

# **uslp Livestock Warranty: Cattle Feedlot**

## **Disease Risk Mitigation Tool**

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# Overview of uslp Livestock Warranty: Cattle Feedlot

THIS WARRANTY OFFERS PEACE OF MIND AGAINST THE FINANCIAL EXPOSURES IDENTIFIED HEREIN. THIS CATTLE FEEDLOT WARRANTY (HEREINAFTER “WARRANTY”) IS AN AGREEMENT BETWEEN UNITED STATES LIVESTOCK PRODUCERS (HEREINAFTER “uslp”) AND YOU. UPON PAYMENT OF YOUR APPLICABLE WARRANTY FEE, uslp AGREES TO PAY CERTAIN COSTS ASSOCIATED WITH TRACEBACK LIABILITY. ADDITIONALLY, COVERAGE IS PROVIDED UNDER THIS WARRANTY FOR CERTAIN DAMAGES AND EXPENSES ASSOCIATED WITH MORTALITY AND REVENUE LOSS/ADDITIONAL EXPENSES RESULTING FROM SPECIFIED DISEASES AFFECTING YOUR ENROLLED CATTLE. THE FINANCIAL EXTENT OF THE WARRANTY COVERAGE IS BASED ON THE VALUES YOU ESTABLISH AND THAT uslp ACCEPTS FOR YOUR CUSTOMIZED PROGRAM. THE SPECIFIED DISEASES ARE FOOT AND MOUTH DISEASE, BOVINE SPONGIFORM ENCEPHALOPATHY (BSE), BOVINE TUBERCULOSIS, BOVINE BRUCELLOSIS, AND ANTHRAX. THIS IS A SUMMARY AND IS INTENDED TO PROVIDE A GENERAL OVERVIEW OF THE WARRANTY PROVISIONS. PLEASE READ THE ENTIRE WARRANTY CAREFULLY FOR DETAILS OF THE SPECIFIC COVERAGE. IN THE EVENT OF A CONFLICT BETWEEN THIS INTRODUCTION AND A WARRANTY PROVISION, THEN THE WARRANTY PROVISION WILL CONTROL.

## uslp Livestock Warranty: Cattle Feedlot

Throughout this **Warranty**, the words “you,” “your,” or “**Warranty holder**” refer to the Person who purchased the **Warranty** coverage. The words “we,” “us,” and “our” refer to uslp. Unless the context indicates otherwise, use of the singular form of a word includes the plural and use of the plural form of a word includes the singular. If there is a conflict between this **Warranty**, the **uslp Membership Guidelines**, the **uslp Online Membership Services**, and/or any documents for administration of this **Warranty**, then this **Warranty** shall control. (Terms in **Boldface Type**, other than the section headings, are defined in Section 21 of this **Warranty**.) Notwithstanding values shown on the **uslp Online Membership Services** and the maximum size of your expected **Feedlot Inventory of Cattle**, the maximum amounts we will pay you for Covered Events under this **Warranty** are subject to the Protection Limits set forth on your *Exhibit A: Coverage, Limits, and Compliance*.

**1. CATTLE FEEDLOT WARRANTY.** This **Warranty** is offered only to those **Persons** who have **Possession** of a **Cattle Feedlot Inventory** and who satisfy the **uslp Membership Guidelines**. The **uslp Membership Guidelines** are intended to help reduce the frequency and impact of **Specified Disease** outbreaks. If you choose to purchase a **Warranty**, you should purchase **Warranty** coverage on the maximum **One Time Capacity** of your **Cattle Feedlot** for the year for each of the **Classes of Eligible Cattle**, provided there are values shown on the **uslp Online Membership Services**. The **Warranty** coverage shall not exceed the

number of **Cattle** of each of the **Classes of Eligible Cattle** as set forth on your *Exhibit A: Coverage, Limits, and Compliance*.

**Classes of Eligible Cattle** include:

- **Feeder/Fed Cattle Less than 700 lbs Class**
- **Feeder/Fed Cattle from 700 lbs to 900 lbs Class**
- **Feeder/Fed Cattle Greater than 900 lbs Class**

**1.1. Your Responsibilities.**

(a) To purchase **Warranty** coverage on any **Class of Eligible Cattle**, you must be in compliance with each of the following conditions prior to the **Effective Date** of the **Warranty**:

1. You must be a member in good standing of uslp and agree to abide by each of the **uslp Membership Guidelines** pertinent to **Feedlots**.
2. You must accept this **Warranty** agreement and *Exhibit A: Coverage, Limits, and Compliance*.
3. You must pay the **Warranty** fees.

(b) To maintain **Warranty** coverage in effect on any **Class of Eligible Cattle**, compliance with each of the following conditions is required:

1. You must at all times comply with the **uslp Membership Guidelines** pertinent to **Feedlots**.
2. To maintain the full coverage you have chosen, you must enroll the maximum **One Time Capacity** of your **Feedlot** at any time during the period of the purchased **Warranty**. See Section 8 for the action uslp will take if you fail to enroll the maximum **One Time Capacity** or your **Feedlot**.
3. You must at all times comply with all federal, state and local laws and regulations pertaining to **Feedlot** operations and animal husbandry.
4. In certain limited regions, you must have complied with regional requirements for a **Specified Disease** before a Covered Event occurs. If this applies to your region, specific requirements are declared on your *Exhibit A: Coverage, Limits, and Compliance*.
5. You must at all times comply with any **Warranty** Special Condition which is declared on your *Exhibit A: Coverage, Limits, and Compliance*.

