



## Livestock Risk Protection

# LRP

## Insurance Coverage

Livestock producers face their own set of risks and challenges such as herd expansion, input volatility, and cyclically lower prices. When it comes to raising livestock, you don't want to just be "one of the herd."

Livestock Risk Protection (LRP) is a federally sponsored program that protects the producer in the event of a decline in the markets.

LRP can be purchased for fed cattle, feeder cattle, and swine. Thanks to a recent provision, feeder cattle and swine may be insured before birth.

The program offers a variety of coverage levels and insurance periods customized to match the time producers normally market livestock. Ultimately, LRP provides another avenue for producers that do not own 40,000 to 50,000 pounds for a future and options.



# Livestock Risk Protection LRP Insurance Coverage



## Contact the Team!

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[HighPlainsFarmCredit.com/LRP](http://HighPlainsFarmCredit.com/LRP)

## Explore the Benefits of LRP

Producers and their operators can be confident in LRP coverage that offers:

- **Guaranteed Price**  
with no bid/ask spread.
- **Convenient Purchase**  
from your trusted HPFC agent. LRP is an insurance policy, not a derivative and is purchased in a manner similar to crop insurance.
- **Limited Basis Risk Coverage**  
for any number of head from one up to the program's limit. Coverage can be tailored to account for normal mortality.
- **Sensible Premium Payments**  
due at the end of the insurance period, after the sale.
- **USDA Subsidies**  
for premiums that range from 20% to 35%, based on coverage level.
- **Flexible Endorsement Period Options**  
that allow for unforeseen market conditions and match the time when livestock will be marketed.
- **Wider Target Weight Range**  
than the Chicago Mercantile Exchange (CME).

## Purchasing LRP

LRP insurance can be purchased throughout the year. Premium rates, coverage prices, and actual ending values are posted every day on the USDA Risk Management Agency (RMA) website. Coverage can be purchased every market-trading day after the markets close and until the following day at 9:00 am CST.

As you explore LRP options, the RMA also provides a livestock report tool, allowing you to put numbers to the possible price of your LRP coverage.



➤ **Calculate Your LRP Coverage!**

## Livestock Risk Protection vs. Futures/Options

	Livestock Risk Protection	Futures Contract	Options on Futures
Protects against downside risk.	Yes	Yes	Yes
Upside price gain potential is...	Unlimited	Limited	Unlimited
Coverage price is based on...	Aggregate cash price	Futures price	Futures price
Basis risk is...	Covered (in part)	Not covered	Not covered
Cost of coverage is...	Set by daily price; guaranteed	Not set; market order or limit order for fill	Not set; market order or limit order for fill
At expiration there is a(n)...	Indemnity paid if due	Need to exit contract or, for fed cattle, deliver	Need to exit option or exercise option
The contract is a(n)...	Insurance policy	Derivative contract	Derivative contract
Acceptability by lenders is...	Universal	Limited	Limited