IOWA CATTLEMEN'S ASSOCIATION
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Livestock Indemnity Program, Livestock Forage Disaster Program, and Livestock Risk Protection

ICA Fact Sheet | July 2025

LIVESTOCK INDEMNITY PROGRAM (LIP)

The 2018 farm bill authorized the LIP to provide payments to farmers who experience livestock deaths in "excess of normal mortality" or have to sell livestock at a reduced price because of an injury due to "eligible loss conditions."

What is an eligible loss condition?

Weather - unexpected earthquake; hail; lightning; tornado; tropical storm; typhoon; if a winter storm lasts for three consecutive days and is accompanied by high winds, freezing rain or sleet, heavy snowfall and extremely cold temperatures; hurricanes; floods; blizzards; wildfires; extreme heat; extreme cold; and straight-line winds. Droughts do NOT qualify.

Disease - disease that is exacerbated by an eligible adverse weather event that directly results in eligible livestock losses. A disease that is caused and/or transmitted by vectors and vaccination, or acceptable management practices are not available, whether or not they were or were not implemented, that directly result in death of eligible livestock in excess of normal mortality.

Attack - attack by animals reintroduced into the wild by the Federal Government or protected by Federal law, that directly results in either injured livestock sold at a reduced price or death of eligible livestock, in excess of normal mortality.

What qualifies as in excess of normal mortality?

Normal mortality rates are determined by the Farm Service Agency (FSA) on a state-by-state basis. If the normal mortality rate was 1.5% and 5% of your herd died that qualifies as in excess of normal mortality.

How much are the payments?

For livestock death due to attack, payments are made at a rate of 100% of the average fair market value of the livestock. For livestock death due to weather or disease, payments are based on 75% of the average fair market value of the livestock. If the normal mortality rate was 1.5% and 5% of your herd died due to a tornado, you would get a payment for 3.5% of your herd at 75% of the average fair market value of each animal. For example, if 3.5% of your herd is 18 cows and the average fair market value of a cow is $3,000 the payment would be $54,000 (18 x 3,000).

For injured livestock sold at a reduced price you take the same amount as for livestock deaths but subtract the amount you received at auction.

Unborn livestock losses resulting from an eligible loss condition qualify for an additional payment at a rate of up to 85% of the average fair market value of the lowest weight class of calves.

Who qualifies?

Whoever legally owned the livestock on the day the livestock died or were injured by an eligible loss condition. The livestock also had to have been maintained for commercial use for livestock sale as part of a farming operation on the day they died.

How to receive payment.

Within 60 days after the calendar year in which the eligible loss condition occurred, you must file a notice of loss on a CCC-852 form and file an application for payment to your local FSA office as well as include necessary documentation. Local FSA offices can be found at https://www.farmers.gov/working-with-us/service-center-locator.

Necessary Documentation

A record of all losses must be documented. The documents can be done with production records such as birth and death losses or photos that include the date of loss. Other necessary records may include beginning year inventory, purchase records, sale records, inventory related bank loan documentation, veterinarian records, records assembled for tax filing, and other reliable documents that can help verify livestock inventories. Owners who sold injured livestock for a reduced price must provide verifiable evidence of the reduced sale of the livestock. The injured livestock must also be sold to an independent third party (such as a sale barn, slaughter facility, or rendering facility).

LIVESTOCK FORAGE DISASTER PROGRAM (LFP)

Many producers in the United States rely on grazing to feed their cattle. The LFP provides payments to producers to offset the costs of buying supplemental feed during qualifying wildfires or droughts. For the purposes of Iowa cattle producers, the following information will focus on forage affected by drought.

Who is eligible?

To qualify producers must be a U.S. citizen, resident alien, partnership of citizens of the United States, or an Indian tribe or tribal organization; own or lease livestock or be a contract grower at least 60 days prior to the start of the qualifying drought; and have an average adjusted gross income (AGI) below $900,000. They also must share in the risk of producing the livestock and in the grazing land.

