June 26, 2002

INFORMATIONAL MEMORANDUM: R&D-02-023.1

TO: All Reinsured Companies
    All Risk Management Agency Field Offices
    All Other Interested Parties

FROM: Tim B. Witt /s/ Tim B. Witt
      Deputy Administrator

SUBJECT: Livestock Gross Margin (LGM) Insurance Policy Updates

BACKGROUND:

Since initial release of the LGM policy materials on May 9, 2002, minor changes or revisions were made to the LGM policy materials.

ACTION:

The LGM policy materials have been changed or revised as shown below:

A. References to the November and January corn contracts were removed from the policy materials due to a change at the commodity markets.

B. Basic Policy:
   1. Definition of Expected Soybean Meal Price-added the word "be" before the word released.
   2. 3(b)-Added a period at the end of the sentence.
   3. 23(a)-Unbolded the (a).

C. For premium calculation instructions, the word "revenue" was replaced with the word "gross margin".
D. County was added to the Application and Marketing Report form standards in the Handbook.

E. Instructions for filling out forms were clarified in the Handbook.

The revised LGM Basic Policy, Premium Instructions, Question and Answers, Underwriting Rules, and Handbook have been placed on RMA’s website at www.rma.usda.gov.

**DISPOSAL DATE:**

This Informational Memorandum is for the purpose of transmitting information and its disposal date is December 31, 2002.