

8 Livestock and Forage Insurance Options

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This information is intended only to provide educational material to farmers to increase their understanding of livestock and forage insurance and disaster assistance programs available through the USDA-Risk Management Agency (RMA) and the Farm Service Agency (FSA). Nothing in this chapter should be construed as changing any term or provision of any livestock or forage insurance plan reinsured through RMA or FSA. Insurance programs available from RMA (and sold by approved insurance agents) include Livestock Risk Protection (LRP); Livestock Gross Margin (LGM); Pasture, Rangeland and Forage (PRF) and Annual Forage (AF). Disaster assistance programs available from FSA include Noninsured Disaster Assistance Program (NAP); Livestock Forage Program (LFP); Livestock Indemnity Program (LIP) and Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP). For more information go to rma.usda.gov or fsa.usda.gov.

RMA Insurance Programs

Livestock Risk Protection (LRP) – Feeder Cattle

LRP-Feeder Cattle Overview

LRP is an insurance policy offering protection against a decline in feeder cattle prices during the insurance period. LRP coverage is based on a regional average of cash prices. Unlike traditional crop insurance policies that have a single sales closing date each year, LRP is priced and available for sale continuously throughout the year. Coverage is offered through endorsements, which offer producers coverage prices and premium rates that are fixed for each business day. Endorsements are available for a variety of time to correspond with the production period of the covered livestock, generally from 13 weeks to 52 weeks. An indemnity is paid if the price index specified in the policy drops below the producer's selected coverage price.

LRP coverage is available on livestock in certain states, depending on the type of livestock. To obtain LRP coverage, an application must be completed and submitted to the RMA through an insurance agent. There is no cost to enroll in the program through the application. Coverage is obtained only

with a Specific Coverage Endorsement (SCE), a form that details the coverage price, cost of coverage number of head covered, the length of coverage and endorsement end date among other information.

As a product offered by the RMA, LRP has a premium subsidy. It is available to producers through crop insurance agents affiliated with insurance companies authorized to market RMA livestock insurance products.

LRP Application Process

Producers submit a one-time application through an FCIC-approved insurance provider. A Substantial Beneficial Interest reporting form identifying all persons with a substantial beneficial interest also must accompany the application. Any person with more than 10% interest in the insured livestock is considered to have a substantial beneficial interest.

Once accepted, the producer then has the right, but not the obligation, to purchase Specific Commodity Endorsements (SCE) throughout the year. A producer may purchase multiple endorsements. However, no more than 3,000 head of feeder cattle or fed cattle can be insured under any one endorsement. Annual limits may not exceed 6,000 head of feeder cattle or fed cattle.

LRP Policy Terms

Actual Ending Value – The value at the end of the insurance period as defined in the SCE for the particular class of insured livestock. For example, the LRP-Feeder Cattle actual ending value is established from the Feeder Cattle Reported Index as calculated by the Chicago Mercantile Exchange (CME) multiplied by the Price Adjustment Factor (PAF). Actual ending values are posted on the RMA public website at the end of the insurance period.

Coverage Price – The level of protection provided by the policy is on a dollar per cwt. basis. It is published each day on the RMA website and is selected by the producer when the SCE is purchased.

Expected Ending Value – The market price expected at the end of the insurance period and found in the actuarial documents. The expected ending value is used in calculations on a dollar per cwt. basis to determine the coverage prices.

End Date – The date stated on the specific coverage endorsement on which coverage on that specific coverage endorsement ends.

All Web addresses given in this chapter are subject to change. The links to these websites will be updated regularly at the Master Cattleman website at extension.okstate.edu/programs/master-cattleman.html

Specific Coverage Endorsement (SCE) – An endorsement to the policy necessary to provide coverage that includes information about the livestock or livestock product to be insured.

Target Weight – The anticipated weight of the insured livestock at the ending period as estimated by the producer at the time the specific coverage endorsement is purchased.

Coverage Levels - Calculated based on the chosen coverage price. Coverage levels will range from 70% to 100%.

