



United States  
Department of  
Agriculture

Federal Crop  
Insurance  
Corporation

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

**TO:** Board of Directors  
Federal Crop Insurance Corporation

**FROM:** Ross J. Davidson, Jr.  
Manager

**SUBJECT:** Board Memorandum No. 746  
Docket No. CI-LRP-EVAL-04-01  
Withdrawing Reinsurance of the Livestock Risk Protection (LRP) Pilot Plan  
of Insurance Pending Revision

There is submitted for your consideration the subject docket authorizing the Federal Crop Insurance Corporation (FCIC) to withdraw reinsurance of the LRP Pilot Plan of Insurance pursuant to 7 C.F.R. section 400.709(b). The approved insurance provider will have the option of selling and servicing the LRP Plan of Insurance at its own risk and without reinsurance and subsidy, or canceling the plan of insurance in accordance with its terms. No additional policies sold after the date of this withdrawal will be reinsured.

If the conditions stated below are implemented, FCIC will again provide reinsurance for the LRP Pilot Plan of Insurance.

- Proposing that sales be allowed from the time starting after validation of prices and rates and ending on the following day at 9:00 AM central time.
- Procedures for long-term suspension and resumption of sales in cases of catastrophic events or highly volatile futures market prices.
- Addition of a new daily limit of premium (set at the Manager of the Corporation's discretion, but starting at \$1 million for 2005).
- Provide language to suspend sales for any endorsement period that involves rating based on a futures contract that is up or down the limit allowed by the CME, as approved by RMA.
- Other revisions to the policy necessary to implement the changes described herein.

FINAL RESOLUTION

**Docket No. CI-LRP-EVAL-04-01  
Livestock Risk Protection (LRP) Pilot Plan of Insurance**

**WHEREAS** to provide the maximum possible continuity of livestock price risk protection to producers while effectuating the changes necessary to ensure actuarial, underwriting, and program integrity of the Livestock Risk Protection product, the following resolutions are hereby approved:

**RESOLVED**, that Docket No. CI-LRP-EVAL-04-01, authorizes the Federal Crop Insurance Corporation to withdraw reinsurance of the Livestock Risk Protection (LRP) Pilot Plan of Insurance pursuant to 7 C.F.R. section 400.709(b) effective as of the date of this resolution.

**RESOLVED**, that Docket No. CI-LRP-EVAL-04-01, authorizes the Federal Crop Insurance Corporation to offer reinsurance for the LRP Pilot Plan of Insurance, pursuant to sections 508(h) and 523(b) of the Federal Crop Insurance Act, if the following conditions are met: (1) proposing that sales be allowed from the time starting after validation of prices and rates and ending on the following day at 9:00 AM central time; (2) procedures for long-term suspension and resumption of sales in cases of catastrophic events or highly volatile futures market prices; (3) addition of a new daily limit of premium (set at the Manager of the Corporation's discretion, but starting at \$1 million for 2005); (4) provide language to suspend sales for any endorsement period that involves rating based on a futures contract that is up or down the limit allowed by the CME, as approved by RMA; and (5) other revisions to the policy necessary to implement the changes described herein.

Adopted by the Board of Directors on: April 6, 2004

SIGNED

Byron Anderson, Secretary  
Federal Crop Insurance Corporation

[SEAL]

Approved by:

SIGNED  
Keith Collins  
Chairman of the Board

4-13-04  
Date