

MARTINSON AG

RISK MANAGEMENT



2026 Livestock Insurance
February 9, 2026

2025 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.
- Quotes available on Thursdays only



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 Expected Prices

- 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

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 2026 crop year WCRP is only available in:
 - Colorado
 - Nebraska
 - South Dakota
 - Texas



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 – How's it going?

- Crop Year 2024:
 - 26 policies sold nationwide
 - Only 12 of those policies had premium
 - 1,692 head insured
 - \$23,577 in producer premium
- Crop Year 2025:
 - 8 policies sold nationwide
 - Only 2 of those policies had premium
 - 249 head insured
 - \$4,569 in producer premium
- Crop Year 2026:
 - 7 policies sold nationwide
- Note: Calves insured under WCRP cannot be insured at the same time under a LRP feeder cattle policy

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	Brahman/ Unborn Brahman	Dairy/ Unborn Dairy
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Two weight ranges

Under 1.0 to 5.99 cwt	6.0 to 9.99 cwt
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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)

Cull cows

Coverage for dairy cull cows limited to 13 weeks



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 at the latest
- 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

LRP Quotes are 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

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

Choosing the Target Weight and End Date

Target Weight:

What you expect the cattle to weigh at the end of the endorsement period

No penalty if the actual average weight is higher than the target weight.

Your claim may be reduced if the actual average weight is lower than the target weight.



End Date: When you expect to market the cattle

Cattle cannot be sold more than 60 days prior to the end date listed on the endorsement (unless you qualify for drought hardship exclusions).

LRP Quote Example

Feeder Cattle - ND - Steers Weight 2

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	5/7/2026	\$358.109	100	9.99 CWT	\$358.11	100.00%	1.0000	\$357,752	0.045059	\$16,120	\$10,478
17	6/4/2026	\$355.889	100	9.99 CWT	\$355.89	100.00%	1.0000	\$355,534	0.049625	\$17,643	\$11,468
21	7/2/2026	\$355.409	100	9.99 CWT	\$355.41	100.00%	1.0000	\$355,055	0.054346	\$19,296	\$12,542
26	8/6/2026	\$355.079	100	9.99 CWT	\$355.08	100.00%	1.0000	\$354,725	0.058167	\$20,633	\$13,411
30	9/3/2026	\$354.085	100	9.99 CWT	\$354.09	100.00%	1.0000	\$353,736	0.063086	\$22,316	\$14,505
34	10/1/2026	\$351.948	100	9.99 CWT	\$351.95	100.00%	1.0000	\$351,598	0.065009	\$22,857	\$14,857
39	11/5/2026	\$348.340	100	9.99 CWT	\$348.34	100.00%	1.0000	\$347,992	0.068402	\$23,803	\$15,472
43	12/3/2026	\$344.336	100	9.99 CWT	\$344.34	100.00%	1.0000	\$343,996	0.072193	\$24,834	\$16,142
47	12/31/2026	\$341.084	100	9.99 CWT	\$341.08	100.00%	1.0000	\$340,739	0.074809	\$25,490	\$16,568

Effective date: 2/5/2026



LRP Quote Example

Feeder Cattle - ND - Steers Weight 2

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
30	9/3/2026	\$354.085	100	9.99 CWT	\$283.27	80.00%	1.0000	\$282,987	0.010778	\$3,050	\$1,525
30	9/3/2026	\$354.085	100	9.99 CWT	\$300.97	85.00%	1.0000	\$300,669	0.017254	\$5,188	\$2,853
30	9/3/2026	\$354.085	100	9.99 CWT	\$309.82	87.50%	1.0000	\$309,510	0.021500	\$6,654	\$3,660
30	9/3/2026	\$354.085	100	9.99 CWT	\$318.68	90.00%	1.0000	\$318,361	0.027244	\$8,673	\$5,204
30	9/3/2026	\$354.085	100	9.99 CWT	\$327.53	92.50%	1.0000	\$327,202	0.033899	\$11,092	\$6,655
30	9/3/2026	\$354.085	100	9.99 CWT	\$336.38	95.00%	1.0000	\$336,044	0.042413	\$14,253	\$9,264
30	9/3/2026	\$354.085	100	9.99 CWT	\$339.92	96.00%	1.0000	\$339,580	0.046034	\$15,632	\$10,161
30	9/3/2026	\$354.085	100	9.99 CWT	\$343.46	97.00%	1.0000	\$343,117	0.049854	\$17,106	\$11,119
30	9/3/2026	\$354.085	100	9.99 CWT	\$347.00	98.00%	1.0000	\$346,653	0.054314	\$18,828	\$12,238
30	9/3/2026	\$354.085	100	9.99 CWT	\$350.54	99.00%	1.0000	\$350,189	0.058612	\$20,525	\$13,341
30	9/3/2026	\$354.085	100	9.99 CWT	\$354.09	100.00%	1.0000	\$353,736	0.063086	\$22,316	\$14,505
34	10/1/2026	\$351.948	100	9.99 CWT	\$263.96	75.00%	1.0000	\$263,696	0.007638	\$2,014	\$906
34	10/1/2026	\$351.948	100	9.99 CWT	\$281.56	80.00%	1.0000	\$281,278	0.011667	\$3,282	\$1,641
34	10/1/2026	\$351.948	100	9.99 CWT	\$299.16	85.00%	1.0000	\$298,861	0.018552	\$5,544	\$3,049
34	10/1/2026	\$351.948	100	9.99 CWT	\$307.95	87.50%	1.0000	\$307,642	0.023075	\$7,099	\$3,904
34	10/1/2026	\$351.948	100	9.99 CWT	\$316.75	90.00%	1.0000	\$316,433	0.029054	\$9,194	\$5,516
34	10/1/2026	\$351.948	100	9.99 CWT	\$325.55	92.50%	1.0000	\$325,224	0.035773	\$11,634	\$6,980
34	10/1/2026	\$351.948	100	9.99 CWT	\$334.35	95.00%	1.0000	\$334,016	0.044307	\$14,799	\$9,619
34	10/1/2026	\$351.948	100	9.99 CWT	\$337.87	96.00%	1.0000	\$337,532	0.047850	\$16,151	\$10,498
34	10/1/2026	\$351.948	100	9.99 CWT	\$341.39	97.00%	1.0000	\$341,049	0.052140	\$17,782	\$11,558
34	10/1/2026	\$351.948	100	9.99 CWT	\$344.91	98.00%	1.0000	\$344,565	0.056168	\$19,354	\$12,580
34	10/1/2026	\$351.948	100	9.99 CWT	\$348.43	99.00%	1.0000	\$348,082	0.060460	\$21,045	\$13,679
34	10/1/2026	\$351.948	100	9.99 CWT	\$351.95	100.00%	1.0000	\$351,598	0.065009	\$22,857	\$14,857

Effective date: 2/5/2026

LRP Example – SCE for Unborn Bulls and Heifers

Crop Year		Effective Date		End Date		No. Head		Share	
2026		01/26/2026		10/26/2026		10		1.00	
				(39 weeks)					
No. Head	X	Target Weight	X	Coverage Price	X	Share	=	Insured Value	
10	X	5.5 CWT	X	\$369.52	X	1.00	=	\$20,324	
Insured Value	X	Rate	=	Total Premium	Subsidy	Producer Premium			
\$20,324	X	.066953	=	\$1,361	\$476	\$885			

Could insure unborn calves for \$2,032/head
at a cost of \$88.50/head



What Happens After the Endorsement End Date?

If there is no loss:

- You will receive a form showing there was no payable loss
- You will be billed 2 months after the endorsement expires

If there is a possible loss:

- You will be sent a notice of probable loss to sign
- You will need to provide proof you owned and/or sold the cattle

LRP Loss Example – Fed Cattle

Coverage Price (10/17/2025)	Actual Ending Value (1/16/2026)
\$242.93	\$232.40

No. Head	X	Target Weight	X	Coverage Price – Ending Value	X	Share	=	Probable Loss
80	X	13.5 CWT	X	\$10.53	X	1.00	=	\$11,372.00

Producer premium on this endorsement was \$7,152.00

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



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

Documentation for Claim

For **fed cattle** or **sold feeder cattle**:

- Documents verifying the sale of all covered livestock during the insurance period or no later than 60 days after the end date that show:
 - The insured as the seller (names must match)
 - 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. No premium will be refunded.

Documentation for Claim

- If the **feeder cattle were NOT sold** as of 60+ days past the endorsement end date:
 - You must provide a certified statement signed by you attesting that the livestock were marketable by the end date; and
 - Documents verifying ownership of your share of livestock insured under the endorsement such as:
 - Livestock purchase agreements
 - Financing and credit documents
 - Certified written statements from a third party, such as a veterinarian or a banker

Unborn Cattle Documentation

- If you have an unborn cattle claim, 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

New for 2026 – Subsidy Capture

- Subsidy capture is the attempt to recover LRP premium cost by using futures or options as an offsetting position to the LRP in close proximity to the date the endorsement was booked.
- RMA can now ask for your trading account statements.

New for 2026 – Subsidy Capture

- If RMA determines you traded for the purpose of subsidy capture or refuse to provide trading account records, claims will be denied, and premium will still be owed.
- All policyholders will need to sign a certification statement stating you did not trade for the purpose of subsidy capture.

Insuring Cattle Based on Purchase Agreements

- Ownership interest can be based on a valid livestock purchase agreement, even if the livestock is not yet in your physical possession.
- You must take possession of the covered livestock no later than 90 days prior to the SCE end date.
 - Example: You complete a purchase agreement on Aug. 30. You then book an LRP endorsement on Sept. 1 that expires on Jan. 15.
 - You must take possession of the cattle by Oct. 15.

New for 2026 – Drought Hardship Exemption for Feeder Cattle

Drought exemptions will be determined by the Drought Severity and Coverage Index (DSCI) in the county where the livestock is located as listed on the endorsement.

DSCI values range from 0 to 500:

- 0 - none of the area is abnormally dry or in drought
- 500 - all of the area is in D4, exceptional drought

New for 2026 – Drought Hardship Exemption for Feeder Cattle

Your claim will not be reduced if you sell the feeder cattle more than 60 days before the end date if:

- The DSCI measures 200 or more no earlier than 30 days before the covered feeder cattle are sold; and
- The increase in the DSCI exceeds 150 points from the effective date to the date the covered feeder cattle are sold.

Any Questions?

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MARTINSON AG

RISK MANAGEMENT



2026 Livestock Update

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results.



