LIVESTOCK RISK PROTECTION
(LRP) SWINE

The Livestock Risk Protection Insurance Plan for Swine (LRP-Swine) is designed to insure against declining market prices. Pork producers may choose from a variety of coverage levels and insurance periods that correspond with the time their hogs would normally be marketed.

The producer may buy LRP-Swine insurance throughout the year from a trusted ProAg approved livestock insurance agent. Premium rates, coverage prices and actual ending values are posted online daily by the Risk Management Agency (RMA) at www.rma.usda.gov.

The pork producer may choose coverage prices ranging from 70 to 100 percent of the expected ending value. At the end of the insurance period, if the actual ending value is below the coverage price, the producer may receive an indemnity payment for the difference between the coverage price and the actual ending value.

Availability

A Livestock Risk Protection insurance policy application must be submitted. Once accepted, it is considered a continuous policy. LRP-Swine is available in all counties in all states. The specific coverage endorsements are not continuous and are only effective for the period stated therein. The swine eligible for coverage may be unborn on the effective date but must be born before the end date.

The producer may buy specific coverage endorsements for up to 40,000 hogs that are expected to reach market weight near the end of the insurance period. The annual limit for LRP-Swine is 150,000 hogs per producer for each crop year (July 1 to June 30). The length of insurance coverage available for each specific coverage endorsement is 13, 17, 21, 26, 30, 34, 39, 43, 47 and 52 weeks.

LRP-Swine is a federally subsidized product. Current subsidy levels are:

Coverage Level	Subsidy
70% - 79.99%	55%
80% - 84.99%	50%
85% - 89.99%	45%
90% - 94.99%	40%
95% - 100%	35%

Buying a Policy

The LRP-Swine program's coverage prices, rates, actual ending values and per hundredweight cost of insurance may be viewed on the RMA website at www.rma.usda.gov/tools/livestock.html. The actual ending values are based on price series data from the USDA's Agricultural Marketing Service. Actual ending values are posted on the RMA's website at the end of the insurance period.

LRP coverage sales are typically offered every market trading day. These begin in the afternoon, shortly after market close and run until exactly 9:00 a.m. CST the following morning.

LRP-Swine insurance can be purchased through a ProAg certified livestock insurance agent. An application can be filled out at any time. However, insurance does not attach until the producer buys a specific coverage endorsement. The producer may buy multiple specific coverage endorsements with one application. Insurance coverage starts the day the producer buys a specific coverage endorsement and RMA approves the purchase.

Premium is billed by the premium billing date; the first day of the month following the end date for the specific coverage endorsement.

Premium Calculation Example:

An operation has 1,000 head of hogs and expects to market the hogs at 2.50 cwt. each. Therefore, the target weight is 2.50 times the lean weight conversion factor of .74, which is 1.85 cwt. The insured share is 100 percent. The expected ending value is $55.00 dollars per cwt and the producer selects a coverage price of $52.25 per cwt (on a lean cwt basis). For this coverage price, the rate is 2.8708%. The premium subsidy is 35 percent. The premium is calculated by:

- **(1) 1,000 head times 1.85 equals 1,850 cwt.**
- **(2) 1,850 cwt. times the coverage price of $52.25 equals $96,663.**
- **(3) $96,663 times the insured share of 1.00 equals an insured value of $96,663.**
- **(4) 96,663 times the rate of .028708 equals $2,775 total premium.**
- **(5) $2,775 times the producer premium subsidy percentage of .35 equals $971.**
- **(6) Subtracting $971 from $2,775 equals the producer premium of $1,804.**

Indemnity Calculation Example:

For the above operation with 1,000 head of hogs, a target weight of 1.85 cwt., an insured share of 100 percent, and a coverage price of $52.25 per cwt., the actual ending value is equal to $44.80 per cwt. Since $44.80 is less than the coverage price of $52.25, an indemnity is due. Indemnity is calculated by:

- **(1) 1,000 head times the 1.85 target weight equals 1,850 cwt.**
- **(2) Subtracting the actual ending value of $44.80 from the coverage price of $52.25 equals $7.45/cwt.**
- **(3) Multiplying 1,850 cwt. by $7.45/cwt equals $13,783.**
- **(4) Multiplying $13,783 by the insured share of 1.00 equals an indemnity payment of $13,783.**