock commodity occurs before the end of the insurance period. A transfer is allowed at an individual SCE level. See the GSH for additional coverage transfer procedural details.

A. Transferor Information

Item #	Element	Substantive/ Non-Substantive
1	"Transferor's Name"	Substantive
2	"Transferor's Street and/or Mailing Address"	Substantive
3	"City and State"	Substantive
4	"Zip Code"	Substantive
5	"Policy Number"	Substantive

B. Crop Information

Item #	Element	Substantive/ Non-Substantive
1	"Crop(s)"	Substantive
2	"Crop Year"	Substantive
3	"Endorsement Number"	Non-Substantive
4	"Type"	Substantive
5	"Practice"	Substantive
6	"Effective Date"	Substantive
7	"Is the entire insured livestock commodity and the entire insured share on the listed type and practice being transferred? Yes □ No □"	Substantive
8	Statement (a) below may be used alone. If both statements are used the form should indicate "Choose one of the boxes." (a) "□ Make check payable jointly to insured and transferee(s). Check will be mailed to the insured's address (unless an assignment of indemnity is on file)"; or (b) "□ Make checks payable to transferee(s) only. Check will be mailed to address shown for the transferee."	Substantive

C. Transferee Information

Item #	Element	Substantive/ Non-Substantive
1	"Transferee's Name"	Substantive
2	"Transferee's Street and/or Mailing Address"	Substantive
3	"City and State"	Substantive
4	"Zip Code"	Substantive

C. Transferee Information (Continued)

Item #	Element	Substantive/ Non-Substantive
5	"Policy Number"	Substantive
6	"Transferee's Identification Number"	Substantive
7	"Transferee's Identification Number Type"	Substantive
8	"Person Type"	Substantive
9	"Share Transferred"	Substantive
10	"Effective Date of Transfer"	Substantive
11	"Nature of Transfer"	Substantive

D. Terms and Conditions

Item #	Element	Substantive/ Non-Substantive
1	"Acceptance by the Approved Insurance Provider of the above-described transfer shall transfer the insured's right to an indemnity to the above-named transferee subject to:" (a) "Receipt by the Approved Insurance Provider of satisfactory evidence that said transfer occurred before the end of the calendar date for the end of insurance period for the type and practice being transferred, as determined by the Approved Insurance Provider." (b) "The terms of the above-identified insurance contract, including any outstanding assignment of indemnity made by the transferor prior to the date of transfer."	Substantive
2	"The Approved Insurance Provider shall not be liable for any more indemnity than existed before the transfer occurred."	Substantive
3	"The insurance policy of the transferor covers the share hereby transferred only to the end of the insurance period for the current crop year."	Substantive
4	"The "Transferee" and the "Transferor" shall be jointly and severally liable for any unpaid premium earned for the current crop year on the livestock commodity and share transferred."	Substantive
5	"$_____ Total premium on this type and practice"	Substantive
6	"$_____ Premium on type and practice transferred"	Substantive
7	"$_____ Premium on retained type and practice"	Substantive
8	"$_____ Premium paid with transfer"	Substantive

C. Required Statements

Item #	Element	Substantive/ Non-Substantive
1	This statement must appear above the signature line: "I, [INSERT TRANSFEREE'S NAME], the Transferee, understand that all billing statements will only be issued to [INSERT TRANSFEROR'S NAME], the Transferor. Due process/Ineligibility notification letters will be issued to both the transferee and transferor. Any unpaid premium on the termination date of the policy will make both the transferee and the transferor ineligible for the crop insurance program."	Substantive
2	Certification Statement **Note:** See DSSH, Para. 502.	Substantive
3	Privacy Act Statement **Note:** See DSSH, Para. 501.	Substantive
4	Nondiscrimination Policy Statement **Note:** See DSSH, Para. 503.	Substantive

D. Required Signatures

Item #	Element	Substantive/ Non-Substantive
1	"Transferor's Printed Name, Signature, and Date"	Substantive
2	"Transferee's Printed Name, Signature, and Date"	Substantive
3	"Agent's Printed Name, Signature, Code Number, and Date"	Substantive

Exhibit 5 Notice of Probable Loss Form

The Notice of Probable Loss Form is used to notify the insured of a probable loss after all LRP data necessary to calculate the indemnity for the selected type, practice and end date are released by RMA. The insured should return the notice of probable loss to the AIP with the sales records. These forms may include multiple SCEs in effect for the same practice.

A. General Information

Item #	Element	Substantive/ Non-Substantive
1	"According to our records, you may be entitled to an indemnity under the above policy endorsement based on the information presented below. Please contact your agent if the information shown in sections 1, 2, or 3 is not correct. The calculation of the indemnity is shown in section 4 below. In order to receive an indemnity, your signature is required to certify that the terms and conditions of the policy have been met as stated in section 5 below." **Note:** This paragraph may be revised by the AIP to reflect their procedures.	Substantive
2	"Insured"	Substantive
3	"Insured Name"	Substantive
4	"Name of Farm/Ranch or Business"	Non-Substantive
5	"Street and/or Mailing Address"	Substantive
6	"City and State"	Substantive
7	"Zip Code"	Substantive
8	"Phone Number"	Substantive
9	"Fax"	Non-Substantive
10	"Email"	Non-Substantive
11	"SSN/EIN"	Substantive
12	"Plan of Insurance"	Substantive
13	"Policy Number"	Substantive
14	"County"	Substantive
15	"Commodity"	Substantive
16	"Type"	Non-Substantive
17	"Effective Date"	Non-Substantive
18	"Claim Number"	Non-Substantive
19	"Endorsement Number"	Non-Substantive
20	"Assignment of Indemnity Yes □ No □"	Substantive
21	"Transfer of Coverage and Right to an Indemnity Yes □ No □"	Substantive
22	"Insurance Agency"	Substantive
23	"Insurance Agency Name"	Substantive
24	"Agency Code"	Substantive
25	"Insurance Agent's Name"	Substantive
26	"Agent's Code"	Substantive
27	"Street and/or Mailing Address"	Substantive
28	"City and State"	Substantive

