



United States Department of Agriculture
Risk Management Agency

June 2007

2008 COMMODITY INSURANCE FACT SHEET

Livestock Risk Protection

Fed Cattle - Feeder Cattle - Swine

Livestock Risk Protection (LRP)

The Livestock Risk Protection (LRP) policy offers protection against a decline in fed cattle, feeder cattle and hog prices during the term of the Specific Coverage Endorsement (SCE).

Eligible Livestock

LRP is available for fed cattle, feeder cattle and swine. For fed cattle and swine, LRP includes most market livestock. For feeder cattle, there is a broad range of qualifying weights and types of livestock.

Insured Feeder Cattle - The endorsement is specifically for steer, heifer, predominately Brahman, or predominately dairy feeder cattle that weigh less than 9.0 hundredweight. Coverage is for feeder cattle a producer has a share in and meets the covered type and weight specifications as provided within the SCE for feeder cattle.

Maximum number of feeder cattle that may be insured under any one SCE is 1,000 head, and during any crop year is 2,000 head.

Feeder cattle prices under this policy refer to a price series created and reported by the Chicago Mercantile Exchange (CME). The length of each endorsement ranges from 13 to 52 weeks in one month increments.

Insured Fed Cattle - The endorsement is for fed cattle a producer expects to grade select or higher and with a yield grade of 1 to 3, and to market for slaughter at 10 to 14 cwt at the end of the insurance period.

Maximum number of fed cattle insured under any one SCE is 2,000 head, and in a crop year is 4,000 head.

Fed cattle prices refer to a price series published by the Agricultural Marketing Service (AMS). The length of each endorsement for fed cattle ranges from 13 to 52 weeks in one month increments.

Insured Swine - The endorsement is for swine covered under the policy are swine the producer expects to have and to market (for slaughter) at the end of the insurance period. The anticipated lean weight of swine (per head) at the ending period on a cwt. basis.

Maximum number of swine insured under any one SCE is 10,000 head, and during any crop year is 32,000 head.

Hog prices refer to a lean based price series published by the Agricultural Marketing Service (AMS) of the USDA. The length of each endorsement for swine ranges from 13 to 26 weeks in one month increments.

Availability in RMA Spokane Region

Idaho, Oregon, Washington - All counties

How LRP Works

1) Once eligibility is established through an application process, producers purchase a SCE for a certain number of head, level of coverage and number of weeks. Applying for the basic policy does not incur any costs nor does it require a commitment to purchasing coverage in the future. But once enrollment is in place, coverage may be purchased quickly without delay.

2) Information required for a SCE include the number and type of livestock insured, the coverage price and premium cost for the coverage and the end date of the SCE. Premium is paid upon signing the SCE. USDA provides a 13 percent subsidy.

3) If the actual ending value at the end of the insurance period is less than the coverage chosen, a settlement (indemnity) check is issued.

4) Liability is not dependent upon the price for which a producer sells their livestock. Proof of ownership is required.

Application Process

Applications for LRP are submitted through FCIC-approved insurance providers. Once the application is approved, the livestock insurance agent assigns a policy number. A producer activates coverage at any time by applying for an SCE. No insurance coverage is provided until the producer submits an SCE.

Insurance will attach immediately upon RMA confirmation of acceptance of the SCE.

There are funding limitations for all livestock programs; therefore, RMA tracks total policy sales against available underwriting capacity using a real-time web-based program. Applications for insurance will be rejected when the underwriting capacity has been reached.

Cause of Loss

A policy will be due an indemnity if fed cattle, feeder cattle and hog prices drop below a predetermined level and all terms and conditions of the policy have been met.

Definitions

Actual Ending Value The actual ending value is the weighted average price as defined in each SCE.

Converting live weight to lean weight Multiply the live weight by the lean weight conversion factor of .74. E.g.: a 2.50 cwt. per head live weight is equal to 1.85 cwt. lean weight. The Target Weight should fall within the range of 1.50 and 2.25 cwt (this equates to a head weighing from about 203 to 304 lbs. on a live basis).

Crop Year The twelve month period, beginning on July 1 and ending the following June 30 and is designated by the calendar year in which the period ends.

Predominately Brahman Feeder cattle that are characterized by buyers as Brahman when sold or marketed.

Predominately Dairy Feeder cattle that are characterized by buyers as a dairy breed when sold or marketed.

Specific Coverage Endorsement An endorsement to the policy necessary to provide coverage that includes information about the class to be insured.

Target Weight The anticipated weight at the ending period as specified in each SCE

RMA Web site Information

Daily LRP Coverage Prices, Rates and Actual Ending Values: www3.rma.usda.gov/apps/livestock_reports/
Calculate premiums:

<http://www.rma.usda.gov/tools/premcalc.html>

Where to Purchase

All MPCCI policies are available from private insurance agents. A list of livestock insurance agents is available at all USDA Service Centers or at the RMA website: <http://www3.rma.usda.gov/tools/agents/>

Regional Contact for RMA USDA/Risk Management Agency Spokane Regional Office

11707 E Sprague Ave #201 - Spokane Valley, WA
99206 - Telephone 509 228-6320 - Fax 509 228-6321
E-Mail: warso@rma.usda.gov

Download Copies from the Web

Visit our online publications/fact sheets page at: <http://www.rma.usda.gov/pubs/#bfr>.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination write to: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.