LRP Cash Indices Used for Feeder Cattle and Fed Cattle

The cash price index for feeder cattle refers to a price series compiled and reported by the CME titled *CME Feeder Cattle Index*. The cash price index for fed cattle refers to a price series published by the AMS of the USDA titled *Five Area Weekly Weighted Average Direct Slaughter Cattle*.

LRP Coverage Offered

LRP provides coverage only against price decreases during the insurance period. The policy does not cover any other peril including mortality, condemnation, physical damage, disease, individual marketing decisions, local price aberrations or any other cause of loss as stated.

LRP Insurable Cattle

Feeder cattle eligible for insurance consist of calves, steers and heifers, including animals identified as predominantly dairy and Brahman cattle. Also, feeder cattle producers choose from two weight ranges:

- Less than 600 pounds (steers, heifers and bulls - all categories).
- 600 pounds to 900 pounds (steers and heifers only - all categories).

Insurable fed cattle include heifers and steers expected to weigh between 1,000 pounds and 1,400 pounds at marketing for slaughter at or near the end of the insurance period, grade select or higher and have a yield grade of one to three.

LRP Insurance Periods

Cattle producers select from the endorsement periods offered for sale each day from those listed on the Daily LRP Coverage Prices, Rates and Actual Ending Values website. The endorsement length ending most closely to the time the insured cattle would be marketed should be chosen. Not all available endorsement lengths may be offered for sale each day. Available endorsement lengths range from 13 weeks to 52 weeks for both feeder cattle and fed cattle.

LRP Expiration of Coverage Period

Coverage expires on the end date specified on the SCE:

1. If any part of the insured share is disposed of in the last 30 days of coverage.
2. If at any time during the coverage period, insured livestock are:
 - a. Seized, quarantined or destroyed by order of any governmental authority.

b. Not deliverable due to death or disease.

c. Notice to company given within 72 hours of such event.

Coverage terminates if any portion of the share in the insured livestock is disposed of prior to the last 30 days of coverage. No indemnity will be paid on that portion and no premium will be refunded on the disposed portion unless properly transferred to an eligible transferee.

LRP Benefits for Producers

- Prices/premiums are set for the day with no bid/ask spread.
- No commission costs.
- Any number of head can be covered, from one head up to program limits.
- LRP is an insurance policy, not a derivative.
- Built in program flexibility because producers may choose the length of the policy period, coverage price, the number of head insured and the timing of the purchase.

Livestock Gross Margin (LGM)

LGM Overview

The Livestock Gross Margin for Cattle (LGM for Cattle) Insurance Policy provides protection against the loss of gross margin (market value of livestock minus feeder cattle and feed costs) on cattle. The indemnity at the end of the 11-month insurance period is the difference, if positive, between the gross margin guarantee and the actual gross margin. The LGM for Cattle Insurance Policy uses adjusted futures prices to determine the expected gross margin and the actual gross margin. Adjustments to futures prices are state- and month-specific basis levels. The price the producer receives at the local market is not used in these calculations.

LGM Eligibility

1. Only agricultural producers of cattle fed in the states of Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, South Dakota, Texas, Utah, West Virginia, Wisconsin and Wyoming are eligible for the LGM for Cattle Insurance Policy.
2. Eligibility for the LGM for Cattle Insurance Policy is determined exclusively by federal law and regulations promulgated and as interpreted, by the FCIC and its Administrator, the USDA-RMA.
3. The producer's Target Marketings may not be more than the producer's Approved Target Marketings. Approved Target Marketings will be the lesser of the capacity of the producer's cattle operation for the 11-month insurance period as determined by the insurance provider and the underwriting capacity limit as stated in the special provisions.

Coverage

1. The Livestock Gross Margin for Cattle Policy provides insurance only for the difference between the Gross

Margin Guarantee and the Actual Total Gross Margin based on a Producer's Target Marketings and futures prices prior to and during the insurance period. This Policy does not insure against death or other loss or destruction of cattle.

