

## **SUMMARY OF CHANGES FOR THE LIVESTOCK RISK PROTECTION INSURANCE POLICY (Released April 2025)**

The following is a brief description of the changes to the Livestock Risk Protection Insurance Policy that are effective for the 2026 and succeeding crop years.

- Section 1 –
  - Modified definitions of “livestock purchase agreement,” “marketable,” and “sold” to facilitate coverage of livestock bought through auctions or forward contracts;
  - Clarified definition of “bill of sale,” to indicate this document verifies that the purchase has taken place and that livestock have been delivered to the buyer;
  - Removed the definition of “insured value” and added the definitions of “disinterested third party,” “liability,” and “void” to harmonize terminology across livestock insurance programs;
  - In the definition of “premium billing date” postponed billing by 1 calendar month;
  - Added definition of “subsidy capture” to prohibit wasteful and abusive misuse of the program;
- Section 2 –
  - In (c), clarified that neither an application for a new LRP policy nor new SCEs on an existing policy will be approved after the date the insured becomes ineligible for crop insurance;
  - In (i), harmonized ineligibility and termination provisions across livestock insurance programs. All examples have been moved to the Insurance Standards Handbook;
  - In (m), extended the termination date from August 31 to September 30 to align with changes to premium billing dates;
- Section 4 – Added (i) to prohibit offsetting coverage for the purpose of subsidy capture;
- Section 6 –
  - Added (a)(1)(iii) to allow ownership interest to be based on a valid livestock purchase agreement, even if livestock is not yet in the insured’s physical possession;
  - Added (a)(2)(v) to require the insured to have taken possession of covered livestock purchased under a livestock purchase agreement no later than 90 days prior to the applicable SCE end date;
- Section 12 –
  - In (c), addressed situations where covered livestock was purchased under livestock purchase agreements, and not delivered to the insured before the SCE effective date. For covered livestock not sold within 60 days of the SCE end date, the insured must provide documentation demonstrating ownership interest as of the SCE effective date;
  - Added (g) to authorize USDA access to brokerage records for the purpose of investigating violations of the prohibition of subsidy capture;
- Section 18 –
  - In (d)(1), provided flexibility for an indemnity payment to be issued to a single party if all assignees and the insured agree in writing; ;
  - In (d)(2) and (e), clarified when an assignee submits the forms and claims for indemnity when the insured has failed to do so, the assignee then assumes the insured’s dispute resolution rights and obligations for the policy;
- Section 23 –
  - Added (a) to address cases of clear and obvious errors in offers of insurance;
  - Added (b) to specify the time frame for requesting correction of errors in insured’s elections on SCEs; and
- Section 25 – Added section to provide detailed guidance on practices that will be presumed to be done for the purpose of subsidy capture.



**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Federal Crop Insurance Corporation**  
**LIVESTOCK RISK PROTECTION INSURANCE POLICY**  
(This is a continuous policy. Refer to section 2.)

This insurance policy is reinsured by the Federal Crop Insurance Corporation (FCIC) under the provisions of the Federal Crop Insurance Act (Act) (7 U.S.C. 1501-1524). All provisions of the policy and rights and responsibilities of the parties are specifically subject to the Act. The provisions of the policy may not be waived or varied in any way by us, our insurance agent or any other contractor or employee of ours, or any employee of USDA. We will use FCIC procedures (handbooks, manuals, memoranda and bulletins), published on RMA's website at [www.rma.usda.gov](http://www.rma.usda.gov) or a successor website, in the administration of this policy. In the event that we cannot pay your loss because we are insolvent or are otherwise unable to perform our duties under our reinsurance agreement with FCIC, your claim will be settled in accordance with the provisions of this policy and FCIC will be responsible for any amounts owed. No state guarantee fund will be liable for your loss.

Throughout this policy, "you" and "your" refer to the named insured shown on the accepted application and "we," "us," and "our" refer to the insurance company providing insurance. Unless the context indicates otherwise, use of the plural form of a word includes the singular and use of the singular form of the word includes the plural.

**AGREEMENT TO INSURE:** In return for the payment of the premium, and subject to all of the provisions of this policy, we agree with you to provide the insurance as stated in this policy. If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Special Provisions; (2) the actuarial documents; (3) the Livestock Risk Protection Endorsement; and (4) these Basic Provisions, with the provisions of (1) controlling (2), etc.

**BASIC PROVISIONS**  
**TERMS AND CONDITIONS**

**1. Definitions**

**Act** - The Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

**Actual ending value** - The actual ending value is 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 your agent's office or on RMA's website, which shows the dates, coverage prices, rates, coverage levels, practices, insurable class, and other related information regarding Livestock Risk Protection coverage in the state.

**Agricultural Marketing Service (AMS)** - An agency within USDA. The AMS website is <https://www.ams.usda.gov>.

**Application** - The form required to be completed by you and approved by us 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 us in writing, whereby you assign your right to an indemnity payment only to creditors or other persons to whom you have 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 5 crop years, as determined in accordance with FCIC procedures. Any crop year's insurable interest may,

at your 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 1 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 you or us or terminated in accordance with the policy terms.

**CME** - The Chicago Mercantile Exchange Group.

**Class** - The same species of livestock that shares common traits or characteristics and can be insured under a SCE.

**Consent** - Approval in writing by us allowing you to take a specific action.

**Contract change date** - The calendar date by which we make 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 these 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 you, 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 a SCE.

**Cwt** - Hundredweight.

**Days** - Calendar days unless otherwise specified.

**Deductible** - The amount determined by subtracting the coverage level from 100 percent. For example, if you elected an 85 percent coverage level, your 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 you or who will not benefit financially from the sale of covered livestock.

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

**End date** - The date selected by you, and stated in the SCE, on which coverage under a SCE ends.

**End month** - The calendar month that includes the end date.

**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 RMA's website.

**FCIC** - The Federal Crop Insurance Corporation, a wholly owned government corporation within USDA.

**Insurance period** - The period of time coverage is provided as specified in section 8.

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

**Insured share** - Your 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 SCE by the target weight (as shown in the SCE), by the coverage price (in dollars per cwt), and by the insured share.

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

**Limited resource farmer or rancher** - Has the same meaning as the term defined by USDA at [https://lrftool.sc.egov.usda.gov/LRP\\_Definition.aspx](https://lrftool.sc.egov.usda.gov/LRP_Definition.aspx) or successor website.

**Live weight** - Live weight is a 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 a 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 physical 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 you 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 1 amount from another amount.

**Ownership interest** - Your 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 you and us consisting of the application approved by us in writing, these Basic Provisions, the SCE, the Special Provisions, other applicable endorsements, and the actuarial documents for the covered livestock.

**Premium billing date** - If applicable, the earliest date upon which you 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.

**Producer premium** - Total premium minus the premium subsidy paid by FCIC.

**RMA** - Risk Management Agency, an agency within USDA.

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

**Sales closing date** - The effective date of the SCE.

**Sales period** - 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. Sales will not be available for purchase on any sales period that would have an effective date of a CME market holiday or as otherwise specified in each SCE.

**Sold** - 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 physical possession of the livestock or, if earlier, when you enter into a livestock purchase agreement as a seller.

