USDA United States Department of Agriculture

Animal and Plant Health Inspection Service

Veterinary Services
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# Producer Information Sheet

## Emergency Response Procedures—Appraisal and Indemnity

As part of its mission to protect American agriculture, the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) responds to serious diseases if they are found in the U.S. livestock and poultry populations. Highly contagious diseases such as avian influenza, classical swine fever, Newcastle disease, and foot-and-mouth disease would cause significant losses and damage if they became established in our country's animal populations. APHIS responds quickly and decisively to any U.S. detections of these diseases.

**Indemnity Basics**

Federal law gives APHIS the authority to depopulate affected herds and flocks to contain or stop the spread of the disease. To encourage early reporting of disease issues, farmers are paid for euthanized animals, which helps stop the outbreak and support impacted farmers at the same time. When depopulation occurs, APHIS will give the producer an indemnity payment equal to the fair market value of the animal. APHIS also offers indemnity for materials, such as tools or pallets, that must be destroyed because they cannot be disinfected after contact with infected animals or animal matter.

Indemnity does not cover all production losses for the time a farm will be out of commission after a disease detection. While APHIS recognizes that this can pose a hardship for affected producers and their employees, our ability to provide indemnity is set by specific conditions in the Animal Health Protection Act of 2002.

**Appraisals**

Once a herd or flock is confirmed by a designated laboratory to have tested positive for one of these significant diseases, animal health officials complete an inventory to use for appraisal purposes. The inventory lists all living animals in the herd or flock, along with their age at the time and their intended use (for meat, eggs, milk, breeding, etc.).

APHIS uses this inventory as the basis for the herd or flock appraisal. APHIS economists created a series of species-specific appraisal calculators that use publicly available prices, costs, and productivity data to develop a value per animal. The calculators are updated monthly to account for changing feed costs and values.

The formula APHIS uses to calculate total indemnity is: the value per animal type multiplied by the number of each animal type. In most cases, APHIS provides 100 percent of the indemnity amount; however, there are certain situations where APHIS could provide a lesser percentage to producers. For example, indemnity might be less

than 100 percent for large-scale producers who do not participate in the National Poultry Improvement Plan (www.poultryimprovement.org).

APHIS then compiles all of the appraisal information into a final appraisal document. We present that document to the producer as quickly as possible.

**Producer Responsibilities**
Affected producers are asked to sign the appraisal document before depopulation occurs. Producers also must complete other needed paperwork provided with the appraisal document. Because APHIS delivers indemnity payments electronically, basic information needs to be collected from producers to route these payments.

Depending on the disease, there could be other planning and paperwork involved before APHIS can complete indemnity processing. For example, for flocks affected by highly pathogenic or H5/H7 strains of avian influenza, a flock plan must be developed and signed. The flock plan outlines the steps required to eradicate avian influenza from a flock and get the facility back into production. Animal health officials will discuss the flock plan or any further requirements with affected producers as soon as disease confirmation occurs.

After depopulation is complete and all required paperwork has been signed and approved, APHIS processes the indemnity payment.

**For More Information**
If you have any questions about the appraisal and indemnity processes, talk with the State or Federal animal health officials responding to the disease event in your area.