



Livestock Risk Protection (LRP) Insurance

Livestock Risk Protection (LRP) insurance protects livestock producers from declining market prices. LRP provides coverage if, on a selected date, the actual price for a selected species and class of livestock falls below a coverage price chosen by the producer. In financial terms, LRP is similar to a put option that gives a producer the right to lock in a price floor for his or her livestock.

- **Which livestock is LRP for?** LRP is available for Fed Cattle, Feeder Cattle, Lamb, and Swine. Feeder cattle are broken down further by weight, sex, and type (Brahman or Dairy).
- **Where is LRP available?** LRP is available in most states. Policies are written for the state where livestock are physically located, if different from the state where the livestock owner lives.
- **When is LRP available?** LRP is available for purchase year round. Premium rates and coverage levels are posted daily, except for lamb, which are posted only on Mondays. Purchase is available after markets close, between 4PM-9AM CST (Lambs until 7PM CST Monday).
- **How far in advance can I purchase LRP?** Depending on the species you can purchase LRP 13-52 weeks in advance of your expected market date, though endorsement lengths > 39 weeks are rarely available.
- **How much does LRP cost?** LRP premiums are determined by the number of head, expected market weight, and coverage price, or percentage of the expected market price a producer wants to lock in (70-100%, depending on species). LRP premiums are priced similarly to put option premiums but are subsidized at 13% and no brokerage commissions is paid.
- **How do I purchase LRP?** First, fill out an application (free) to establish eligibility and indicate what species/weights/types you might want to insure (non-obligatory). Then, determine the number, target market weight (cwt), and target market date for the livestock you want to insure. Based on your target market date, monitor available coverage prices for your endorsement period. On the day you are satisfied with the price, call your agent in order to purchase a specific coverage endorsement (SCE) and pay your premium to lock in coverage. You may purchase multiple SCEs throughout the year for multiple species, weights, and types of livestock.
- **When does LRP result in a payment?** A payment results if the actual price at the end of the endorsement period is less than the coverage price. Actual sale price received is irrelevant.

LRP Policy Details by Type

	Feeder Cattle	Fed Cattle	Swine	Lamb
Weight	< 6.0 cwt Or 6.0-9.0 cwt	Must be marketed at 10-14 cwt (live weight) at end of endorsement	Must be market at 1.50-2.25 cwt (lean weight) at the end of endorsement	Must be marketed at .5-1.5 cwt (live weight) at end of endorsement
Special	Can specify Heifer, Dairy, or Brahman*	Must be expected to grade select or higher with a yield grade of 1 to 3	Based on lean weight not live weight	Only available for purchase on Mondays
Endorsement Periods	13, 17, 21, 26, 30, 34, 39, 43, 47, 52 weeks		13, 17, 21, 26 weeks	13, 20, 26, 39 weeks
Max Head / SCE	1,000 head	2,000 head	10,000 head	2,000 head
Max Head / Year	2,000 head	4,000 head	32,000 head	28,000 head

**There are Price Adjustment Factors for each special type, making Coverage prices for heifers, dairy, and Brahman lower.*

What are the benefits of LRP?

- 13% subsidy on premium
- No brokerage fees or margin calls
- Premiums are tax deductible
- No requirement to sell animals when endorsement period is over (can retain ownership)
- Available in months with no futures contract.
- No minimum contract size
- LRP can be transferred to new owner upon sale

Things to Know Prior to Purchase

- Cannot cancel coverage
- Selling livestock before 30 days of the target market date specified in the policy disqualifies you for any payment due
- Desired endorsement lengths and coverage levels may not be available through RMA every day

Why purchase LRP from Texas Farm Credit?

As part of the Farm Credit System, Texas Farm Credit understands production agriculture and has proudly served this industry since 1933. With extensive expertise in Pasture Insurance across the nation, Texas Farm Credit is experienced at meeting the needs of ranchers and other livestock producers. With a staff dedicated solely to insurance, the service you receive will be personalized and timely.

Texas Farm Credit is an equal opportunity provider