To be eligible, the livestock must consume most of their nutritional requirements through grazing and must be on the grazing land as of the start of the qualifying drought. Non-grazing livestock, animals intended for owner consumption, and unweaned animals are not eligible.

The grazing land affected must be located in a county affected by a qualifying drought during the normal grazing period. In most cases it cannot be irrigated or used for crop production.

What is a qualifying drought?

A qualifying drought is determined by the U.S. Drought Monitor's classification system of abnormally dry (D0), moderate drought (D1), severe drought (D2), extreme drought (D3), and exceptional drought (D4). A qualifying drought is at least 8 consecutive weeks of D2 conditions or any period of time in D3 or D4 conditions.

How are payments determined?

Producers receive a payment equal to 60% of the lesser of either the monthly feed cost for all covered livestock or the monthly feed cost calculated using the normal carrying capacity for the specific type of grazing in the county.

The monthly feed cost is based on the number of pounds of corn per head, which is established by the FSA to be necessary to provide the energy requirements for the specific livestock for 30 calendar days. The normal carrying capacity is determined by FSA county committees and refers to the specific number of acres per head for which grazing can normally be sustained.

The drought intensity and length determine how many payments a producer receives. For at least 4 consecutive weeks of D2 drought you are eligible for 2 monthly payments. If there is any period (even 1 day) of D3 drought during the normal grazing period, you are eligible for 3 monthly payments. If there are at least 4 weeks of D3 drought conditions or any period of D4 conditions you are eligible for 4 monthly payments, and if there are 4 weeks of D4 drought conditions you are eligible for 5 monthly payments.

For droughts longer than a year, producers can receive payment for cattle they sold due to the drought within the past 2 production years. These payments are equal to 80% of the monthly payment rate.

Limitations

LFP payments cannot be greater than $125,000 per calendar year. Payments also cannot exceed 5 monthly payments for the same livestock in the same year.

How to apply.

Find your local FSA office at https://www.farmers.gov/working-with-us/service-Center-locator.

Apply for payment using a CCC-853 form and submit required supporting documents to your local FSA office within 30 days after the end of the calendar year when the grazing loss occurred.

Supporting documentation may include certification of livestock inventories, leases, contract grower agreements, eligibility forms, and any other information as requested by the FSA county committee.

LIVESTOCK RISK PROTECTION (LRP)

LRP is an insurance policy that can be used as a price risk management tool for feeder cattle, fed cattle, and swine. It is funded by the Risk Management Agency (RMA) of the USDA, which is the same agency that provides crop insurance to farmers. It gives protection against declines in the regional/national cash price index by paying out to producers if a regional/national cash price index falls below a selected coverage price, by providing a guaranteed minimum price.

Who can apply?

To apply, you must own or have partial ownership of the cattle, and they must be intended for market or slaughter. Ownership must also be maintained until 30 days prior to the chosen policy end date for the insurance to maintain its value, unless the insured feeder cattle (note: fed cattle do **not** qualify) meet the criteria for a drought hardship exemption. To qualify for the exemption, the Drought Coverage and Severity Index (DSCI) must be above 200, and it must have increased by more than 150 points between the policy's effective date and the date the feeder cattle are sold. DCSI values can be found at https://droughtmonitor.unl.edu/DmData/DataDownload/DSCI.aspx.

Eligible livestock include feeder cattle expected to weigh less than 600 pounds or between 600 and 1,000 pounds at the end of the insurance period. Fed cattle, including 1,000 to 1,600-pound steers or heifers expected to grade Select or higher, are also eligible. Unborn calves intended to be sold within two weeks of birth at a target weight of 60–99 pounds may be covered, provided the insured has an ownership interest in the pregnant cow. Forward-contracted cattle may be enrolled in LRP coverage before the insured takes possession, as long as the contract was entered into prior to the start of the insurance period, and the insured takes possession no later than 90 days before the Specific Coverage End (SCE) date. Additionally, dairy cull cows removed from the herd and sold for beef, which grade USDA Standard or lower and are marketed for slaughter as beef, are eligible for coverage.

