

LIVESTOCK RISK PROTECTION



LIVESTOCK RISK PROTECTION (LRP)

The only peril covered under LRP is unexpected future decline in market value of cattle and swine. A drop in a sale price that a producer receives personally will not create an indemnity under LRP.

LRP coverage sales are typically offered every market trading day. These begin in the afternoon, shortly after market close, and run until 8:25 a.m. CT the following morning.

Coverage is purchased via one-time transactions called Specific Coverage Endorsements (SCE). Multiple SCEs can be purchased throughout the year. Terms of coverage indicated on the SCE include: the number of head being covered, CWT/head anticipated at the end of the term, the length of coverage (in weeks), expected value of the livestock in the future, the level of that expected value the producer wishes to insure and the rate of insurance that corresponds with the selected length, and level of coverage.

Coverage is now available for Feeder Cattle and Swine unborn livestock, as long as the livestock are born before SCE end date.

ELIGIBILITY AND REQUIREMENTS

To qualify for LRP, you must have an ownership share in eligible livestock. LRP is available in all 50 states.

If a price loss occurs, the insured must provide proof of ownership on the number of head insured.

FEEDER CATTLE

Four different types of Feeder Cattle are identified under LRP. There are two weight classes for each of the four types. Terms will vary depending on the type and weigh selected. The four available types of Feeder Cattle are Steers 1 & 2, Heifers 1 & 2, Brahman 1 & 2, and Dairy 1 & 2.

The market utilized to determine if losses have occurred on an LRP feeder Cattle policy is the Chicago Mercantile Exchange (CME) Cash index.

The CME Index is based on 700-900 lb. steers. Any other type-weight chosen will be adjusted in value.

FED CATTLE

Unlike Feeder Cattle, there is no subtype identified under Fed Cattle.

The market utilized to determine if losses have occurred on an LRP Fed Cattle policy is the Agricultural Marketing Service (AMS).

SWINE

The market utilized to determine if losses have occurred on an LRP Swine policy is the Chicago Mercantile Exchange (CME).

Swine is considered on a lean (carcass) weight basis. Meaning, we utilize a factor of 74% of the live weight of the animal when selecting terms of coverage.

CONTACT OUR CROP & LIVESTOCK INSURANCE TEAM TO HELP DECIDE IF THIS COVERAGE IS RIGHT FOR YOU, OR IF YOU HAVE ANY QUESTIONS.

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Click to Visit the CMEGroup Website for Cash Indexes for LRP (cmegroup.com)

ABT.bank