HUDSON INSURANCE GROUP®

Livestock Risk Protection
Fed Cattle

LRP - Fed Cattle is a federally reinsured livestock product that provides single peril risk protection against the decline in fed cattle price over the insurance period. Producers may select from a variety of coverage levels and insurance periods to match the time the fed cattle would normally be marketed. This insurance may be purchased throughout the year. Premium rates, coverage prices and actual ending values are posted online daily. LRP does not insure against death, loss or poor performance. At the end of the insurance period, if the actual ending value is below the coverage price, an indemnity would be paid for the difference.

Availability

Ownership of insured cattle must be certified by the producer and may be subject to inspection and verification by Hudson Insurance Company.

- Available in all counties in all 50 states.
- Coverage starts the day you buy an SCE and the RMA approves the purchase.

New for RY 2024

- Coverage may be purchased after the price guarantee is posted to the RMA site and before 8:25 AM CST of the following day.
- Modified Fed Cattle settlement price series to Steers: Live FOB over 80% choice.
- The Specific Coverage Endorsement (SCE) must be received by the AIP by 8:25 AM CT at the end of the sales period.

Recent Updates

- Modified the provisions defining Covered Livestock regarding ownership requirements, insurability and documents required for verification to receive an indemnity.
- Modified the livestock ownership requirement to 60 days.
- Producers can insure up to 12,000 head per SCE with a limit of 25,000 head per crop year.
- Increased weight limits for insurable livestock 1,000 #s - 1,600 #s.

Insurable Livestock

The steers and heifers are:

- Expected to grade select or higher
- Expected to have a yield grade of 1 to 3
- Expected to weigh 10 to 16 cwt (live weight)

PREMIUM SUBSIDY

35% for 95 - 100% Coverage Level

40% for 90 - 94.99% Coverage Level

45% for 85 - 89.99% Coverage Level

50% for 80 - 84.99% Coverage Level

55% for 70 - 79.99% Coverage Level

(Premium is due at the end of the endorsement period.)

COVERAGE PRICES

Between 70% and 100% of the expected ending value

INSURANCE PERIODS

Length available per SCE (in weeks)

13, 17, 21, 26, 30, 34, 39, 43, 47, 52

SALES PERIOD

While an application can be completed at any time, insurance does not attach until an SCE is purchased and approved by the RMA. Multiple endorsements may be purchased using a single application.

By the Numbers

PREMIUM		WHAT IF?				
COMMODITY	Fed Cattle					
TYPE	Steers & Heifers					
ENDORSEMENT LENGTH	30					
NUMBER OF HEAD	100					
TARGET WEIGHT[1]	12.50					
COVERAGE PRICE	$ 115.15					
INSURED VALUE[2]	$ 143,938.00					
PREMIUM RATE	0.067955					
TOTAL PREMIUM[3]	$ 9,781.00					
SUBSIDY[4]	$ 3,423.00					
PRODUCER PREMIUM[5]	**$ 6,358.00**					
$/CWT	**$ 5.09**					
$/HEAD	**$ 63.58**					

Insured chooses Commodity, Endorsement Length and Coverage Price.

[1] Target Weight is the average weight in cwts the insured thinks the animals will be at the end of the coverage period (10 - 14 cwts).

[2] Insured Value = Number of Head x Target Weight x Coverage Price

[3] Total Premium = Insured Value x Premium Rate (Each Coverage Price has its own Premium Rate)

[4] Assuming a 95-100% Coverage level, Premium Subsidy = 35%

[5] Producer Premium = Total Premium - Subsidy

For easy access to the LRP Insurance offerings, find Hudson Crop's LRP Quoter at: https://eharvest.hudsoncrop.com/lrp

LOSS/INDEMNITY		WHAT IF?				
COMMODITY	Fed Cattle					
TYPE	Steers & Heifers					
ENDORSEMENT LENGTH	30					
NUMBER OF HEAD	100					
TARGET WEIGHT	12.50					
COVERAGE PRICE	$ 115.15					
[1] ACTUAL ENDING VALUE	$ 109.10					
[2] INDEMNITY	**$ 7,563.00**					
$/CWT	**$ 6.05**					
$/HEAD	**$ 75.63**					

[1] Actual Ending Value for the day in which the coverage ends and is the price of fed cattle as 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: "over 80% choice" category.

[2] Indemnity is due if the actual ending value is less than the producer chosen coverage price. Indemnity is calculated by taking the difference between the Actual Ending Value and the Coverage Price (Coverage Price - Actual Ending Value) times the Number of Head insured and the Target Weight.

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