MARTINSON AG
RISK MANAGEMENT 



Summary of January 23, 2026 USDA Cattle on Feed Report

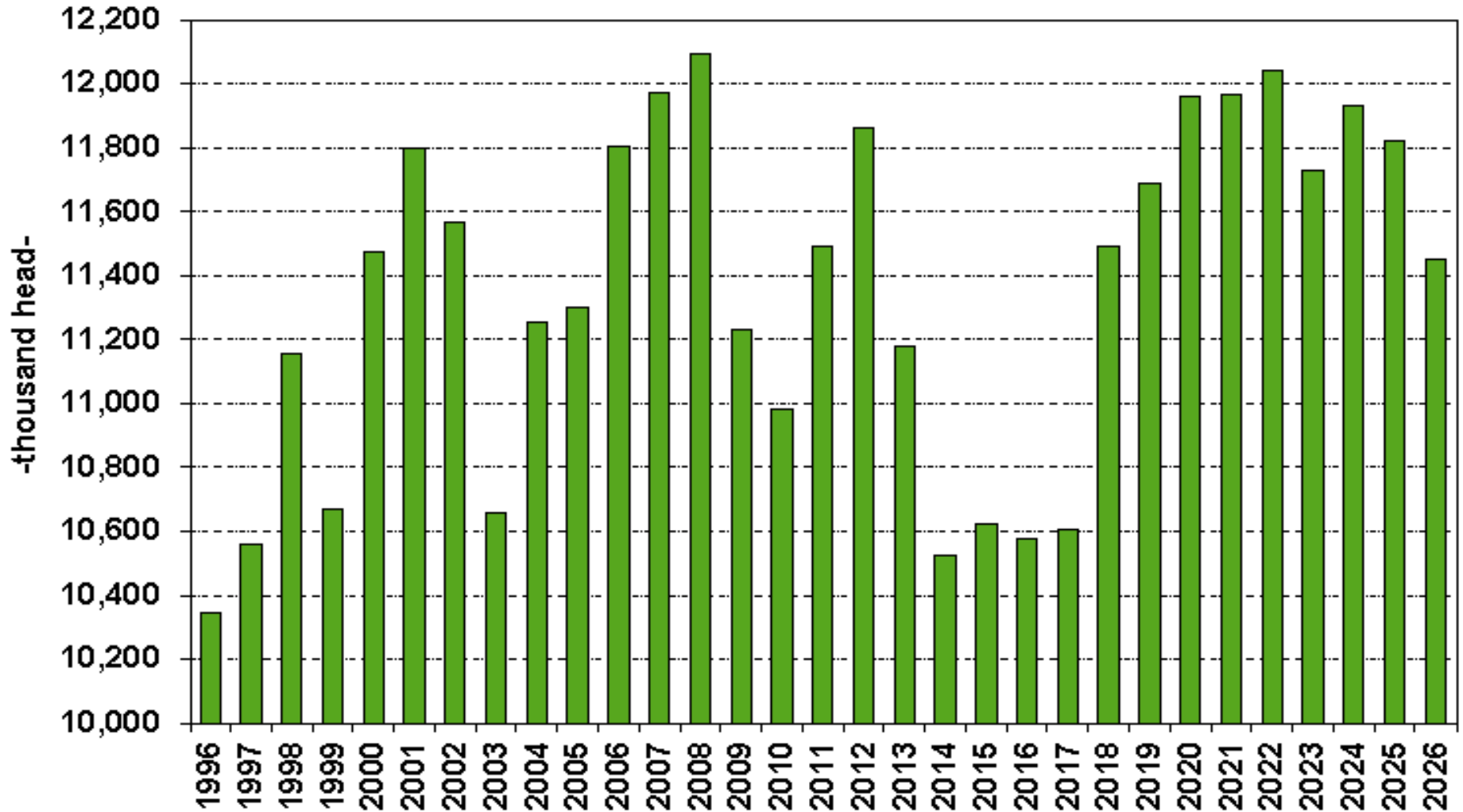
	Actual	Average Est.	Range	-million head-	Prev Month
On-feed (Jan 1)	96.8	96.8	96.0-97.6	11.450	97.9
Placements in Dec	94.6	93.5	88.0-98.5	1.554	88.8
Marketings in Dec	101.8	101.5	100.0-102.0	1.773	88.1