A. General Information (Continued)

Item #	Element	Substantive/ Non-Substantive
29	"Zip Code"	Substantive
30	"Phone Number"	Substantive
31	"Fax"	Non-Substantive
32	"Email Address"	Non-Substantive

B. Assignment of Indemnity

Item #	Element	Substantive/ Non-Substantive
1	"Assignment Of Indemnity"	Substantive
2	"Assignee's Name"	Substantive
3	"Assignee's SSN/EIN (circle one and enter)"	Substantive
4	"Street or Mailing Address"	Substantive
5	"City and State"	Substantive
6	"Zip Code"	Substantive
7	"Phone"	Substantive
8	"Fax"	Substantive
	"End Date"	Non-Substantive
	"Coverage Price"	Substantive
9	"Actual Ending Value"	Substantive
	"If the actual ending value is less than the coverage price, an indemnity is due."	Substantive

C. Indemnity Calculation

Item #	Element	Substantive/ Non-Substantive
1	"Indemnity Calculation"	Substantive
2	"If the actual ending value is less than the coverage price, an indemnity is due. The indemnity is equal to the number of head multiplied by the target weight (in cwt as defined in the Specific Coverage Endorsement) multiplied by the difference between the coverage price and the actual ending value (in $ per cwt) and then multiplied by the ownership share (in percent)."	Substantive
3	"Number of Head"	Substantive
4	"Target Weight At End Date (Cwt Per Head)"	Substantive
5	"Coverage Price Minus Actual Ending Value"	Substantive
6	"Insured Share %"	Substantive
7	"Indemnity"	Substantive

D. Required Statements

Item #	Element	Substantive/ Non-Substantive
1	Certifications for Indemnity Statement. "You must truthfully attest to all of the following certification statements in order to be eligible for an indemnity: (d) I owned the percentage share of the covered livestock stated on the Specific Coverage Endorsement during the term of this endorsement. (e) I did not sell or transfer ownership of the livestock identified in the Specific Coverage Endorsement prior to 60 days before the end date specified on the Specific Coverage Endorsement. (f) For covered feeder cattle not sold by the end date, I will provide records of ownership and certify that the livestock not sold by the end date were marketable at the end date. If you cannot truthfully attest to all of the above certification statements, then you are not eligible for an indemnity payment and should not sign or return this form. If you can truthfully attest to all of the above certification statements, please sign this form and return it to the Company in the enclosed envelope within sixty (60) days from the date we provide you with the claim form. An indemnity payment will be made within 30 days of receipt of this form by the Company."	Substantive
2	I certify that the information provided above, to the best of my knowledge, to be true and complete and that it will be used to determine my loss, if any, to my insured livestock. I understand that this claim form and supporting papers are subject to audit and approval by the company. I understand that this livestock insurance is subsidized and reinsured by the Federal Crop Insurance Corporation, an agency of the United States. I understand that any false or inaccurate information on this form may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. §1001, §1006, and §1014, 7 U.S.C. §1515, 31 U.S.C. §3729 and §3730, and any other applicable federal statutes.	Substantive
3	Privacy Act Statement. **Note**: See DSSH, Para. 501.	Substantive
4	Non-Discrimination Policy Statement **Note**: See DSSH, Para. 503.	Substantive

Exhibit 6 LRP Liability and Premium Computation

A. **Liability = Number of Head multiplied by the Target Weight (live weight, in cwt) multiplied by the Coverage Price multiplied by Ownership Share. Liability is rounded to the nearest whole dollar.**

Number of Head (Whole number)	×	Target Weight At End Date (Cwt Per Head)	×	Coverage Price (as shown on Actuarial Document)	×	Insured Share (x.xxxx)	=	Liability (Dollar)
	×		×		×		=	

B. **The Total Premium = Liability multiplied by the Rate. Total Premium is rounded to the nearest whole dollar.**

Liability (Dollar)	×	Rate (.xxxxxx)	=	Rounded Total Premium (Dollar)
	×		=	

C. **The Subsidy = Total Premium multiplied by the Subsidy Rate. The Subsidy Rate varies by the coverage level. Subsidy is rounded to the nearest whole dollar.**

Rounded Total Premium	×	Subsidy (Percent)	=	Rounded Subsidy (Dollar)
	×		=	

D. **The Producer Premium = Total Premium minus the Subsidy. Producer Premium will always be a whole number.**

Rounded Total Premium	–	Rounded Subsidy	=	Producer Premium (Dollar)
	–		=	