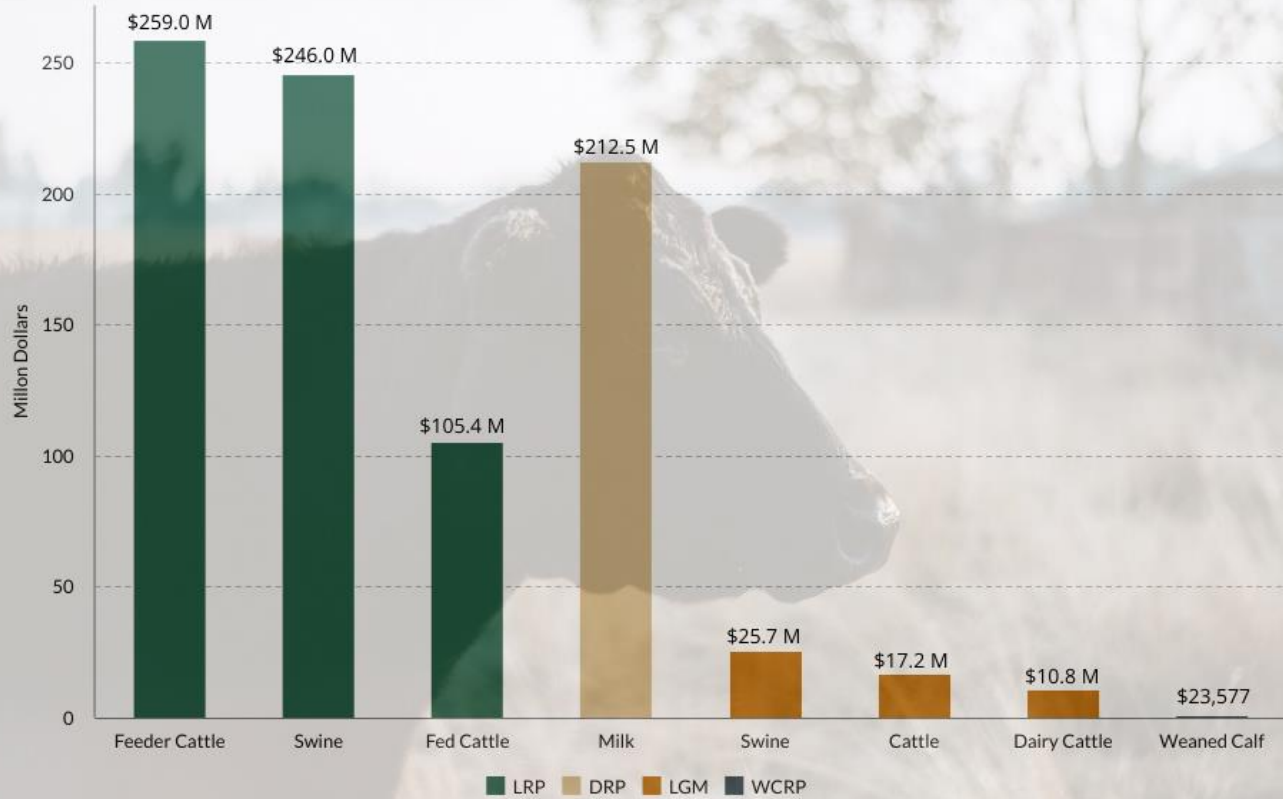


MARTINSON AG
RISK MANAGEMENT



2025 Cattle Insurance Webinar
February 6, 2025

2024 Producer Premium



LRP – Livestock Risk Protection
DRP – Dairy Revenue Protection
LGM – Livestock Gross Margin
WCRP – Weaned Calf Revenue Protection



Livestock Gross Margin (LGM)

- Provides protection against loss of gross margin.
Available for:
 - Cattle
 - Dairy
 - Swine
- Like LRP, an application can be submitted at any time. No coverage attaches until an endorsement is booked.

