



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 market-weight cattle would normally be sold.

Beef producers may buy LRP-Fed Cattle throughout the year.

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.

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

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



Availability

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

Not all coverages or products may be available in all jurisdictions. The description of coverage in these pages is for informational purposes only. Actual coverages will vary based on the terms and conditions of the policy issued. The information described herein does not amend, or otherwise affect, the terms and conditions of any insurance policy issued by PolAgri or any of its subsidiaries.

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Buying a Policy

You can fill out an application at any time. However, insurance does not attach until you buy a specific coverage endorsement. You may buy multiple specific coverage endorsements with one application. Your insurance coverage starts the day you buy a specific coverage endorsement and RMA approves the purchase.

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.

After the application is accepted, you 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). The length of insurance coverage available for each specific coverage endorsement is 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.

Premium is billed by the premium billing date; the first day of the month following the end for the specific coverage endorsement.

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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