



United States
Department of
Agriculture

BULLETIN NO: MGR-11-001

Farm and Foreign
Agricultural
Services

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

Risk
Management
Agency

FROM: William J. Murphy /s/ *William J. Murphy* 1/13/2011
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SUBJECT: 2011 Livestock Price Reinsurance Agreement (LPRA) Amendment

BACKGROUND:

The Federal Crop Insurance Corporation's (FCIC) Board of Directors approved revisions to the Livestock Gross Margin plan of insurance for Dairy Cattle (LGM-Dairy) effective for eligible livestock insurance contracts sold on or after December 17, 2010. One of the revisions is that premiums for LGM-Dairy will now be due at the end of the insurance period rather than at the time of purchase.

The 2011 Livestock Price Reinsurance Agreement (LPRA) states in section III.(b)(1):

“The Company shall pay to the FCIC all premium ceded to FCIC as proportional reinsurance under the Private Market and Commercial Funds, and any non-proportional reinsurance premium on eligible livestock insurance contracts designated to the Commercial Fund at the first monthly settlement after the Company submits, and the UCM accepts, the eligible livestock price insurance contracts, and will be updated each month thereafter as needed.”

ACTION:

Since the premium payments for LGM-Dairy policies sold on or after December 17, 2010 are not due until the end of the insurance period, FCIC is issuing an Optional Amendment that, if executed, will not require the Company to make payment of ceded premium for per the LPRA section III.(b)(1) for these policies until the monthly accounting cut-off following the premium billing date contained in the Actuarial Data Master.

DISPOSAL DATE:

Upon expiration of the 2011 LPRA.



The Risk Management Agency Administrators
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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