LGM Sales Period

- Quotes available on Thursday each week
 - If a Thursday is a holiday, there will be no sales for that week
 - Like LRP, quotes expire at 8:25 am Central the following morning

LGM Cattle

- Profitability is based on
 - Cost of feed
 - The price the producer receives when cattle are sold
- Deductible
 - \$0 to \$150 per head in increments of \$10
- Must market at least 75% of the total targeted marketings of cattle in the insurance period to receive full indemnity

LGM – New for 2025

Commodity

Cattle

Type

Calf Finishing

Effective Date

Jan 30, 2025

Insurance Period

Feb - Dec

Deductible/Coverage Level

▼

Target Corn Weight

(50 - 75 Bu/head)

Target Feeder Cattle Weight

(4 - 6 cwt)

Target Live Cattle Weight

(11 - 13 cwt)

Commodity

Cattle

Type

Yearling Finishing

Effective Date

Jan 30, 2025

Insurance Period

Feb - Dec

Deductible/Coverage Level

▼

Target Corn Weight

(50 - 85 Bu/head)

Target Feeder Cattle Weight

(6 - 9 cwt)

Target Live Cattle Weight

(12 - 15 cwt)



LGM Expected Prices – New for 2025

- Expected corn price
 - Based off Thursday settlement prices on CME corn futures contracts
- Expected feeder cattle price
 - Based off Thursday settlement prices on CME feeder cattle contracts
- Expected cattle price
 - Based off Thursday average settlement prices on CME live cattle contracts
- (In prior years it was a 3 day average)

Can you have both LGM and LRP policies?

- Yes, but you cannot insure
 - the same class of livestock with the same end month
 - or same covered livestock
- For example, an insured owns and intends to market 1,000 head of fed cattle.
 - The insured covers 600 head on an LRP SCE with the end month of October 2024.
 - The insured may not declare any target marketings on LGM-Cattle for October 2024
 - And may only declare as target marketings in any other month the 400 head not already covered on LRP until that LRP SCE ends.

Weaned Calf Revenue Protection (WCRP)

- The goal of WCRP is to provide cow-calf operators with revenue protection coverage for their calves up to weaning age.
- Coverage is provided for a decline in price but also for low weaning weight. WCRP is an APH plan and T-yields will be used if the insured does not have verifiable weaning weight records.
- **For the 2025 crop year, WCRP will be a pilot program for these states only (same as initial crop year 2024):**
 - **Colorado**
 - **Nebraska**
 - **South Dakota**
 - **Texas**
- The only significant change for 2025 was to extend the calving period from 60 to 90 days



WCRP – 1st year

- How did the program do in 2024?
 - Not great
 - 26 policies sold nationwide
 - Only 12 of those policies had premium
 - 1,692 head insured
 - \$23,577 in producer premium
- Note: Calves insured under WCRP cannot be insured at the same time under a LRP feeder cattle policy

WCRP - Coverage Calculations

Guarantee:

calves reported \times approved yield \times projected or harvest price \times coverage level

(historical avg. weaning weight per calf) *(greater of)*

Value of Production to count:

calves weaned \times actual average weaning weight per calf \times harvest price

Guarantee – Value of Production to Count = Indemnity

Projected price is always used for premium calculation

WCRP - Covered Perils

- Adverse weather conditions
- Fire
- Wildfire
- Earthquake
- Volcanic Eruption
- Disease, but not damage due to insufficient or improper application of disease control measures
- Other causes directly damaging pastures and other forms of grazing
- Calf death due to a covered peril

WCRP - Perils Not Covered

- Aborted pregnancies
- Stillborn calves
- Calves that die before the insured's calf report is submitted
- Failed conception
- Calves the insured is required to destroy by order of official government authority
- Calves seized or quarantined and not released during the insurance period
- Calf death due to any cause while the calves are under quarantine
- Calves that die in transit

Livestock Risk Protection Insurance (LRP)

- LRP insures against **declining market prices** for feeder cattle, fed cattle, and swine
- There is no minimum number of head when purchasing
- This is a federally subsidized product
- Specific Coverage Endorsements can be submitted after application is accepted