*Report released Friday, January 23 at 2:00 PM CT

Data source: USDA; trade estimates source: Reuters

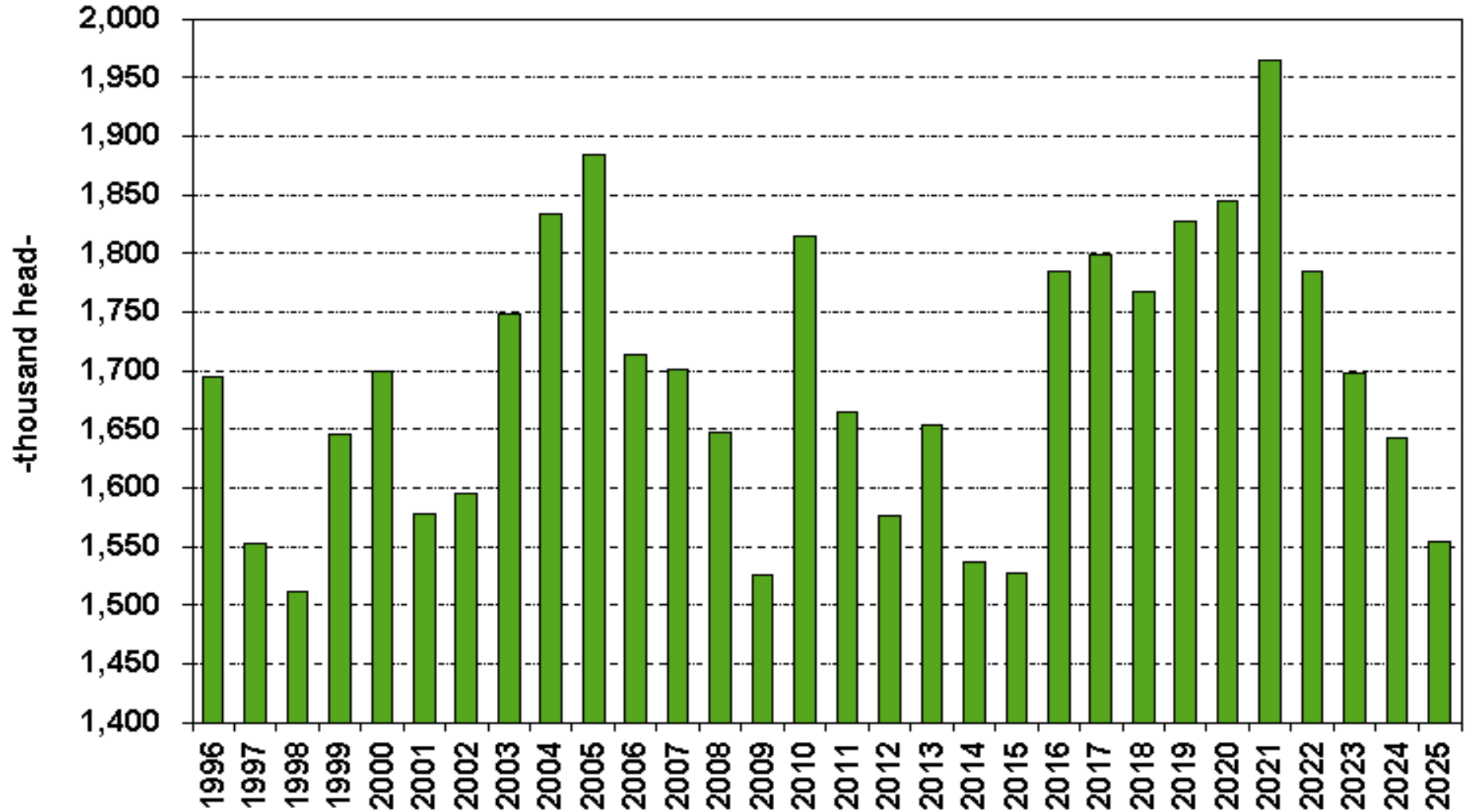


U.S. Cattle on Feed as of January 1



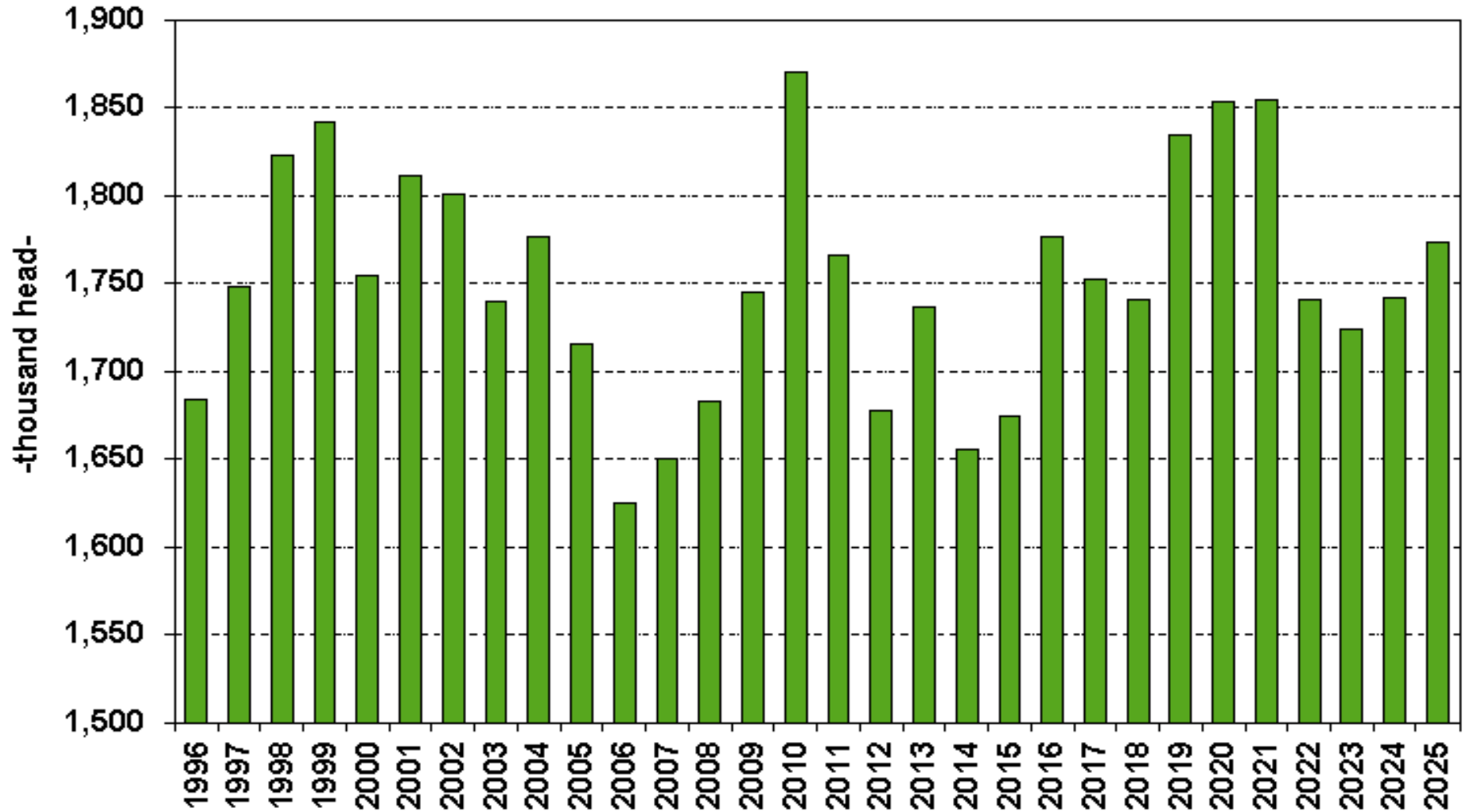
Source: USDA

U.S. Cattle Placed on Feed in December



Source: USDA

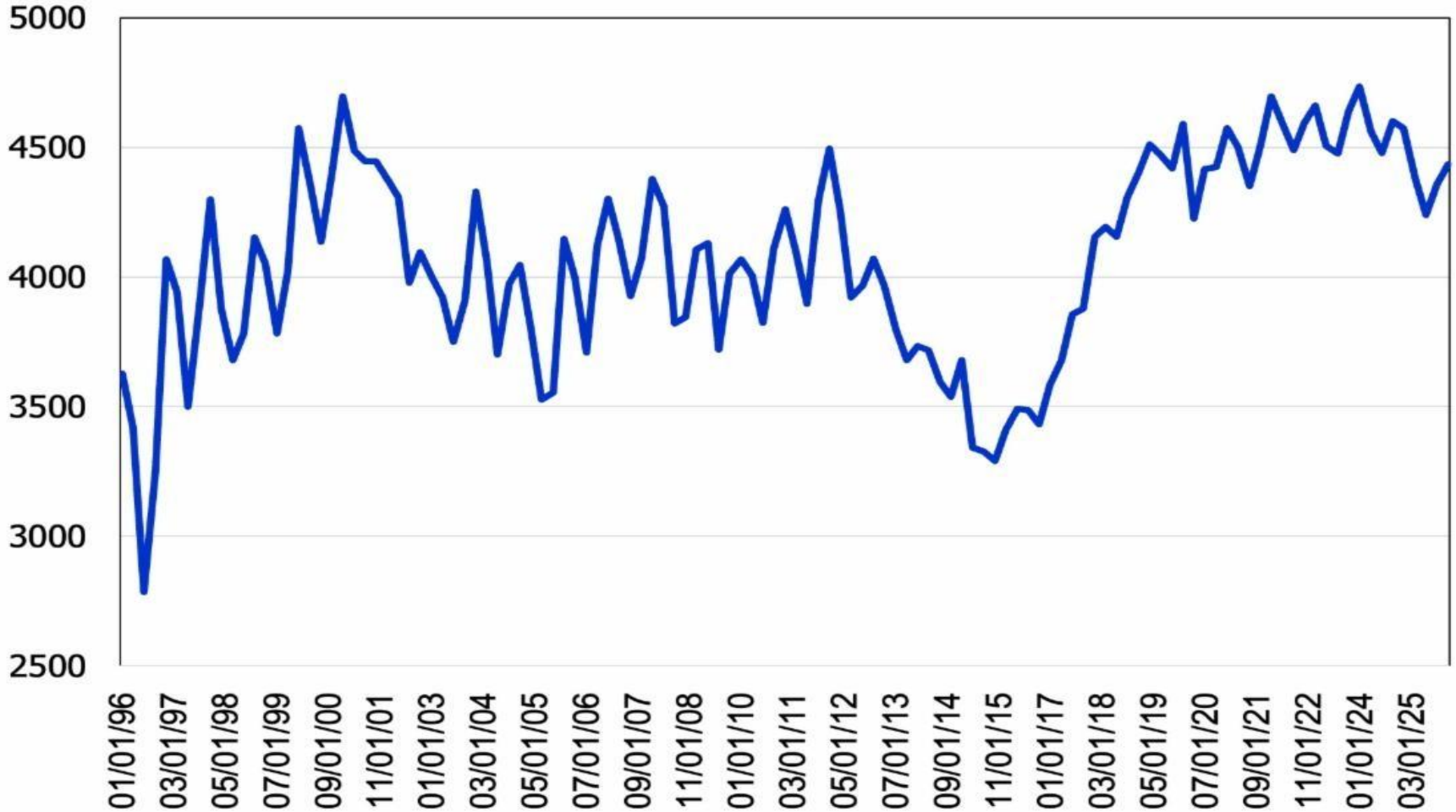
U.S. Cattle Marketings in December



Source: USDA

Heifers on Feed, Quarterly

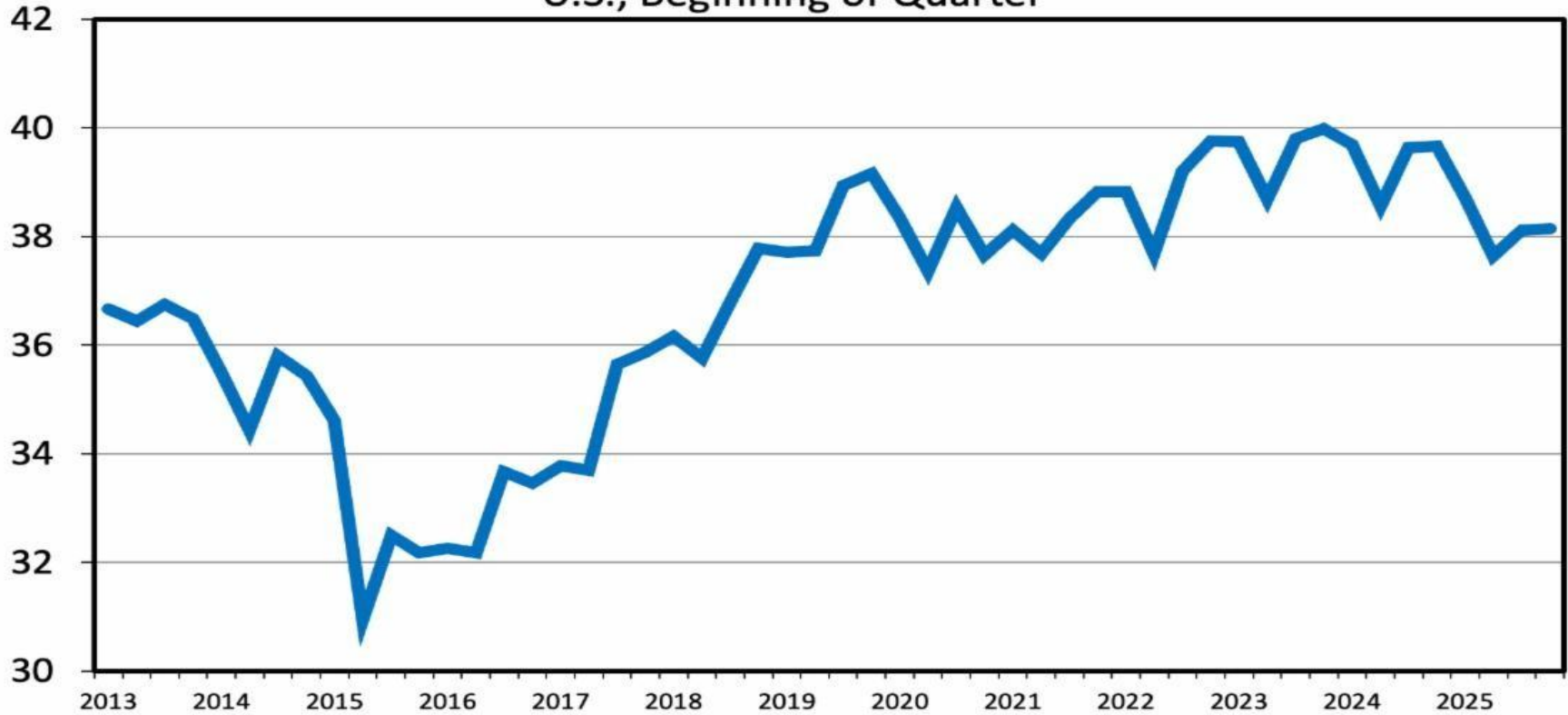
1,000 Head



HEIFERS ON FEED AS A PERCENT OF TOTAL CATTLE ON FEED

U.S., Beginning of Quarter

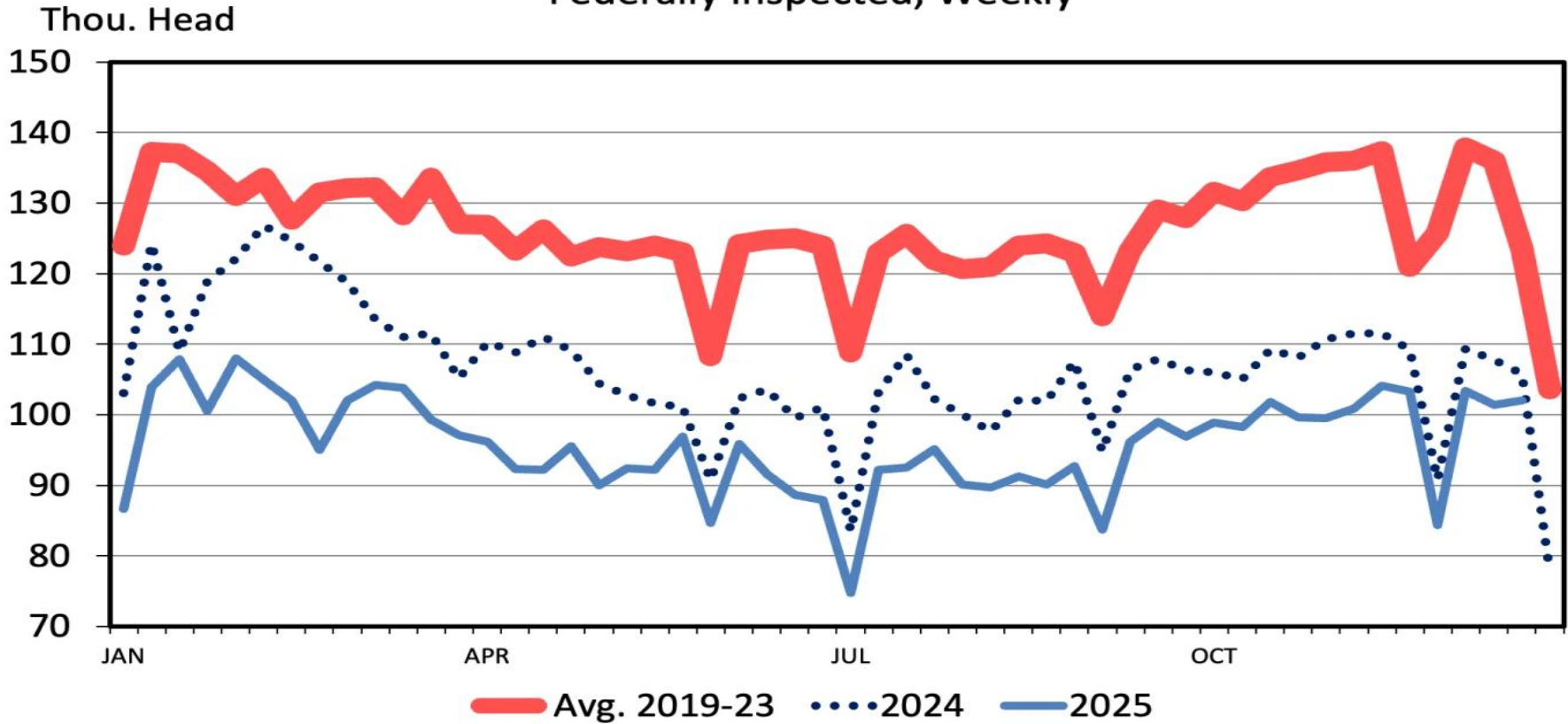
Percent



Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center

TOTAL COW SLAUGHTER

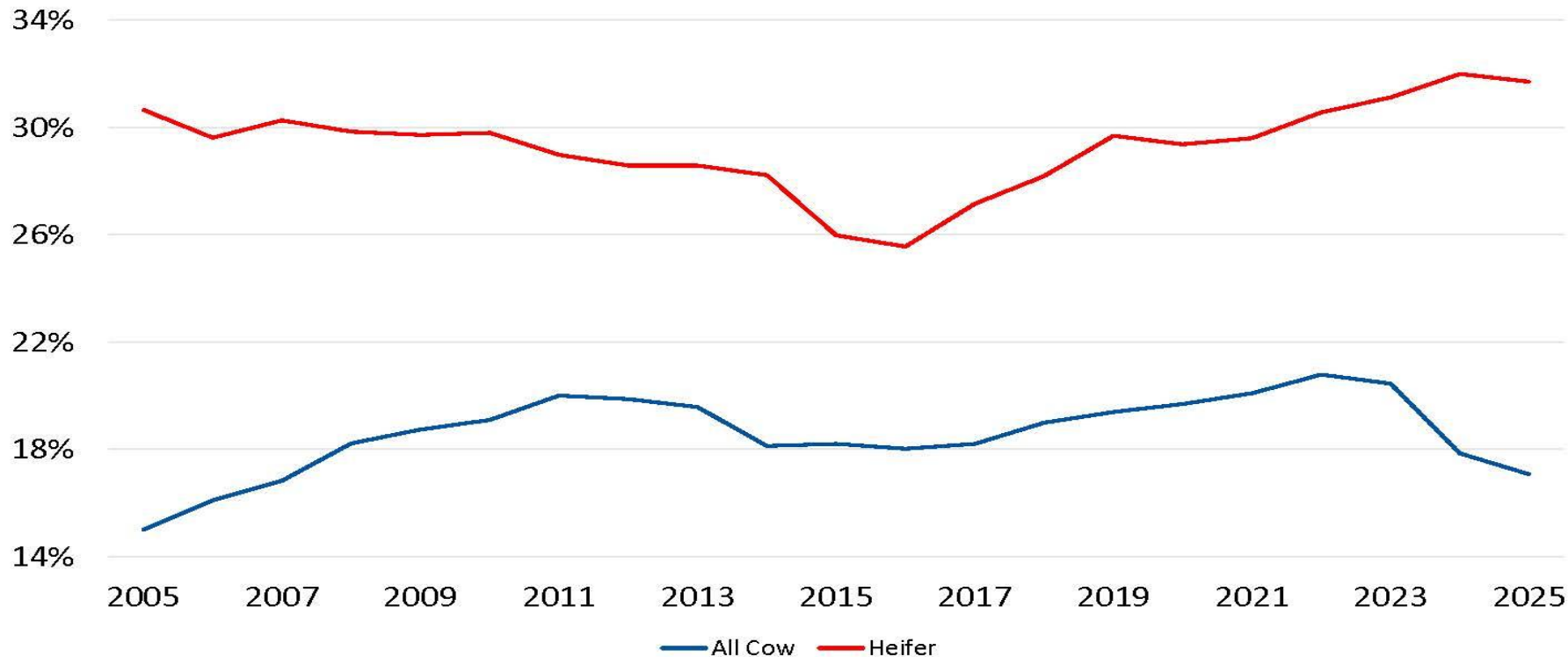
Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

All Cow and Heifer Slaughter as a Percent of Total Slaughter

Percent of Slaughter



