



A QBE Insurance Company

www.naucountry.com



Properly filing the AD-1026 form (for compliance with the Highly Erodible Land Conservation (HELC) and Wetland Conservation) with the FSA office is required to qualify for a premium subsidy under LRP.

Our commitment to you

We take pride in being a customer-focused organization through our expertise, engagement, and insight. Our commitment to service has never wavered and with our parent company, QBE Insurance Group, we can provide the best financial stability.

For more information about the process described in this brochure, consult your NAU Country Agent or policy provisions today!

- LRP will be unavailable if the program reaches the national maximum underwriting capacity, as established by FCIC.
- Sales periods run on non-holiday weekdays from the time market closes in the afternoon until 8:25 a.m. CT the following morning.

NAU Country Insurance Company

7333 Sunwood Drive | Ramsey, MN 55303
1.888.NAU.MPCI

This brochure is only an overview of the described product. It does not include all features, exclusions, or limitations.

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Livestock Risk Protection - Cattle & Swine

Protection against unexpected future declines in the market value of cattle and swine.



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Livestock Risk Protection (LRP)

The only peril covered under LRP is unexpected future decline in market value of cattle and swine. A drop in a sale price that a producer receives personally will not create an indemnity under LRP.

LRP coverage sales are typically offered every market trading day. These begin in the afternoon, shortly after market close, and run until 8:25 a.m. CT the following morning.

Coverage is purchased via one-time transactions called Specific Coverage Endorsements (SCE). Multiple SCEs can be purchased throughout the year. Terms of coverage indicated on the SCE include: the number of head being covered, CWT/head anticipated at the end of the term, the length of coverage (in weeks), expected value of the livestock in the future, the level of that expected value the producer wishes to insure and the rate of insurance that corresponds with the selected length, and level of coverage.

Coverage is available for Feeder Cattle and Swine unborn livestock*, as long as the livestock are born before the SCE end date.

***Unborn Livestock Definition:** Livestock not born on the effective date, but expected to be marketed before the end date.

Eligibility and Requirements

To qualify for LRP, you must have an ownership share in eligible livestock in a licensed state. LRP is available in all 50 states.

To receive an indemnity the insured must provide proof of ownership, sales records, **and** number of head insured.

Feeder Cattle

Four different types of Feeder Cattle are identified under LRP. There are two weight classes for each of the four types. Terms will vary depending on the type and weight selected. The four available types of Feeder Cattle are Steers 1 & 2, Heifers 1 & 2, Brahman 1 & 2, and Dairy 1 & 2.

The market utilized to determine if losses have occurred on a LRP Feeder Cattle policy is the Chicago Mercantile Exchange (CME).

The CME Index is based on 60 - 90 cwt steers. Any other type/weight chosen will be adjusted in value:

TYPE	CWT Range	% Adjustment from CME
Steer Wt 1	1.00 - 5.99	110%
Steer Wt 2	6.00 - 10.00	100%
Heifers Wt 1	1.00 - 5.99	100%
Heifers Wt 2	6.00 - 10.00	90%
Brahman Wt 1	1.00 - 5.99	100%
Brahman Wt 2	6.00 - 10.00	90%
Dairy Wt 1	1.00 - 5.99	50%
Dairy Wt 2	6.00 - 10.00	50%

Fed Cattle

Unlike Feeder Cattle, there is no subtype identified under Fed Cattle.

The market utilized to determine if losses have occurred on an LRP Fed Cattle policy is the Agricultural Marketing Service (AMS). Fed Cattle is expected to carry a yield grade of 1 - 3 and grade select or higher.

Swine

The market utilized to determine if losses have occurred on a LRP Swine policy is the Chicago Mercantile Exchange (CME).

Swine is considered on a lean (carcass) weight basis. Meaning, we utilize a factor of 74% of the live weight of the animal when selecting terms of coverage.

Subsidy Factors

	Subsidy Percentages				
	LRP - Feeder Cattle	LRP - Fed Cattle	LRP - Swine		
Coverage Level	70% - 79.99%	80% - 84.99%	85% - 89.99%	90% - 94.99%	95% - 100%
Subsidy	55%	50%	45%	40%	35%

Indemnity Example**

Cattle coverage is calculated using a live hundredweight (cwt): # of livestock × live cwt × price × share.

For the examples below, assume the insured owns all the livestock.

Cattle

Coverage	$500 \times 10 \text{ cwt} \times \$175 = \$875,000$
Actual value	$500 \times 10 \text{ cwt} \times \$170 = (\$850,000)$
Indemnity	\$25,000

Swine

Coverage	$2000 \times 1.9 \text{ cwt} \times \$122 = \$463,600$
Actual value	$2000 \times 1.9 \text{ cwt} \times \$119 = (\$452,200)$
Indemnity	\$11,400

****Reminder:** Proof of ownership, sales records, and number of head insured documentation is required.

	Coverage Levels Potentially Available *	Coverage Lengths Potentially Available **	Maximum Number of Head per SCE/Year	Targeted Weight at end of Coverage
Feeder Cattle, Weight 1	70% - 100%	13, 17, 21, 26, 30, 34, 39, 43, 47, 52	12,000 / 25,000	1.00 - 5.99 cwt
Feeder Cattle, Weight 2	70% - 100%	13, 17, 21, 26, 30, 34, 39, 43, 47, 52	12,000 / 25,000	6.00 - 10.00 cwt
Fed Cattle	70% - 100%	13, 17, 21, 26, 30, 34, 39, 43, 47, 52	12,000 / 25,000	10.00 - 16.00 cwt
Swine	70% - 100%	13, 17, 21, 26, 30, 34, 39, 43, 47, 52	70,000 / 750,000	1.40 - 2.60 lean cwt

* Not all coverage levels are guaranteed to be available during each sales period. ** Not all contract lengths are guaranteed to be available during each sales period.