2. There are 12 insurance periods in each calendar year. Each insurance period runs 11 months and no cattle can be insured during the first month of any insurance period. Coverage begins on cattle one full calendar month following the sales closing date, unless otherwise specified in the Special Provisions, provided the premium for the coverage has been paid in full. For example, for the contract with a sales closing date of January 31, coverage will begin on March 1.
3. This is a continuous policy. It will remain in effect following the acceptance of the original application unless cancelled by the insured or the company in accordance with the terms of the policy. After the initial insurance period, the producer must complete a Target Marketings Report by the Sales Closing Date of the next insurance period to be eligible for coverage in that insurance period.
4. The producer must elect the number of cattle to be insured during the insurance period (with the exception of the first month of any insurance period). This will be the producer's Target Marketings. Round Target Marketings to the nearest whole number.
5. All cattle will be insured at 100% share.
6. The Date of End of Insurance is 11 months after sales closing.
7. The producer may choose deductible amounts from \$0 per head to \$150 per head in \$10 increments to apply to all Target Marketings.
8. The producer's premium is due with the signed application for coverage in the initial insurance period and with the completed Target Marketings Report in any subsequent insurance period.
9. Coverage may not be available in instances of a news report, announcement or other event that occurs during or after trading hours that is believed by the Secretary of Agriculture, Manager of the RMA or other designated staff of the RMA to result in market conditions significantly different than those used to rate the LGM for Cattle program. In these cases, coverage will no longer be offered for sale on the RMA website. LGM for Cattle policy sales will resume, after a halting or suspension in sales, at the discretion of the Manager of RMA.
10. Cattle insured in a yearling finishing operation are assumed to weigh 750 pounds (7.5 cwt) when they enter the feedlot, to weigh 1,250 pounds at slaughter (12.5 cwt) and to consume 57.5 bushels of corn. Cattle insured in a calf-finishing operation are assumed to weigh 550 pounds (5.5 cwt) when they enter the feedlot, to weigh 1,150 pounds at slaughter (11.5 cwt) and to consume 54.5 bushels of corn.

Pasture, Rangeland and Forage (PRF) Program

PRF Overview

The Pasture, Rangeland, Forage Insurance Program (PRF) is a pilot federal crop insurance program providing insurance protection for perennial forage produced for grazing or harvested for hay. The program is administered by the USDA RMA and sold through private crop insurance companies. Federal crop insurance is available only through private companies, known as approved insurance providers (AIP). Private crop insurance companies directly insure producers and their crops and then RMA re-insures the companies against a portion of the losses they may suffer. Due to difficulties quantifying price and yield for forage crops, particularly for grazing, standard crop insurance products generally are not an option for insuring forage production. The PRF program is similar to group risk insurance and provides area-wide coverage. For Oklahoma and the majority of the U.S., the program is based on a rainfall index. PRF insures producers based on the average rainfall in their geographic area instead of the producers' individual farm. Producers receive an indemnity payment when rainfall in their area falls below the normal historical level.

PRF Rainfall Index

The Rainfall Index uses National Oceanic and Atmospheric Administration, Climate Prediction Center (NOAA, CPC) data. The areas where the Rainfall Index is available have been divided into 12- by 12-mile grids. These grids do not follow county lines or township boundaries. This data does not directly reflect the rainfall amounts measured at a specific weather station within a particular grid. Instead, it reflects a smoothed result of nearby weather station data in obtaining an estimate. Most group risk insurance provides coverage at the county level, but this product provides coverage at the grid level, which likely is to provide a more accurate estimate of rainfall for a particular acreage than a county level measure. Grid locations can be found by using the Grid ID Locator feature on RMA's website at: prodwebnlb.rma.usda.gov/apps/prf.

PRF Coverage Offered

These products are designed to allow maximum flexibility for the producer. Producers are not required to insure all acres, but cannot exceed the total number of grazing or haying acres they operate. This allows producers to insure only those acres that are important to their grazing program or hay operation. By selecting a productivity factor, producers can establish a value between 60% and 150% of the county base value and match the amount of protection to the value of forage that best represents their specific grazing or hay operation, as well as the productive capacity of the land.

PRF - Insuring Forage

To obtain coverage, producers will be asked to make several choices regarding the intended use, productivity

factor, coverage level, insurable interest, insured acres and index intervals. Producers will work with their crop insurance agents to view the map and index grids for their area and assign acreage to one or more grids based on the location and use of the acreage to be insured. Forage producers can select from several coverage levels: 70%, 75%, 80%, 85% and 90%. Producers may choose the coverage level that fits their needs. Higher coverage levels reduce basic risk.