LRP – Feeder Cattle

- Length of insurance coverage available is 13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks
- Coverage is available for:
 - Steers
 - Heifers
 - Unborn Steers and Heifers (max target weight is 5.99 cwt)
 - Brahman/Unborn Brahman
 - Dairy/Unborn Dairy
- Two weight ranges
 - Under 1.0 to 5.99 cwt
 - 6.0 to 10.0 cwt

LRP – Fed Cattle

- Length of insurance coverage available is 13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks
- Coverage is available for Steers and Heifers (grouped together)
- Target weight range of 10 cwt to 16 cwt

Process of Purchasing an LRP Policy – FED and FEEDER CATTLE

- Application can be completed at any time for non-transfers
- If the commodity markets are open that day, LRP quotes will be available by 4:30 pm Central
- Those quotes are good until 8:25 am Central the next day
- After 8:25 am the program shuts down until the next set of quotes come out
- If RMA does not have enough data, LRP quotes for a specific type or time period will not be released

Process of Purchasing an LRP Policy – FED and FEEDER CATTLE

For an endorsement to be accepted the following must happen **before 8:25 am Central**:

- Endorsement must be signed by both insured and agent
- Endorsement must be entered in the insurance company processing system
- Endorsement must be uploaded to insurance company

LRP Quotes not Available on:

- Any federal or market holiday
- Days quotes are not released by 4:30 pm Central
- Days on which USDA releases the Cattle on Feed report
- On days where the futures market is limit up or down for any relevant livestock futures

LRP Quote Example

Feeder Cattle - ND - Unborn Steers & Heifers

Length (in Weeks)	End Date	Expected End Value	Number of Head	Target Weight	Coverage Price	Approx Coverage Level	Insured Share	Insured Value (Liability)	Rate	Total Premium	Producer Paid Premium	Effect
13	5/7/2025	\$282.563	100	5.99 CWT	\$282.56	100.00%	1.0000	\$169,253	0.043008	\$7,279	\$4,731	
17	6/4/2025	\$282.624	100	5.99 CWT	\$282.62	100.00%	1.0000	\$169,289	0.048865	\$8,272	\$5,377	
21	7/2/2025	\$283.265	100	5.99 CWT	\$283.27	100.00%	1.0000	\$169,679	0.053329	\$9,049	\$5,882	
26	8/6/2025	\$283.711	100	5.99 CWT	\$283.71	100.00%	1.0000	\$169,942	0.056906	\$9,671	\$6,286	
30	9/3/2025	\$283.145	100	5.99 CWT	\$283.15	100.00%	1.0000	\$169,607	0.062204	\$10,550	\$6,857	
34	10/1/2025	\$281.525	100	5.99 CWT	\$281.53	100.00%	1.0000	\$168,636	0.065321	\$11,015	\$7,160	
39	11/5/2025	\$279.049	100	5.99 CWT	\$279.05	100.00%	1.0000	\$167,151	0.068821	\$11,503	\$7,477	
43	12/3/2025	\$276.406	100	5.99 CWT	\$276.41	100.00%	1.0000	\$165,570	0.071049	\$11,764	\$7,647	
47	12/31/2025	\$274.369	100	5.99 CWT	\$274.37	100.00%	1.0000	\$164,348	0.073490	\$12,078	\$7,851	