**Special provisions** - The part of the policy that contains specific provisions of insurance for each insured class and may vary by geographic area.

**Specific Coverage Endorsement (SCE)** - An endorsement to the policy necessary to provide coverage that includes information about the class to be insured.

**Subsidy capture** - The practice of exploiting the differences between premium owed by you for an SCE and the cost of a privately traded livestock contract such as a put option, for the purpose of your financial gain.

**Substantial beneficial interest** - An interest held by any person of at least 10 percent in you (for example, there are 2 partnerships that each have a 50 percent interest in you and each partnership is made up of 2 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 you, and both the partnerships and the individuals would have a substantial beneficial interest in you. The spouses of the individuals would not be considered to have a substantial beneficial interest unless the spouse was 1 of the individuals that made up the partnership. However, if each partnership is made up of 6 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 your insurance ceases to be in effect because of nonpayment of any amount due us 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, or Space Force and their reserve components; was discharged or released under conditions other than dishonorable; and:
  - (i) Has not operated a farm or ranch;
  - (ii) Has not operated a farm or ranch for not more than 5 years; or
  - (iii) 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 substantial beneficial interest holders qualify as a veteran farmer or rancher in accordance with paragraph (1) of this definition; except in cases in which there is only a married couple, then a veteran and 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.

**USDA** - United States Department of Agriculture.

## **2. Life of Policy, Cancellation, and Termination**

- (a) This policy provides coverage to protect you against price decreases during the insurance period.
- (b) The application must be completed by you and received by us not later than the sales closing date. If cancellation or termination of insurance coverage occurs for any reason, including but not limited to indebtedness, suspension, debarment, disqualification, cancellation by you or us or violation of the controlled substance provisions of the Food Security Act of 1985, a new application must be filed.
- (c) If you are ineligible under the policy or under any Federal statute or regulation:
  - (1) The application for a new policy will not be approved by us;
  - (2) No new SCEs will be approved on an existing policy after the date of ineligibility; and
  - (3) An existing policy will terminate in accordance with 7 CFR part 400, subpart U, unless otherwise provided for in these Basic Provisions.
- (d) Unless otherwise limited by section 4 of this policy, an application for coverage under this policy may be submitted during the sales period, must be approved in writing by us before you can purchase coverage under an SCE, and must contain all the information required by us to be approved to insure your livestock.
- (e) Your agent does not have authority to bind coverage under this policy. Once approved by us in writing, coverage for the class described in the SCE begins on the effective date.
- (f) With respect to your application for coverage under

this policy and or SCE:

- (1) You must include your social security number (SSN) if you are an individual (if you are an individual applicant operating as a business, you may provide an employer identification number (EIN) but you must also provide your SSN); or
- (2) You must include your EIN if you are a person other than an individual;
- (3) In addition to the requirements of section 2(f)(1) or 2(f)(2), you must include the following for all persons who have a substantial beneficial interest in you:
  - (i) The SSN for individuals; or
  - (ii) The EIN for persons other than individuals and the SSNs for all individuals that comprise the person with the EIN if such individuals also a substantial beneficial interest in you;
- (4) Your application will not be accepted, and no insurance will be provided if the application does not contain your SSN or EIN. If your application contains an incorrect SSN or EIN for you, your application will be considered not to have been accepted, no insurance will be provided for the year of application and for any subsequent crop years, as applicable, and such policies will be void if:
  - (i) Such number is not corrected by you; or
  - (ii) You correct the SSN or EIN but:
    - (A) You cannot prove that any error was inadvertent (simply stating the error was inadvertent is not sufficient to prove the error was inadvertent); or
    - (B) It is determined that the incorrect number would have allowed you to obtain disproportionate benefits under the crop insurance program, you are determined to be ineligible for insurance or you could avoid an obligation or requirement under any State or Federal law;
- (5) With respect to persons with a substantial beneficial interest in you:
  - (i) The coverage for all the livestock included on your SCEs will be reduced proportionately by the percentage interest in you of persons with a substantial beneficial interest in you (presumed to be 50 percent for spouses of individuals) if the SSNs or EINs of such persons are included on your application, the SSNs or EINs are correct, and the persons with a substantial beneficial interest in you are ineligible for insurance;
  - (ii) The coverage for all livestock included on your SCEs for all applicable crop years, will be void if the SSN or EIN of any person with a substantial beneficial interest in you is incorrect or is not included on your application and:
    - (A) Such number is not corrected or provided by you, as applicable;
    - (B) You cannot prove that any error or omission was inadvertent (simply stating the error or omission was inadvertent is not sufficient to prove the error or omission was inadvertent); or
    - (C) Even after the correct SSN or EIN is provided by you, it is determined that the incorrect or omitted SSN or EIN would have allowed you to obtain disproportionate benefits under the crop insurance program, the person with a substantial beneficial interest in you is determined to be ineligible for insurance, or you or the person with a substantial beneficial interest in you could avoid an obligation or requirement under any State or Federal law; or
  - (iii) Except as provided in sections 2(f)(5)(ii)(B) and 2(f)(5)(ii)(C), your policies will not be voided if you subsequently provide the correct SSN or EIN for persons with a substantial beneficial interest in you and the persons are eligible for insurance;
- (6) When any of your policies are void under section 2(f)(4) or 2(f)(5):
  - (i) You must repay any indemnity that may have been paid for all applicable livestock and crop years as determined by us;
  - (ii) Even though the policies are void, you will still be required to pay an amount equal to 20 percent of the premium that you would otherwise be required to pay; and
  - (iii) If you previously paid premium, any amount in excess of the amount required in section 2(f)(6)(ii) will be returned to you;
- (7) Notwithstanding any of the provisions in this section, if you certify to an incorrect SSN or EIN, or receive an indemnity and the SSN or EIN was not correct, you may be subject to civil, criminal or administrative sanctions;
- (8) If any of the information regarding persons with a substantial beneficial interest in you changes after the cancellation date for the previous crop year, you must revise your application by the cancellation date for the current crop year to reflect the correct information. However, if such information changed less than 30 days before the cancellation date for the current crop year, you must revise your application by the cancellation date for the next crop year. If you fail to provide the required revisions, the provisions in section 2(f)(5) will apply; and
- (9) If you are, or a person with a substantial beneficial interest in you is, not eligible to obtain an SSN or EIN, whichever is required, you must request an assigned number for the purposes of

this policy from us:

- (i) A number will be provided only if you can demonstrate you are, or a person with a substantial beneficial interest in you is, eligible to receive Federal benefits;
  - (ii) If a number cannot be provided for you in accordance with section 2(f)(9)(i), your application will not be accepted; or
  - (iii) If a number cannot be provided for any person with a substantial beneficial interest in you in accordance with section 2(f)(9)(i), the amount of coverage for all crops on the application will be reduced proportionately by the percentage interest of such person in you.
- (g) You may cancel this policy after the initial crop year by providing written notice to us on or before June 30. We may cancel this policy with express written consent from FCIC unless provided for in these Basic Provisions. Cancellation during a crop year is not allowed.
- (h) Any amount owed to us for any policy authorized under the Act will be offset from any indemnity or prevented planting due you for this or any other crop insured with us under the authority of the Act.
- (1) Even if your claim has not yet been paid, you must still pay the premium on or before the termination date for you to remain eligible for insurance.
- (2) If we offset any amount due us from an indemnity or prevented planting payment owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be the date that you submit the claim for indemnity in accordance with section 9.
- (3) For this agricultural commodity policy and any other agricultural commodity policy insured with us and it is:
- (i) Prior to the premium billing date or for any endorsement that has not ended, you may request your premium and administrative fees to be offset from any indemnity or prevented planting payment due you; or
  - (ii) On or after the premium billing date or for any endorsement that has ended, your premium and administrative fees will be offset from any indemnity or prevented planting payment due you.
- (i) A delinquent debt for any policy will make you ineligible to obtain a Livestock Risk Protection Policy for any subsequent crop year and result in termination of this policy in accordance with section 2(i)(2). Delinquent debt on this policy will make you ineligible to obtain crop insurance authorized under the Act for any subsequent crop year.
- (1) With respect to ineligibility:
- (i) Ineligibility for crop insurance will be effective on:
    - (A) The date that this policy was terminated in accordance with section 2(i)(2) for the crop for which you failed to pay premium, or any related interest owed, as applicable;
    - (B) The payment due date contained in any notification of indebtedness for any overpaid indemnity if you fail to pay the amount owed, including any related interest owed, as applicable, by such due date; or
    - (C) The cancellation date for the crop year prior to the crop year in which a scheduled payment is due under a written payment agreement if you fail to pay the amount owed by any payment date in any agreement to pay the debt;
  - (ii) If you are ineligible and a policy has been terminated in accordance with section 2(i)(2), such ineligibility and termination of the policy may affect your eligibility for benefits under other USDA programs. Any indemnity payment that may be owed for the policy before it has been terminated will remain owed to you, but may be offset in accordance with section 2(h), unless your policy was terminated in accordance with section 2(i)(2)(i)(A), 2(i)(2)(i)(B), or 2(i)(2)(i)(D).
- (2) With respect to termination:
- (i) Termination will be effective on:
    - (A) For a Livestock Risk Protection 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;
    - (B) For a Livestock Risk Protection policy with other amounts due, the cancellation date immediately following the date you have a delinquent debt;
    - (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 you become ineligible.
    - (D) For a Livestock Risk Protection policy with a written payment agreement and failure to make any scheduled payment, the cancellation date for the crop year prior to the crop year in which you failed

- to make the scheduled payment; or
- (ii) For all policies terminated under section 2(i)(2)(i)(A), 2(i)(2)(i)(B), or 2(i)(2)(i)(D), any indemnities paid subsequent to the termination date must be repaid.
  - (iii) Once the policy is terminated, it cannot be reinstated for the current crop year unless:
    - (A) The termination was in error;
    - (B) The Administrator of the Risk Management Agency, at his or her sole discretion, determines that the following are met:
      - (1) In accordance with 7 CFR part 400, subpart U, and FCIC issued procedures, you provide documentation that your inadvertent failure to pay your debt is due to an unforeseen or unavoidable event or other extenuating circumstances that created the inadvertent failure for you to make timely payment;
      - (2) You remit full payment of the delinquent debt owed to us or FCIC with your request submitted in accordance with section 2(i)(2)(iii)(B)(3); and
      - (3) You submit a written request for reinstatement of your policy to us no later than 60 days after the termination date or the missed payment date of a previously executed written payment agreement, or in the case of overpaid indemnity or any amount that became due after the termination date, the due date specified in the notice to you of the amount due, if applicable.
        - (i) If authorization for reinstatement, as defined in 7 CFR part 400, subpart U, is granted, your policies will be reinstated effective at the beginning of the crop year for which you were determined ineligible, and you will be entitled to all applicable benefits under such policies, provided you meet all eligibility requirements and comply with the terms of the policy; and
        - (ii) There is no evidence of fraud or misrepresentation; or
  - (C) We determine that, in accordance with 7 CFR part 400, subpart U, and FCIC procedures, the following are met:
    - (1) You can demonstrate:
      - (i) You made timely payment for

- the amount of premium owed but you inadvertently omitted some small amount, such as the most recent month's interest or a small administrative fee.
- (ii) The amount of the payment was clearly transposed from the amount that was otherwise due (For example, you owed \$892 but you paid \$829).
  - (iii) You timely made the full payment of the amount owed but the delivery of that payment was delayed, and was postmarked no more than 7 calendar days after the termination date or the missed payment date of a previously executed written payment agreement, or in the case of overpaid indemnity or any amount that became due after the termination date, the due date specified in a notice to you of an amount due, as applicable.
  - (iv) For previously executed written payment agreements, you made the full payment of the scheduled payment amount owed within 15 calendar days after the missed payment date.
- (2) You remit full payment of the delinquent debt owed to us; and
  - (3) You submit a written request for reinstatement of your policy to us in accordance with 7 CFR part 400, subpart U, and applicable procedures no later than 30 days after the termination date or the missed payment date of a previously executed written payment agreement, or in the case of overpaid indemnity or any amount that became due after the termination date, the due date specified in the notice to you of the amount due, if applicable; and
  - (4) If authorization for reinstatement, as defined in 7 CFR part 400, subpart U, is granted, your policies will be reinstated effective at the beginning of the crop year for which you were determined ineligible, and you will be entitled to all applicable benefits under such policies, provided you meet all eligibility requirements and comply with the terms of the policy;

- and
- (5) There is no evidence of fraud or misrepresentation.
  - (iv) A determination made under:
    - (A) Section 2(i)(2)(iii)(B) may only be appealed to the National Appeals Division in accordance with 7 CFR part 11; and
    - (B) Section 2(i)(2)(iii)(C) may only be appealed in accordance with section 11.
  - (3) To regain eligibility, you must:
    - (i) Repay the delinquent debt in full;
    - (ii) Execute a written payment agreement, in accordance with 7 CFR part 400, subpart U, and make payments in accordance with the agreement; or
    - (iii) Have your debts discharged in bankruptcy.
  - (4) After you become eligible for crop or livestock insurance, if you want to obtain coverage for your crops or livestock, you must submit a new application but such application will not be effective until the beginning of the next crop year.
  - (5) If you are determined to be ineligible under section 2(i), persons with a substantial beneficial interest in you may also be ineligible until you become eligible again.
  - (j) In cases where there has been a death, disappearance, judicially declared incompetence, or dissolution of any insured person:
    - (1) If any married individual insured dies, disappears, or is judicially declared incompetent, the named insured on the policy will automatically convert to the name of the spouse if:
      - (i) The spouse was included on the policy as having a substantial beneficial interest in the named insured; and
      - (ii) The spouse has a share of the crop.
    - (2) The provisions in section 2(j)(3) will be applicable if:
      - (i) Any partner, member, shareholder, etc., of an insured entity dies, disappears, or is judicially declared incompetent, and such event automatically dissolves the entity; or
      - (ii) An individual, whose estate is left to a beneficiary other than a spouse or left to the spouse and the criteria in section 2(j)(1) are not met, dies, disappears, or is judicially declared incompetent.
    - (3) If section 2(j)(2) applies and the death, disappearance, or judicially declared incompetence occurred:
      - (i) More than 30 days before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or
      - (ii) Thirty days or less before the cancellation date, or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period:
        - (A) A new application for insurance must be submitted prior to the sales closing date for coverage for the subsequent crop year; and
        - (B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment and such person or persons must comply with all policy provisions and pay the premium.
  - (4) If any insured entity is dissolved for reasons other than death, disappearance, or judicially declared incompetence:
    - (i) Before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or
    - (ii) On or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period:
      - (A) A new application for insurance must be submitted prior to the sales closing date; and
      - (B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment and such person or persons must comply with all policy provisions and pay the premium.
  - (5) If section 2(j)(2) or 2(j)(4) applies, a remaining member of the insured person or the beneficiary is required to report to us the death, disappearance, judicial incompetence, or other event that causes dissolution not later than the next cancellation date, except if section 2(j)(3)(ii) applies, notice must be provided by the cancellation date for the next crop year. If notice is not provided timely, section 2(j)(2) or 2(j)(4) will apply retroactive to the date such notice should have been provided and any payments made after the date the policy should have been canceled must be returned.
  - (k) This Livestock Risk Protection Insurance Policy is a continuous policy. If you submit and we approve an application for coverage under the Livestock Risk Protection Insurance Policy on our form, such policy will remain in effect until June 30 and will automatically renew on July 1 thereafter unless canceled or terminated pursuant to the terms of this



