

COM-24-004

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Date

June 20, 2024

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Francie Tolle, Deputy Administrator for Compliance /s/ Francie Tolle 6/20/2024

Subject

2025 LPRA Appendix IV Review Requirements Matrix and Conflict of Interest Review Clarification

Background

The Livestock Price Reinsurance Agreement (LPRA) requires Approved Insurance Providers (AIPs) conduct Conflict of Interest (COI) reviews. Livestock price insurance contracts were included in the Fall 2020 COI list but were removed from the Spring 2021 COI list. COM-20-008, issued on December 8, 2020, instructed AIPs to conduct livestock price insurance contract COI reviews in accordance with LPRA Appendix IV, Section III(b)(3)(A) beginning with reinsurance year (RY) 2021 insurance intervals of March.

The LPRA Appendix IV Review Requirements Matrix is updated to reflect minor edits. In addition, RMA was asked if only one COI review is required per eligible livestock price insurance contract (ELPIC) with multiple claims on multiple endorsements. RMA responded that one review is required and agreed to issue written clarification.

A review is mandatory when a person making a conflict-of-interest disclosure has a share in livestock insured under any ELPIC insured by the AIP or has a relative with a substantial beneficial interest (SBI) in any insurance contract insured by the AIP. Prior to the payment of a claim, the AIP shall conduct an inspection for all ELPICs for which a conflict of interest has been disclosed or otherwise been identified.¹

Although conflicts are identified by persons (producers and/or SBIs) a COI review (inspection as defined by the LPRA) is conducted on each ELPIC for which that person is associated with as either a producer or SBI (provided there is a loss). Each ELPIC that experiences a loss for the producer or SBI will require one review per RY. If the ELPIC experiences subsequent losses, the ELPIC will not require subsequent COI reviews.

For example, a producer has two ELPICs (i.e. fed cattle and feeder cattle in the same county) insured under the Livestock Risk Protection (LRP) plan of insurance. The AIP must review losses on both the fed cattle policy and the feeder cattle policy assuming a conflict is identified for the producer and both policies had losses. The AIP would not need to conduct another COI review for subsequent losses on either the fed cattle policy or feeder cattle policy assuming each ELPIC had already been reviewed once.

Lastly, LPRA Appendix IV Review Requirements Matrix is updated because Inspection Element 4 of the LPRA requires verification that the reported practice (type for livestock) is being carried out in accordance with the definitions and standards of the policy. Multiple types are insurable for LGM Cattle, LGM Swine, LRP Feeder Cattle, LRP Swine and DRP Milk; therefore, AIPs are expected to verify insurable types and the matrix is updated accordingly to show 'y' (yes) for all these commodities under Inspection Element 4. Corrections to commodity names are made for Milk and Weaned Calves.

Action

This memorandum serves to inform AIPs of revisions to the LPRA Appendix IV Review Requirements Matrix and provides clarification that one inspection (COI

review) is required per RY for each ELPIC experiencing a loss for a producer/SBI with an identified conflict.

Attachment: [LPRA Appendix IV Review Requirements Matrix](#)

DISPOSAL DATE:

Until modified or rescinded

1 LPRA Appendix IV, Section III(b)(3)(A)