

BLUE REEF

INSURANCE

FED CATTLE

LRP - Fed Cattle is a federally reinsured livestock product that provides single peril risk protection against a downside in fed cattle prices over the designated insurance period. Producers may select from a variety of coverage levels and insurance periods to correspond with the time your market weight cattle would normally be sold. 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 Blue Reef Agri-Marketing Inc.
- Available in all 50 states
- Producers can insure up to 6,000 head per Specific Coverage Endorsement (SCE) with a limit of 12,000 head per crop year.
- Coverage may be purchased after the price guarantee is posted to the RMA site, 4 p.m., and before 9:00 a.m. CT of the following day.
- Coverage starts the day you buy a SCE and RMA approves the purchase.

Insurable Livestock

The steers and heifers are:

- Expected to grade select or higher
- Expected to have a yield grade of one to three
- Expected to weight 10 to 14 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 anytime, insurance does not attach until a SCE is purchased and approved by the RMA. Multiple endorsements may be purchased using a single application.

Run 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	\$ 3,423					
* PRODUCER PREMIUM	\$ 6,358					
\$/ CWT	\$ 5.09					
\$/ HEAD	\$ 63.58					

Insured chooses Commodity, Type, Endorsement Length and Coverage Price.

- Target Weight is the average weight in cwts that insured thinks the animals will be at the end of the coverage period
- 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)
- Assuming a 95-100% Coverage level, Premium Subsidy= 35%
- Producer Premium= Total Premium – Subsidy

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 Values 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.

BLUE REEF
AGRI - MARKETING
 Blue Reef Agri-Marketing
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All coverages underwritten by
 Hudson Insurance Company.