policy. The SCE's are not continuous and are only effective for the period stated therein.

- (l) We may cancel your policy if no premium is earned for 3 consecutive years.
- (m) The cancellation for the policy is June 30 and the termination date for the policy September 30 of the year following the cancellation date as stated in the actuarial documents. For example, a policy with the cancellation date of June 30, 2026, would have the termination date of September 30, 2027.
- (n) Any person may sign any document relative to Federal crop insurance coverage on behalf of any other person covered by such a policy, provided that the person has a properly executed power of attorney or such other legally sufficient document authorizing such person to sign. You are still responsible for the accuracy of all information provided on your behalf and may be subject to any applicable consequences, if any information has been misrepresented.

### **3. Contract Changes**

- (a) We may change the terms of your coverage under this policy from crop year to crop year.
- (b) Any changes in policy provisions and program dates will be published on RMA's website not later than the contract change date. We may only revise this information after the contract change date to correct clear errors.
- (c) You will be notified, in writing, of changes to the Basic Provisions, SCEs, and the Special Provisions not later than 30 days prior to the cancellation date. Acceptance of changes will be conclusively presumed in the absence of written notice from you to change or cancel your insurance coverage.
- (d) After the contract change date, all changes specified in the section 3(b) will also be available upon request from your crop insurance agent.
- (e) The contract change date is April 30 preceding the cancellation date.

### **4. Coverage Limitations**

- (a) This policy does not cover any other peril except change in price, including, for example, mortality, condemnation, physical damage, disease, individual marketing decisions, local price aberrations, or any other cause of loss other than stated.
- (b) Insurance coverage will not be provided if you are ineligible under the contract or under any Federal statute or regulation.
- (c) We will not approve your application or any SCE:
  - (1) Unless such application or SCE is accepted by RMA;
  - (2) If the premium calculator (the computer program that determines your premium) or RMA's website is not operational; or
  - (3) If there has been a news report, announcement, or other event that occurs during or after trading hours that is believed by the Secretary of Agriculture, Manager of the Risk Management Agency, or other designated staff of the Risk

Management Agency, to result in market conditions significantly different than those used to rate the Livestock Risk Protection program.

- (d) Coverage is not available under a SCE if the cause of the change in price is anything other than the unavoidable cause of loss, as specified in the Act.
- (e) FCIC will suspend sales of all affected SCEs of a given class of livestock:
  - (1) In the event of a limit movement in any relevant livestock futures. The relevant CME futures contract for each class of livestock is provided in the Special Provisions.
  - (2) For feeder cattle and fed cattle, on the calendar days on which USDA releases the Cattle on Feed report.
  - (3) For swine, on the calendar days on which USDA releases the Hogs and Pigs report.
  - (4) On any other days that for any reason Livestock Risk Protection offer prices are not published in the actuarial documents by 4:30 PM Central Time on the effective date.
- (f) Once published by RMA, coverage prices and premium rates will not be changed as a result of any late revisions made by the publishers of the data.
- (g) You may not have any other FCIC reinsured livestock policy covering the same class of livestock with the same end month or have any other FCIC reinsured livestock policy insuring the same covered livestock at the same time. For example, an insured owns and intends to market 1,000 head of fed cattle. The insured covers 600 head on an SCE with the end month of October 2025. The insured may not declare any target marketings on LGM-Cattle for October 2025, and may only declare as target marketings in any other month the 400 head not already covered on LRP until that LRP SCE ends.
  - (1) If you do and if the duplication was intentional, you may be subject to the sanctions authorized under this policy, the Act, 7 CFR part 400, subpart R, or any other applicable statute.
  - (2) If we determine that such duplication was not intentional, the 1st coverage issued will continue in force and all duplicate coverage will be voided.
- (h) The maximum number of livestock that can be insured during a crop year is stated in the SCE.
- (i) If you insure any covered livestock under this policy, you and any person with a substantial beneficial interest in you are prohibited from offsetting any of the coverage provided by this policy for the purpose of subsidy capture, such as through livestock contracts traded on a commodity exchange. Violation of this prohibition will result in the application of available administrative, civil or criminal remedies.

### **5. Premium**

- (a) Coverage attaches on the effective date shown on the SCE.
- (b) The premium is earned and payable at the time coverage attaches and you will be billed for the

premium on the billing date specified in the actuarial documents.

- (c) Premium will be based on the information you provide in a SCE.
- (d) If you qualify as a beginning farmer or rancher; or veteran farmer or rancher, your premium subsidy will be 10 percentage points greater than the premium subsidy that you would otherwise receive, unless otherwise specified in the Special Provisions.
- (e) You will be ineligible for any premium subsidy paid on your behalf by FCIC for any policy issued by us if:
  - (1) USDA determines you have committed a violation of the highly erodible land conservation or wetland conservation provisions of 7 CFR part 12 as amended by the Agricultural Act of 2014; or
  - (2) You have not filed form AD-1026 with FSA for the reinsurance year by the premium billing date.
    - (i) Notwithstanding section 5(e)(2), you may be eligible for premium subsidy without having a timely filed form AD-1026: AD-1026 on file with FSA.
      - (A) For the initial reinsurance year if you certify by the premium billing date for your policy that you meet the qualifications as outlined in FCIC approved procedures for producers who are new to farming, new to crop insurance, a new entity, or have not previously been required to file form AD-1026; or
      - (B) If FSA approves relief for failure to timely file due to circumstances beyond your control or failure to timely provide adequate information to complete form AD-1026 in accordance with the provisions contained in 7 CFR part 12.
    - (ii) To be eligible for premium subsidy paid on your behalf by FCIC, it is your responsibility to assure you meet all the requirements for:
      - (A) Compliance with the conservation provisions specified in section 5(e)(1); and
      - (B) Filing form AD-1026 to be properly identified as in compliance with the conservation provisions specified in section 5(e)(1).
- (f) Premium owed by you will be offset from an indemnity or prevented planting payment due you in accordance with section 2(h).

