



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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December 14, 2010

INFORMATIONAL MEMORANDUM: PM-10-067

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

FROM: Tim B. Witt /s/ *Tim B. Witt*
Deputy Administrator

SUBJECT: Premium Billing Date for Livestock Gross Margin for Dairy Cattle sold on
or after December 17, 2010

BACKGROUND:

The Federal Crop Insurance Corporation's (FCIC) Board of Directors (Board) approved revisions of the Livestock Gross Margin for Dairy Cattle (LGM-Dairy) plan of insurance to be effective for contracts sold on or after December 17, 2010. Approved Insurance Providers (AIP) asked for clarification of the Premium Billing Date for the revised LGM-Dairy plan of insurance.

Under the revised LGM-Dairy policy, premium will now be due at the end of the insurance period. The insurance period is defined in the LGM-Dairy policy as:

Insurance period - The eleven-month period designated in the summary of insurance to which this policy is applicable.

The definition of the premium and premium billing date stated in the policy are as follows:

Premium - The amount you owe us for this insurance coverage based on your target marketings in accordance with section 5.

Premium billing date - The earliest date upon which you will be billed for insurance coverage based on your target marketing report. The premium billing date is the first business day of the month following the last month of the insurance period in which you have target marketings.

Section 5(e) of the LGM-Dairy policy states:

Premium owed by you will be offset from an indemnity due 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.

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And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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ACTION:

The premium billing date for LGM-Dairy is defined in the policy as the first business day of the month following the last month of the insurance period in which the insured has target marketings. Premium is deducted from any indemnity payments that may be due the insured, and any remaining premium would be billed by the applicable premium billing date.

Example: A producer purchases a policy in December 2010 and lists target marketings for the months of February and March on the Target Marketing Report which lists the amount of milk an individual producer plans to market and establishes the producer's coverage. In this example, coverage ends in the month of March. However, the insurance period ends 11 months from the applicable sales closing date, which is November 2011 and the premium billing date is the first business day of the month following the end of the insurance period, in this case, December 1, 2011.

Example: A producer purchases a policy in February 2011 and lists target marketings for the months of April, July, August, September and November on the Target Marketing Report which lists the amount of milk an individual producer plans to market and establishes the producer's coverage. In this example, coverage ends in the month of November 2011. However, the insurance period ends 11 months from the applicable sales closing date, which is January 2012 and the premium billing date is the first business day of the month following the end of the insurance period, in this case, February 1, 2012.

DISPOSAL DATE:

December 31, 2010.