Intended Use – Producers must choose between insuring their acreage for either grazing or hay. The insurable value for grazing acreage is considerably lower than the value for hay; therefore, the insurance premiums also are lower. To be insured as hay acreage, said acreage must be able to be harvested for hay.

Coverage Level – RMA has established a county base value per acre. These values are different for grazing and hay acreages. Producers must choose a level of 70%, 75%, 80%, 85% or 90% of the baseline county value. The premium cost will increase with higher coverage levels.

Productivity Factor – RMA has established a per acre productivity value for each county, based on income received for haying and grazing operations under normal rainfall conditions. Producers can choose a protection factor between 60% and 150% of the county value. Producers select the amount of protection based on the forage value best representing their specific grazing or hay operation, as well as the productivity of their land. The premium cost will increase or decrease depending on the protection factor selected. Producers only can select one productivity factor for each crop type and county.

Insurable Interest – Producers must choose the appropriate insurable interest for the acreage. Producers can insure both owned and leased acres. Insurable interest is the insured's (person purchasing the insurance policy) percentage of the insured crop at financial risk. Insurable interest in grazing or haying acreage owned by the insured will typically be 100%.

When the insured crop is leased pasture, rangeland or forage acres with an intended use of grazing, the insured's percentage of the insured crop at financial risk will be based on the insured's percentage of one of the following:

1. Interest in the livestock to be grazed on the insured acres, if the acres are cash leased.
2. The value gained of the livestock being grazed on the insured acres if the acres are share leased.

Lessors under a cash lease are not considered to have a share in the insured crop.

Index Intervals – Index intervals act as mini-insurance periods spanning two-month intervals for the Rainfall index. Producers must select at least two, 2-month time periods, called index intervals, when rain is important to the operation. Insurance payments are calculated using NOAA, CPC data for the grid(s) and the chosen index interval(s). If the final grid index is less than the trigger grid index, which is the coverage level times the expected grid index, a loss payment may be issued. This insurance product only provides coverage for a lack of rainfall and is based on

rainfall for the entire grid, not individual farms or ranches or specific weather stations. It is possible producers may have low rainfall on their own farm and not receive a payment.

Insured Acres – The same acreage cannot be insured for both haying and grazing in the same crop year. No more than 60% of the insured acreage can be put into one index interval (this applies separately to acres insured for haying or grazing). In addition, the same acres cannot be insured in more than one grid ID or county. If acreage is located in more than one grid, producers can choose to put all acreage in one grid or divide the acreage into separate grids.

PRF Decision Tool

A decision tool is available allowing producers to estimate premiums and indemnities from 1948 to the current year to see how the program would have performed if they were enrolled in previous years. PRF insurance is best suited for producers whose production tends to follow and correlate to the historical average rainfall patterns for the grid so it is important for producers to look at the historical indices. The decision tool can be accessed at: prodwebnlb.rma.usda.gov/apps/prf.

PRF Benefits for Producers

- Timely indemnities.
- Index intervals are mutually exclusive.
- Individual loss adjustment not needed.
- Easily understood index.
- Production records not required.
- Not required to insure 100% of acreage.
- Program supported via the Internet.
- Built-in program flexibility. Producer may choose the length of the policy period, coverage price and the number of acres insured.
- Forage may be harvested directly by grazing animals, harvested for hay or a combination of both.

Annual Forage (AF) Pilot Program

AF Overview

The Rainfall Index – Annual Forage (AF) Insurance Plan is a pilot program providing coverage for annual forage crops in Texas, Oklahoma, Kansas, Nebraska, Colorado, New Mexico, South Dakota and North Dakota. The program covers crops annually planted for forage or fodder intended for, but not limited to, grazing, haying, grazing/haying, grain/grazing, green chop, grazing/green chop or silage. The plan offers Catastrophic Risk Protection (CAT) and buy-up coverage. The pilot program is very similar to the PRF program, which covers perennial forage produced for grazing or harvested for hay. AF coverage includes, but is not limited to, small grains (wheat, oats, barley, rye, triticale) intended for grazing or forage, corn for silage, sorghum forage for grazing or forage, annually planted grasses (sudan, ryegrass, etc.) for grazing or forage and annually planted mixed forages for grazing or forage. The program is based on a rainfall index and insures producers based on the deviation from normal precipitation interpolated to their geographic area instead of the producers' individual farm. The program

does not use actual crop production on the individual farm or in the geographic area. Producers receive an indemnity payment when interpolated precipitation in their area falls below the normal historical level. Details of the rainfall index program are discussed below.