Failure to remain in compliance with any of these conditions shall result in the denial of any coverage under this **Warranty**.

**1.2 Covered Events.**

- **Traceback Liability**, which you are determined to have to others as a result of an adjudication or settlement of a covered **Traceback Claim** brought against you during the **Warranty** Period by a consumer of **Food Product** derived

from one or more **Enrolled Animals**, as a result of a **Traceback Action** of which uslp has been advised in accordance with the terms of this **Warranty** involving one or more **Enrolled Animals**.

- **Mortality** during the **Warranty** Period as a result of destruction or depopulation of one or more **Enrolled Animals** pursuant to a **Destruction Order**; or **Mortality** during the **Warranty** Period identified by an **Appropriate Authority** as resulting from the presence of any of the covered **Specified Diseases**.
- Revenue Loss/Additional Expense as the result of a **Quarantine Action Initiated** during the **Warranty** Period associated with **Maintenance** of **Enrolled Animals** during a **Quarantine Period**, which lasts a minimum of seven (7) consecutive days, provided the **Quarantine Action** was declared as a result of a **Confirmed Positive Test** for an **Enrolled Animal** included under the **Warranty** or provided you were forced by the action of an **Appropriate Authority** to destroy or slaughter **Enrolled Animals** that would otherwise be maintained in your **Feedlot Inventory**.

**1.3 Payments Made to You if a Covered Event Occurs.** Payments made by us under this **Warranty** will not exceed the following limits for each of the Covered Events and are further subject to Section 8, Inventory in Excess of Warranty:

- For Traceback Liability, the Protection Limit declared on your *Exhibit A: Coverage, Limits, and Compliance*, for the **Warranty** in effect at the time the **Traceback Claim** is **Initiated**. We will pay damage amounts within the applicable Protection Limit that you become legally obligated to pay through an adjudication or settlement of a **Traceback Claim**. We shall have the right and the duty to defend you against a **Traceback Claim** and may investigate and settle any **Traceback Claims** arising from such actions at our sole option. At our sole option we may also investigate and defend a **Traceback Action** that has not resulted in a **Traceback Claim**. Notwithstanding anything to the contrary herein:
  - The total amount paid for damages and defense for all Traceback Liability covered by this **Warranty** shall not exceed the Protection Limit applicable to Traceback Liability declared on your *Exhibit A: Coverage, Limits, and Compliance*, regardless of the number of **Traceback Actions**, **Traceback Claims** or claimants.
  - Amounts paid by us for either damages or defense will reduce the available Protection Limit applicable to Traceback Liability declared on your *Exhibit A: Coverage, Limits, and Compliance*; and
  - Our duty to investigate and defend **Traceback Claims** ends when the Protection Limit applicable to Traceback Liability declared on your *Exhibit A: Coverage, Limits, and Compliance* is exhausted by payments of judgments, settlements, legal fees, other costs incurred in the investigation or defense of **Traceback Claims** or **Traceback Actions**, or any combination of these events.
- For **Mortality** due to a **Specified Disease**, the Coverage per **Head** declared on your *Exhibit A: Coverage, Limits, and Compliance* for each **Class** of

**Enrolled Animals** multiplied by the number of **Enrolled Animals** in the affected **Class** that are slaughtered or destroyed pursuant to a **Destruction Order** or whose death is identified by an **Appropriate Authority** as resulting from the presence of any of the covered **Specified Diseases**, subject to the Protection Limit declared on your *Exhibit A: Coverage, Limits, and Compliance*. A portion of this value may be an advance of any amount that may be due to you at any time from **USDA** or any other responsible third party, from which you have authorized us to collect on your behalf (see Section 9, Subrogation).

- For Revenue Loss/Additional Expense resulting from a **Quarantine Action**, the Coverage per **Head** declared on your *Exhibit A: Coverage, Limits, and Compliance* multiplied by the **One Time Capacity** of the **Pen(s)** affected by the **Quarantine Action** subject to the Protection Limit declared on your *Exhibit A: Coverage, Limits, and Compliance*.

You may not, except at your own cost, voluntarily make any payment, assume any obligation, or incur any expense, without our consent.

**1.4** **Exclusions and Limitations on Warranty Payments.** This **Warranty** does not extend to:

- a) For any Covered Event:
  - Any animal other than those **Enrolled Animals** that have been maintained in compliance with **uslp Membership Guidelines** and all federal, state and local laws and regulations pertaining to **Feedlot** operations and animal husbandry.
  - Any losses, liability, damages, expenses, or legal fees and other litigation costs, resulting from any cause other than a qualifying Traceback Liability, **Mortality**, or Revenue Loss/Additional Expense.
  - Any losses, liability, damages, expenses, legal fees and other litigation costs that result from non-compliance with the **uslp Membership Guidelines** or any federal, state or local laws or regulations pertaining to **Feedlot** operations and animal husbandry, or any losses, liability, damages, expenses, legal fees and other litigation costs that result from the reckless, deliberate or intentional mismanagement or wrongdoing by you or any **Person** for whom or which you are responsible.
  - Losses, liability, damages, expenses, legal fees and other litigation costs which are covered under any prior or subsequent **Warranty** issued by us. In no event shall we make any payments to you for the same Covered Event under more than one **Warranty**.
  - Any losses, liability, damages, expenses, legal fees and other litigation costs that result from the purchasing or taking possession of an animal with a known pre-existing condition of exposure to or infection by a **Specified Disease**.
  - Any losses, liability, damages, expenses, legal fees and other litigation costs that result from a **Specified Disease** that is expressly excluded on your *Exhibit A: Coverage, Limits, and Compliance*.