## **6. Covered Livestock**

- (a) This policy only covers livestock in which you have an ownership interest during the insurance period under the applicable SCE and which are marketable by the end date.
  - (1) Such ownership interest may include:
    - (i) Livestock owned and raised by you.
    - (ii) Unborn livestock, provided that you have:
      - (A) An ownership interest in pregnant cows

or sows to which unborn livestock will be born;

- (B) For swine only: you or holders of a substantial beneficial interest in you have an ownership interest in the entity that owns pregnant sows. You may insure the number of unborn swine in proportion to ownership in the pregnant sows. For example, if a substantial beneficial holder in you has a 20 percent ownership in a sow breeding entity, then you can insure up to 20 percent of the unborn swine produced by the sow breeding entity.
- (iii) Livestock purchased by you under a valid livestock purchase agreement entered before the start of the insurance period, provided that such livestock will be in your 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.
- (2) To receive an indemnity, you must provide documentation containing specific information with your completed claim form:
  - (i) For Fed Cattle and Swine, or sold Feeder Cattle, documents verifying the sale of all covered livestock during the insurance period or no later than 60 days after the end date that show:
    - (A) You as a seller;
    - (B) The purchaser;
    - (C) The date sold; and
    - (D) The weight of the livestock sold.
  - (1) For livestock sold under a livestock purchase agreement with delivery period ending not more than 60 days after the SCE end date, you must provide bill of sale showing actual weight of sold livestock.
  - (2) For livestock sold under a livestock purchase agreement with delivery period ending more than 60 days after the SCE end date, you must provide a certified statement signed by you attesting that the covered livestock were marketable at the end date.
  - (ii) For covered feeder cattle not sold until 60 days after the end date, instead of documents verifying the sale, you must provide a certified statement signed by you attesting that the livestock were marketable by the end date and documents verifying ownership of your share of the livestock insured under the SCE in accordance with section 12(c);

- (iii) For covered unborn livestock, proof of ownership interest in cows or sows to which covered livestock were born, in accordance with section 12(c);
  - (iv) When ownership interest in unborn swine is claimed under section 6(a)(1)(ii)(B) you must also provide documentation establishing:
    - (A) Your ownership interest, or the ownership interest of the person with a substantial interest in you, in the sow breeding entity;
    - (B) The percentage of ownership interest in the sow breeding entity;
    - (C) The number of sows and offspring produced and sold annually from the sow breeding entity; and
    - (D) Livestock purchase agreement with delivery or pickup date within the insurance period.
  - (v) When ownership interest in covered livestock is claimed under section 6(a)(1)(iii) you must also provide:
    - (A) A valid livestock purchase agreement, entered into before the start of the insurance period; and
    - (B) 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.
  - (vi) Additional documentation as may be required under the terms of the SCE for the covered livestock.
- (3) If you dispose of or sell your covered livestock more than 60 days prior to the SCE end date, you will not be considered to have an ownership interest in the disposed of or sold livestock.
- (b) To obtain coverage on a specific class of livestock, you must submit an SCE to us during the sales period that identifies the class, the effective date of coverage, the end date, the state and county, the number of covered livestock, the target weight at the end date, the coverage level, your insured share and your signature. Any SCE submitted without these elements or submitted outside of the sales period will not be accepted.
- (c) You may sign the SCE:
- (1) Before the coverage prices and premium rates are published by RMA, provided that the SCE form contains all information required in section 6(b) and you have signed the SCE not earlier than 14 calendar days before the effective date. You may revise or withdraw the SCE at any time up to 1:30 PM Central Time on the effective date.
  - (2) After the coverage prices and premium rates are published by RMA, provided that the SCE is signed during the sales period.
- (d) During each crop year where a policy is in effect, you may obtain coverage for as many head of livestock, under as many different SCEs, as you are eligible for, subject to the following restrictions:
- (1) You may not insure the same class of livestock with the same end date under more than one SCE during the same sales period.
  - (2) You may not insure the same covered livestock under more than 1 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 (for example, 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 your original Steers Weight 1 SCE ends, if you have retained some or all of the original 1,000 head, you may then choose to purchase a new endorsement to cover the cattle at a new weight with a new end month.
  - (3) You may not have any other FCIC reinsured livestock policy insuring the same class of livestock with the same end month.
  - (4) You may not have any other FCIC reinsured livestock policy insuring the same covered livestock at the same time.
- (e) The number of covered livestock insured under an SCE will be adjusted if:
- (1) You dispose of your share or sell the covered livestock more than 60 days prior to the end date, unless that portion of your share is properly transferred, on our form, to an eligible transferee under section 17.
  - (2) At any time during the insurance period your covered livestock are seized, quarantined or destroyed by order of any governmental authority, or your livestock are not deliverable due to death or disease and you have not provided us written notice of such circumstance within 72 hours after your knowledge of the livestock's death. For covered unborn feeder cattle or unborn swine:
    - (i) Written notice of death needs to include either evidence of pregnancy, or records of number of born livestock in 1 of the prior 3 years.
    - (ii) If records for prior years are used in place of evidence of pregnancy, then the number of livestock born in a previous year must be greater than or equal to the number of insured unborn livestock.
    - (iii) Valid records include, but are not limited to, veterinary reports, or supply or sales

contracts.

- (3) You fail to provide sales or ownership records for any covered livestock as required in section 6(a)(2).
- (4) 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 you 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.
- (f) If any conditions in 6(e) occur:
  - (1) The number of covered livestock insured under an SCE will be reduced by the number of livestock no longer insured due to early disposal, lack of records, or other reasons in 6(e).
  - (2) No indemnity will be paid for any livestock no longer insured under the SCE.
  - (3) Because no indemnity is due because of a breach of this policy, you will still be responsible for the full premium owed in accordance with section 5.
- (g) In accordance with section 24, you may not have any other FCIC reinsured livestock policy covering the same class of livestock with the same end month.
  - (1) If you do, and we determine the duplication is intentional, you may be subject to the sanctions authorized under this policy, the Act, 7 CFR Part 400, subpart R, or any other applicable statute.
  - (2) If we determine that such duplication was not intentional, the 1st coverage issued will continue in force and all duplicate coverage will be voided.

## **7. Share Insured**

- (a) Only an insured share as an owner of the livestock will be eligible for insurance under this policy.
  - (1) Insured shares as a landlord, tenant, operator, or any other interest other than as an owner are not eligible for insurance under this policy.
  - (2) Insurance will apply only to the insured share owned by the person completing the application. Insurance will not extend to any other person having a share in the livestock or livestock product unless the application clearly states that the insurance is requested for an entity such as a partnership or a joint venture.
  - (3) If you transfer any part of your insured share during the insurance period to an eligible person, coverage will transfer in accordance with section 17.
- (b) We may consider any share reported by or for your spouse, child or any member of your household to be included in your share if there is no evidence that they had a separate interest in the livestock. This does not abrogate the requirement in section 2 that all spouses provide their social security numbers as a substantial beneficial interest holder in the applicant or insured.

## **8. Insurance Period**

The insurance period is the period of coverage that:

- (a) Begins on the covered livestock on the effective date for each SCE.
- (b) Ends on the covered livestock on the end date stated on each SCE.

