LIVESTOCK RISK PROTECTION
(LRP) FED CATTLE

The Livestock Risk Protection Insurance Plan -- Fed Cattle (LRP-Fed Cattle) is designed to insure against declining market prices.

Beef producers may choose from a variety of coverage levels and insurance periods that correspond with the time their market-weight cattle would normally be sold.

Beef producers may buy LRP-Fed Cattle throughout the year from a ProAg approved livestock insurance agent.

Premium rates, coverage prices, and actual ending values are posted daily by the Risk Management Agency (RMA) online.

Beef producers may choose coverage prices ranging from 70 to 100 percent of the expected ending value. At the end of the insurance period, if the actual ending value is below the coverage price, the producer may receive an indemnity payment for the difference between the coverage price and actual ending value.

Availability

A Livestock Risk Protection Insurance Policy application must be submitted. Once accepted, it is considered a continuous policy. The specific coverage endorsements are not continuous and are only effective for the period stated.

The beef producer may buy specific coverage endorsements for up to 6,000 head of heifers and steers (weighing between 1,000 and 1,400 pounds) that will be marketed for slaughter near the end of the insurance period. The annual limit for LRP-Fed Cattle is 12,000 head per producer for each crop year (July 1 to June 30). All insured cattle must be located in a state approved for LRP-Fed Cattle at the time the producer buys insurance coverage.

The length of insurance coverage available for each specific coverage endorsement is 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks. LRP-Fed Cattle is available in all counties in all states.

LRP-Fed Cattle is a federally subsidized product. Current subsidy levels are:

Coverage Level	Subsidy
70% - 79.99%	55%
80% - 84.99%	50%
85% - 89.99%	45%
90% - 94.99%	40%
95% - 100%	35%

Buying a Policy

The LRP-Fed Cattle program's coverage prices, rates, actual ending values and per hundredweight cost of insurance may be viewed on the RMA website at www.rma.usda.gov/tools/livestock.html. The actual ending values are based on weighted prices from USDA's Agricultural Marketing Service. Actual ending values are posted on the RMA's website at the end of the insurance period.

LRP coverage sales are typically offered every market trading day. These begin in the afternoon, shortly after market close and run until exactly 9:00 a.m. CST the following morning.

LRP-Fed Cattle insurance can be purchased through a ProAg certified livestock insurance agent. An application can be filled out at any time. However, insurance does not attach until the beef producer buys a specific coverage endorsement. The premium billing date is the 1st day of the month following the end date for the specific coverage endorsement and is listed in the Actuarial Documents. The producer may buy multiple specific coverage endorsements with one application. Insurance coverage starts the day the producer buys a specific coverage endorsement and RMA approves the purchase.

Premium Calculation Example:

An operation has 50 head of fed cattle and expects to market the fed cattle at a target weight of 11 cwt each. The insured share is 100 percent. The expected ending value is $68.42 per live cwt and the producer selects a coverage price of $65 per live cwt. For this coverage price the rate is 1.3990%. The premium subsidy is 35 percent. The premium is calculated by:

- **(1) 50 head times 11 cwt equals 550 cwt.**
- **(2) 550 cwt times the coverage price of $65 equals $35,750.**
- **(3) $35,750 times the insured share of 1.00 equals an insured value of $35,750.**
- **(4) $35,750 times the rate of .013990 equals $500 total premium.**
- **(5) $500 times the producer premium subsidy percentage of .35 equals $175.**
- **(6) Subtracting $175 from $500 equals the producer premium of $325.**

Indemnity Calculation Example:

For the above operation with 50 head of fed cattle, a target weight of 11 cwt, an insured share of 100 percent, and a coverage price of $65 per live cwt, the actual ending value is equal to $60 per live cwt. Since $60 is less than the coverage price of $65, an indemnity is due. Indemnity is calculated by:

- **(1) 50 head times the 11 cwt target weight equals 550 cwt.**
- **(2) Subtracting the actual ending value of $60 from the coverage price of $65 equals $5/cwt.**
- **(3) Multiplying 550 cwt. by $5/cwt. equals $2,750.**
- **(4) Multiplying $2,750 by the insured share of 1.00 equals an indemnity payment of $2,750.**

Come experience the ProAg difference today.

ProAg is on a singular mission to meet the risk-management needs of the American farmer and rancher. As a strong and progressive company, we provide support and guidance to the agents who serve those producers, helping them expand and strengthen their businesses. Because many of us are farmers and ranchers ourselves, we have a firsthand understanding of production agriculture and the risks inherent in the profession. No organization is more knowledgeable about agricultural risk management than ProAg.

As one of the first companies in the crop insurance industry, ProAg is built on a strong foundation of experience and backed by the support and resources of a leading global parent company, Tokio Marine HCC. Contact us to learn more.

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