



Livestock Risk Protection (LRP)

Livestock Risk Protection (LRP) is insurance for calves, feeders, live cattle, and hogs. LRP works similar to owning a put option. A price floor is set when you make a one-time purchase of protection. There are NO margin calls.

Advantages of LRP

- No minimum head count
- No margin calls
- Policy premium is NOT due until the end of the endorsement period
- Coverage is available in months where no futures contracts are available
- No requirement to sell the livestock after the policy has expired
- LRP on calves may be rolled into feeders and feeders may be rolled into live cattle if the customer decides to retain ownership
- Policies are subsidized 35% to 55% depending on the coverage level
- Veterans receive an additional 10% price reduction

Availability of LRP

- Limits are ***(12,000)** head per endorsement and ***(25,000)** head per year
- Must own the livestock at the time of coverage purchase
- Must own cattle up to 60 days prior to endorsement expiration to obtain insurance payment
- Coverage ranges from 13 to 52 weeks, with no slippage from illiquidity in further out months
- Coverage endorsements are available from 4 pm to 9 am the following morning. Coverage is also available on Saturday morning.

Classes of Covered Livestock

- **Feeders (1.00-5.99 cwt)**
 - Steers
 - Heifers
 - Unborn calves
 - Predominantly Brahman
 - Unborn Predominantly Brahman
 - Predominantly Dairy
 - Unborn Predominantly Dairy
- **Feeders *(6.00-10.00 cwt)**
 - Steers
 - Heifers
 - Predominantly Brahman
 - Predominantly Dairy
- **Live Cattle *(10.00-16.00 cwt)**
 - Coverage is available for cattle expected to grade select or higher with a yield grade of 1 to 3.

Coverage Settlement

- All classes of feeder cattle coverage settle to the weighted average price of feeder cattle as calculated by the CME for the Cash-Settled Commodity Index Prices, and reported as the CME Feeder Cattle Reported Index, multiplied by the Price Adjustment Factor for the type of feeder cattle.
- The settlement price of fed cattle is calculated by the Agricultural Marketing Service (AMS) in a report titled the "5 Area Weekly Weighted Average Direct Slaughter Cattle." The price series is the Live Basis Sales, Steers, "35 - 65% Choice" category.

Coverage Levels Available Subsidy Level

- | | |
|----------------|-----|
| • 70% - 79.99% | 55% |
| • 80% - 84.99% | 50% |
| • 85% - 89.99% | 45% |
| • 90% - 94.99% | 40% |
| • 95% - 100% | 35% |

**Bolded wording indicates changes to the 2023 LRP policy. 2023 crop year starts July 1, 2022, and ends June 30, 2023*

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