**Summary of January 30, 2026
USDA Annual Cattle Inventory Report**

as of Jan 1, 2026	Actual	Average Estimate	Range	-million head-	as of 01/01/25
All Cattle/Calves	99.6	99.7	99.5-99.9	86.155	86.472
Beef Cows	99.0	100.4	99.8-101.2	27.607	27.892
Dairy Cows	102.0	101.1	99.9-102.4	9.568	9.381
Annual calf crop	98.4	99.3	98.2-100.2	32.896	33.417

Report released Friday, January 30 at 2:00 PM CT

Data source: USDA; trade estimates source: Reuters



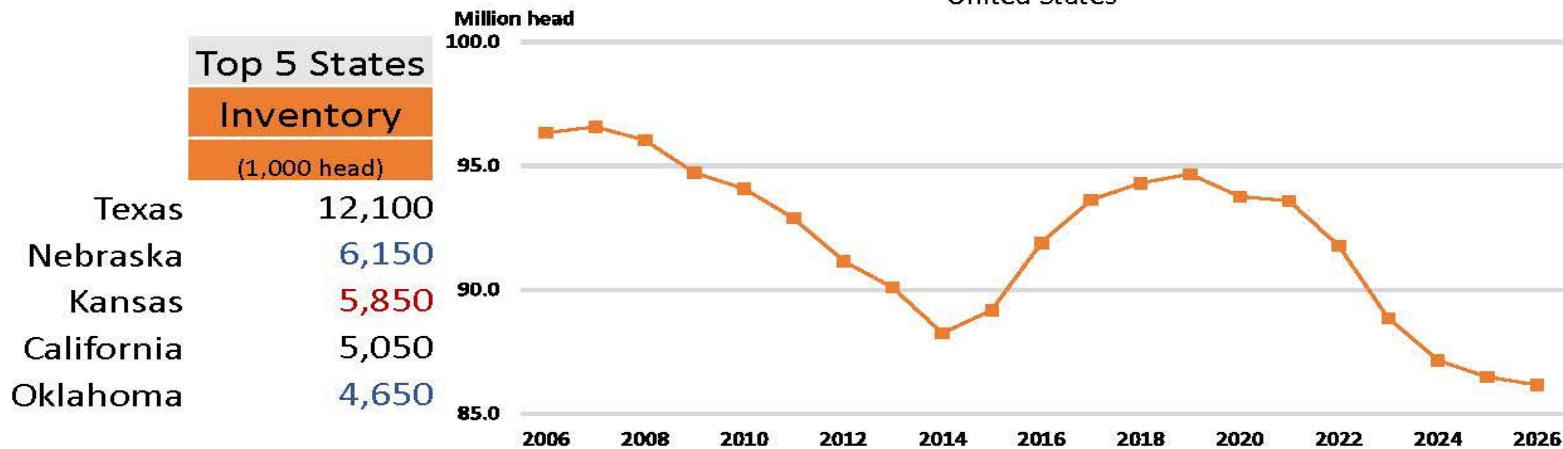
U.S. Cattle and Calves Revisions



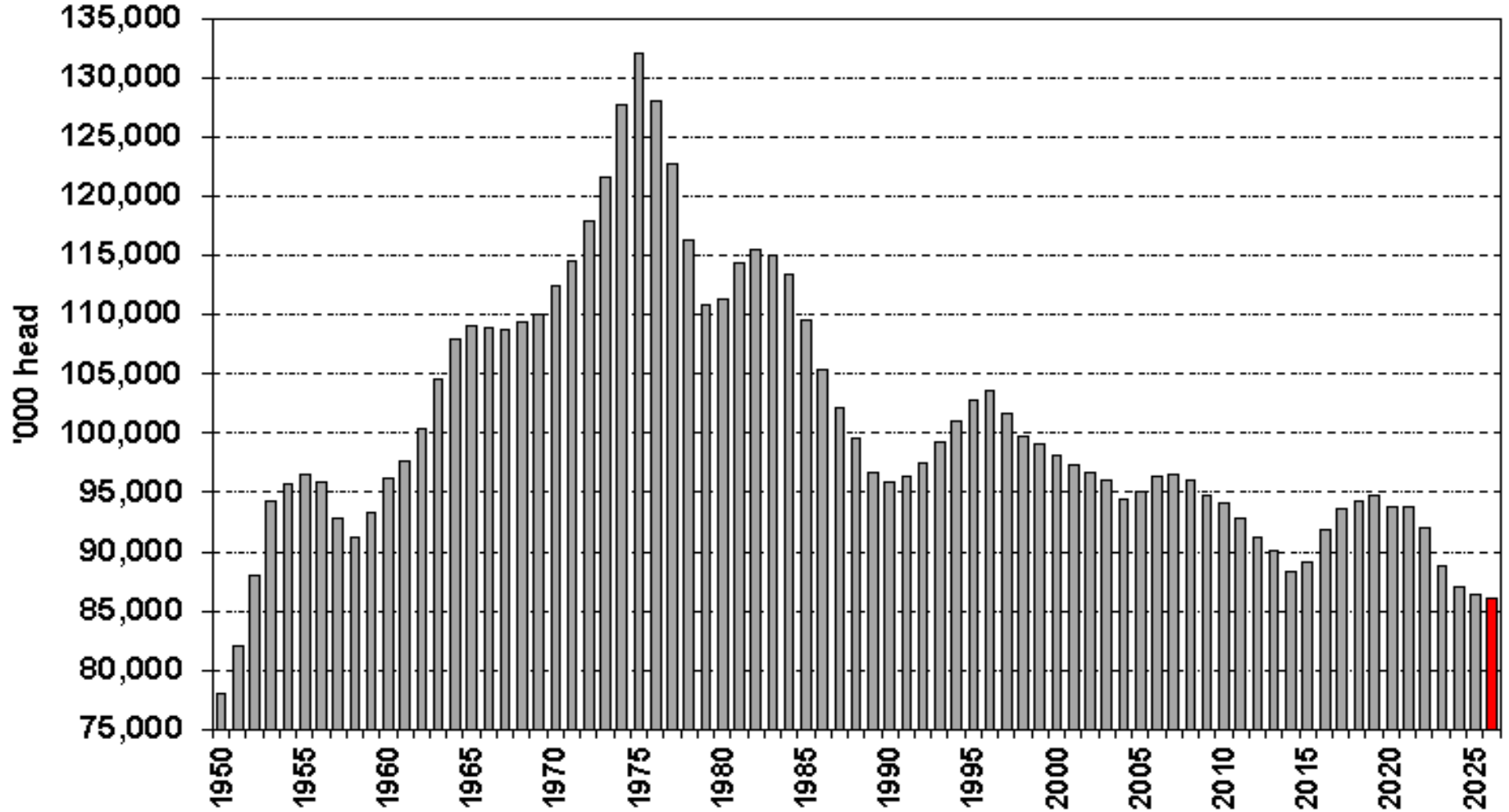
Survey	Item	Initial Estimate (1,000 head)	Current Revision (1,000 head)	Net Revision (1,000 head)	Current Estimate (1,000 head)
January 1, 2025	All cattle and calves	86,662.2	-190.0	-190.0	86,472.2
	Calf crop	33,529.5	-113.0	-113.0	33,416.5
July 1, 2025	All cattle and calves	94,200.0	-300.0	-300.0	93,900.0
	Calf crop	33,100.0	-204.4	-204.4	32,895.6

