



United States  
Department of  
Agriculture

Farm and Foreign  
Agricultural  
Services

Risk  
Management  
Agency

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**BULLETIN NO.: MGR-12-010**

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

**FROM:** William J. Murphy /s/ William J. Murphy 8/16/2012  
Administrator

**SUBJECT:** Voluntary Waiver of Livestock Risk Protection Basic Provisions 30-Day  
Ownership Requirement Due to Severe Drought

**BACKGROUND:**

The Livestock Risk Protection (LRP) Basic Provisions contain language that requires livestock to be owned by the producer within the last 30 days of the insurance period or the policy is terminated with premium owed, but no indemnities payable.

Section 3 of the LRP Basic Provisions states:

\* \* \*

(i) Coverage provided under each Specific Coverage Endorsement will:

- (1) Expire on the end date if you dispose of any part of your insured share in the insured livestock or livestock product during the last 30 days of coverage.
- (2) Be terminated on the date of disposal for any portion of your insured share in the insured livestock or livestock product disposed of prior to the last 30 days of coverage, unless that portion of your share is properly transferred, on our form, to an eligible transferee under section 17.
  - i) Termination will be effectuated by reducing the number of livestock insured under the applicable Specific Coverage Endorsement.
  - ii) No indemnity will be paid for any portion of the endorsement that is terminated.
  - iii) Because no indemnity is due as a result of a breach of this policy, no premium for any terminated portion will be refunded.

In light of the severe drought conditions, producers are struggling in many parts of the nation to find adequate supplies of feed or forage, forcing them to market their livestock prior to 30 days before the end of insurance.



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

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The 30-day ownership policy requirement assures the producer maintains an insurable interest in the livestock, but has no effect on the actuarial performance of the product as insurance coverage and losses are determined from the commodity futures or cash markets.

The United States Department of Agriculture (USDA) recently announced measures to assist producers in managing drought conditions such as emergency haying and grazing on Conservation Reserve Program acres in drought areas, allowing grazing and livestock watering on acres enrolled in the Environmental Quality Incentives Program and authorizing haying and grazing on Wetlands Reserve Program acres.

**ACTION:**

In keeping with USDA measures to assist producers in managing drought conditions, Approved Insurance Providers, at their sole discretion, may waive the 30-day ownership requirement for LRP Specific Coverage Endorsements (SCE) purchased August 2, 2011 through August 16, 2012, subject to verification of proof of ownership. Proof of ownership can include sales receipts, kill sheets or other documentation that verifies ownership during the insurance period showing the date the livestock were sold or slaughtered. The waiver does not affect actuarial performance of the LRP policy and permits producers to market their livestock as necessary while the policy continues in force.

**DISPOSAL DATE:**

December 31, 2012.