



Livestock Risk Protection (LRP)

About LRP

Are you a livestock producer? Worried about prices? Livestock Risk Protection (also known as LRP) provides your business with protection against declining market prices for fed cattle, feeder cattle and swine.

LRP is available all year long for producers with an ownership share in eligible livestock.

Benefits of LRP

- No margin calls or brokerage fees
- No upfront cost, premiums due at the end
- Limited basis risk coverage
 - The aggregate cash price used better reflects actual price received.
- Any number of head can be covered (up to limits)
- Numerous endorsement period options
 - Producer selects the period that fits their risk management plan.
- Wider range of target weights than CME
- LRP is an insurance policy
 - LRP may be viewed more favorably by lenders than hedging or speculating (derivative products).

Call or email me for a custom quote:

Rabo AgriFinance 

Rabo AgInsurance Services

Equal Opportunity Provider

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LRP Market

- LRP Fed Cattle and Swine are available for livestock marketed for slaughter.
- LRP Feeder Cattle is available for cattle ready to put in a feedlot for fattening.

Insurable Livestock

Fed Cattle	<ul style="list-style-type: none"> • Steers and heifers that producers expect to grade select or higher, yield grade of 1 to 3 and to market at 10 to 16 cwt (live weight)
Feeder Cattle	<ul style="list-style-type: none"> • Steers (<6.0 cwt for steers and bulls, 6.0-10.0 cwt for steers only) • Heifers (<6.0 cwt and 6.0-10.0 cwt) • Dairy Cattle (<6.0 for heifers, steers and bulls and 6.0-10.0 cwt for heifers and steers) • Brahman breeds (<6.0 for heifers, steers and bulls and 6.0-10.0 cwt for heifers and steers) • Unborn Steers and Heifers (<6.0 cwt) • Unborn Brahman breeds (<6.0 cwt) • Unborn Dairy Cattle (<6.0 cwt)
Swine	<ul style="list-style-type: none"> • Swine (born or unborn) that producers expect to have and to market within a range of 1.40 to 2.60 lean cwt target weight (189-351 live cwt)

LRP Availability

LRP Fed Cattle, Feeder Cattle and Swine are available in all states.

LRP Limits

- With LRP Fed Cattle and Feeder Cattle, you can insure 12,000 head per Specific Coverage Endorsement and up to 25,000 head per crop year.
- With LRP Swine, you can insure 70,000 head per Specific Coverage Endorsement 750,000 head per crop year.

LRP Insurance Period

The insurance period for LRP Fed Cattle and Feeder Cattle is 13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks. Other swine is 13, 17, 21, 26 or 30 weeks. Unborn swine is 30, 34, 39, 43, 47 or 52 weeks.

LRP Coverage Level

You can select coverage levels between 70% to 100% for LRP Fed Cattle, Feeder Cattle and Swine.

LRP Subsidy

LRP Fed Cattle, Feeder Cattle and Swine premium is subsidized by the USDA 35% to 55% based on the coverage level.

LRP and LGM

You can have both an LRP and Livestock Gross Margin (LGM) policy, but you can't insure the same class of livestock with the same end month or have the same insured livestock insured under multiple policies.

Actual Ending Value

Fed Cattle	Agricultural Marketing Service (AMS) 5 Area Weekly Weighted Average Direct Slaughter Cattle - Live Basis Sales, Steers, "35-65% Choice".
Feeder Cattle	Chicago Mercantile Exchange (CME) Feeder Cattle Reported Index multiplied by the Price Adjustment Factor (by type and weight).
Swine	Weighted average price of lean hogs as reported by USDA AMS for the end date and day prior.

Determining Coverage for LRP

Determine the number of livestock to be marketed and the target weight. Multiply the number of head by the target weight, coverage price and insured share.

Loss Payments

The price at which livestock is sold does not affect the loss payment.

How it Works for Swine

(Assumptions: Producer expects to market 1,000 head of 2.70 cwt hogs and selects a coverage price of \$47.00)

Coverage	1,000 hogs x 2.00 cwt* x \$47.00	= \$94,000
Actual Ending Value	1,000 hogs x 2.00 cwt* x \$46.00	= \$92,000
Loss Payment	Assume 100% Ownership	= \$2,000

*Live weight is converted to lean weight using a factor of 0.74 (2.70 x 0.74 = 2.00)

How it Works for Cattle

(Assumptions: Producer expects to market 1,000 head of 11 cwt cattle and selects a coverage price of \$66.24)

Coverage	1,000 head x 11 cwt x \$66.24	= \$728,640
Actual Ending Value	1,000 head x 11 cwt x \$65.21	= \$717,310
Loss Payment	Assume 100% Ownership	= \$11,330

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