United States	2025 (1,000 head)	2026 (1,000 head)	% Change from Previous Year
All cattle and calves	86,472.2	86,155.3	↓ 0.4

January 1 All Cattle and Calves
United States



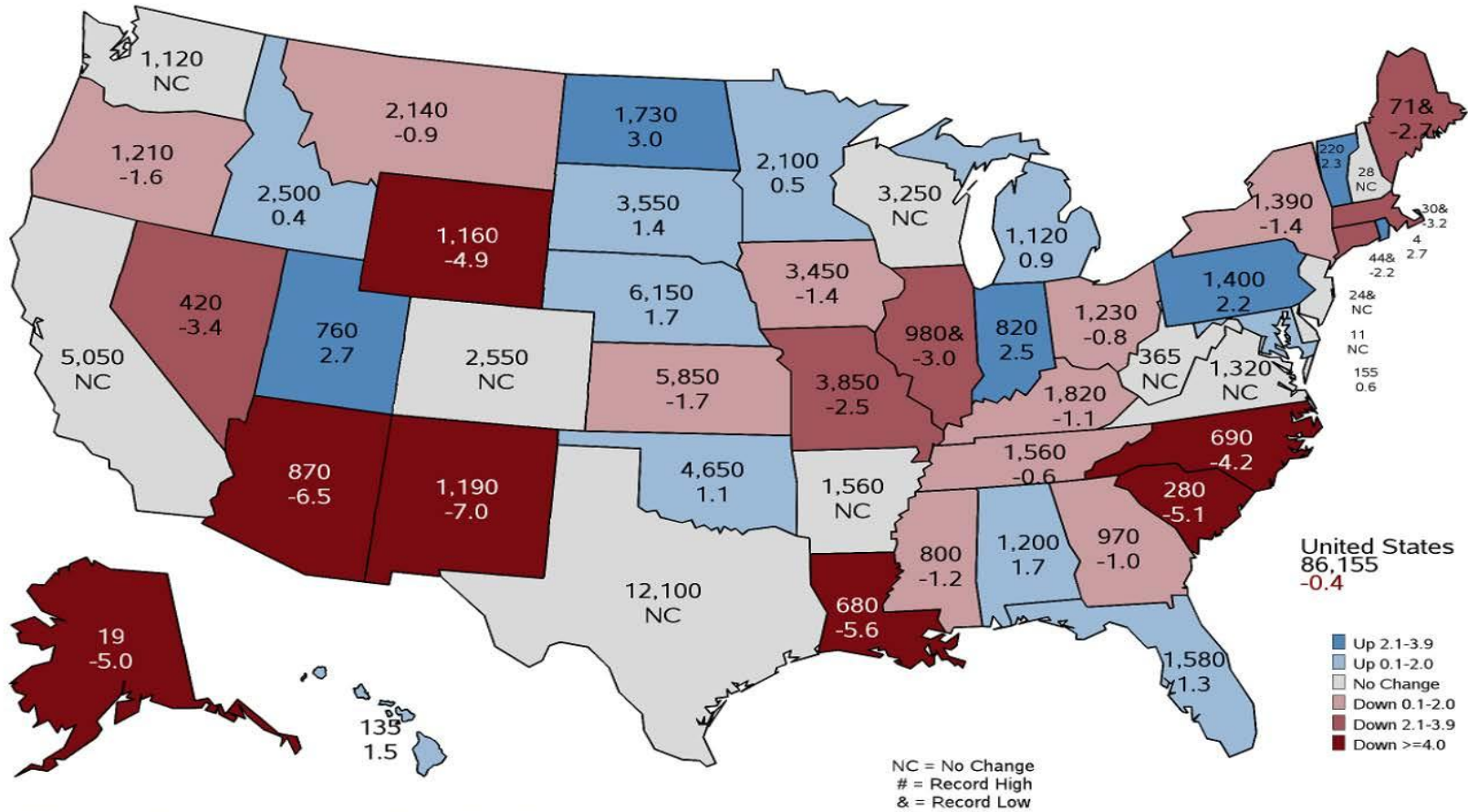
U.S. All Cattle & Calves Inventory as of January 1



Source: USDA

All Cattle and Calves: $-.4\%$,
lowest since 1951

January 1, 2026 Cattle and Calves (1,000) Head and Percent Change from Previous Year



United States Department of Agriculture
National Agricultural Statistics Service

January 30, 2026

United States

All cows and heifers that have calved

Beef cows

Milk cows

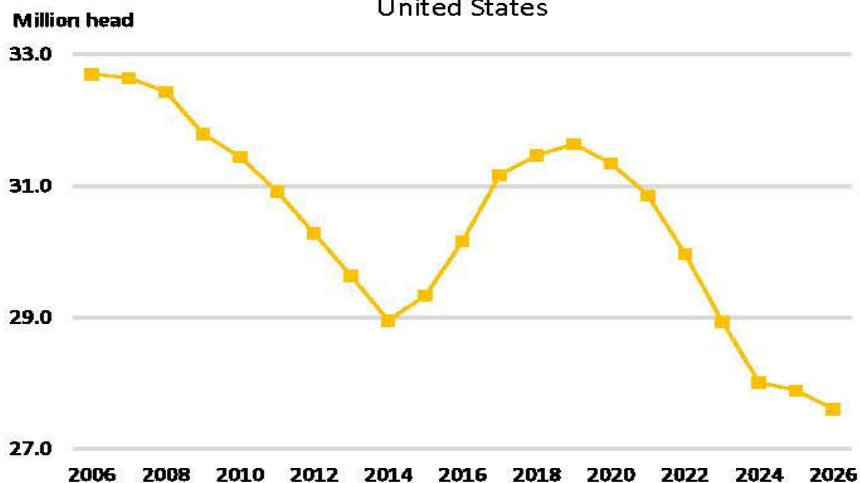
2025	2026	% Change from Previous Year	
(1,000 head)			

37,272.8	37,175.5	↓	0.3
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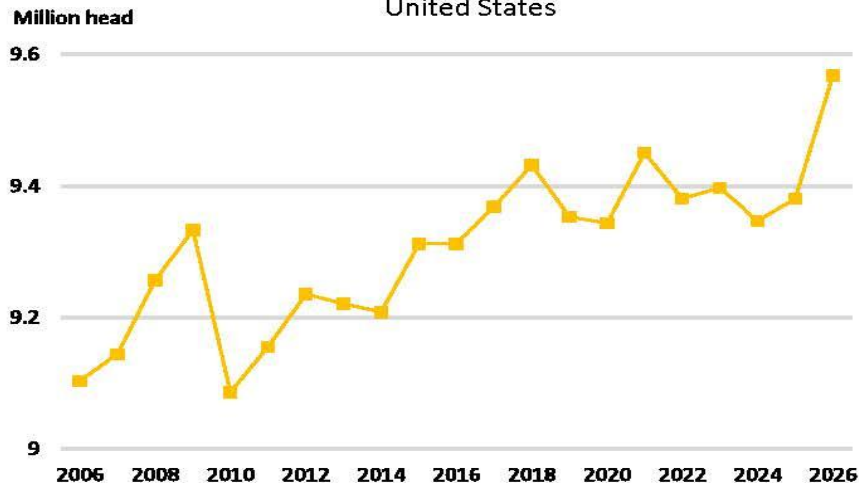
27,892.0	27,607.2	↓	1.0
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9,380.8	9,568.3	↑	2.0
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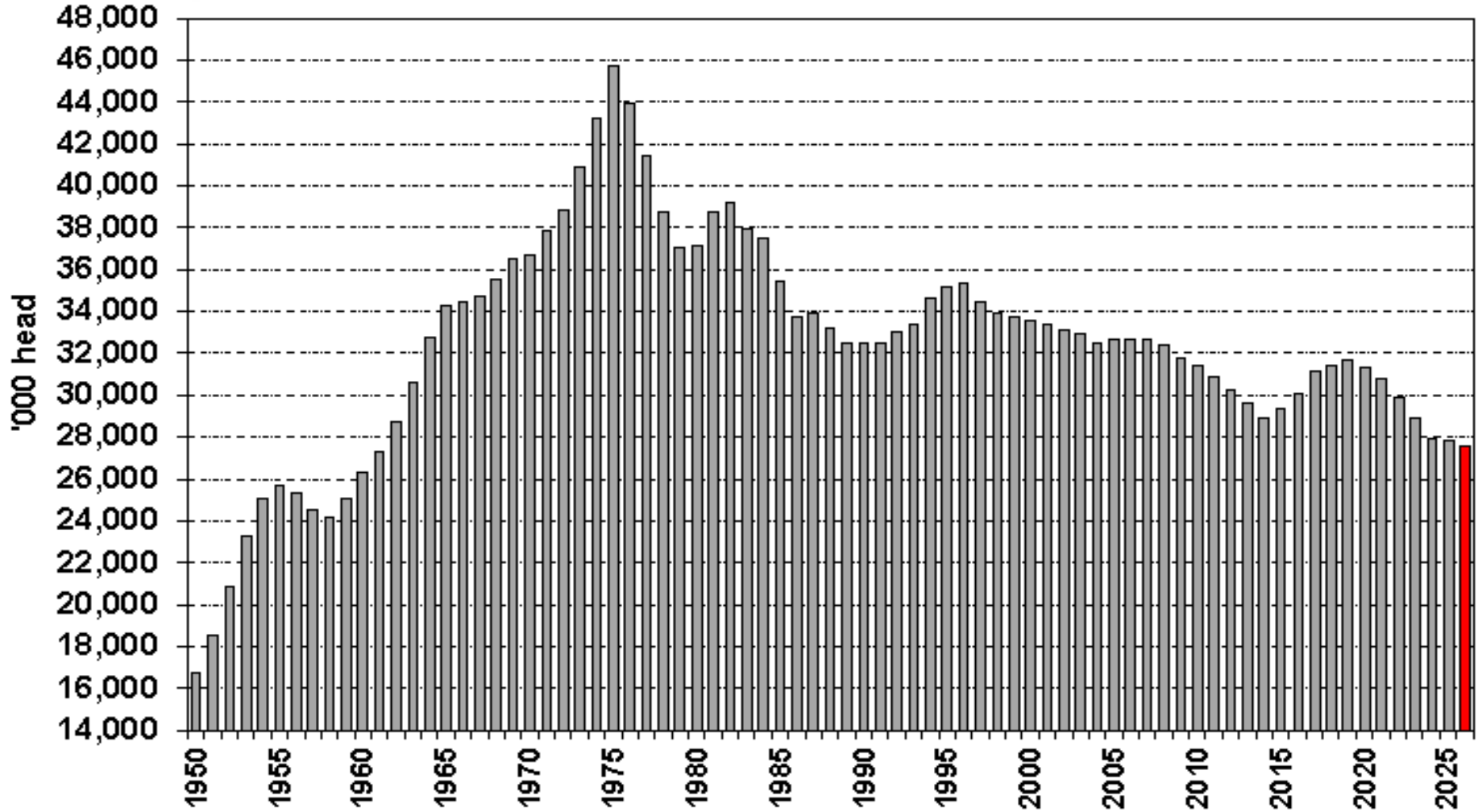
January 1 Beef Cows
United States



