



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

September 4, 2003

INFORMATIONAL MEMORANDUM: R&D-03-037

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

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

SUBJECT: Livestock Risk Protection Swine (LRP-Swine) Expansion Insurance Policy Materials Available

BACKGROUND:

On August 1, 2003, the Federal Crop Insurance Corporation's (FCIC) Board of Directors approved the expansion of the Livestock Risk Protection Swine (LRP-Swine) insurance policy into all counties in Illinois, Indiana, Kansas, Minnesota, Nebraska, Nevada, Oklahoma, Texas, Utah, and Wyoming for the 2004 crop year. Sales for LRP-Swine will begin on November 17, 2003.

The LRP-Swine program offers producers protection against decreases in price and was previously available only in Iowa. Rates are based on the Chicago Mercantile Exchange (CME) Lean Hogs futures contract and indemnities are calculated using the Agricultural Marketing Service (AMS) price upon which the Lean Hog futures contract settles.

Producers interested in LRP-Swine should contact a livestock insurance agent and complete an application, which will be submitted through the insurance company to RMA. RMA publishes a list of agents on its web site. The address of the website is www.rma.usda.gov. Insurance purchases must be executed through livestock insurance agents.



6501 Beacon Drive Kansas City, MO 64133

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

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The RMA premium calculator is now available on the RMA web site for general information purposes. To find the LRP-Swine premium calculator:

Go to: Tools/Calculators
Scroll to: Premium Calculation Software for 2000 and succeeding years
(Online Version) - Calculate Premiums
Click on: Calculate Premiums

Because the Federal Crop Insurance Act limits the amount of livestock insurance that may be reinsured each year, the Risk Management Agency (RMA) must provide an approval number to the company before coverage can be bound. RMA uses a web-based computer program for this purpose which operates on a real-time basis. RMA will track total sales and, if necessary, close sales of new and renewed policies when the annual underwriting capacity for livestock insurance has been obligated.

Following RMA's confirmed acceptance of the application, insurance companies may notify their applicants that insurance will attach. Unlike most other lines of insurance reinsured by FCIC, livestock insurance agents will not have binding authority.

Companies intending to sell LRP-Swine must first sign the Livestock Price Reinsurance Agreement.

ACTION:

Special Provisions for LRP-Swine expansion states have been placed on the RMA website at <http://www3.rma.usda.gov/apps/docbrowser/>.

DISPOSAL DATE:

This Informational Memorandum is for the purpose of transmitting information and its disposal date is December 31, 2004.