



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

1400
Independence
Avenue, SW
Stop 0801
Washington, DC
20250-0801

BULLETIN NO.: MGR-14-005

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

FROM: Brandon C. Willis /s/ *Brandon C. Willis* 6/26/2014
Administrator

SUBJECT: Livestock Gross Margin for Dairy and the new Margin Protection
Program for Dairy

BACKGROUND:

The Agricultural Act of 2014 (2014 Act) authorized the Margin Protection Program for Dairy (MPP-Dairy), a new program for dairy producers to replace the Milk Income Loss Contract program. MPP-Dairy, administered by the Farm Service Agency (FSA), is expected to be available by September 1, 2014, and will be a voluntary program that offers both catastrophic coverage and various levels of buy-up coverage. By law, dairy producers may not participate in both MPP-Dairy and the Livestock Gross Margin for Dairy (LGM-Dairy) programs. Section 22(a) of the LGM-Dairy policy provisions prohibit multiple program benefits if specifically prohibited by law. The 2014 Act contains language pertaining to the MPP-Dairy program that specifically does not allow producers to participate in both dairy programs, thus multiple benefits will not be allowed.

RMA has been working with the FSA to assure an appropriate transition process. FSA will be releasing guidelines for producers who want to transition from LGM-Dairy to the MPP-Dairy program. The transition period will provide dairy producers with maximum flexibility by allowing them to transition to the MPP-Dairy program in either the 2014 or 2015 crop year, with partial years of MPP-Dairy coverage. This will allow insured's under LGM-Dairy, who already have LGM-Dairy target marketings insured into 2015 to participate in MPP-Dairy while still meeting the contractual requirements of the LGM-Dairy insurance contract.

ACTION:

The LGM-Dairy policy requirement of completing the active target marketings will conclude the producer's coverage under LGM-Dairy so that they may transition to the MPP-Dairy program. Transition to the MPP-Dairy program may occur in the next available month after all target marketings under LGM-Dairy are completed. The next available month following completion of the target marketings would be the first month of the following consecutive 2-month periods: January/February; March/April; May/June; July/August; September/October; and November/December).

Example #1: A producer purchases LGM-Dairy in May 2014 with target marketing's through April 2015. Coverage under LGM-Dairy will conclude at the end of April 2015, and coverage under the MPP-Dairy program may begin in May 2015.

Example #2: A producer purchases LGM-Dairy in June 2014 with target marketings through May 2015. Coverage under LGM-Dairy will conclude at the end of May 2015; however, coverage under the MPP-Dairy program may not begin until July 2015 which would result in a gap in coverage.

RMA will put a notice on the eDAS business support system to notify users that they may not participate in both dairy programs at the same time.

DISPOSAL DATE:

December 31, 2015