## **9. Indemnity Payments for Losses**

- (a) The calculation for indemnity payments is found in the SCE.
- (b) In order to receive an indemnity, you must submit a claim to us on our form within 60 days from the date we provide you with the claim form.
- (c) The indemnity payment will be made within 30 days following receipt by us of the properly executed claim form.
- (d) If the end date is on a Saturday, Sunday, or Federal holiday, or, if for any reason the relevant report is not available to us for that day or any other day of the ending period, then the actual ending value will be based on the most recent reports made prior to that date.

## **10. Agricultural Commodities as Payment**

We will not accept any livestock or other agricultural commodity as compensation for payments due.

## **11. Mediation, Arbitration, Appeal, Reconsideration, and Administrative and Judicial Review**

- (a) If you do not agree with any determination made by us, the disagreement may be resolved through mediation in accordance with section 11(f). If the disagreement cannot be resolved through mediation, or you and we do not agree to mediation, you must timely seek resolution through arbitration in accordance with the rules of the American Arbitration Association (AAA), except as provided in sections 11(c) and 11(e), and unless rules are established by FCIC for this purpose. Any mediator or arbitrator with a familial, financial or other business relationship to you or us, or our agent or loss adjuster, is disqualified from hearing the dispute.
  - (1) All disputes involving determinations made by us are subject to mediation or arbitration. However, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, either you or we must obtain an interpretation from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC.
    - (i) Any interpretation by FCIC will be binding in any mediation or arbitration.
    - (ii) Failure to obtain any required interpretation from FCIC will result in the nullification of any agreement or award.
    - (iii) An interpretation by FCIC of a procedure may be appealed to the National Appeals Division in accordance with 7 CFR part 11.
  - (2) Unless the dispute is resolved through mediation, the arbitrator must provide to you and us a written

statement describing the issues in dispute, the factual findings, the determinations and the amount and basis for any award and breakdown by claim for any award. The statement must also include any amounts awarded for interest.

- (i) Failure of the arbitrator to provide such written statement will result in the nullification of all determinations of the arbitrator.
  - (ii) All agreements reached through settlement, including those resulting from mediation, must be in writing and contain at a minimum a statement of the issues in dispute and the amount of the settlement.
- (b) Regardless of whether mediation is elected:
- (1) The initiation of arbitration proceedings must occur within 1 year of the date we denied your claim or rendered the determination with which you disagree, whichever is later;
  - (2) If you fail to initiate arbitration in accordance with section 11(b)(1) and complete the process, you will not be able to resolve the dispute through judicial review;
  - (3) If arbitration has been initiated in accordance with section 11(b)(1) and completed, and judicial review is sought, suit must be filed not later than 1 year after the date the arbitration decision was rendered; and
  - (4) In any suit, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, an interpretation must be obtained from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC. Such interpretation will be binding.
- (c) Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 11(b)(3). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.
- (d) If you disagree with any determination made by FCIC or any claim where FCIC is directly involved in the claims process or directs us in the resolution of the claim, you may obtain an administrative review in accordance with 7 CFR part 400, subpart J (administrative review) or appeal in accordance with 7 CFR part 11 (appeal).
- (1) If you elect to bring suit after completion of any appeal, such suit must be filed against FCIC not later than 1 year after the date of the decision rendered in such appeal.
  - (2) Such suit must be brought in the United States district court for the district in which the covered livestock is located.
  - (3) Under no circumstances can you recover any attorney fees or other expenses, or any punitive,

compensatory or any other damages from FCIC.

- (e) In any mediation, arbitration, appeal, administrative review, reconsideration or judicial process, the terms of this policy, the Act, and the regulations published at 7 CFR chapter IV, including 7 CFR part 400, subpart P, are binding. Conflicts between this policy and any state or local laws will be resolved in accordance with section 21. If there are conflicts between any rules of the AAA and the provisions of your policy, the provisions of your policy will control.
- (f) To resolve any dispute through mediation, you and we must both:
  - (1) Agree to mediate the dispute;
  - (2) Agree on a mediator; and
  - (3) Be present or have a designated representative who has authority to settle the case present, at the mediation.
- (g) Except as provided in section 11(h), no award or settlement in mediation, arbitration, appeal, administrative review or reconsideration process or judicial review can exceed the amount of liability established or which should have been established under the policy, except for interest awarded in accordance with section 15.
- (h) In a judicial review only, you may recover attorney's fees or other expenses, or any punitive, compensatory or any other damages from us only if you obtain a determination from FCIC that we, our agent or loss adjuster failed to comply with the terms of this policy or procedures issued by FCIC and such failure resulted in you receiving a payment in an amount that is less than the amount to which you were entitled. Requests for such a determination should be addressed to the following: USDA/RMA/Deputy Administrator of Compliance/ Stop 0806, 1400 Independence Avenue, SW., Washington, D.C. 20250-0806.
- (i) If FCIC elects to participate in the adjustment of your claim, or modifies, revises or corrects your claim, prior to payment, you may not bring an arbitration, mediation or litigation action against us. You must request administrative review or appeal in accordance with section 11(d).
- (j) Any determination made by FCIC that is a matter of general applicability is not subject to administrative review under 7 CFR part 400, subpart J or appeal under 7 CFR part 11. If you want to seek judicial review of any FCIC determination that is a matter of general applicability, you must request a determination of non-appealability from the Director of the National Appeals Division in accordance with 7 CFR 11.6 before seeking judicial review.

## **12. Access to Covered Livestock and Records, and Record Retention**

- (a) We, any person designated by us, and any employee designated by a USDA agency, reserve the right to perform random, on-site inspections to verify insured share or disposition of the covered livestock.

Inspections will be conducted in accordance with generally accepted herd health practices.

- (b) For 3 years after the end date of any SCE, you must retain, and provide upon our request, or the request of any person designated by us or any employee designated by a USDA agency, complete records of the ownership of your share and disposition of all the livestock that were insured for the applicable period. We may extend the record retention period beyond 3 years by notifying you of such extension in writing. Your failure to keep and maintain such records will result in a denial of an indemnity under the SCE. Because no indemnity is due as a result of a breach of this policy, all premiums will still be owed.
- (c) Documents deemed necessary and sufficient to support verification of your ownership interest in covered livestock on the SCE effective date are:
  - (1) For livestock sold within 60 days of the SCE end date and owned by you (i.e. in your physical possession) on the SCE end date, bills of sale or documents verifying the sale of all covered livestock, containing information as specified in 6(a)(2)(i).
  - (2) For livestock purchased by you 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 you as the buyer.
  - (3) 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 using 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.
- (d) Records of any mediation, arbitration, or litigation involving the covered livestock must be made available to us, any person designated by us, or any employee designated by a USDA agency.
- (e) Our representative and any employee designated by a USDA agency, will, at any time during the record retention period, have access to:
  - (1) Any records relating to this insurance at any location where such records may be found or maintained; and
  - (2) The farm, ranch, feedlot or any other facility related to the production of livestock.
- (f) By applying for insurance under the authority of the Act or by continuing insurance for which you

previously applied, you authorize us, any employee designated by a USDA agency, or any person acting for us, to obtain records relating to the insured livestock or livestock product from any person who may have custody of those records including, but not limited to, banks and other lenders, feedlots, cooperatives, marketing associations, suppliers, and accountants. You must assist us in obtaining all records, which we request from third parties.

