Livestock Risk Protection Worksheet Approximate Coverage and Premium

Swine Estimate

Calculate Insured Value (Coverage)

Number of Head × Targeted Weight at End (cwt/head) × 0.74 × Lean Weight Conversion Factor × Coverage Price × Share = Coverage (Insured Value)

Calculate Premium

Coverage (Insured Value) × Rate (0.XXXXXX) × Total Premium × Producer Premium Subsidy Factor = Producer Premium

Cattle Estimate

Calculate Insured Value (Coverage)

Number of Head × Targeted Weight at End (cwt/head) × Coverage Price × Share = Coverage (Insured Value)

Calculate Premium

Coverage (Insured Value) × Rate (0.XXXXXX) × Total Premium × Producer Premium Subsidy Factor = Producer Premium

Lamb Estimate

Calculate Insured Value (Coverage)

Number of Head × Targeted Weight at End (cwt/head) × Coverage Price × Share = Coverage (Insured Value)

Calculate Premium

Coverage (Insured Value) × Rate (0.XXXXXX) × Total Premium × Producer Premium Subsidy Factor = Producer Premium

The Rain and Hail Difference

The Rain and Hail Difference is what sets us apart from other agricultural insurance providers. Our commitment to always provide the best service possible to the American farmer and rural America, and our belief in a strong safety net for America's agricultural communities, make us a leader in the industry.

Unmatched Claims Service

Response in a loss situation brings out the true character of the company. Time and time again, Rain and Hail is there for our customers when they need us by providing:

- Tools to quickly and easily submit claims
- Prompt and accurate claims adjustment
- Expedited claim payments

Full Range of Products and Services

Rain and Hail offers the agricultural insurance products you need to properly protect your operation, including:

- Multiple Peril
- Crop-Hail
- Specialty Crop Lines

For more information, visit www.RainHail.com or contact your local Rain and Hail Insurance Professional.

About Us

Chubb is the world's largest publicly traded property and casualty insurer. With operations in 54 countries, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. The company is distinguished by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength, underwriting excellence, superior claims handling expertise and local operations globally.

Chubb's core operating insurance companies maintain financial strength ratings of AA from Standard & Poor's and A++ from A.M. Best.

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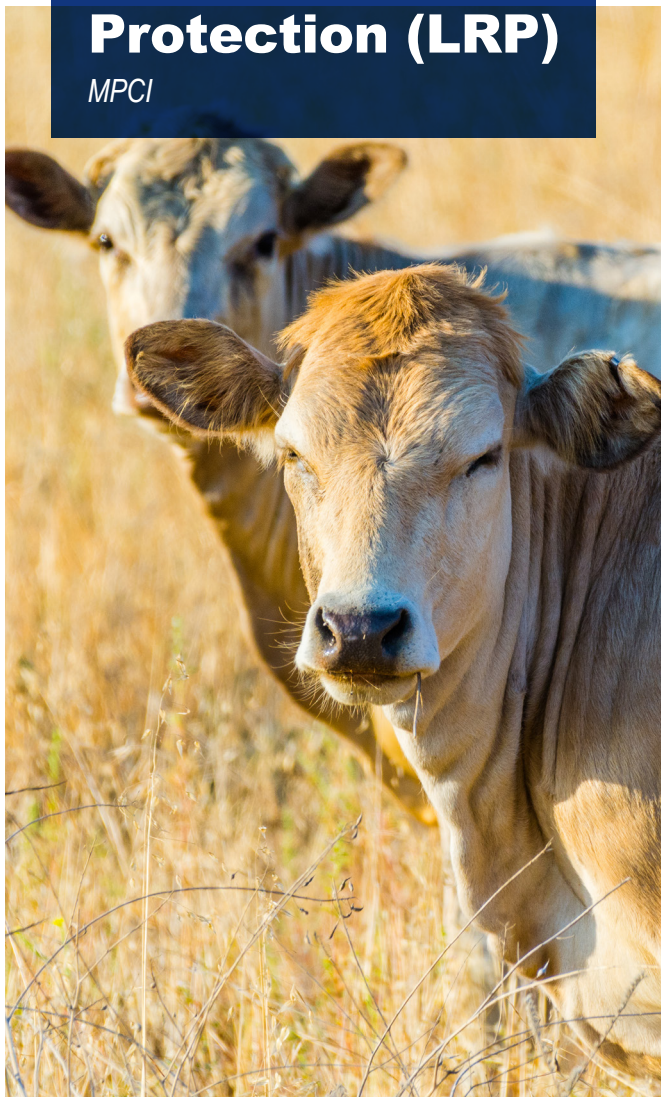
Livestock Risk Protection (LRP)

MPCI



Rain and Hail
A Chubb Company

About LRP

LRP provides protection against declining livestock prices if the price, as specified in the policy, drops below the producer's selected coverage price.

