PRO AG®

LIVESTOCK RISK PROTECTION (LRP)

FEEDER CATTLE

The Livestock Risk Protection Insurance Plan for Feeder Cattle (LRP-Feeder Cattle) is designed to insure against declining market prices. Farmers may choose from a variety of coverage levels and insurance periods that correspond with the time their feeder cattle would normally be marketed (ownership may be retained).

Farmers may buy LRP-Feeder Cattle insurance throughout the year from a trusted ProAg approved livestock insurance agent. Premium rates, coverage prices and actual ending values are posted online daily. The farmer may choose a coverage price ranging from 70-100% of the Expected Ending Value. At the end of the insurance period, if the actual ending value is below the coverage price, the farmer may receive an indemnity for the difference between the coverage price and actual ending value.

AVAILABILITY

A Livestock Risk Protection (LRP) insurance policy application must be submitted. Once accepted, it is considered a continuous policy. The specific coverage endorsements (SCE) are not continuous and are only effective for the period stated.

UP TO
12,000
HEAD

WEIGHING UP TO
1,000 LB
AT PERIOD END

ANNUAL LIMIT
25,000 HEAD
PER FARMER/CROP YEAR

The farmer may buy specific coverage endorsements throughout the year for up to 12,000 head of feeder cattle that are expected to weigh up to 1,000 pounds at the end of the insurance period. The annual limit for LRP-Feeder Cattle is 25,000 head per farmer per crop year (July 1 to June 30).

The length of insurance coverage available for each specific coverage endorsement is 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.

Coverage is available for calves, steers, heifers, predominantly Brahman cattle, predominantly dairy cattle, and unborn calves. The farmer may also choose from two weight ranges:

- 100-599 lb
- 600-1,000 lb

SUBSIDY LEVELS

LRP-Feeder Cattle insurance is a federally subsidized product available in all counties in all states.

Coverage level	70% - 79.99%	80% - 84.99%	85% - 89.99%	90% - 94.99%	95% - 100%
Subsidy	55%	50%	45%	40%	35%

See more benefits at **ProAg.com/LRPInsurance.**

BUYING A POLICY

The LRP-Feeder Cattle program's coverage prices, rates, actual ending values and per hundredweight insurance cost may be viewed on the RMA Web site at www.rma.usda.gov/tools/livestock.html. The actual ending values are based on weighted prices from the Chicago Mercantile Exchange Group Feeder Cattle Index. 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 being in the afternoon, shortly after market close and run until exactly 8:25 a.m. CST the following morning.

LRP-Feeder Cattle 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 the farmer buys a specific coverage endorsement. The premium billing date is the first day of the month following the end date for the specific coverage endorsement and is specified in the Actuarial Documents. The farmer may buy multiple specific coverage endorsements with one application. Insurance coverage starts the day the farmer buys a specific coverage endorsement and RMA approves the purchase.

PREMIUM CALCULATION EXAMPLE:

An operation has 100 head of feeder cattle and expects to market the feeder cattle at a target weight of 7.5 cwt each. The Price Adjustment Factor (PAF) is 100%. The insured share is 100%. The expected ending value is $78.95 dollars per live cwt and the farmer selects a coverage price of $75 per live cwt. For this coverage price, the rate is 1.3990%. The example premium subsidy is 35% percent.

1. 100 head
   x 7.5 cwt
   = 750 cwt
2. 750 cwt.
   x $75 coverage price
   = $56,250
3. $56,250
   x 1.00 PAF
   = $56,250 insured value
4. $56,250
   x 1.00 insured share
   = $56,250 insured value
5. $56,250
   x .013990 rate
   = $787 total premium
6. $787
   x .35 farmer premium subsidy percentage
   = $275
7. $787 total premium
   - $275 premium subsidy
   = $512 farmer premium

INDEMNITY CALCULATION EXAMPLE:

For the above operation with 100 head of feeder cattle, a target weight of 7.5 cwt, a PAF of 100%, an insured share of 100% and a coverage price of $75 per live cwt, the actual ending value is equal to $70 per live cwt. Since $70 is less than the coverage price of $75, an indemnity is due. Indemnity is calculated by:

1. 100 head
   x 7.5 cwt
   = 750 cwt
2. $75 coverage price
   - $70 actual ending value
   = $5/cwt
3. 750 cwt
   x $5/cwt
   = $3,750
4. $3,750
   x 1.00 insured share
   = $3,750 indemnity payment

EXPERIENCE THE PROAG DIFFERENCE

Agriculture is America's most important industry, delivering essential food, fuel and fiber to the world. ProAg is proud to protect American farmers and ranchers with innovative crop insurance solutions — bringing together industry-leading resources and personal service to deliver superior experiences for agents and policyholders.

Many of our team members are farmers and ranchers, bringing important insights, experience and compassion to our work.

Together with our agency partners, we help policyholders navigate risks, recover financially from unexpected perils and grow with confidence.

Everything we do today helps us prepare for tomorrow. Combining industry knowledge, confidence, an A++ financial rating from A.M. Best and support from our parent company, Tokio Marine HCC, we make strategic moves to ensure we'll be there for policyholders year after year.

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