AF Rainfall Index

The rainfall index uses NOAA, CPC data. The areas where the rainfall index is available have been divided into grids and identified by a specific number code, referred to as a grid ID. Each grid is 0.25 degrees in latitude by 0.25 degrees in longitude. The grids are created by NOAA CPC and do not follow county lines or township boundaries. Data used for the rainfall index calculation do not directly reflect the precipitation amounts measured at a specific weather station within a particular grid. This measure reflects a smoothed result of nearby weather station estimates to obtain an estimate for the grid. NOAA uses the closest four reporting weather stations to the grid for any given day to interpolate precipitation to the grid. Grid locations can be found by using the grid locator feature at: maps.agforceusa.com/af/ri/.

AF - Insuring Forage

To obtain coverage, producers will be asked to make several choices regarding the growing season, coverage level, productivity factor, insurable interest, insured acres and index intervals. There are four growing seasons from which to choose: growing season 1 is for crops planted from July 15 to October 15. Growing season 2 for crops planted from October 16 to January 15. Growing season 3 is for crops planted from January 16 to April 15 and growing season 4 is for crops planted April 16 to July 15. Annual forage can be planted in two growing seasons on the same acreage in the same crop year, but the same acres cannot be insured in more than one grid ID or county during a single growing season. Producers will work with their crop insurance agents to view the map and index grids for their area and assign acreage to one or more grids based on the location and use of the acreage to be insured.

CAT Coverage

Producers can choose CAT coverage or buy-up coverage. CAT coverage insures the interpolated precipitation at the 65% coverage level and 45% of the county base value. Producers must choose the appropriate insurable interest for the acreage. Insurable interest is the insured's percentage of the insured crop that is at financial risk. Input the number of acres to insure.

Buy-Up Coverage

Producers can purchase 70% to 90% coverage in 5% increments. The premium cost will increase with higher coverage levels.

Coverage Level

Producers must choose a coverage level of 70%, 75%, 80%, 85% or 90%. Only one coverage level can be selected for each county and must be the same for each growing season.

Productivity Factor

The AF Insurance Plan allows the producer to individualize their coverage based on the productivity of the acreage of the insured crop. Producers can choose a protection factor between 60% and 150% of the county base value. Only one productivity factor can be selected for the county by growing season. Producers will want to select the amount of protection based on the value best representing their specific operation as well as the productivity of the land and crop planted. The premium cost will increase or decrease depending on the protection factor selected.

Insurable Interest

Producers must choose the appropriate insurable interest for the acreage. Insurable interest is the insured's percentage of the insured crop that is at financial risk.

Insured Acres

Producers use the number of acres to enroll in AF. The same acres cannot be insured in more than one grid ID or county. If acreage is located in more than one grid, producers can choose to put all acreage in one grid or divide the acreage into separate grids.

Index Intervals: Percent of Value

In each growing season, there are six two-month intervals to insure. Producers must select three intervals when precipitation is important to their operation and crop planted. Producers must choose the percent of value for each interval (that is, the percent of the guarantee to insure in each interval). Producers cannot choose two overlapping intervals (for example, producers cannot choose both the September-October and October-November intervals). The total percentage of value insured in the three intervals must equal 100%. The percentages will be applied to all insured acres and grid IDs in the county for each growing season. Insurance payments are calculated using NOAA, CPC data for the grid(s) and the chosen index interval(s). If the final grid index is less than the trigger grid index, which is the coverage level times the expected grid index, a loss payment may be issued. This insurance product only provides coverage for a lack of precipitation and is based on the interpolated precipitation for the entire grid, not individual farms or ranches or specific weather stations. A producer may have low rainfall on their own farm and not receive a payment under the AF policy. The rainfall indices do not measure direct production or loss. A loss payment will only be issued if the final grid index is less than the trigger grid index.