LRP Coverage

LRP covers a decline in livestock prices.

LRP Eligibility

Producers in all covered states with an ownership share in eligible livestock (see chart below for details).

LRP Prices

Coverage prices range from 70% to 100% of daily livestock prices for swine, fed cattle and feeder cattle; and 80% to 95% for lambs. LRP is priced and available for sale continuously throughout the year.

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.

LRP Coverage Period and Restrictions

Livestock can be insured for various different weekly increments (see chart below for details).

Loss Payments

- Multiply the number of head by the target hundredweight (cwt).
- Subtract the actual ending value from the coverage price (loss payment due if positive).
- Multiply the target weight times the difference between the actual ending value and the coverage price.
- Multiply by the insured share.
- The price at which livestock is sold does not affect the loss payment.

Benefits of LRP

- Guaranteed price
  - No bid/ask spread.
- 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 his/her 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).

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

How It Works for Lamb			
Assumptions: Producer expects to market 50 head of 1.30 cwt lamb and selects a coverage price of $85.50.			
Coverage	50 lamb x 1.30 cwt x $85.50	=	$ 5,558
Actual Ending Value	50 lamb x 1.30 cwt x $80.00	=	$ 5,200
Loss Payment	Assume 100% Ownership	=	$ 358

Sheep USA

Using your smartphone, scan the QR code to the left to view additional lamb information from the American Sheep Industry Association.

Cattle Report

Using your smartphone, scan the QR code to the left to view the cattle report from Ag Center.

LRP Price Quotes

Using your smartphone, scan the QR code to the left to view LRP price quotes.

Topic	Swine	Fed Cattle	Feeder Cattle	Lamb
Market	Marketed for slaughter	Marketed for slaughter	Ready to put in feedlot for fattening	Marketed for slaughter
Insurable Livestock	Swine that producers expect to have and to market within a range of 1.5 to 2.25 lean cwt target weight (203-304 live cwt)	Steers and heifers that producers expect to grade select or higher, yield grade of 1 to 3 and to market at 10 to 14 cwt (live weight)	Steers (<6.0 cwt for steers and bulls, 6.0-9.0 cwt for steers only) Heifers (<6.0 cwt and 6.0-9.0 cwt) Dairy Cattle (<6.0 for heifers, steers and bulls and 6.0-9.0 cwt for heifers and steers) Brahman breeds (<6.0 for heifers, steers and bulls and 6.0-9.0 cwt for heifers and steers) Unborn Steers and Heifers (<6.0 cwt) Unborn Brahman breeds (<6.0 cwt) Unborn Dairy Cattle (<6.0 cwt)	Lambs that producers expect to have and to market within a range of 0.5 and 1.5 cwt target weight at the end of the insurance period
Availability	All States	All States	All States	AZ, CA, CO, ID, IN, IL, IA, KS, MI, MN, MO, MT, NE, NM, NV, ND, OH, OK, OR, PA, SD, TX, UT, VA, WA, WV, WI and WY
Max. Head Insurable	40,000 per Specific Coverage Endorsement 150,000 per Crop Year	6,000 per Specific Coverage Endorsement 12,000 per Crop Year	6,000 per Specific Coverage Endorsement 12,000 per Crop Year	2,000 per Specific Coverage Endorsement 28,000 per Crop Year
Insurance Period	13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks	13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks	13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks	13, 26 or 39 weeks
Coverage Level	70-100%	70-100%	70-100%	80-95%, in 5% increments
Subsidy	USDA subsidizes LRP Swine premium from 35% to 55% based on the coverage level.	USDA subsidizes LRP Fed Cattle premium from 35% to 55% based on the coverage level.	USDA subsidizes LRP Feeder Cattle premium from 35% to 55% based on the coverage level.	USDA subsidizes LRP Lamb premium based on the Endorsement Length: 13 weeks = 20%, 26 weeks = 35% and 39 weeks = 38%.
Actual Ending Value	Agricultural Marketing Service (AMS) Negotiated and Swine or Pork Market Formula Categories	Agricultural Marketing Service (AMS) 5 Area Weekly Weighted Average Direct Slaughter Cattle - Live Basis Sales, Steers, "35-65% Choice"	Chicago Mercantile Exchange (CME) Feeder Cattle Reported Index multiplied by the Price Adjustment Factor (by type and weight)	Agricultural Marketing Service (AMS) in the "National Weekly Slaughter Sheep Review"

This institution is an equal opportunity provider and employer.

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