Livestock Risk Protection Insurance

Ag Service Associates
Crop Insurance Specialists

WHAT IS LRP?

LRP is a simple mechanism to lock in a price floor. It provides protection against a decline in the CME Feeder Cattle Price Index on your selected end date. It is very similar to a ‘put option’, but can be purchased on as few as one head or as many as 2,000 feeder cattle or 4,000 fed cattle per year. The producer may retain ownership of feeder cattle at the end of the coverage period.

FACTORS TO CONSIDER:

- ❑ Record high prices on cattle
- ❑ Price needed to stay profitable
- ❑ Flexible policy for producers

HOW LRP WORKS:

- ❑ Purchase LRP insurance for a particular set of cattle (# of head and expected ending weight.)
- ❑ Choose coverage price and ending date.
- ❑ Pay your premium at the time of writing coverage.
- ❑ At the end of the coverage period, if the actual ending value determined by RMA (CME Feeder Cattle Index) is below the coverage price, the producer may be paid an indemnity for the difference.

RATE (Variable)
Dependent on Selected Sale Date, Weight & Market Class.

x

INSURED VALUE (Insured 95-99%)
# of Head
x Target Wt.
x Selected Coverage Price

=

PREMIUM (Before subsidy deduction)

− **13% SUBSIDY**

+ **ADMIN FEE**

TOTAL PRODUCER PREMIUM

***If you sell cattle more than 30 days before projected end date, the coverage is void.**

- Price adjustment factors (PAFs) are applied to the expected values, coverage prices, actual ending values prior to RMA publishing.
- LRP feeder cattle insurance coverage prices and rates are based on the CME Feeder Cattle contract, which is cash settle to the CME Feeder Cattle index.

VISIT **RMA.USDA.GOV** ⇨ information browser ⇨ cost estimator ⇨ quick estimate

Julie Hueftle
Broken Bow ASA Agent
2021 S. E Street, Suite #4
Broken Bow, NE 68822
308-870-3076
jhueftle@asacrop.com

Rural Community Insurance Services®

John Deere Crop Insurance

Rain and Hail Insurance Service, Inc. — Serving America's Farmers

11386 734 Road
P.O. Box 708
Holdrege, NE 68949

Office: 308.995.6187
Toll Free: 800.711.3619
Fax: 308.995.6006

www.ASACrop.com