United States Department of Agriculture
Risk Management Agency

Sept. 2005

2006 COMMODITY INSURANCE FACT SHEET

LRP-Swine

Utah

The Agricultural Risk Protection Act of 2000 (ARPA) allowed for the development and sale of federally reinsured livestock insurance plans. On November 15, 2001, the Federal Crop Insurance Corporation's (FCIC) Board of Directors approved the Livestock Risk Protection (LRP) insurance pilot program. LRP-Swine went on sale July 8, 2002, and is available to pork producers with market hogs. On August 1, 2003, the Board approved expansion of the LRP-Swine insurance pilot to any county of Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Nevada, North Dakota, Oklahoma, Ohio, South Dakota, Texas, Utah, West Virginia, Wisconsin and Wyoming.

General Background

LRP-Swine is designed to insure against declining market prices. Pork producers may select from a variety of coverage levels ad periods of insurance to correspond with the time their hogs would normally be marketed. LRP-Swine may be purchased continuously throughout the year from approved livestock insurance agents. Premium rates, coverage prices and actual ending values are posted online daily.

Website Information

To obtain "Daily LRP Coverage Prices, Rate and Actual Ending Values", visit:
http://www3.rma.usda.gov/apps/livestock_reports/
To calculate premiums:
http://www.rma.usda.gov/policies/2004LRP.html
To locate approved livestock insurance agents:
http://www3.rma.usda.gov/apps/agentslpi/

Related AMS Online Report
"National Daily Direct Hog Prior Day Report-Slaughtered Swine":
http://www.ams.usda.gov/mnreports/lm_hg201.txt

Coverage Availability

Pork Producers submit a one-time application for LRP-Swine coverage. After being accepted, Specific Coverage Endorsements (SCE) may be purchased for up to 10,000 head of hogs that are expected to reach market weight near the end of the insurance period. The length of insurance available for each SCE is from 13 to 26 weeks. The annual limit for LRP-Swine is 32,000 head per producer for each crop year (July 1 to June 30).

Coverage Levels, Prices and Rates

Pork producers may select coverage prices ranging from 70 percent to 95 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 be paid an indemnity for the difference between the coverage price and the actual ending value.

LRP-Swine Program's expected ending values, coverage prices, rates and per cwt. cost of insurance may be viewed on the RMA public web site. The actual ending values are calculated from price series data reported by the USDA Agricultural Marketing Service (AMS) and posted on the RMA web site at the end of the insurance period.

The Application Process

Applications for LRP-Swine are submitted through FCIC approved insurance providers and SCE's are purchased through your livestock insurance agent. Insurance coverage starts the day the SCE is purchased. There are funding limitations for all livestock programs; therefore, RMA tracks total policy sales against available underwriting capacity using a real-time web-based program. Applications for insurance will be rejected when underwriting capacity has been reached.

Where to Purchase Crop Insurance

All MPCI, including CAT coverage insurance policies are available from private insurance agents. A list of crop insurance agents is available on the RMA website at:
http://www3.rma.usda.gov/tools/agents/

Regional Contact for RMA

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