

# BLUE REEF

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## INSURANCE

### FEEDER CATTLE

LRP-Feeder Cattle is a federally reinsured livestock product that provides protection when the national cash price index, reported by the Chicago Mercantile Exchange (CME), falls below the designated coverage level. Producers may select from a variety of coverage levels and insurance periods to match their specific needs. 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 will 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 and before 9:00 a.m. CT of the following day.
- Coverage starts the day you buy a Specific Coverage Endorsement and RMA approves the purchase.

#### Insurable Livestock

Available weight levels include:

##### Less than 6 cwt

- Steers
- Bulls
- Heifers
- Predominately Brahman
- Predominately Dairy

##### Between 6 – 9 cwt

- Steers
- Heifers
- Predominately Brahman
- Predominately Dairy

#### 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 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.

## Run the Numbers

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

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					

- Target Weight is the average weight in cwts that insured thinks the animals will be at the end of the coverage period (see weight ranges on reverse)
- 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 weighted average price of feeder cattle as calculated by the CME for the Cash-Settled Commodity Index Price.
- 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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[www.blureefinc.com](http://www.blureefinc.com)



All coverages underwritten by Hudson Insurance Company.

*Blue Reef Agri-Marketing is an equal opportunity employer and provider.*