- Any losses, liability, damages, expenses, legal fees and other litigation costs that result from non-adherence to any regional requirements for a **Specified Disease** expressly declared on your *Exhibit A: Coverage, Limits, and Compliance*.
- Any losses, liability, damages, expenses, legal fees and other litigation costs that result from non-adherence to any **Warranty** Special Conditions expressly declared on your *Exhibit A: Coverage, Limits, and Compliance*.
- Any losses, liability, damages, expenses, legal fees or other litigation costs caused by any nuclear explosion, pollution or contamination. This **Warranty** also does not extent to absolutely any losses, liability, damages, expenses, legal fees or other litigation costs caused by any action taken to control, prevent, suppress, remove, dispose, abate, clean up, decontaminate, retaliate or respond to any nuclear explosion, pollution or contamination

b) For **Traceback Liability**:

- Any **Traceback Liability** arising from a **Traceback Claim** (a) **Initiated** against you after the date this **Warranty** has been terminated for any reason or (b) arising out of any event that occurred prior to the **Retroactive Date**. Provided, however, that if pursuant to Section 1.3 we choose to investigate and defend a **Traceback Action Initiated** during the **Warranty** Period that results in a **Traceback Claim Initiated** in a subsequent **Warranty** Period, we will treat such **Traceback Claim** as having been **Initiated** during the **Warranty** Period of this **Warranty** so long as there has been no **Break in Coverage** between the **Initiation** of the **Traceback Action** and the **Initiation** of the resulting **Traceback Claim**.
- Any **Traceback Liability** arising from a **Traceback Claim Initiated** against you as the result of a **Traceback Action Initiated** prior to the **Retroactive Date**.
- More than one **Traceback Claim** arising out of a single **Traceback Action** within the same **Feedlot Inventory** will be treated as a single **Traceback Claim** and shall be deemed to have been **Initiated** at the time the first such **Traceback Claim** is **Initiated** provided that there has been no **Break in Coverage**, even if such **Traceback Claims** are **Initiated** during different **Warranty** Periods.
- Any loss or damage to any property, including but not limited to loss in value that results from diminution of the market price of any animal in your **Feedlot Inventory** at any time as the result of a **Traceback Action** or **Traceback Claim**.
- Consequential damages or economic loss of any kind.

c) For **Mortality**:

- Any **Mortality** which occurs (a) prior to the **Effective Date**, or (b) after the date this **Warranty** has been terminated for any reason.

- d) For Revenue Loss/Additional Expense:
- Any Revenue Loss/Additional Expense incurred during any period other than during a **Quarantine Action Initiated** during the **Warranty** Period (see Section 2), or to any loss in value that results from diminution of the market price of the **Enrolled Animals** at any time from any cause.
  - Any Revenue Loss/Additional Expense incurred because of a **Quarantine Action** which results in a **Quarantine Period** which is less than seven (7) consecutive days in duration.

**2. WARRANTY PERIOD** – The **Warranty** coverage extends from the **Effective Date** until the date each **Warranty** terminates for any reason (see Section 2.3).

**2.1 Effective Date.** Provided you are in compliance with all the conditions of this **Warranty**, this **Warranty** is effective as of the date indicated on an electronic communication you will receive from uslp advising you that the **Warranty** is in effect. If this is a renewal of a previous **Warranty** (see Section 2.6) we must receive payment of the **Warranty** fees within 30 calendar days following the termination date of the previous **Warranty**, otherwise there will be a **Break in Coverage** and this **Warranty** will be null and void and no coverage will be provided to you under this **Warranty**. If this is a renewal of a previous **Warranty** and we receive payment within 30 calendar days following the termination date of the previous **Warranty**, the **Effective Date** will be the day following the termination date of the previous **Warranty** and there will be no **Break in Coverage**.

**2.2 Retroactive Date.** The **Retroactive Date** is the **Effective Date** of the first **Feedlot Warranty** you purchase from us provided there is no **Break in Coverage**. In the event of a **Break in Coverage**, the **Retroactive Date** will be the **Effective Date** of the first **Feedlot Warranty** you purchase from us after the occurrence of the most recent **Break in Coverage**.

**2.3 Termination of Warranty.** Each **Warranty** continues in effect for a period of time that begins with the **Effective Date** and terminates on the earliest of:

- The same date as the **Enrollment Date** of each **Warranty** twelve months later;
- The date upon which you are not in compliance with each of the conditions of Section 1.1(b) of this **Warranty**;
- The date upon which you terminate your membership in uslp; or
- The date upon which uslp terminates this **Warranty** for “cause” pursuant to and as further limited by Section 18 of this **Warranty**.

**2.4 Termination of Certain Warranty Coverage for Individual Enrolled Animals.** Notwithstanding anything contained in Section 2.3 of this **Warranty**, coverage under each **Warranty** with respect to **Mortality** and Revenue Loss/Additional Expense for an individual **Enrolled Animal** shall terminate on the earliest of the date the **Warranty** is terminated for any reason, or the date upon which ownership of such animal is transferred to another **Person**.

