



**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.

### New for RY 2020

- Coverage now available to all remaining states.
- Producers can insure up to 3,000 head per SCE with a limit of 6,000 head per crop year.
- Trading Requirements: Updated the trade requirements on when offers can be made. Previously, LRP endorsements could only be offered if there was a daily volume of five traded contracts.
- The subsidy increased from 13% for all coverage levels to a range of 20% to 35% based on the coverage level selected (see right).

### Insurable Livestock

Producers can insure up to 3,000 head per SCE with a limit of 6,000 head per crop year.

The steers and heifers are:

- Expected to grade select or higher
- Expected to have a yield grade of one to three
- Expected to weigh 10 to 14 cwt (live weight)

### PREMIUM SUBSIDY

20% for 95 - 100% Coverage Level  
25% for 90 - 94% Coverage Level  
30% for 80 - 89% Coverage Level  
35% for 70 - 79% Coverage Level

### 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

### COVERAGE

May be purchased after the price guarantee is posted to the RMA site and before 9:00 a.m. CT of the following day. Insurance coverage starts the day you buy a Specific Coverage Endorsement (SCE) and RMA approves the purchase.

### SALES PERIOD

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

## By the Numbers

PREMIUM		WHAT IF?				
COMMODITY	Fed Cattle					
TYPE	Steers & Heifers					
ENDORSEMENT LENGTH	30					
NUMBER OF HEAD	100					
* TARGET WEIGHT	12.5					
COVERAGE PRICE	\$ 115.15					
* INSURED VALUE	\$ 143,938					
PREMIUM RATE	0.067955					
* TOTAL PREMIUM	\$ 9,781					
* SUBSIDY	\$ 1,272					
* PRODUCER PREMIUM	\$ 8,510					
\$/CWT	\$ 6.81					
\$/HEAD	\$ 85.10					

Insured chooses Commodity, Endorsement Length and Coverage Price.

- \* 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).
- \* Insured Value = Number of Head x Target Weight x Coverage Price
- \* Total Premium = Insured Value x Premium Rate (Each Coverage Price has its own Premium Rate)
- \* Subsidy = 13%
- \* 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	12.5					
COVERAGE PRICE	\$ 115.15					
* ACTUAL ENDING VALUE	\$ 109.10					
* INDEMNITY	\$ 7,563					
\$/CWT	\$ 6.05					
\$/HEAD	\$ 75.63					

- \* 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, "35 - 65% Choice" category.
- \* 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.

NON DISCRIMINATION STATEMENT: Hudson Insurance Company is an equal opportunity provider. In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

The information contained in this brochure is for general information only and shall not modify the terms of any insurance policy.



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