

Livestock Risk Protection

Fact Sheet

- LRP is an insurance product through the USDA- Risk Management Agency.
- LRP protects against downside price risk for livestock and includes swine, cattle and feeder cattle.
- Coverage ranges from 70% to 100% of the expected ending value (most recent CME futures closing price).
- Can buy coverage for 1 animal up to insurance head limit.
- Premiums based upon coverage level and the corresponding subsidy level.
 - Subsidy ranges from 35% for 95-100% coverage of expected ending value to 55% for 70-80% coverage of expected end value.
 - Premiums are not billed until the 1st day of the month after the end date of each specific coverage endorsement.
- Works like crop insurance- if CME Lean Hog Index is below your protection level at the ending date of your policy you have a claim.
- It is essentially a subsidized put option that stays in place until expiration.
- It provides an economical tool to protect against negative price risk.
- Coverage must be purchased through an approved livestock insurance agent.
- Quotes and additional information available upon request.

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