**2.5 Termination of Coverage for Traceback Liability.** Coverage for Traceback Liability ceases upon the occurrence of a **Break in Coverage**.

**2.6 Renewal of Warranty.** The **Warranty** may be renewed subject to changes, revisions and amendments necessary to comport with the changes, revisions and amendments uslp makes to its forms (including this **Warranty**) during the previous **Warranty** period upon acceptance by and at the sole discretion of uslp of your properly completed *Exhibit A: Coverage, Limits, and Compliance* and payment of the **Warranty** fees in accordance with the date of termination pursuant to Sections 2.1 and 2.3 of this **Warranty**. Your continued compliance with all the terms and conditions of this **Warranty** shall be a condition of such renewal. Such renewal will not affect the **Retroactive Date**, providing you with continuous coverage against Covered Events. The nonrenewal of this **Warranty** shall result in a **Break in Coverage**.

**2.7 Warranty Fees.** **Warranty** fees are based on the values you declare and that uslp accepts for each **Class of Cattle** included under the **Warranty**, as follows:

- For Traceback Liability, the fee applicable to the Protection Limit as reported on your *Exhibit A: Coverage, Limits, and Compliance*.
- For **Mortality**, an amount for each **Head**, as appropriate, of **Enrolled Animals**; and
- For Revenue Loss/Additional Expense, an amount for each **Head**, as appropriate, of **Enrolled Animals**.

**3. REQUIRED NOTICES.** You must notify us as soon as possible but not later than 6:00 pm Mountain Time of the third (3rd) business day after any of the following:

- You are notified by an **Appropriate Authority** that any of the **Enrolled Animals** are subject to a **Quarantine Action**.
- You have reason to know or suspect that one or more of the animals in your **Feedlot Inventory** is infected with any of the **Specified Diseases**. You also must notify the **Appropriate Authority**.
- You are notified that a **Traceback Claim** has been or will be filed against you due to a **Traceback Action** involving one or more **Enrolled Animals**.
- You become aware or have reason to know or suspect that a **Quarantine Action, Traceback Action** or **Traceback Claim** has been **Initiated** against you with respect to any animal in your **Feedlot Inventory** covered by this **Warranty**.

You must notify us of any of these events by means of the **uslp Online Membership Services**. In addition, during business hours (posted on the **uslp Online Membership Services**), assistance is available by telephone (1-800-439-9706). We will acknowledge receipt of this notice by electronic mail. If you do not receive an acknowledgement from us within three (3) calendar days after you initially provided notice, you are required to immediately advise us by means of the **uslp Online Membership Services** that such acknowledgement has not been received by you.

**Your failure to comply with the notices required by this Section shall result in the denial of any coverage under this Warranty for such Covered Event.**

**4. YOUR DUTIES IN THE EVENT OF QUARANTINE OR TRACEBACK ACTION OR SUSPICION OF INFECTION.** You must cooperate fully with us in the investigation and defense of any matter for which coverage is sought under this **Warranty**. You must cooperate fully with the **Appropriate Authority's** instructions. If you have reason to know or suspect that one or more animals in your **Feedlot Inventory** is infected with any of the **Specified Diseases**, you must take all appropriate actions to limit the spread of any of the **Specified Diseases** in addition to the Notices required under Section 3.

**5. MEMBER CLAIMS UNDER THE WARRANTY.** In addition to any other conditions of this **Warranty** including but not limited to the Notices required under Section 3, all **Member Claims** for **Mortality** and Revenue Loss/Additional Expense must be submitted to uslp by means of the **uslp Online Membership Services** on the earliest of before 6:00 pm Mountain Time of the tenth (10<sup>th</sup>) business day after (a) any animal in your **Feedlot Inventory** has died from or been destroyed as a result of a **Specified Disease**, (b) notification to you by an **Appropriate Authority** of a **Quarantine Action** or **Hold Order** associated with your **Feedlot Inventory**, or (c) the termination date of each **Warranty** (see Section 2.3).

Your **Member Claim** for a loss due to a Covered Event described in Section 1.2 must declare any liens or other encumbrances held by another **Person** against the **Enrolled Animals**.

**6. PAYMENTS UNDER THE WARRANTY.** A payment will not be made until we have verified that a Covered Event has occurred and that you have complied with all terms and conditions of the **Warranty**. In addition, you must remit to us appropriate documentation of any **Net Proceeds** of the sale of **Enrolled Animals** sold for slaughter before the date of our payment to you. Your **Warranty** payment will be reduced in accordance with the amount of these **Net Proceeds** and will be subject to our rights of subrogation and recovery under Section 9.

**7. ADHERENCE TO STANDARDS.** You must at all times comply with the terms of the **Warranty**, the **uslp Membership Guidelines** and all federal, state and local laws and regulations pertaining to **Feedlot** operations and animal husbandry.

**8. INVENTORY IN EXCESS OF WARRANTY.** Although you are required to enroll all animals as directed by Section 1 to maintain full coverage, we acknowledge that minor differences in numbers of animals may inadvertently occur from time to time. In the event you fail to maintain **Warranty** coverage that includes at least ninety percent (90%) of your maximum **One Time Capacity Feedlot Inventory** of **Cattle**, at the time of a Covered Event, we will modify the payments specified in Section 1.3 as follows:

(a) We will calculate the **Feedlot** coverage ratio, which is the number of animals included in your *Exhibit A: Coverage, Limits, and Compliance* divided by the **One Time Capacity** of your **Feedlot Inventory**;

(b) For **Traceback Actions**, we will multiply the Protection Limit declared on your *Exhibit A: Coverage, Limits, and Compliance* by the **Feedlot** coverage ratio.

