



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

September 2009

Livestock Indemnity Program (LIP)

Overview

The “Food, Conservation, and Energy Act of 2008” authorized the Livestock Indemnity Program (LIP) to provide benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather that occurred on or after Jan. 1, 2008, and before Oct. 1, 2011, including losses because of hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold. The livestock death losses must have also occurred in the calendar year for which benefits are being requested.

LIP provisions are similar to other livestock indemnity programs implemented by FSA in recent years except that an owner or contract grower’s livestock do not have to be located in a county or contiguous county designated a natural disaster by the president or declared by the U.S. secretary of agriculture. Under the current LIP, an owner or contract grower’s livestock payments will be based on individual producers’ losses.

Eligible Livestock Owners

To be eligible for LIP, a livestock producer must have legally owned the eligible livestock on the day the livestock died.

Owners of the following types of livestock may be eligible for LIP:

Cattle	Poultry	Swine	Other
Adult Beef Bulls	Chickens, Broilers, Pullets	Swine, Feeder Pigs Under 50 Pounds	Alpacas
Adult Beef Cows	Chickens, Chicks	Swine, Sows, Boars, Barrows and Gilts 50 to 150 Pounds	Deer
Adult Buffalo or Beefalo Bulls	Chickens, Layers, Roasters	Swine, Sows, Boars, Barrows and Gilts 151 to 450 Pounds	Elk
Adult Buffalo or Beefalo Cows	Ducks	Swine, Sows, Boars over 450 Pounds	Emus
Adult Dairy Bulls	Ducks, Ducklings		Equine
Adult Dairy Cows	Geese, Goose		Goats, Bucks
Non-Adult Beef Cattle	Geese, Goslings		Goats, Nannies
Non-Adult Buffalo/Beefalo	Turkeys, Poult		Goats, Slaughter Goats/Kids
Non-Adult Dairy Cattle	Turkeys, Toms, Fryers and Roasters		Llamas
			Reindeer
			Sheep, Ewes
			Sheep, Lambs
			Sheep, Rams

- To be eligible for LIP, an owner’s livestock must have also met the following conditions. The livestock must have died as a direct result of an eligible adverse weather event:
 - on or after Jan. 1, 2008, and before Oct. 1, 2011; and
 - no later than 60 calendar days from the ending date of the applicable adverse weather event; and
 - 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; and
- not have been produced for reasons other than commercial use as part of a farming operation. This includes wild free roaming animals or animals used for recreational purposes, such as hunting, pets, roping or for show.

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, and
- a written agreement with the eligible livestock owner

setting the specific terms, conditions and obligations of the parties involved regarding the production of livestock.

To be eligible for LIP, a contract grower’s livestock also must have met the following conditions. The livestock must:

- have been poultry or swine;
- have died as a direct result of an eligible adverse weather event;
 - on or after Jan. 1, 2008, and before Oct. 1, 2011; and
 - no later than 60 calendar days from the ending date of the adverse weather event(s); and
 - 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; and
- not have been produced for reasons other than for commercial use as part of a farming operation. This includes wild free roaming animals or animals used for recreational purposes, such as hunting, pets or for show.

Payments

USDA calculates LIP payments by multiplying

the national payment rate for each livestock category by the number of eligible livestock in each category. National payment rates are found at the end of this fact sheet.

USDA bases the LIP national payment rate for eligible livestock owners on 75 percent of the average fair market value of the livestock.

USDA bases the LIP national payment rate for eligible livestock contract growers on 75 percent of the average income loss sustained by the contract grower with respect to the dead livestock.

USDA will reduce a contract grower’s LIP payment by the amount of monetary compensation they receive from their contractor for the loss of income suffered from the death of livestock under contract.

For the 2008 program year, no person as defined and determined under the provisions in 7 CFR Part 1400 in effect for 2008, may receive more than \$100,000 total in payments under LIP, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Forage Disaster Program (LFP), and the Supplemental Revenue Assistance Payments Program (SURE), combined. For 2009 and

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subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than \$100,000 total in payments under LIP, ELAP, LFP, and SURE, combined. Also, in applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under LIP if the individual's or entity's average adjusted gross income exceeds \$2.5 million for 2007, 2006, and 2005 under the provisions in 7 CFR part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching or forestry. For 2009 through 2011, the average AGI limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average adjusted gross income (AGI) will apply. Specifically, for 2009 through 2011, a person or legal entity with an average adjusted gross nonfarm

income, as defined in 7 CFR Part 1404.3 that exceeds \$500,000 will not be eligible to receive LIP payments. Direct attribution provisions also apply to LIP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity will also be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

Sign-up

Producers may apply to receive LIP benefits at local FSA service centers beginning July 13, 2009, for livestock losses suffered during 2008 and 2009.

Applying for LIP

Producers who suffer livestock death losses should submit a notice of loss and an application for payment to the local FSA service center that maintains the farm records for their business.

To be eligible, the notice of loss must be submitted the earlier of:

- 30 calendar days of when the loss of livestock was apparent to the producer
- 30 calendar days after the end of the calendar year in which the loss of livestock occurred

To be eligible, applications for payment must be submitted no later than either of the following:

- 30 calendar days after the end of the calendar year in which the loss of livestock occurred
- September 14, 2009, for livestock losses that occurred during calendar year 2008.

The following table provides the final dates to file a notice of loss and application for payment for either 2008 or 2009 livestock losses.

Date of Livestock Death	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Calendar Year 2008	Sept. 14, 2009	Sept. 14, 2009
Jan. 1, 2009 to July 12, 2009	Sept. 14, 2009	Jan. 30, 2010
July 13, 2009 to Dec. 31, 2009	30 days after death is apparent	Jan. 30, 2010

The producer should include a copy of the grower contract if they are a contract grower and any other supporting documents required for determining eligibility. Supporting documents must show evidence of loss, current physical location of livestock in inventory, and location of the livestock at the time of death.

Payments may be made for eligible losses suffered by an eligible producer who is now deceased or for a dissolved entity if a currently authorized representative signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a producer is a dissolved entity, all former members at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

Applicants must provide adequate proof that the eligible livestock deaths occurred as a direct result of an eligible adverse weather event 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 disaster 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, and 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, and other similar reliable documents.

FSA will accept certifications of livestock deaths by third parties on Form FSA-926 if the following conditions are met:

- the livestock owner or livestock contract grower, as applicable, certifies in writing:
 - that there is no other documentation of death available;
 - the number of livestock were in inventory at the time of the adverse weather event; and
- 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; and
- 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.