



# LIVESTOCK RISK PROTECTION

## (LRP) SWINE

The Livestock Risk Protection Insurance Plan for Swine (LRP-Swine) is designed to insure against declining market prices. Pork producers may choose from a variety of coverage levels and insurance periods that correspond with the time their hogs would normally be marketed.

The producer may buy LRP-Swine Insurance throughout the year. Premium rates, coverage prices and actual ending values are posted online daily by the Risk Management Agency (RMA) at [www.rma.usda.gov](http://www.rma.usda.gov).

The pork 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 payment for the difference between the coverage price and the actual ending value.

LRP-Swine 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-Swine 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 40,000 hogs that are expected to reach market weight near the end of the insurance period. The annual limit for LRP-Swine is 150,000 hogs 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 1,000 head of hogs and expects to market the hogs at 2.50 cwt. each. Therefore, the target weight is 2.50 times the lean weight conversion factor of .74, which is 1.85 cwt. The insured share is 100 percent. The expected ending value is \$55.00 dollars per cwt and the producer selects a coverage price of \$52.25 per cwt (on a lean cwt basis). For this coverage price, the rate is 2.8708%. The premium subsidy is 35 percent. The premium is calculated by:

- › (1) 1,000 head times 1.85 equals 1,850 cwt.
- › (2) 1,850 cwt. times the coverage price of \$52.25 equals \$96,663.
- › (3) \$96,663 times the insured share of 1.00 equals an insured value of \$96,663.
- › (4) 96,663 times the rate of .028708 equals \$2,775 total premium.
- › (5) \$2,775 times the producer premium subsidy percentage of .35 equals \$971.
- › (6) Subtracting \$971 from \$2,775 equals the producer premium of \$1,804.



## Indemnity Calculation Example:

For the above operation with 1,000 head of hogs, a target weight of 1.85 cwt., an insured share of 100 percent, and a coverage price of \$52.25 per cwt., the actual ending value is equal to \$44.80 per cwt. Since \$44.80 is less than the coverage price of \$52.25, an indemnity is due. Indemnity is calculated by:

- › (1) 1,000 head times the 1.85 target weight equals 1,850 cwt.
- › (2) Subtracting the actual ending value of \$44.80 from the coverage price of \$52.25 equals \$7.45/cwt.
- › (3) Multiplying 1,850 cwt. by \$7.45/cwt equals \$13,783.
- › (4) Multiplying \$13,783 by the insured share of 1.00 equals an indemnity payment of \$13,783.



W1274 County Road B  
Genoa City, WI 53128  
jennifer@polagriinsurance.com  
www.polagriinsurance.com  
262.370.9740