(c) For **Mortality** due to a **Specified Disease**, we will multiply the Coverage per **Head** declared on your *Exhibit A: Coverage, Limits, and Compliance* for each **Class of Enrolled Animals** by the number of **Enrolled Animals** in the affected **Class** that (as determined by an **Appropriate Authority**) suffer a qualifying **Mortality** pursuant to Section 1.2 and further multiply the result by the **Feedlot** coverage ratio.

(d) For Revenue Loss/Additional Expense, we will multiply the Coverage per **Head** declared on your *Exhibit A: Coverage, Limits, and Compliance* for each **Head of Enrolled Animals** by the **One Time Capacity** of the **Pen(s)** that are placed under Quarantine by an **Appropriate Authority** and further multiply the result by the **Feedlot** coverage ratio.

All other provisions of Section 1.3 will remain in effect.

**Example A:**

Member A from Logan County, Colorado selects:

Basic coverage price for **Mortality**:

\$775 per **Head** for **Feeder/Fed Cattle Less than 700 lbs**,

\$800 per **Head** for **Feeder/Fed Cattle 700 to 900 lbs**, and

\$1,000 per **Head** for **Feeder/Fed Greater than 900 lbs**.

Basic coverage price for Revenue Loss/Additional Expense:

\$90.00 per **Head**, and

Platinum coverage price for Traceback Liability:

\$3,000,000

Member A enrolls under **Warranty**:

1,500 **Feeder/Fed Cattle Less than 700 lbs**,

1,500 **Feeder/Fed Cattle 700 to 900 lbs**, and

3,000 **Feeder/Fed Greater than 900 lbs**.

Member A's **Cattle** are placed under a **Quarantine Action** for 180 days.

Member A submits a Revenue Loss/Additional Expense claim for \$32,400 which is less than the Protection Limit for payments under the **Warranty**:

360 **Head** times \$90.00 per **Head**.

Upon receiving verification documentation of the **Quarantine Period**, uslp is provided information that:

1) Member A has a **One Time Capacity Feedlot Inventory** currently numbering 10,000, and

2) 3 **Pens** with **One Time Capacity** of 120 **Head** each were affected by the **Quarantine Order**.

Using this information, we determine the **Feedlot** coverage ratio as:

1,500 plus 1,500 plus 3,000 = 6,000 **Enrolled Animals**  
6,000 **Enrolled Animals** divided by 10,000 **One Time Capacity** = .60. Since this is less than 90%, the **Feedlot** coverage ratio is .60.

We determine Member A's **Warranty** payment as follows:

- (a) The **Feedlot** coverage ratio is 0.60.
- (b) The payment for Revenue Loss/Additional Expense is \$32,400 times 0.60, or \$19,440.
- (c) No payment for **Mortality** is owed.
- (d) No payment for **Traceback Claim** is owed.
- (e) The total payment is \$19,440.

**Example B:**

All the facts given in Example A are unchanged except Member A had enrolled 9,500 animals. Thus, uslp determines Member A's **Warranty** payment as follows:

Using this information, we determine the **Feedlot** coverage ratio as:

2,500 plus 2,500 plus 4,500 = 9,500 **Enrolled Animals**  
9,500 **Enrolled Animals** divided by 10,000 **One Time Capacity** = .95. Since this is greater than 90%, the **Feedlot** coverage ratio is 1.

We determine Member A's **Warranty** payment as follows:

- (a) The **Feedlot** coverage ratio is 1.00.
- (b) The payment for Revenue Loss/Additional Expense is \$32,400 times 1.00, or \$32,400.
- (c) No payment for **Mortality** is owed.
- (d) No payment for **Traceback Claim** is owed.
- (e) The total payment is \$32,400.

**9. SUBROGATION (RIGHT OF RECOVERY FROM A THIRD PARTY) AND RECOVERIES (SEE EXHIBIT B – ATTACHED)**

If you have the right to recover from a third party all or part of any payment uslp has made or is obligated to make under this **Warranty**, those rights are transferred to uslp. You must notify uslp if you have made any transfer of those rights prior to the **Effective Date** of the **Warranty**. You must do nothing to impair those rights after the **Effective Date** of this

**Warranty.** At the request of uslp, you will take all necessary actions (legal or otherwise) to transfer those rights to uslp and help uslp enforce them.

As part of your obligations under this Section 9, you may be eligible for payments from **USDA** for losses related to certain Covered Events under this **Warranty**. You agree that we will assume the responsibility of collecting any such payments for you, and you must do all you can to preserve this right. By entering into this **Warranty**, you agree that once we make a **Mortality** payment to you under this **Warranty**, a portion of that **Mortality** payment will be considered an advance upon any related payment receivable from **USDA**, and you are transferring your rights of recovery from the **USDA** to uslp for that loss. You agree not to do anything to prejudice such rights and you agree to execute and deliver instruments and papers and do whatever else is necessary to secure such rights for us. All amounts recovered by us from the **USDA** will be considered a repayment of any such advance. Such an advance will not be considered a payment for any Covered Event by us under this **Warranty**. You and we agree that coverage under this **Warranty** shall not be construed in a fashion which would allow any third party to reduce its obligations to you by reason of the existence of this **Warranty**.

