



United States Department of Agriculture
Risk Management Agency

Aug 2007

2008 COMMODITY INSURANCE FACT SHEET

Livestock Risk Protection

Lamb

Livestock Risk Protection (LRP)

The Livestock Risk Protection (LRP) policy for Lamb offers protection against a decline in prices below the established coverage price.

Eligible Livestock

LRP is available for lambs expected to market for slaughter at the end of the insurance period.

The Special Coverage Endorsement (SCE) length of each endorsement offered is 13, 26, and 39 weeks.

Maximum number of lambs that may be insured under any one SCE shall be 7,000 head, and during any crop year shall be 28,000 head.

Lamb prices under this policy refer to an econometric model used to predict the expected price of live lambs, released once a week. The actual ending price of live lambs as calculated by the Agricultural Marketing Service (AMS) and is in a report titled "National Weekly Slaughter Sheep Review."

Crop year: July 1 to June 30. Determined for individual specific coverage endorsements by effective date. *Note:* Coverage for 2008 crop Year will begin September 17, 2007.

Coverage levels: 80 - 95 percent in 5 percent increments.

Availability in RMA Spokane Region

Idaho and Oregon - All counties

How LRP Works

- 1) Sheep producers submit a one-time application (Basic Policy) for LRP-Lamb coverage. Applying for the basic policy does not incur any costs nor does it require a commitment to purchase coverage in the future. But once enrollment is in place, coverage may be purchased quickly without delay.
- 2) Once eligibility is established through an application process, producers purchase a SCE for a certain number of head, level of coverage and number of weeks.
- 3) Information required for a SCE include the number and type of livestock insured, the coverage price and premium cost for the coverage and the end date of the SCE. Premium is paid upon signing the SCE. USDA provides a 13 percent subsidy.
- 4) If the actual ending value at the end of the insurance period is less than the coverage chosen, a settlement (indemnity) check is issued.
- 5) Liability is not dependent upon the price for which a producer sells their lambs. Proof of ownership is required.

Application Process

Applications for LRP are submitted through FCIC-approved livestock insurance providers. Once the application is approved, the livestock insurance agent assigns a policy number. A producer activates coverage at any time by applying for an SCE. No insurance coverage is provided until the producer submits an SCE. Insurance will attach immediately upon RMA confirmation of acceptance of the SCE.

There are funding limitations for all livestock programs; therefore, RMA tracks total policy sales against available underwriting capacity using a real-time web-based program. Applications for insurance will be rejected when the underwriting capacity has been reached.

Cause of Loss

A policy will be due an indemnity if at the end of the insurance period, the actual ending value is below the coverage price. An indemnity will be paid for the difference between the coverage price and the actual ending value.

Definitions

Actual Ending Value-Live Lambs The price of live lambs as calculated by the Agricultural Marketing Service (AMS) in a report titled The :National Weekly Slaughter Sheep Review, available at www.ams.usda.gov/mnreports/lm_lm352.txt. The report is released once a week and is used to calculate the actual ending value.

Ending Period The weekly period over which the actual ending value is determined.

Sales Period In lieu of the definition of Sales Period in Section 1 of the LRP Basic Policy, the sales period is the period during which a SCE may be purchased that begins at the date and time coverage prices and rates are first available for sales on the RMA website, as specified in the Special Provisions. Coverage is not available for purchase if the period used for determining the coverage prices or rates is a Federal Holiday.

Specific Coverage Endorsement An endorsement used to initiate LRP coverage for a specific group of lambs to be slaughtered on or near the end date of the SCE. A producer may have multiple SCE.

Target Weight The anticipated live weight of lamb (per head) at the ending period on a cwt basis. Target weight should be the average expected weight for all covered livestock.

RMA Web site Information

Daily LRP Coverage Prices, Rates and Actual Ending Values: www3.rma.usda.gov/apps/livestock_reports/
Calculate premiums:

<http://www.rma.usda.gov/tools/premcalc.html>

Where to Purchase

All MPCCI policies are available from private insurance agents. A list of livestock insurance agents is available at all USDA Service Centers or at the RMA website: <http://www3.rma.usda.gov/tools/agents/>

Regional Contact for RMA

USDA/Risk Management Agency

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