January 1 Milk Cows
United States

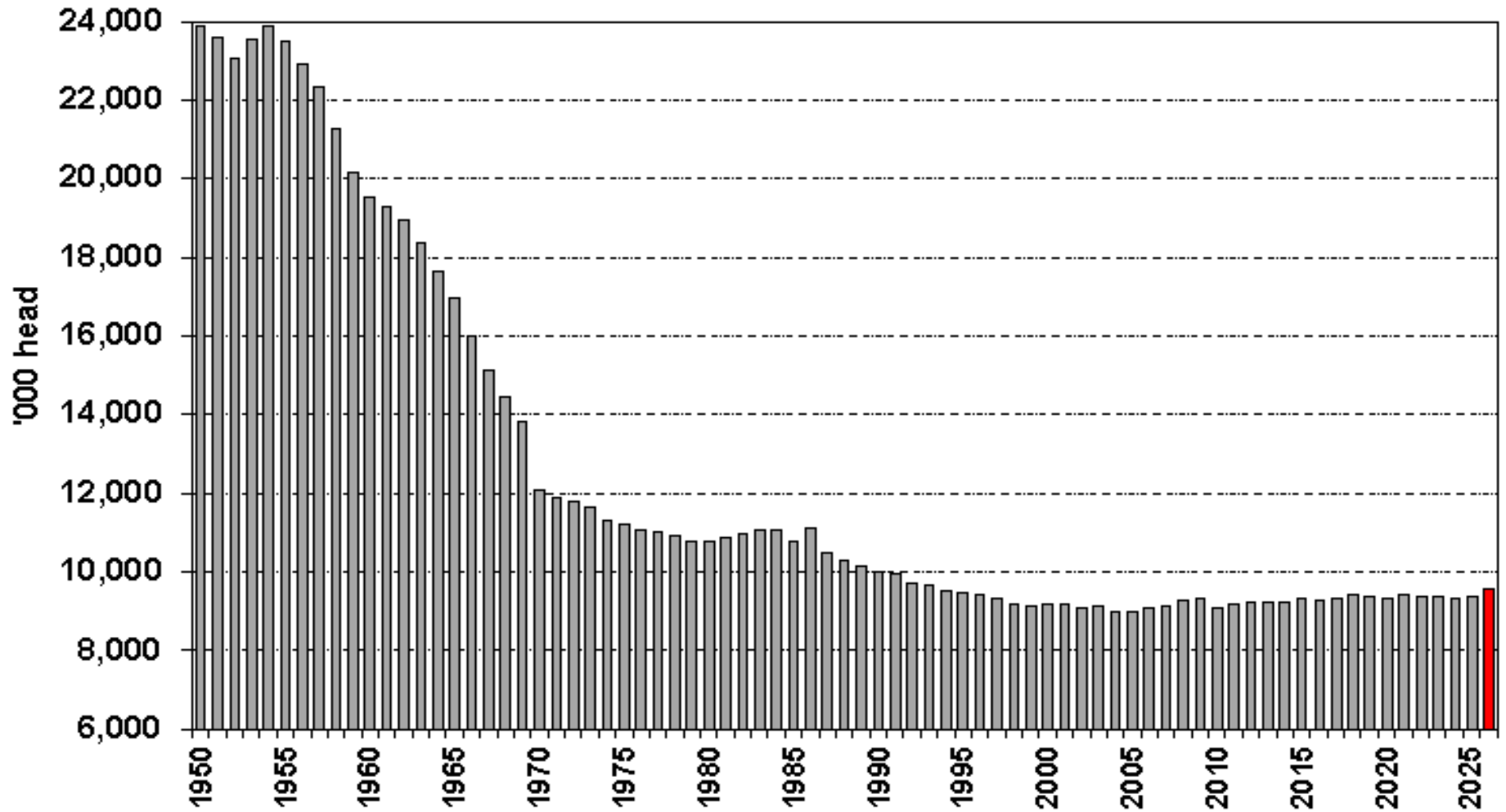


U.S. Beef Cow Inventory as of January 1



Source: USDA

U.S. Dairy Cow Inventory as of January 1

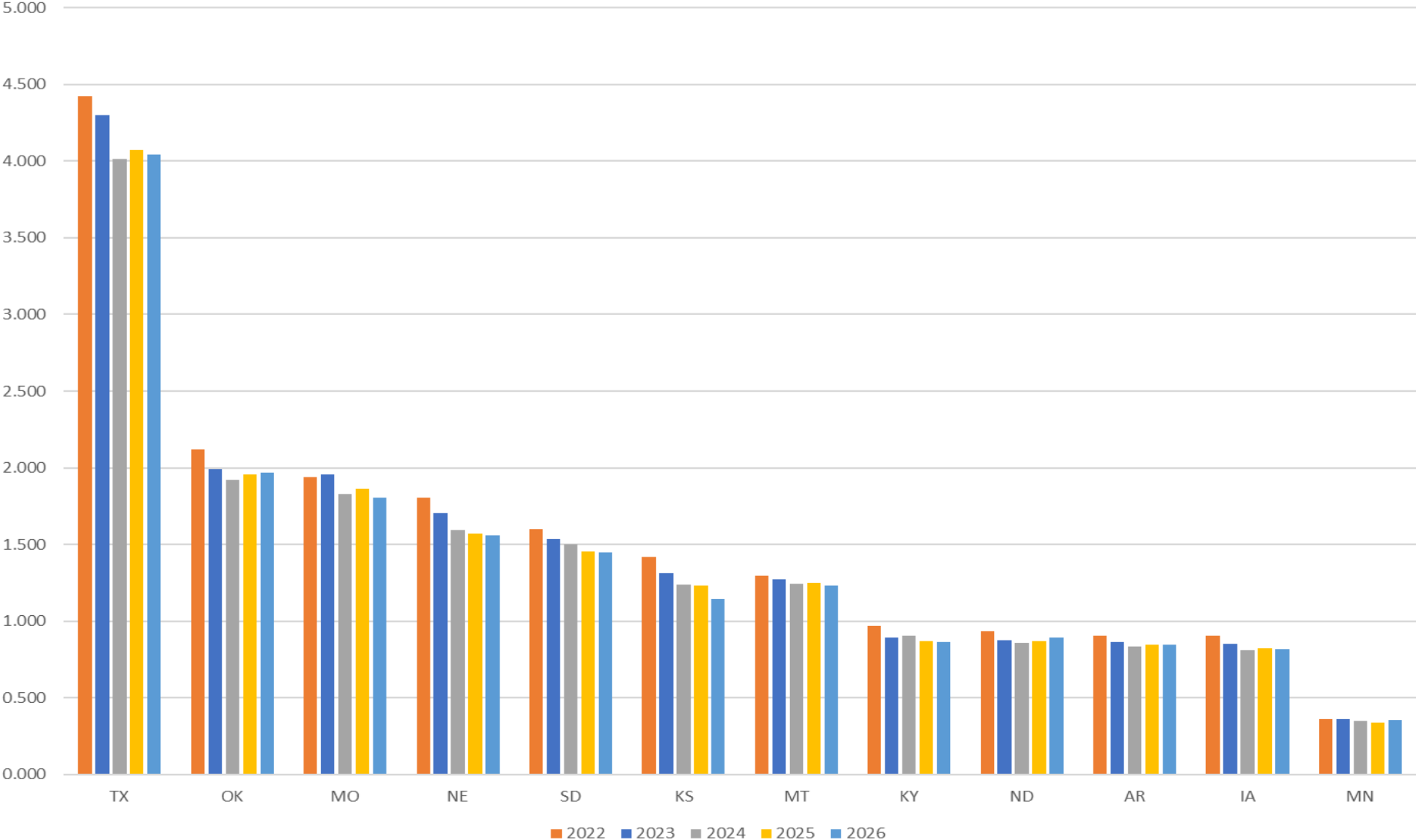


Source: USDA

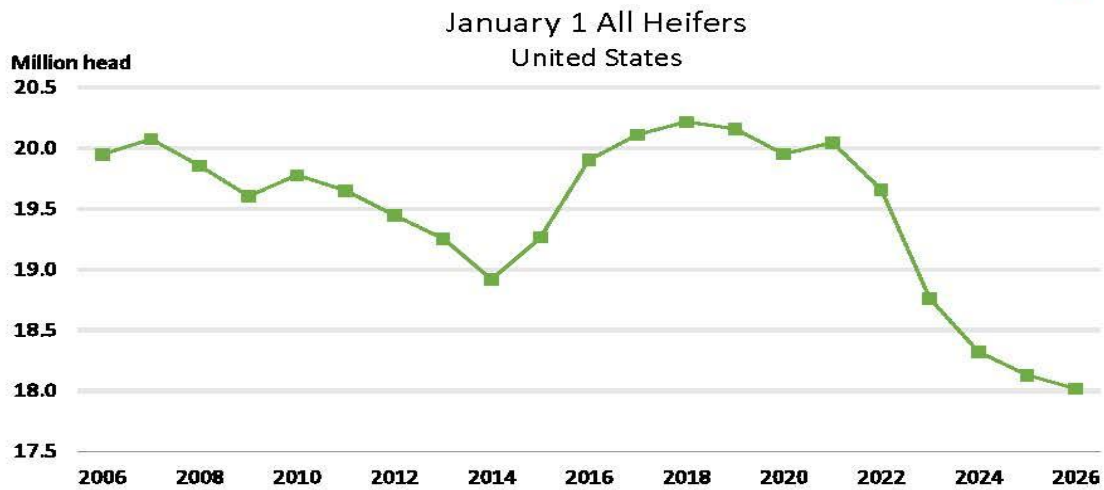
Beef Cows: -1%, lowest 1961

Inventory Change											
	Top Ten		Beef Cows	Beef Cows	Beef Cows	Beef Cows	Beef Cows	Beef Cows	Beef Cows	2023-2026	2020-2026
	States	Rank	2020	2021	2022	2023	2024	2025	2026	Change	Change
	TX	1	4570	4635	4425	4300	4015	4075	4045	-255	-525
	OK	2	2109	2159	2121	1991	1922	1959	1966	-25	-143
	MO	3	2083	2035	1941	1956	1830	1864	1806	-150	-277
	NE	4	1922	1880	1802	1704	1597	1572	1560	-144	-362
	SD	5	1783	1799	1600	1533	1500	1455	1450	-83	-333
	MT	6	1428	1389	1299	1271	1241	1252	1232	-39	-196
	KS	7	1443	1457	1421	1315	1235	1230	1145	-170	-298
	ND	8	995	965	935	876	860	870	891	15	-104
	KY	9	1021	973	966	895	907	869	862	-26	-159
	FL	10	904	929	895	888	862	865	872	-16	-32
	Top Ten		18258	18221	17405	16729	15969	16011	15829	-893	-2429
	US		31338.7	30843.6	29983.1	28939.3	28013	27892	27607	-1332.3	-3731.7