As a further part of your obligations under this Section 9, you and we agree that you may be eligible for payments from other third parties, including State agencies, for losses related to certain Covered Events under this **Warranty**. You agree that we will also assume the responsibility of collecting any such payments for you, and you must do all you can to preserve this right. You agree that once we make a **Mortality** payment to you under this **Warranty**, a portion of that **Mortality** payment will be considered an advance upon any related payment receivable from other third parties, and you are transferring your rights of recovery from those parties for that loss to us. You agree not to do anything to prejudice such rights and you agree to execute and deliver instruments and papers and do whatever else is necessary to secure such rights for us. All amounts recovered by us will be considered a repayment of any such advance. Such an advance will not be considered a payment for any Covered Event by us under this **Warranty**.

Any amounts received by you from any source for a Covered Event, inclusive of the proceeds from the sale of the animal, for which you previously received payments under this **Warranty** belong to uslp. You shall pay such amounts to us within ten (10) business days of receipt by you.

**10. ASSIGNMENT OF THE WARRANTY.** This **Warranty** is personal to you. You may not assign or transfer this **Warranty** to any **Person** including, but not limited to, any **Person** to whom or to which you transfer ownership of any of the animals covered by this **Warranty**.

**11. ACCESS TO THE ENROLLED ANIMALS AND RECORDS.** We reserve the right to examine the **Enrolled Animals** and all pertinent records relating to such animals upon reasonable notice, when and as often as we reasonably require until the end of the **Record Retention Period**.

**12. RECORD RETENTION PERIOD.** The **Record Retention Period** begins on the **Effective Date** and extends for three years after the end of such **Warranty**. Records for **Enrolled Animals** existing on the **Effective Date** will be considered to have been created on that date. This **Record Retention Period** may be extended by us for such time period as needed if a required notice has been filed by you. At any time during this period, we may demand that you provide complete records that demonstrate compliance with the requirements or guidelines of this **Warranty**, the **uslp Membership Guidelines** and all federal, state and local laws and regulations pertaining to **Feedlot** operations and animal husbandry

By purchasing **Warranty** coverage, you authorize us to obtain records relating to the **Enrolled Animals** from any **Person** who may have custody of those records, including but not limited to: packers, banks, shippers, sale barns, stockyards, internet businesses, associations, and accountants. You must assist uslp to obtain all records we may request from third parties.

Failure to provide the records or access to the records required by us will void this **Warranty** and require that you repay any amounts paid or advanced to you under the terms of this **Warranty**.

We will maintain confidentiality of records and will disclose information received from you only as directed by a properly constituted directive from a Court or other authority legally authorized, or in the administration of a claim.

**13. OTHER COVERAGE.** If you have any other coverage (including but not limited to **Mortality**, property or liability insurance) that will compensate you for any loss, liability, damages, or expenses payable under this **Warranty**, the coverage provided by this **Warranty** shall only apply excess of any coverage provided by such other coverage, and we will pay only the amount determined under this **Warranty** that exceeds the amount paid or payable under such other coverage. When this **Warranty** is excess of any other coverage, we will have no duty to defend you if the other coverage has a duty to defend you for a loss payable by this **Warranty**.

**14. ARBITRATION.** You and we agree that in the event of any difference arising between you and us with reference to the coverage provided by this **Warranty**, including but not limited to any claim for payment by you, interpretation of the terms of this **Warranty**, or dispute arising from any determination made by us under the terms of this **Warranty**, the difference shall be settled by arbitration between you and us. The arbitration will be conducted in accordance with the arbitration policy of uslp in effect on the **Effective Date**. In the event that there is no arbitration policy of uslp in effect on the **Effective Date**, then the arbitration shall be administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitration proceedings must be initiated not later than the last day of the twelfth month after the date of such disagreement or the date of a letter from us containing our determination. In no event shall we pay more than the amount that is payable under the terms of the **Warranty**, regardless of the decision of the arbiter(s).

**15. FORCE MAJEURE.** An accident, an act of God or the public enemy, weather, or other causes beyond the reasonable control of the parties which prevent you or us from discharging their respective duties under this **Warranty** shall excuse the affected party from performance of its duties until such time as performance becomes possible.

**16. SEVERABILITY.** You and we agree that should any part, term, or provision of this **Warranty** be decided by the Courts to be illegal, or in conflict with any law of the jurisdiction where made, the validity of the remaining provisions of the **Warranty** shall not be affected thereby, unless removal of the part, term, or provision of this **Warranty** declared to be illegal or in conflict with the law of another jurisdiction deprives this **Warranty** of its essential purpose.

**17. CHANGES IN TERMS OF THE WARRANTY.** We may, at our sole discretion, make changes in the terms of this **Warranty** at any time; provided, however, that such changes will not apply to any **Warranty** then in effect but will apply to any subsequent **Warranty** issued after the end of the **Warranty** Period during which such changes were made. You will be advised of any changes in the terms of the **Warranty** before you renew the **Warranty** for a subsequent period. In the event uslp fails to advise you of such changes within the number of days of anticipation that may be required by law or regulation, the **Warranty** then in effect will be extended by the necessary number of days. You will owe uslp a **Warranty** fee calculated on a per-day basis for the number of days of extension using the fees in effect for that **Warranty**.