How to apply.

Find an LRP agent through the USDA agent locator website.
https://public-rma.fpac.usda.gov/apps/AgentLocator/#!/.

Sales are typically available for cattle Monday through Friday with each sales period beginning around 4 p.m. central time and ending at 8:25 a.m. central time the following morning. It is also available Saturday morning until 8 a.m. central. However, the policies available on any given day can vary and are posted on the RMA Premium Calculator Web site https://www.rma.usda.gov/tools-reports/livestock-reports-lrp-lgm.

When filling out the RMA Premium Calculator, producers must first select a commodity, choosing either feeder cattle or fed cattle, followed by the appropriate type and weight classification. Types include heifers, steers, unborn livestock, cull cows, and cattle that are predominantly Brahman or dairy. Weight Category 1 applies to feeder cattle expected to weigh between 100 and 599 pounds, while Weight Category 2 applies to those expected to weigh between 600 and 1,000 pounds.

Producers complete a policy/application that establishes eligibility. After application approval, producers submit a specific coverage endorsement (SCE) with their agent. Insurance periods to choose from range from 13 to 52 weeks, and a producer should select the time frame closest to when they are planning to market their cattle. Producers also choose a coverage price that can range from 75%-100% of the expected ending value price.

The expected ending value price is based on the Chicago Mercantile Exchange (CME) Feeder Cattle Index or futures price for the date the contract is set to terminate and is adjusted based on the expected ending weight of the enrolled cattle.

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How many cattle can be enrolled?

Any number of cattle can be covered from 1 up to the maximum. The maximum number of cattle that can be insured is 25,000 per producer per crop year (July 1 to June 30). Additionally, a maximum of 12,000 head may be covered under one SCE.

What is the insurance premium owed by the producer?

The premium owed by the producer is calculated by multiplying the total insured value by the premium rate, then subtracting the portion subsidized by the Federal Crop Insurance Corporation (FCIC). The subsidy percentage varies depending on the selected coverage level: 35% for coverage between 95–100%, 40% for coverage between 90–94.99%, 45% for coverage between 85–89.99%, 50% for coverage between 80–84.99%, and 55% for coverage between 70–79.99%. The premium rates can vary from day to day and are available on the RMA Premium Calculator website. For example, if the total insured value is $16,682.40 and the premium rate is 0.031190, the total premium would be $520.32. After applying a 35% subsidy from the FCIC, the premium owed by the producer would be $338.21.

What is the total insured value?

The total insured value is calculated by multiplying the coverage price times the number of hundredweight insured. For example, if you ensure 10 head that are expected to weigh 800 pounds at the end of the coverage period the number of hundredweight insured would be 80 hundredweight. Then you would simply multiply that by the chosen coverage price to find the total insured value of the policy.

How are payments determined?

To receive an indemnity payment, a claim form must be submitted within 60 days of the policy's ending date.

Indemnity payments are made to cover the difference between the coverage price and the actual end value, which is the CME Feeder Cattle Index (futures) price on the day the LRP policy expires. For example, if the coverage price chosen was $208 and the current CME Feeder Cattle Index price during the ending week is $150, the difference is $58. The indemnity payment would be calculated by multiplying the hundred weight insured (80 hundredweight) by the difference between the coverage price and the actual end value ($58). In this scenario the payment would be $4,640.

The payments are not affected by the actual cash price received by the producer. Regardless of whether a producer receives $140, $150, or $170 per hundredweight at the sale barn, their indemnity payment will be based off of the CME Feeder Cattle Index price (in our scenario $150).

Cattle also do not have to be sold by the end of the coverage period stated to receive payment.