



LIVESTOCK RISK PROTECTION (LRP) SWINE

The Livestock Risk Protection Insurance Plan for Swine (LRP-Swine) is designed to insure against declining market prices. Pork producers may choose from a variety of coverage levels and insurance periods that correspond with the time your hogs would normally be marketed.

You may buy LRP-Swine insurance throughout the year from a trusted ProAg approved livestock insurance agent. Premium rates, coverage prices and actual ending values

are posted online daily by the Risk Management Agency (RMA) at www.rma.usda.gov.

You may choose coverage prices ranging from 70 to 100 percent of the expected ending value. At the end of the insurance period, if the actual ending value is below the coverage price, you may receive an indemnity payment for the difference between the coverage price and the actual ending value.

Availability

A Livestock Risk Protection insurance policy application must be submitted. Once accepted, it is considered a continuous policy.

The specific coverage endorsements are not continuous and are only effective for the period stated therein. You may buy specific coverage endorsements for up to 20,000 hogs that are expected to reach market weight near the end of the insurance period. The annual limit for LRP-Swine is 75,000 hogs per producer for each crop year (July 1 to June 30). All insured swine must be located in a state that is approved for LRP-Swine at the time you buy insurance coverage.

The length of insurance coverage available for each specific coverage endorsement is 13, 17, 21 or 26 weeks.

LRP-Swine is available in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming



Not all coverages or products may be available in all jurisdictions. The description of coverage in these pages is for informational purposes only. Actual coverages will vary based on the terms and conditions of the policy issued. The information described herein does not amend, or otherwise affect, the terms and conditions of any insurance policy issued by ProAg or any of its subsidiaries.

ProAg is an equal opportunity provider. In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

Buying a Policy

The LRP-Swine program's coverage prices, rates, actual ending values and per hundredweight cost of insurance may be viewed on the RMA website at www.rma.usda.gov/tools/livestock.html. The actual ending values are based on price series data from the USDA's Agricultural Marketing Service. Actual ending values are posted on the RMA's website at the end of the insurance period.

LRP coverage sales are typically offered every market trading day. These begin in the afternoon, shortly after market close and run until approximately 9:00 a.m. CST the following morning.

LRP-Swine insurance can be purchased through a ProAg certified livestock insurance agent. An application can be filled out at any time. However, insurance does not attach until you buy a specific coverage endorsement. You may buy multiple specific coverage endorsements with one application. Your insurance coverage starts the day you buy a specific coverage endorsement and RMA approves the purchase. You must pay the insurance premium the day you buy insurance coverage in order for coverage to start.

Premium Calculation Example:

An operation has 1,000 head of hogs and expects to market the hogs at 2.50 cwt. each. Therefore, the target weight is 2.50 times the lean weight conversion factor of .74, which is 1.85 cwt. The insured share is 100 percent. The expected ending value is \$55.00 dollars per cwt and the producer selects a coverage price of \$52.25 per cwt (on a lean cwt basis). For this coverage price, the rate is 2.8708%. The premium subsidy is 20 percent. The premium is calculated by:

- > (1) 1,000 head times 1.85 equals 1,850 cwt.
- > (2) 1,850 cwt. times the coverage price of \$52.25 equals \$96,663.
- > (3) \$96,663 times the insured share of 1.00 equals an insured value of \$96,663.
- > (4) 96,663 times the rate of .028708 equals \$2,775 total premium.
- > (5) \$2,775 times the producer premium subsidy percentage of .20 equals \$555.
- > (6) Subtracting \$555 from \$2,775 equals the producer premium of \$2,220



Indemnity Calculation Example:

For the above operation with 1,000 head of hogs, a target weight of 1.85 cwt., an insured share of 100 percent, and a coverage price of \$52.25 per cwt., the actual ending value is equal to \$44.80 per cwt. Since \$44.80 is less than the coverage price of \$52.25, an indemnity is due. Indemnity is calculated by:

- > (1) 1,000 head times the 1.85 target weight equals 1,850 cwt.
- > (2) Subtracting the actual ending value of \$44.80 from the coverage price of \$52.25 equals \$7.45/cwt.
- > (3) Multiplying 1,850 cwt. by \$7.45/cwt equals \$13,783.
- > (4) Multiplying \$13,783 by the insured share of 1.00 equals an indemnity payment of \$13,783.

Come experience the ProAg difference today.

ProAg is on a singular mission to meet the risk-management needs of the American farmer and rancher. As a strong and progressive company, we provide support and guidance to the agents who serve those producers, helping them expand and strengthen their businesses. Because many of us are farmers and ranchers ourselves, we have a firsthand understanding of production agriculture and the risks inherent in the profession. No organization is more knowledgeable about agricultural risk management than ProAg.

As one of the first companies in the crop insurance industry, ProAg is built on a strong foundation of experience and backed by the support and resources of a leading global parent company, Tokio Marine HCC. Contact us to learn more.



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