**18. TERMINATION OF THE WARRANTY FOR CAUSE.** We may terminate this **Warranty** for “cause” at any time. “Cause” shall mean your failure to materially comply with either: (a) the **uslp Membership Guidelines**, (b) all federal, state and local laws and regulations pertaining to **Feedlot** operations and animal husbandry, or (c) the requirements of this **Warranty**. At our sole discretion we may provide you with the right to correct such “cause” upon thirty (30) days notice to you. You and we agree that in the event we terminate this **Warranty** for “cause” we shall have the right to refuse to make any payments under this **Warranty** after the date of termination for Covered Events arising from such “cause,” regardless of whether the Covered Event occurred prior to the date of termination.

- 19. REPRESENTATIONS.** By accepting this **Warranty**, you agree that:
1. Your statements in the **uslp Online Membership Services** are accurate and complete.
  2. Those statements are based upon representation you made to us.
  3. We have issued this **Warranty** based upon your representations.

This **Warranty** is void if there is fraud committed by you. It is also void if you or any **Person** for whom you are responsible intentionally conceals or misrepresents a material fact concerning:

1. This **Warranty**;
2. Statements in the **uslp Online Membership Services**;
3. The **Enrolled Animals**; or
4. A **Member Claim**

**20. MISCELLANEOUS.** uslp OFFERS THIS **WARRANTY** TO ITS MEMBERS TO PROMOTE IMPLEMENTATION AND ADHERENCE TO uslp’s CORE MISSION; THE DEVELOPMENT, PROMOTION, AND IMPLEMENTATION OF SOUND RISK MANAGEMENT PRACTICES TO PREVENT AND/OR MINIMIZE LOSSES OF LIVESTOCK PRODUCERS FROM OR RELATED TO **FEEDLOT INVENTORY DISEASE** CONTAGION. THIS **WARRANTY** IS NOT AN INSURANCE POLICY NOR IS uslp AN INSURANCE COMPANY.

**21. DEFINITIONS.** As used in this **Warranty**, the following terms have the meaning specified herein:

“**Appropriate Authority**” means any agency of the federal government, such as the Animal Plant Health Inspection Service, or of the government of any state (such as the State Veterinarian) where the **Enrolled Animals** are located that is authorized by statute or regulation to impose limitations upon the movement of **Cattle** or to issue a **Destruction Order** for **Cattle** due to the presence of a **Specified Disease**.

“**Bodily Injury**” means bodily injury, sickness or disease sustained by a person, including death resulting therefrom.

“**Break in Coverage**” means any period of time where for any reason we do not provide coverage for your **Feedlot Inventory** under a uslp **Feedlot Warranty**.

“**Cattle**” means animals of *Bos taurus* and/or *Bos indicus* parentage intended for sale into commerce for eventual harvest and processing into meat and other products for sale to consumers. The term does not include animals maintained for the production of dairy products or any product other than meat and meat byproducts for human consumption.

“**Class**” means a group of **Cattle** ranked together as possessing common characteristics.

#### **Classes of Eligible Cattle**

“**Feeder/Fed Less than 700 lbs Class**” means a weaned steer or heifer weighing less than 700 lbs. and intended for feeding and ultimately harvest for meat.

“**Feeder/Fed from 700 lbs to 900 lbs Class**” means a weaned steer or heifer weighing from 700 lbs. to 900 lbs. and intended for feeding and ultimately harvest for meat.

“**Feeder/Fed Greater than 900 lbs Class**” means a steer or heifer weighing greater than 900 lbs. and intended for feeding and ultimately harvest for meat.

“**Confirmed Positive Test**” means the presence of a **Specified Disease** in an **Enrolled Animal** wherein the results from an **Official Laboratory** prove or demonstrate existence of the **Specified Disease’s** etiological agent (bacterium, prion, or virus).

**“Destruction Order”** (Destruction Agreement, Depopulation Order, Herd Management Plan) means the ordered slaughter or destruction of **Cattle** by direction of an **Appropriate Authority** due to presence of any of the **Specified Diseases** or the sale of **Enrolled Animals** by the **Warranty** holder to satisfy the conditions for release of the premises from a **Quarantine Action**.

**“Effective Date”** means the date specified in an electronic communication from uslp to the member, indicating the **Warranty** is in effect.

**“Eligible Cattle”** means all **Cattle** in your **Feedlot Inventory** in all **Classes**.

**“Enrolled Animals”** means **Eligible Cattle** for which you have paid the **Warranty** fee and which are covered by this **Warranty**.

**“Enrollment Date”** means the date specified on *Exhibit A: Coverage, Limits, and Compliance* on which application for **Warranty** was first made.

**“Feedlot” or “Feedyard”** are synonymous and shall both mean a plot of land on which livestock are fattened for market and which is permitted and/or licensed as either an Animal Feeding Operation (AFO) or a Concentrated Animal Feeding Operation (CAFO) pursuant to any applicable federal, state, or local laws and regulations.

**“Feedlot Inventory”** means all livestock under common supervision that are grouped on one or more parts of any **Feedlot, Feedyard**, or combination thereof; in which the animals have been interchanged or had contact with animals from different premises under the same common supervision since being placed under **Warranty**.