LRP Quote Example

Feeder Cattle - ND - Unborn Steers & Heifers											Effect
Length (in Weeks)	End Date	Expected End Value	Number of Head	Target Weight	Coverage Price	Approx Coverage Level	Insured Share	Insured Value (Liability)	Rate	Total Premium	Producer Paid Premium
13	5/7/2025	\$282.563	100	5.99 CWT	\$211.92	75.00%	1.0000	\$126,940	0.001065	\$135	\$61
13	5/7/2025	\$282.563	100	5.99 CWT	\$226.05	80.00%	1.0000	\$135,404	0.002322	\$314	\$157
13	5/7/2025	\$282.563	100	5.99 CWT	\$240.18	85.00%	1.0000	\$143,868	0.004988	\$718	\$395
13	5/7/2025	\$282.563	100	5.99 CWT	\$247.24	87.50%	1.0000	\$148,097	0.007394	\$1,095	\$602
13	5/7/2025	\$282.563	100	5.99 CWT	\$254.31	90.00%	1.0000	\$152,332	0.010780	\$1,642	\$985
13	5/7/2025	\$282.563	100	5.99 CWT	\$261.37	92.50%	1.0000	\$156,561	0.015253	\$2,388	\$1,433
13	5/7/2025	\$282.563	100	5.99 CWT	\$268.43	95.00%	1.0000	\$160,790	0.022234	\$3,575	\$2,324
13	5/7/2025	\$282.563	100	5.99 CWT	\$271.26	96.00%	1.0000	\$162,485	0.025470	\$4,138	\$2,690
13	5/7/2025	\$282.563	100	5.99 CWT	\$274.09	97.00%	1.0000	\$164,180	0.029348	\$4,818	\$3,132
13	5/7/2025	\$282.563	100	5.99 CWT	\$276.91	98.00%	1.0000	\$165,869	0.033701	\$5,590	\$3,633
13	5/7/2025	\$282.563	100	5.99 CWT	\$279.74	99.00%	1.0000	\$167,564	0.037944	\$6,358	\$4,133
13	5/7/2025	\$282.563	100	5.99 CWT	\$282.56	100.00%	1.0000	\$169,253	0.043008	\$7,279	\$4,731
17	6/4/2025	\$282.624	100	5.99 CWT	\$211.97	75.00%	1.0000	\$126,970	0.001273	\$162	\$73
17	6/4/2025	\$282.624	100	5.99 CWT	\$226.10	80.00%	1.0000	\$135,434	0.002828	\$383	\$191
17	6/4/2025	\$282.624	100	5.99 CWT	\$240.23	85.00%	1.0000	\$143,898	0.006473	\$931	\$512
17	6/4/2025	\$282.624	100	5.99 CWT	\$247.30	87.50%	1.0000	\$148,133	0.009214	\$1,365	\$751
17	6/4/2025	\$282.624	100	5.99 CWT	\$254.36	90.00%	1.0000	\$152,362	0.013494	\$2,056	\$1,234
17	6/4/2025	\$282.624	100	5.99 CWT	\$261.43	92.50%	1.0000	\$156,597	0.019094	\$2,990	\$1,794
17	6/4/2025	\$282.624	100	5.99 CWT	\$268.49	95.00%	1.0000	\$160,826	0.026937	\$4,332	\$2,816
17	6/4/2025	\$282.624	100	5.99 CWT	\$271.32	96.00%	1.0000	\$162,521	0.030751	\$4,998	\$3,249
17	6/4/2025	\$282.624	100	5.99 CWT	\$274.15	97.00%	1.0000	\$164,216	0.034616	\$5,685	\$3,695

LRP Example – SCE for Unborn S&H example Booked 02/04/2025

Crop Year		Effective Date	End Date	No. Head	Share			
2025		02/04/2025	11/04/2025	50	1.00			
No. Head	X	Target Weight	X	Coverage Price	X	Share	=	Insured Value
50	X	5.0 CWT	X	\$276.19	X	1.00	=	\$69,048

Insured Value	X	Rate	=	Total Premium	Subsidy	Producer Premium
\$69,048	X	0.069483	=	\$4,798	\$1,679	\$3,119

Could insure unborn calves for \$1,381/head
at a cost of \$62.38/head



LRP Example – Ending Value Form for Unborn S&H (booked 2/9/24)

Coverage Price (02/9/2024)	Actual Ending Value (11/8/2024)
\$283.78	\$262.32

No. Head	X	Target Weight	X	Coverage Price – Ending Value	X	Share	=	Payable Loss
10	X	5.5 CWT	X	\$21.46	X	1.00	=	\$1,180.00

Producer premium on this endorsement was \$644.00.