AF Decision Tool

A decision support tool is available allowing producers to estimate premiums and indemnities from 1949 to the current year to see how the program would have performed if they were enrolled in previous years. Producers also can view the historical rainfall indices for an area using the tool.

AF insurance is best suited for producers whose production tends to follow and correlate to the historical average rainfall patterns for their grid, so it is important for

producers to look at the historical indices. Producers should review their past production records against the historical information to assess whether the product correlates to their production. Utilization of production records and the historical indices tools will assist producers in selecting the optimal Index Intervals, Percent of Value assigned to each index interval, productivity factor and the coverage level that best mirrors their past production. The decision support tool can be found on the RMA website: af.agforceusa.com/ri.

Producers must visit their local crop insurance agent to obtain current rates and coverage for the crop year in which they are enrolling. However, the decision tool is extremely useful to understand how the program works, estimate premiums and indemnities for prior years and view historical rainfall indices.

AF Sign-Up Deadline

To participate in AF, producers must submit an application to a crop insurance agent by July 15 for all growing seasons. Producers should visit a crop insurance agent to enroll in AF or to obtain more information.

AF Eligibility & Additional Rules

Producers must insure all insurable acreage under AF. Producers can be ineligible to participate in AF if they have enrolled the particular acreage in other government programs, especially conservation programs that prohibit them from grazing the land. For example, producers who enroll land in the Farm Service Agency's (FSA) Conservation Reserve Program agree to plant resource-conserving vegetative covers that would generally preclude grazing. Producers may select only one coverage level and dollar amount of protection per acre for each of the insured crop types in the county. The dollar amount of protection per acre selected will be applied to each Grid ID and crop type. Producers are not required to report yield history or maintain production records for the AF policy. However, producers should continue to maintain production records in case an Actual Production History (APH) plan of multiple peril crop insurance becomes available in future years.

AF Acreage Reporting

An acreage report must be submitted for each growing season and should include share, intended use, annual forage commodity, planting date, grid ID, FSA farm number, FSA tract number and FSA field number. If an acreage report is not filed by the acreage reporting date, no coverage would be available for any index interval for the applicable growing season. The acreage reporting deadlines are:

- Season 1 - October 15.
- Season 2 - January 15.
- Season 3 - April 15.
- Season 4 - July 15.

AF Indemnities

Producers do not need to file a claim or submit any documentation for a loss under the AF policy. Payments will be made after precipitation data is collected for each interval and provided to RMA and crop insurance companies, which

means payments may be issued multiple times in a year. However, an indemnity will not be issued prior to the acreage reporting date.

Other Insurance Coverage

Producers are not allowed to obtain any other crop insurance policy authorized under the Federal Crop Insurance Act on their share of the insured crop for the same commodity (for example, producers cannot insure wheat under both a yield protection policy and an AF policy in the same crop year).

FSA Disaster Assistance Programs

Noninsured Crop Disaster Assistance Program (NAP)

Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of noninsurable crops when a loss has occurred due to a natural disaster. NAP insurance is only available through the Farm Service Agency (FSA). Eligible producers are landowners, tenants or sharecroppers who share in the risk of producing an eligible crop. The types of crops covered are:

- Crops grown for food.
- Crops grown for livestock production, including but not limited, to grain and forage crops including native forage.
- Crops grown for fiber (except trees).
- Crops grown in a controlled environment (floriculture).
- Specialty crops such as honey and maple sap.
- Value loss crops such as aquaculture, Christmas trees, ornamental nursery and turfgrass sod.

Eligible natural disasters include any of the following:

- Damaging weather such as drought, freeze or hail, excessive moisture, excessive wind or hurricanes.
- An adverse natural occurrence, such as earthquake or flood.
- A condition related to damaging weather or an adverse natural occurrence, such as excessive heat, plant disease, volcanic smog and/or insect infestation.
- Any combination of the above.

