HOMETOWN CROP SOLUTIONS
Crop Insurance Is Our Roots.

Livestock Risk Protection (LRP) Fed Cattle

The Livestock Risk Protection Insurance Plan for 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 feeder cattle would normally be marketed (ownership may be retained).

Beef producers may buy LRP-fed Cattle insurance throughout the year. Premium rates, coverages prices and actual ending values are posted online daily The beef producer 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 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 (SCE) are not continuous and are only effective for the period stated. The SCE must be completed annually or multiple times per year in order for coverage to be maintained. The beef producer may buy specific coverage endorsements throughout the year for up to 6,000 head of feeder cattle that are expected to weigh up to 900 pounds at the end of the insurance period. The annual limit for LRP-Fed Cattle is 12,000 head per producer per year (July 1 to June 30). All insured calves and cattle must be located in a state that is approved for LRP-Fed Cattle at the time the producer buys an insurance policy.

Coverage is available for calves, steers, heifers, predominantly Brahman cattle and predominantly dairy cattle. The producer may also choose from two weight ranges – under 600 pounds and 600 – 1000 pounds.

LRP-Feeder Cattle insurance is available in all counties in all states.

LRP-Feeder 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 insurance cost may be viewed on the RMA website at www.rma.usda.gov/tools/livestock.html.

LRP coverage sales are typically offered every market trading day. These being in the afternoon shortly after market close (approx 4 PM CST) and run until 8:25 AM CST the following morning. LRP Feeder Cattle insurance can be purchased through me at 417-876-7477. 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 first day of the month following the end date for the Specific Coverage Endorsement and is specified 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.

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