- (g) If USDA initiates a review of a potential violation of Section 4(i):
  - (1) Upon our request you must provide all your brokerage records for any crop year in which you obtained coverage under this policy.
    - (i) Records of transactions made under private contracts not traded on regulated commodity exchanges may also be requested if such transactions are based on, or a function of potential or realized indemnities for SCEs.
    - (ii) You must provide the names of all your brokers and persons with whom you have private contracts described in section 12(g)(1), if any.
  - (2) The following terms and conditions apply to all requests for records or assistance under subsection 12(g)(1) above:
    - (i) Request for brokerage records or records of private transactions under subsection 12(g)(1) must be limited to those dates on which a potential violation of section 4(i) might have occurred.
    - (ii) Request for brokerage records or records of private transactions under subsection 12(g)(1) may be extended to persons with a substantial beneficial interest in you, and to any entity in which such persons have a substantial beneficial interest.
    - (iii) If you refuse to comply with any requests for records and information under this subsection 12(g), you will be in breach of this policy, and we will deny an indemnity for all SCEs in effect for the crop year. All premiums will still be owed.

### **13. Conformity to Food Security Act of 1985**

Although your violation of a number of federal statutes, including the Act, may cause cancellation, termination, or avoidance of your insurance contract, you should be specifically aware that your policy will be canceled if you are determined to be ineligible to receive benefits under the Act due to violation of the controlled substance provisions (title XVII) of the Food Security Act of 1985 (Pub. L. 99-198) and the regulations promulgated under the Act by USDA. Your insurance policy will be canceled if you are determined, by the appropriate Agency, to be in violation of these provisions. We will recover any and all monies paid to you or received by you during your period of ineligibility, and your premium will be refunded, less an amount for expenses and handling equal to 20 percent of

the premium paid or to be paid by you.

**14. Amounts Due Us**

- (a) Interest will accrue at the rate of 1.25 percent simple interest per calendar month, on any amount due us. Interest will start to accrue on the date that notice is issued to you for the collection of the amount due.
  - (1) For the purpose of premium amounts owed to us, interest will start to accrue on the 1st day of the month following the issuance of the notice by us, provided that a minimum of 30 days have passed from the premium billing date specified in the actuarial documents.
  - (2) We will collect any unpaid amounts owed to us and any interest owed thereon.
- (b) For the purpose of any other amounts due us, such as repayment of indemnities found not to have been earned, interest will start to accrue on the date that notice is issued to you for the collection of the unearned amount.
  - (1) Amounts found due under this paragraph will not be charged interest if payment is made within 30 days of issuance of the notice by us.
  - (2) The amount will be considered delinquent if not paid within 30 days of the date the notice is issued by us.
- (c) All amounts paid will be applied 1st to expenses of collection (see section 14(d) if any, 2nd to the reduction of accrued interest, and then to the reduction of the principal balance.
- (d) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.
- (e) The portion of the amounts owed by you for a policy authorized under the Act that are owed to FCIC may be collected in part through administrative offset from payments you receive from United States government agencies in accordance with 31 U.S.C. chapter 37. Such amounts include the share of the overpaid indemnities and premiums retained by FCIC plus any interest owed thereon.

**15. Payment and Interest Limitations**

We will pay simple interest computed on the net indemnity ultimately found to be due by us or by a final judgment of a court of competent jurisdiction from and including the 61st day after the date you sign, date, and submit to us the properly completed claim on our form. Interest will be paid only if the reason for our failure to timely pay is NOT due to your failure to provide a properly completed claim form to us. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) and published in the Federal Register semiannually on or about January 1 and July 1 of each year and may vary with each publication.

**16. Concealment, Misrepresentation or Fraud**

- (a) If you have falsely or fraudulently concealed the fact that you are ineligible to receive benefits under the Act or if you or anyone assisting you has intentionally

concealed or misrepresented any material fact relating to this policy:

- (1) This policy, including all SCEs, will be voided for each crop year in which the concealment, fraud, or misrepresentation occurred; and
  - (2) You may be subject to remedial sanctions in accordance with 7 U.S.C. 1515(h) and 7 C.F.R. part 400, subpart R.
- (b) Even though the policy is void, you will still be required to pay 20 percent of the premium that you would otherwise be required to pay to offset costs incurred by us in the service of this policy. If previously paid, the balance of the premium will be returned. Even though the policy is void, you may still be required to pay the administrative and operating expenses of the approved insurance provider contained on your premium billing statement percent of the premium due under the policy to offset costs incurred by us in the service of this policy. If previously paid, the balance of the premium will be refunded.
  - (c) Voidance of this policy will result in you having to reimburse all indemnities paid for the crop year in which the voidance was effective.
  - (d) Voidance will be effective on the 1st day of the SCE for the crop year in which the act occurred and will not affect the policy for subsequent crop years unless a violation of this section also occurred in such crop years.
  - (e) If you willfully and intentionally provide false or inaccurate information to us or FCIC or you fail to comply with a requirement of FCIC, in accordance with 7 CFR part 400, subpart R, FCIC may impose on you:
    - (1) A civil fine for each violation in an amount not to exceed the greater of:
      - (i) The amount of the pecuniary gain obtained as a result of the false or inaccurate information provided or the noncompliance with a requirement of FCIC; or
      - (ii) \$10,000; and
    - (2) A disqualification for a period of up to 5 years from receiving any monetary or non-monetary benefit provided under each of the following:
      - (i) Any crop insurance policy offered under the Act;
      - (ii) The Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7333 et seq.);
      - (iii) The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.);
      - (iv) The Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.);
      - (v) The Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.);
      - (vi) Title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.);
      - (vii) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.); and

- (viii) Any federal law that provides assistance to a producer of an agricultural commodity affected by a crop loss or a decline in the prices of agricultural commodities.

**17. Transfer of Coverage and Right to Indemnity**

- (a) If you transfer any part of your insured share during the period of insurance, you may transfer your coverage rights if the transferee is eligible for livestock insurance.
- (b) We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred.
- (c) The transfer of coverage rights must be on our form and will not be effective until approved by us in writing.
- (d) The transferee will have all rights and responsibilities under this policy consistent with the transferee's interest.
- (e) If the transferee is not eligible for livestock insurance for any reason, and the transfer occurs before the final 30 days of the insurance period, or if you fail to inform us of a transfer by the end date or within 30 days of the transfer whichever is later, then the transferred portion of the coverage will be terminated and no premium for that portion will be refunded.