To apply for NAP coverage, an eligible producer must sign up by the intended crops deadline and pay the applicable service fee. The deadline is different depending on their crop. Producers should check with their local FSA office to determine the correct sign up date. The service fee is \$250 per crop with a maximum of \$750 per producer per county. A producer must sign up for NAP with the county's FSA office where their farm is registered. The maximum for producers with farming interests in multiple counties is \$1,875. Limited resource farmers can request to have the service fee waived if they fit the criteria.

NAP Service Fee Example

Consider this scenario: Producer A has 300 acres of warm-season pasture and 5 acres of pecan trees in County X and 50 acres of warm-season hay and 5 acres of pecan trees in County Y. Producer A wants to sign up for NAP for all of

their crops in both counties. The service fee for Producer A is the following:

\$250 for the warm-season pasture in County X
 \$250 for the pecan trees in County X
 \$250 for the warm-season hay in County Y
 \$250 for the pecan trees in County Y
 \$1,000 Total

Producer B has 500 acres of warm-season pasture, 500 acres of cool-season pasture, 10 acres of pecan trees and 200 acres of warm-season hay in county X. He has 200 acres of warm-season hay, 400 acres of cool-season hay and 5 acres of pecan trees in County Y. He also has 10 acres of pecan trees and 50 acres of warm-season hay in County Z. Producer B wants to sign up for NAP for all of their crops in all counties. The service fee for Producer B is the following:

\$250 for the warm-season pasture in County X
 \$250 for the cool-season pasture in County X
 \$250 for the warm-season hay in County X
 \$0 for the pecan trees in County X - Producer B has met the \$750 per county maximum
 \$250 for the warm-season hay in County Y
 \$250 for the cool-season hay in County Y
 \$250 for the pecan trees in County Y
 \$250 for the pecan trees in County Z
 \$125 for the warm-season hay in County Z - Producer B has met the \$1,875 maximum.
 \$1,875 Total

To receive a payment under NAP, a producer must have a yield loss of greater than 50% of the expected production. Expected production is based on FSA approved yields and reported acreages. Producer losses also are determined by FSA. NAP payments are calculated using the following factors:

- crop acreage
- approved yield
- net production
- 55% of an average market price for the commodity
- a payment factor reflecting decreasing costs incurred in the production cycle

Producers interested in the NAP program should visit the county FSA office for full details.

Livestock Forage Program (LFP)

The Agricultural Act of 2014 (2014 Farm Bill) made the Livestock Forage Disaster Program (LFP) a permanent program. LFP provides compensation to eligible livestock producers who have suffered grazing losses due to drought or fire. LFP payments for drought are equal to 60% of the monthly feed cost for up to five months. LFP payments for fire on federally managed rangeland are equal to 50% of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland, not to exceed 180 calendar days. Please consult your local FSA

office for details.

An eligible livestock producer who owns or leases grazing land or pastureland physically located in a county rated by the U.S. Drought Monitor (droughtmonitor.unl.edu/) as having a:

- D2 (severe drought) in a county for eight consecutive weeks or more during the normal grazing period. Assistance equals one monthly payment.
- D3 (extreme drought) in a county anytime during the normal grazing period: assistance equals three monthly payments.
- D3 (extreme drought) in a county for four weeks or more during the normal grazing period or D4 (exceptional drought) anytime during the normal grazing period. Assistance equals four monthly payments.
- D4 (exceptional drought) in a county for four weeks (consecutive weeks unnecessary) during the normal grazing period. Assistance equals five monthly payments.

The Drought Mitigation Center has developed a tool to assist producers in determining potential LFP eligibility that may be found at: droughtmonitor.unl.edu/fsa/Home.aspx. Producers interested in the LIP program should visit their county FSA office for full details.

Livestock Indemnity Program (LIP)

The 2014 Farm Bill authorized the Livestock Indemnity Program (LIP) to provide benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather. In addition, LIP covers attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators. LIP payments are equal to 75% of the market value of the applicable livestock on the day before the date of death of the livestock as determined by the Secretary. The 2014 Farm Bill makes LIP a permanent program LIP is administered by the FSA.

