LIVESTOCK RISK PROTECTION (LRP)

PROTECT YOUR OPERATION FROM DECLINING LIVESTOCK PRICES WITH LRP INSURANCE

LRP ELIGIBILITY
Producers in all covered states with an ownership share in eligible livestock.

LRP PRICES
Coverage prices range from 70% to 100% of daily livestock prices. LRP is priced and available for sale continuously throughout the year.

DETERMINING COVERAGE FOR LRP
Determine the number of livestock to be marketed and the target weight. Multiply the number of head by the target weight, coverage price and insured share.

LRP COVERAGE PERIOD AND RESTRICTIONS
Livestock can be insured for various different weekly increments.

LRP AND LGM
You can have both an LRP and Livestock Gross Margin (LGM) policy, but you can't insure the same class of livestock with the same end month or have the same insured livestock insured under multiple policies.

LOSS PAYMENTS
- The price at which direct livestock is sold does not affect the loss payment.
  - Indemnity is based on the market index
- Documentation proving ownership interest in livestock must be supplied
  - Bill of sale, financial records, written statement from third party, etc.
- Indemnities are paid if actual ending value at the end of insurance falls below the guaranteed price established at time of purchase.

BENEFITS OF LRP
- LRP is an insurance policy
  - LRP may be viewed more favorably by lenders than hedging or speculating (derivative products)
- Guaranteed price
  - Acts as a put option, establishing a floor price from falling markets
  - No margin calls
- Limited basis risk coverage
  - The aggregate cash price used better reflects actual price received.
- Any number of head can be covered (up to limits)
- Numerous endorsement period options
  - Producer selects the period that fits his/her risk management plan
- Wider range of target weights than CME

FEDERAL SUBSIDY RATES
- Subsidy determined by coverage level
- AD-1026 must be on file at FSA to receive subsidy (Conservation Compliance)
- Beginning Farmer Rancher (BFR) and Veteran Farmer Rancher (VFR) benefits apply to LRP

COVERAGE LEVEL	SUBSIDY RATE
95%–100%	35%
90%–94.99%	40%
80%–84.99%	50%
70%–79.99%	55%

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TOPIC	SWINE	FED CATTLE	FEEDER CATTLE
Market	Marketed for slaughter	Marketed for slaughter	Ready to put in feedlot for fattening
Insurable Livestock	Swine that producers expect to have and to market within a range of 1.40 to 2.60 lean cwt target weight (1.89-3.51 live cwt)	**Steers and Heifers** — Expected to grade select or higher, yield grade of 1 to 3 and to market at 10.0 to 16.0 cwt (live weight) **Cull Cows** — Expected to grade USDA Standard or lower and market at 8.0 to 15.0 cwt	**Steers** (<6.0 cwt for steers and bulls, 6.0-10.0 cwt for steers only) **Heifers** (<6.0 cwt and 6.0-10.0 cwt) **Dairy Cattle** (<6.0 for heifers, steers and bulls and 6.0-10.0 cwt for heifers and steers) **Brahman breeds** (<6.0 for heifers, steers and bulls and 6.0-10.0 cwt for heifers and steers) **Unborn Bulls, Heifers, Brahman and Dairy Cattle** (1.0–5.99 cwt) **Unborn Calves** (0.6–0.99 cwt)
Availability	All States	All States	All States
Max. Head Insurable	70,000 per Specific Coverage Endorsement 750,000 per Crop Year	12,000 per Specific Coverage Endorsement 25,000 per Crop Year	12,000 per Specific Coverage Endorsement 25,000 per Crop Year
Insurance Period	**Other Swine** - 13, 17, 21, 26 or 30 weeks **Unborn Swine** - 30, 34, 39, 43, 47 or 52 weeks	**Steers and Heifers** — 13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks **Cull Cows** — 13 weeks	13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks
Coverage Level	70-100%	70-100%	70-100%
Subsidy	USDA subsidizes LRP Swine premium from 35% to 55% based on the coverage level.	USDA subsidizes LRP Fed Cattle premium from 35% to 55% based on the coverage level.	USDA subsidizes LRP Feeder Cattle premium from 35% to 55% based on the coverage level.
Actual Ending Value	Agricultural Marketing Service (AMS) Negotiated and Swine or Pork Market Formula Categories	**Steers and Heifers** — Agricultural Marketing Service (AMS) 5 Area Weekly Weighted Average Direct **Slaughter Cattle** — Live Basis Sales, Steers, "Over 80% Choice" **Cull Cows** — The 7-day weighted average price of feeder cattle, reported as the CME Feeder Cattle Reported Index, multiplied by the Price Adjustment Factor	Chicago Mercantile Exchange (CME) Feeder Cattle Reported Index multiplied by the Price Adjustment Factor (by type and weight)

PRICE ADJUSTMENT FACTORS

WEIGHT RANGE	STEERS	HEIFERS	UNBORN BULLS AND HEIFERS	PREDOMINANTLY BRAHMAN	UNBORN PREDOMINANTLY BRAHMAN	PREDOMINANTLY DAIRY	UNBORN PREDOMINANTLY DAIRY
1.0–5.99 cwt	110%	100%	105%	100%	100%	50%	50%
6.0–10.0 cwt	100%	90%	N/A	90%	N/A	50%	N/A

Unborn Calves (0.6–0.99 cwt) — Published in the actuarial documents and will vary depending on the relative value of beef-on-dairy crossbred calves vs. CME Feeder Cattle Index. Contact agent for current quotes and Price Adjustment Factors.

Cull Cows (8.0–15.0 cwt) — 50% of CME Feeder Futures.

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