Remember: The actual ending value is NOT the value you receive when you sell the cattle. It is the value RMA determines.



Other LRP Examples

End #	Effect. Date	End Date	Type	# Head	Target Weight	Cover. price	Ending Value	Loss	Premium
1	7/25/23	4/23/24	Steers 2	190	9.00	\$251.99	\$242.64	\$15,989	\$14,656
2	7/25/23	4/23/24	Heifers 2	150	8.75	\$226.79	\$218.38	\$11,774	\$10,798
3	9/26/23	4/23/24	Fed S&H	40	13.00	\$190.40	\$175.65	\$7,670	\$2,205
4	3/20/24	7/17/24	Fed S&H	68	14.00	\$183.24	\$195.58	No loss	\$3,474
5	4/1/24	7/29/24	Fed S&H	86	14.00	\$173.73	\$195.85	No loss	\$6,284
6	4/1/24	8/26/24	Fed S&H	86	14.00	\$171.42	\$184.03	No loss	\$6,448

LRP - Ending Values for Feeder Cattle

- Actual Ending Value: price reported by CME for the report and price series specified below, multiplied by the price adjustment factor
 - Report Name: Cash Settled Commodity Index Prices
 - Product: Feeder Cattle
 - Date: Use report day equal to the Ending Period

Price Adjustment Factors

Weight Range	Steers	Heifers	Unborn Steers and Heifers	Predominantly Brahman	Unborn Predominantly Brahman	Predominantly Dairy	Unborn Predominantly Dairy
1.0 - 5.99 cwt	110%	100%	105%	100%	100%	50%	50%
6.0 - 10.0 cwt	100%	90%	N/A	90%	N/A	50%	N/A

LRP - Ending Values for Fed Cattle

- Actual Ending Value: Price reported by AMS for the report and series specified below:
 - AMS Report Name: 5 Area Weekly Weighted Average Direct Slaughter Cattle
 - AMS Price Series: Under the section Live FOB Basis-Beef Breeds
 - In the steers subsection
 - Under the data for Weighted Price 35-65% Choice

LRP - What Happens After the End Date?

- If there is no loss:
 - We will send you a form showing no loss
 - You will be billed at the beginning of the next month
- If there is a loss:
 - We will send you a notice of probable loss form
 - You must attest to the statements on the form and provide proof you owned and/or sold the cattle

LRP - Certifications for Indemnity

- Answer yes or no to the following:
 - Did you own the covered livestock stated on the SCE during the term of this endorsement?
 - Did you sell the livestock identified on the SCE prior to 60 days before the end date on the SCE?
 - Was the covered livestock on the SCE sold by the end date?
 - If no, I certify that the covered livestock were not sold prior to the end date and that the covered livestock was marketable at the end date.

LRP - Documentation for Claim

- If the livestock **were sold** by the end date you will need to submit documents verifying the sale and showing:
 - The insured as the seller
 - The purchaser
 - The date sold
 - The weight the livestock sold
- If the average weight of the cattle or number of head are less than the endorsement booked, the claim payment will be reduced

LRP - Documentation for Claim

- If the livestock **were NOT sold** by the end date you will need to submit documents such as:
 - Livestock purchase agreements
 - Bills of sale
 - Financing and credit documents
 - Certified written statements from a third party, such as a veterinarian or a banker

LRP Documentation – New for 2025

- Fed cattle must have documents verifying the sale
- Sales documents must be from the insurance period or **no later than 60 days after the end date**

LRP – New for 2025

- If you insure unborn cattle you must:
 - Prove ownership interest in the pregnant cattle
 - Documents must show under normal circumstances the number of pregnant cattle can produce the number of insured unborn cattle
 - Valid records include veterinary reports or sales contracts from prior years

Any Questions?

Martinson Ag Risk Management
1555 S 43rd St, Suite 105A
Fargo, ND 58103

Amy Ryan
amy@martinsonag.com
Cell: 701-306-8873

Office Phone: 701-205-4200
Office number can receive texts

Website: www.martinsonag.com