LIP Eligible Livestock Owners

To be eligible for LIP, a livestock producer must have legally owned the eligible livestock on the day the livestock died. To be eligible for LIP, an owner's livestock must:

- Have died as a direct result of an eligible adverse weather event occurring:
 - On or after Oct. 1, 2011.
 - No later than 60 calendar days from the ending date of the applicable adverse weather event.
 - In the calendar year for which benefits are requested have been maintained for commercial use as part of a farming operation on the day they died.
 - Not have been produced for reasons other than commercial use as part of a farming operation. Excluded livestock includes wild free-roaming animals, pets or animals used for recreational purposes, such as hunting, roping or for show.

LIP Eligible Livestock Contract Growers

To be eligible for LIP, a contract grower must have had

the following on the day the livestock died:

- Possession and control of the eligible livestock.
- A written agreement with the eligible livestock owner setting the specific terms, conditions and obligations of the parties involved regarding the production of livestock.

In addition to the requirements previously listed for livestock owners, the only eligible livestock of contract growers under LIP are poultry and swine.

LIP Payments

LIP payments are calculated by multiplying the national payment rate for each livestock category by the number of eligible livestock in each category. LIP national payment rate for eligible livestock owners are based on 75% of the average fair market value of the livestock. The LIP national payment rate for eligible livestock contract growers are based on 75% of the average income loss sustained by the contract grower with respect to the dead livestock. A contract grower's LIP payment will be reduced by the amount of monetary compensation received from their contractor for the loss of income suffered from the death of livestock under contract.

Applying for LIP

Producers may apply to receive LIP benefits at local FSA offices. Producers who suffer livestock death losses should submit a notice of loss and an application for payment to the local FSA office maintains their farm records. To be eligible, the notice of loss must be submitted the earlier of:

- Thirty calendar days of when the loss of livestock is apparent to the producer.
- Thirty calendar days after the end of the calendar year in which the loss of livestock occurred.

LIP Livestock Death Loss Documentation

Livestock owners should record all pertinent information of livestock death losses due to adverse weather and attacks by animals reintroduced into the wild by the federal government or protected by federal law. Applicants must provide adequate proof that the eligible livestock deaths occurred as a direct result of an eligible adverse weather event or eligible attack by an eligible animal or avian predator in the calendar year for which benefits are being requested. The quantity and kind of livestock that died as a direct result of the eligible event may be documented by:

- Purchase records.
- Veterinarian records.
- Bank or other loan documents.
- Rendering truck receipts or certificates.
- Federal Emergency Management Agency records.
- National Guard records.
- Written contracts.
- Production records.
- Records assembled for tax purposes.

- Property tax records.
- Private insurance documents.
- Other similar documents.

If adequate verifiable proof of death records documentation is not available, FSA will accept reliable records in conjunction with verifiable beginning and ending inventory records as proof of death. Reliable records may include, but are not limited to:

- Contemporaneous producer records existing at the time of the adverse weather event.
- Pictures(s) with a date.
- Brand inspection records.
- Dairy herd improvement records.
- Other similar reliable documents.

FSA will accept certifications of livestock deaths by third parties on form CCC-854 along with verifiable beginning and ending inventory documentation if the following conditions are met:

- The livestock owner or livestock contract grower, as applicable, certifies in writing:
 - There is no other documentation of death available.
 - The number of livestock in inventory at the time of the adverse weather event.
- The third party provides their telephone number, address and a written statement containing:
 - Specific details about their knowledge of the livestock deaths.
 - Their affiliation with the livestock owner.
 - The accuracy of the deaths claimed by the livestock owner

FSA will use data furnished by the applicant to determine eligibility for program benefits. Furnishing the data is voluntary; however, without all required data, program benefits will not be approved or provided. Producers interested in the LIP program should visit their county FSA office for full details.

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP)

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) to provide emergency assistance to eligible producers of livestock, honeybees and farm-raised fish. ELAP covers losses due to an eligible adverse weather or eligible loss condition, including blizzards, disease (including cattle tick fever), water shortages and wildfires, as determined by the Secretary of Agriculture, that occur on or after Oct. 1, 2011. ELAP covers losses not covered under other Supplemental Agricultural Disaster Assistance Payment programs established by the 2014 Farm Bill, specifically the Livestock Forage Disaster Program (LFP) and the Livestock Indemnity Program (LIP).