**“Food Product”** means “Meat Food Product” as defined in section 301.2 of Title 9, Code of Federal Regulations.”

**“Head”** means a single animal whether sexually intact or not.

**“Hold Order”** means, for the purposes of this **Warranty**, the same as the term **“Quarantine Action.”**

**“Hold Order Period”** means, for the purposes of this **Warranty**, the same as the term **“Quarantine Period.”**

**“Initiated”** with respect to a **Quarantine Action** means the commencement of such action against you by any written or oral communication to you from an **Appropriate Authority**. With respect to a **Traceback Action**, **“Initiated”** means the commencement of such action against the **Warranty** holder by any written or oral communication to you from an **Appropriate Authority**, a similar government authority charged with food safety regulatory activities, by a consumer of **Food Product** derived from **Cattle** with respect to any animal in your **Feedlot Inventory** covered by this **Warranty**. With respect to a **Traceback Claim**, **“Initiated”** means the commencement of an action for covered damages for **Bodily Injury** against the **Warranty** holder by a consumer of **Food**

**Product** or the receipt by the **Warranty** holder of a written demand from a consumer of **Food Product** for covered damages for **Bodily Injury**.

**“Maintenance”** means providing animal care to include adequate water, standing or harvested feed, adequate space for animals to move and thrive, and providing adequate veterinary care.

**“Member Claim”** means a statement by you that a Covered Event has occurred and that you have suffered or will suffer financial harm as a result.

**“Mortality”** means death.

**“Net Proceeds”** means the total dollars you are entitled to receive in a sales transaction as a result of a **Destruction Order** minus reasonable and customary charges including but not limited to sales commissions, costs charged by the sale facility for feed and other nutrients, and required testing.

**“Official Laboratory”** means a laboratory that is recognized by the **USDA** to perform specific tests using protocols approved by **USDA**.

**“One Time Capacity”** means the total number of **Head** allowed to be maintained in the area of land identified in the permit and/or license for the **Feedlot/Feedyard**.

**“Pen”** means an area enclosed by fencing wherein **Cattle** are maintained and fed.

**“Person”** means an individual, partnership, association, corporation, estate, trust, or other legal entity and includes all individuals associated with such entities. The term **Person** does not extend to any State, any political subdivision of a State, the Federal Government, or any other Government.

**“Possession”** means control of an animal by any **Person**, including you. The term **Possession** infers the right to make decisions concerning the animals such as inoculations, other veterinary treatment, types of feedstuffs, quantities of feedstuffs, and other matters affecting the health and vitality of the animal. The term also infers the obligation to maintain all records required by this **Warranty** and the **uslp Membership Guidelines** by the **Person** who has **Possession**.

**“Quarantine Action”** means an action taken by an **Appropriate Authority** to control a **Specified Disease** that:

- (a) requires a **Confirmed Positive Test** for a **Specified Disease** for any one or more of the **Enrolled Animals**; and
- (b) does not permit the **Enrolled Animals** to be sold, transported, transferred, or otherwise restricts such animals from movement from any point where located at the time the **Quarantine Action** was imposed to any location outside the **Quarantine Zone** that results from a determination that one or more animals is infected with any of the **Specified Diseases**. However, sale for slaughter in a

manner approved by the **Appropriate Authority** is within the scope of a **Quarantine Action** as defined herein.

**“Quarantine Period”** means the days between initiation and termination of a **Quarantine Action**.

**“Quarantine Zone”** means a geographic area to which the **Quarantine Action** applies as defined by the **Appropriate Authority**.

**“Record Retention Period”** means the period of time that begins on the **Effective Date** and extends for three years after the end of such **Warranty**. This **Record Retention Period** may be extended by uslp for such time period as needed if a required notice has been filed by you. Records for **Enrolled Animals** existing on the **Effective Date** will be considered to have been created on that date. At any time during this period, we may demand that you provide complete records that demonstrate compliance with the requirements or guidelines of this **Warranty**, the **uslp Membership Guidelines** or any federal, state or local laws or regulations pertaining to **Feedlot** operations or animal husbandry.

**“Retroactive Date”** means the **Effective Date** of the first **Feedlot Warranty** you purchase from us provided there is no **Break in Coverage**. In the event of a **Break in Coverage**, the **Retroactive Date** will be the **Effective Date** of the first **Feedlot Warranty** you purchase from us after the occurrence of the most recent **Break in Coverage**.

**“Specified Disease”** means Foot and Mouth Disease, Bovine Spongiform Encephalopathy, Bovine Tuberculosis, Bovine Brucellosis, and Anthrax.

**“Traceback Action”** means an investigation conducted by one or more of the following: an **Appropriate Authority**, a similar government authority charged with food safety regulatory activities, by a consumer of **Food Product** derived from **Cattle** to identify the source(s) of **Cattle** sold into commerce that includes **Enrolled Animals** identified as being registered to you.

**“Traceback Claim”** means an action or demand for damages for **Bodily Injury** caused by **Food Product** derived from one or more **Enrolled Animals**, brought against the **Warranty** holder in a court, arbitration, or other forum of competent legal jurisdiction, as a result of a **Traceback Action** of which uslp has been advised in accordance with the terms of this **Warranty** involving one or more **Enrolled Animals**.

**“USDA”** means the United States Department of Agriculture.

**“uslp Membership Guidelines”** means the guidelines concerning member actions located on the **uslp Online Membership Services Website** <http://www.uslp.org>.

**“uslp Online Membership Services”** means the computer application located at <http://www.uslp.org>.

***“Warranty”*** means the agreement defined in this document.