Beef Cows Top States

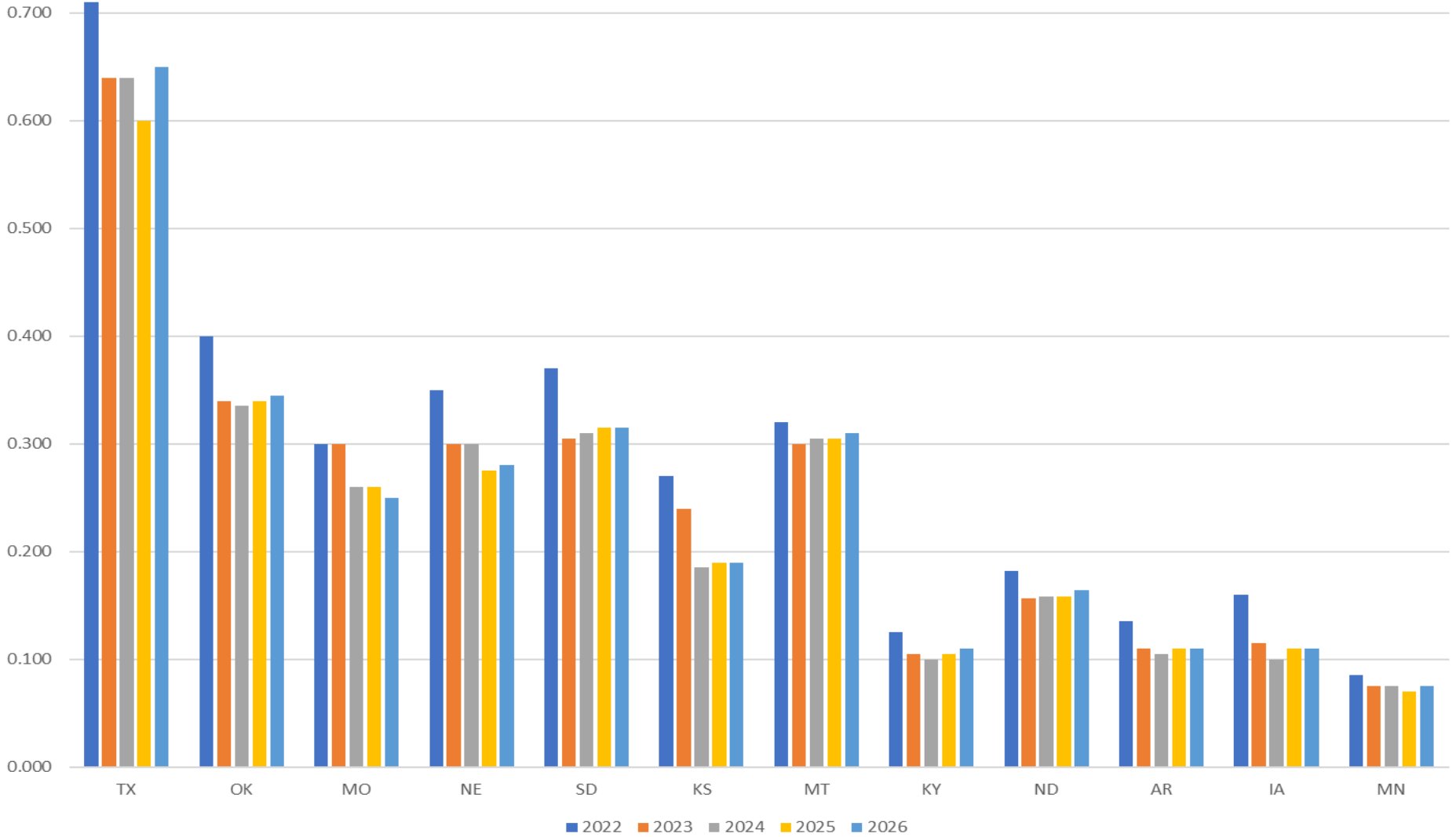


United States	2025 (1,000 head)	2026	% Change from Previous Year	
All heifers 500 pounds and over	18,129.9	18,016.7	↓	0.6
Beef cow replacement	4,672.5	4,714.2	↑	0.9
Milk cow replacement	3,915.3	3,904.6	↓	0.3
Other heifers	9,542.1	9,397.9	↓	1.5



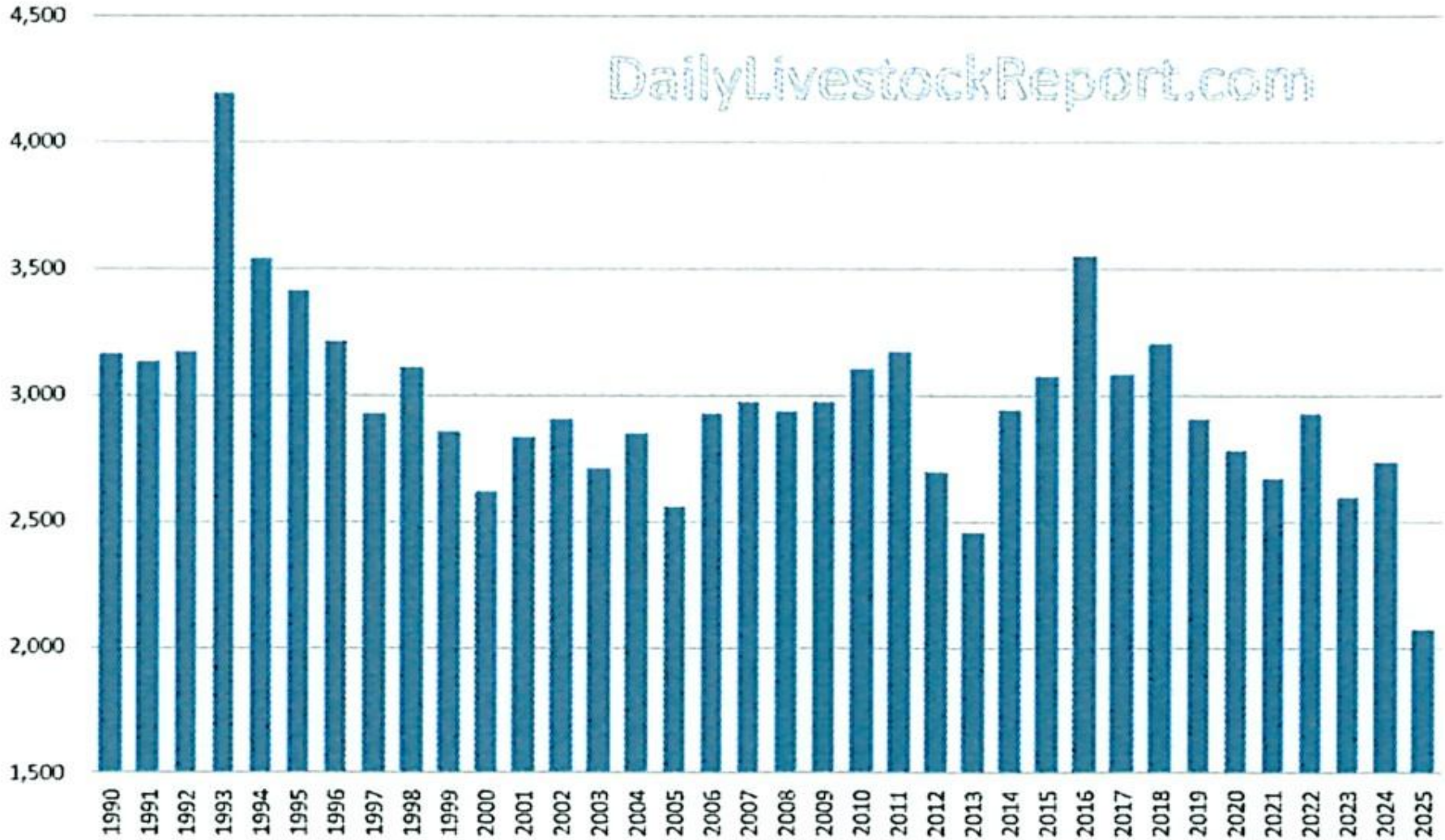
Beef Replacement Heifers:
+.9%, lowest since 1949

Beef Replacement

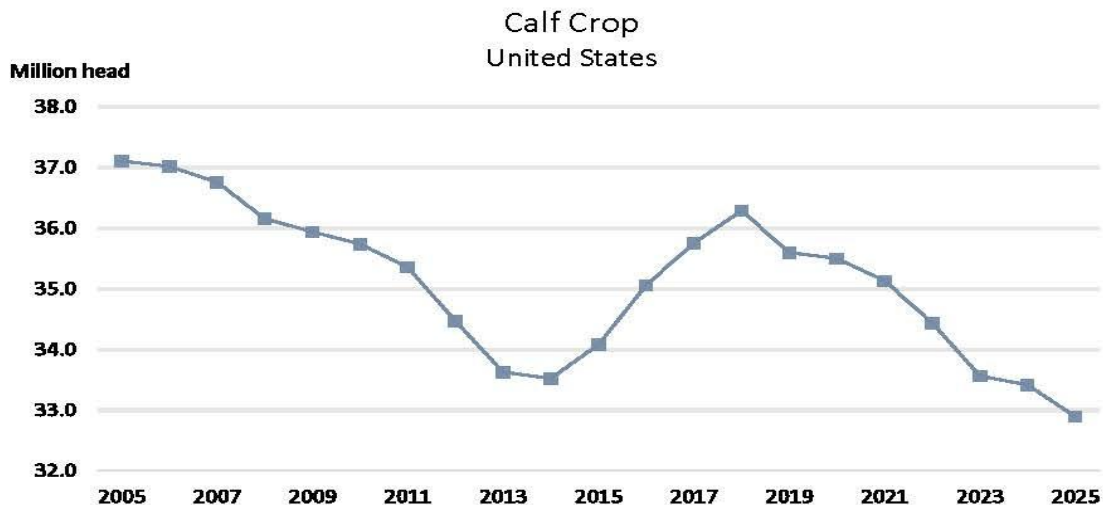


Number of Beef Cows Added to the Herd (Calculated as Residual of Inventories, Sltr)

