PolAgri Insurance
AGENCY, LLC

LIVESTOCK RISK PROTECTION
(LRP) FEEDER CATTLE

The Livestock Risk Protection Insurance Plan for Feeder Cattle (LRP-Feeder 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-Feeder Cattle insurance throughout the year. Premium rates, coverage 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.

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

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.

You can insure up to 6,000 head per specific coverage endorsement that are expected to weigh up to 900 pounds at the end of the insurance period. The annual limit for LRP-Feeder 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.

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.

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

Coverage is available for:
- Calves • Steers • Heifers • Predominantly Brahman cattle • Predominantly dairy cattle • Unborn calves

You may also choose from two weight ranges:
- under 600 pounds
- 600-900 pounds

Premium Calculation Example:

An operation has 100 head of feeder cattle and expects to market the feeder cattle at a target weight of 7.5 cwt each. The Price Adjustment Factor (PAF) is 100 percent. The insured share is 100 percent. The expected ending value is $78.95 dollars per live cwt and the producer selects a coverage price of $75 per live cwt. For this coverage price, the rate is 1.3990%. The example premium subsidy is 35% percent.

The premium is calculated by:

- **(1) 100 head times 7.5 cwt equals 750 cwt.**
- **(2) 750 cwt times the coverage price $75 equals $56,250.**
- **(3) $56,250 times the PAF of 1.000 equals the insured value of $56,250.**
- **(4) $56,250 times the insured share of 1.00 equals the insured value of $56,250.**
- **(5) $56,250 times the rate of .013990 equals $787 total premium.**
- **(6) $787 times the producer premium subsidy percentage of .35 equals $275.**
- **(7) Subtracting $275 from $787 equals the producer premium of $355.**

Indemnity Calculation Example:

For the above operation with 100 head of feeder cattle, a target weight of 7.5 cwt, a PAF of 100%, an insured share of 100 percent and a coverage price of $75 per live cwt, the actual ending value is equal to $70 per live cwt. Since $70 is less than the coverage price of $75, an indemnity is due. Indemnity is calculated by:

- **(1) 100 head times the 7.5 cwt target weight equals 750 cwt.**
- **(2) Subtracting the actual ending value of $70 from the coverage price of $75 equals $5/cwt.**
- **(3) Multiplying 750 cwt. by $5/cwt. equals $3,750.**
- **(4) Multiplying $3,750 by the insured share of 1.00 equals an indemnity payment of $3,750**

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