**18. Assignment of Indemnity**

- (a) You may assign your right to an indemnity for the crop year only to creditors or other persons to whom you have a financial debt or other pecuniary obligation. You may be required to provide proof of the debt or other pecuniary obligation before we will accept the assignment of indemnity.
- (b) All assignments must be on our form and must be provided to us. Each assignment form may contain more than 1 creditor or other person to whom you have a financial debt or other pecuniary obligation.
- (c) Unless you have provided us with a properly executed assignment of indemnity, we will not make any payment to a lienholder or other person to whom you have a financial debt or other pecuniary obligation even if you may have a lien or other assignment recorded elsewhere. Under no circumstances will we be liable:
  - (1) To any lienholder or other person to whom you have a financial debt or other pecuniary obligation where you have failed to include such lienholder or person on a properly executed assignment of indemnity provided to us; or
  - (2) To pay to all lienholders or other persons to whom you have a financial debt or other pecuniary obligation any amount greater than the total amount of indemnity owed under the policy.
- (d) If we have received the properly executed assignment of indemnity form:
  - (1) Only 1 payment will be issued jointly in the names of all assignees and you, unless all assignees and you agree in writing for the payment to be issued to a single payee; and
  - (2) Any assignee will have the right to submit all loss

notices and forms as required by the policy if you fail to do so. If you have suffered a loss from an insurable cause and fail to submit a claim for indemnity within the period specified in section 9(b):

- (i) An assignee may submit the claim for indemnity not later than 15 days after the period for filing a claim has expired.
  - (ii) No indemnity will be paid if we determine that we do not have the ability to accurately adjust the loss for any claim for indemnity. You or any assignee may not dispute the determination.
- (e) If an assignee submits a notice of loss or claim for indemnity because of your failure to do so, the assignee assumes any rights and responsibilities you may have under section 11 to dispute determinations related to the notice of loss or claim for indemnity, except for determinations made in accordance with section 18(d)(2)(ii), which apply solely to an assignee.

**19. Descriptive Headings**

The descriptive headings of the various policy provisions are for convenience only and are not intended to affect the construction or meaning of any of the policy provisions.

**20. Notices**

- (a) All notices required to be given by you must be in writing and received by your insurance agent within the designated time unless otherwise provided by the notice requirement. Notices required to be given immediately may be by facsimile, electronic mail, or delivered in person. Time of the notice will be determined by the time of our receipt of the written notice. If the date by which you are required to submit a report or notice falls on Saturday, Sunday, or a Federal holiday, or, if your agent's office is, for any reason, not open for business on the date you are required to submit such notice or report, such notice or report must be submitted on the next business day.
- (b) All policy provisions, notices and communications required to be sent by us to you will be:
  - (1) Provided by electronic means, unless:
    - (i) We do not have the ability to transmit such information to you by electronic means; or
    - (ii) You elect to receive a paper copy of such information;
  - (2) Sent to the location specified in your records with your crop insurance agent; and
  - (3) Will be conclusively presumed to have been received by you.

**21. Applicability of State and Local Statutes**

If the provisions of this policy conflict with statutes of the State or locality in which this policy is issued, these policy provisions will prevail. State and local laws and regulations in conflict with federal statutes, this policy, and the applicable regulations do not apply to this policy.

**22. Multiple Government Benefits**

If you are eligible to receive an indemnity under this plan of insurance and are also eligible to receive benefits for



the same loss under any other USDA program, you may receive benefits under both programs unless specifically limited by the insurance contract or by law.

**23. Correction of Errors**

- (a) 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 by the RMA system, we will provide you with a notice of the error. You must agree to maintain coverage under corrected terms within 5 business days of the received notice, or the affected coverage will be voided.
- (b) Any correction to your elections on the SCE that affects the premium, liability, or record requirements must be submitted to RMA within 14 calendar days of the effective date. The request must include a timely signed SCE and supporting documentation. Supporting documentation must be dated prior to the end of the SCE sales period and must demonstrate that a clear and inadvertent error was made. The correction is subject to RMA approval.
- (c) In addition to any other corrections allowed in your policy subject to section 23(a), 23(b), or 23(d), we may correct:
  - (1) Within 60 days after the sales closing date, any incorrect information on your application or SCE or provided by the sales closing date, including identification numbers for you and any person with a substantial beneficial interest in you, to ensure that the eligibility information is correct and consistent with information reported by you to any USDA agency;
  - (2) Within 30 days of any subsequent correction of data by FSA, erroneous information corrected as a result of verification of information; and
  - (3) At any time, any incorrect information caused by electronic transmission errors by us or errors made by any agency within USDA in transmitting the information provided by you for purposes of other USDA programs.
- (d) Corrections may be made but will not take effect for the current crop year if the correction would allow you to:
  - (1) Avoid ineligibility requirements for insurance or obtain a disproportionate benefit under the crop insurance program or any related program administered by the Secretary of Agriculture;
  - (2) Obtain, enhance, or increase an insurance guarantee or indemnity if a cause of loss exists or has occurred before any correction has been made, or avoid premium owed if no loss is likely to occur; or
  - (3) Avoid an obligation or requirement under any Federal or State law.

**24. Other Insurance**

- (a) Nothing in this section prevents you from obtaining

other insurance not authorized under the Act. However, you must not obtain insurance under any other livestock plan of insurance issued under the authority of the Act on the same class of livestock to be marketed during any month for which you have coverage under this policy. You may also not obtain another Livestock Risk Protection Insurance Policy for the same state for the crop year.

- (b) If you violate conditions in section 24(a), and if you can demonstrate that the duplication was not intentional (for example, an application to transfer your policy or written notification to an insurance provider that states you want to purchase, or transfer, insurance and you want any other policies for the livestock canceled would demonstrate you did not intend to have duplicate policies), and:
  - (1) Both are LRP policies, the policy with the earliest application date will be in force and the other policy will be void, unless both policies are with:
    - (i) The same insurance provider and the insurance provider agrees to void the policy with the earliest application date; or
    - (ii) Different insurance providers and both insurance providers agree to void the policy with the earliest application date.
  - (2) One policy is Livestock Risk Protection and the other is a livestock policy insuring the same class of livestock for the same end month, the policy with the earliest endorsement date for the insurance period will be in force and the other endorsement will be void.
- (c) If you violate conditions in section 24(a), and you cannot demonstrate that the duplication was not intentional, you may be subject to the sanctions authorized under this policy, the Act, 7 CFR part 400, subpart R, or any other applicable statute.

**25. Subsidy Capture**

- (a) Unless the producer can demonstrate a clear and inadvertent error, the following practices are presumed to be subsidy capture, and are in violation of section 4(i):
  - (1) If you buy an SCE, and also open a new short put option on the relevant livestock futures contract, such that:
    - (i) The put option expiration date is within 4 calendar days of the SCE end date;
    - (ii) The put option is sold within 2 trading days before or 5 trading days after the SCE effective date; and
    - (iii) At the time you sold the put option, the option premium (per cwt) was higher than 80 percent of your SCE premium.
  - (2) If you buy an SCE, and also sell a call option on the relevant livestock futures contract, such that:
    - (i) The call option contract month is within 4 calendar days of the SCE end date;
    - (ii) The call option is sold within 2 trading days before or 5 trading days after the SCE

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effective date;

- (iii) At the time you sold the call option, the option premium (per cwt) was higher than 80 percent of your SCE premium; and
  - (iv) At the time you sold the call option subject to the time period in section 25(a)(2)(ii), you also opened a new long position in the underlying futures contract, such that these 2 positions jointly created a payoff schedule equivalent to selling a put option.
- (b) Any private contract not traded on regulated commodity exchanges under which uncertain future indemnities for SCEs are effectively exchanged for a certain dollar amount is presumed to be subsidy capture, and is in violation of section 4(i).