Data source: USDA-NASS. Analysis by Steiner Consulting



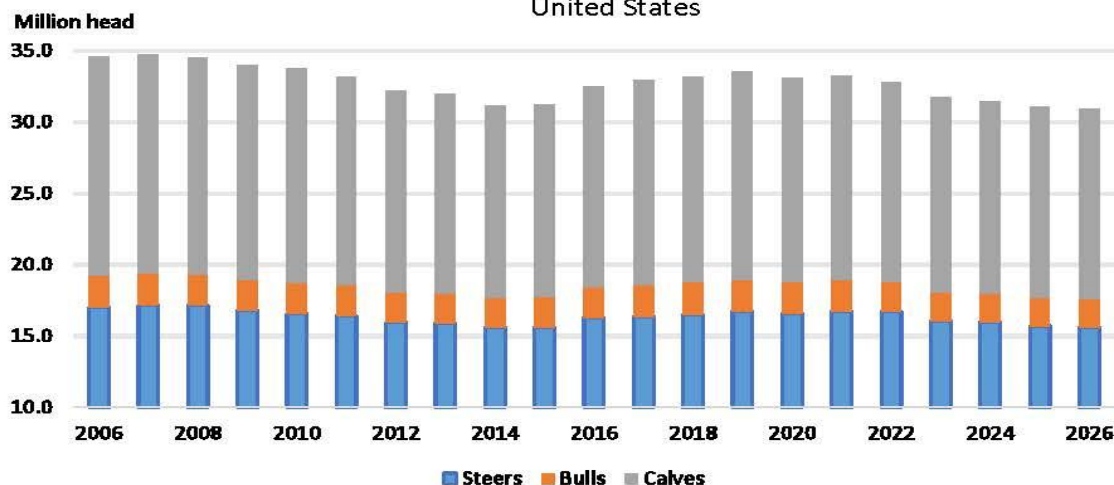
United States	2024	2025	% Change from Previous Year	
	(1,000 head)			
January 1 – June 30	24,600.0	24,200.0	↓	1.6
July 1 – December 31	8,816.5	8,695.6	↓	1.4
Total	33,416.5	32,895.6	↓	1.6



7th straight year for lower calf crop

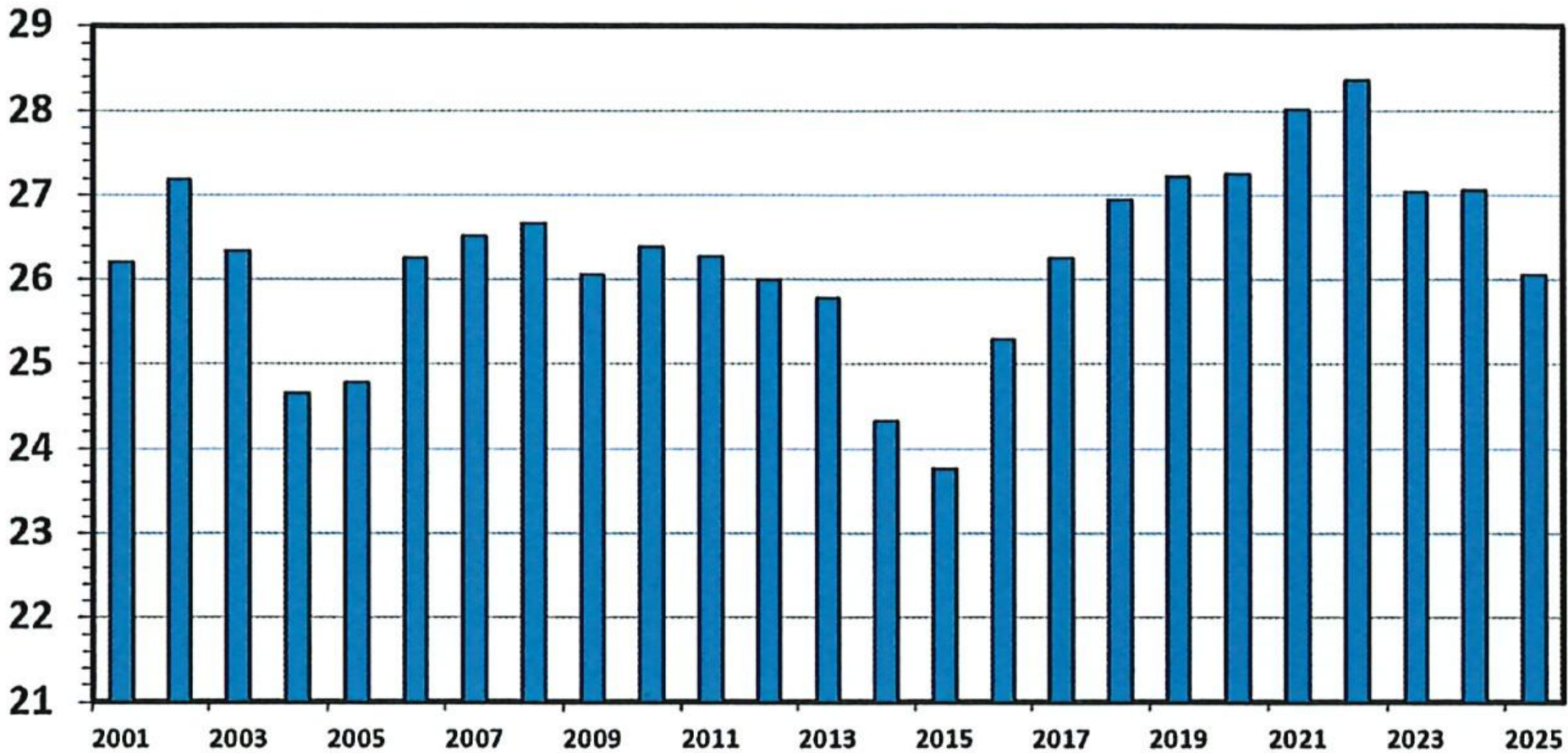
United States	2025	2026	% Change from Previous Year	
	(1,000 head)			
Steers 500 pounds and over	15,697.4	15,601.4	↓	0.6
Bulls 500 pounds and over	2,009.0	2,014.7	↑	0.3
Calves under 500 pounds	13,363.1	13,347.0	↓	0.1

January 1 Steers, Bulls, and Calves
United States



U.S. Beef Production - Annual

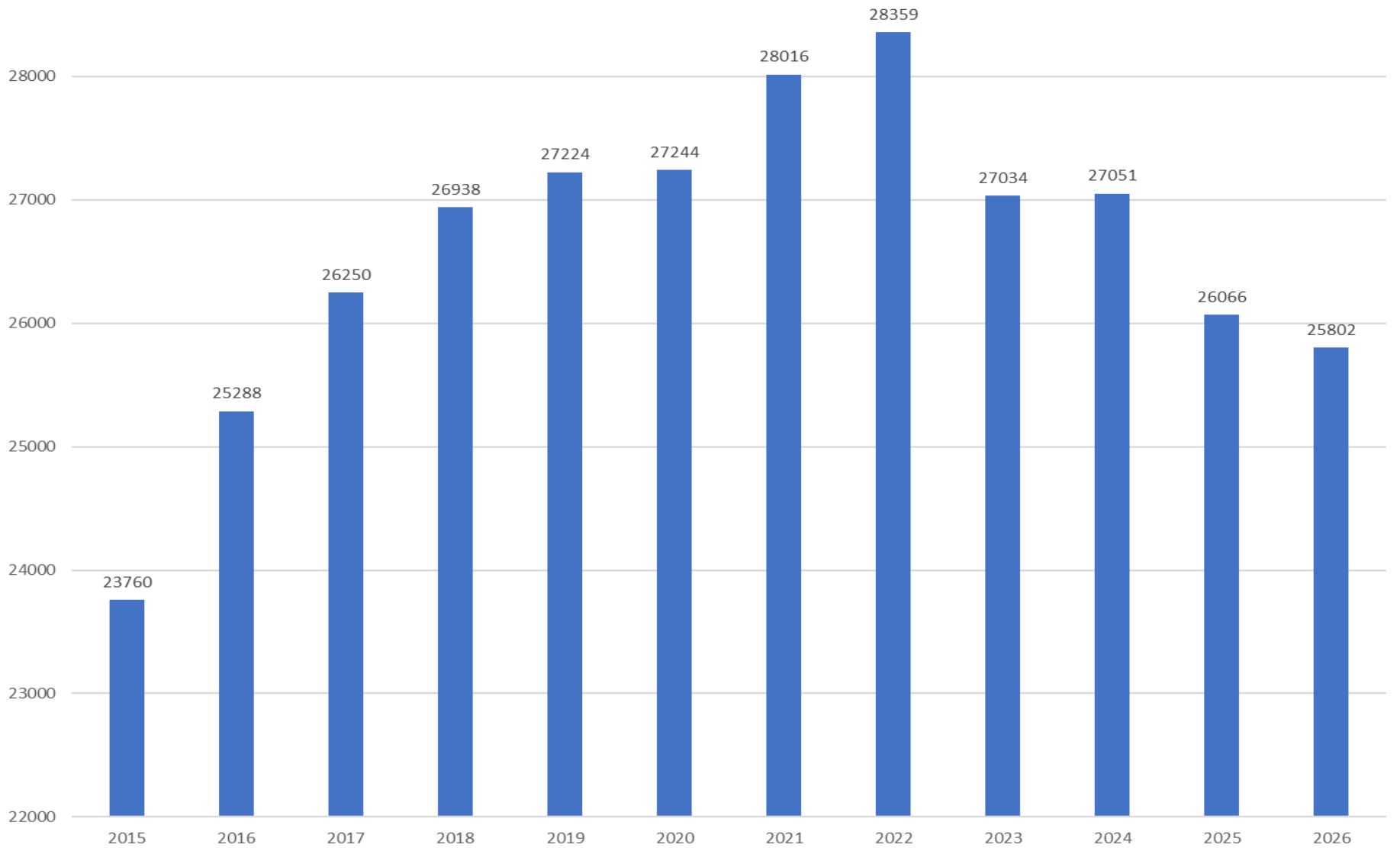
Bill. Pounds



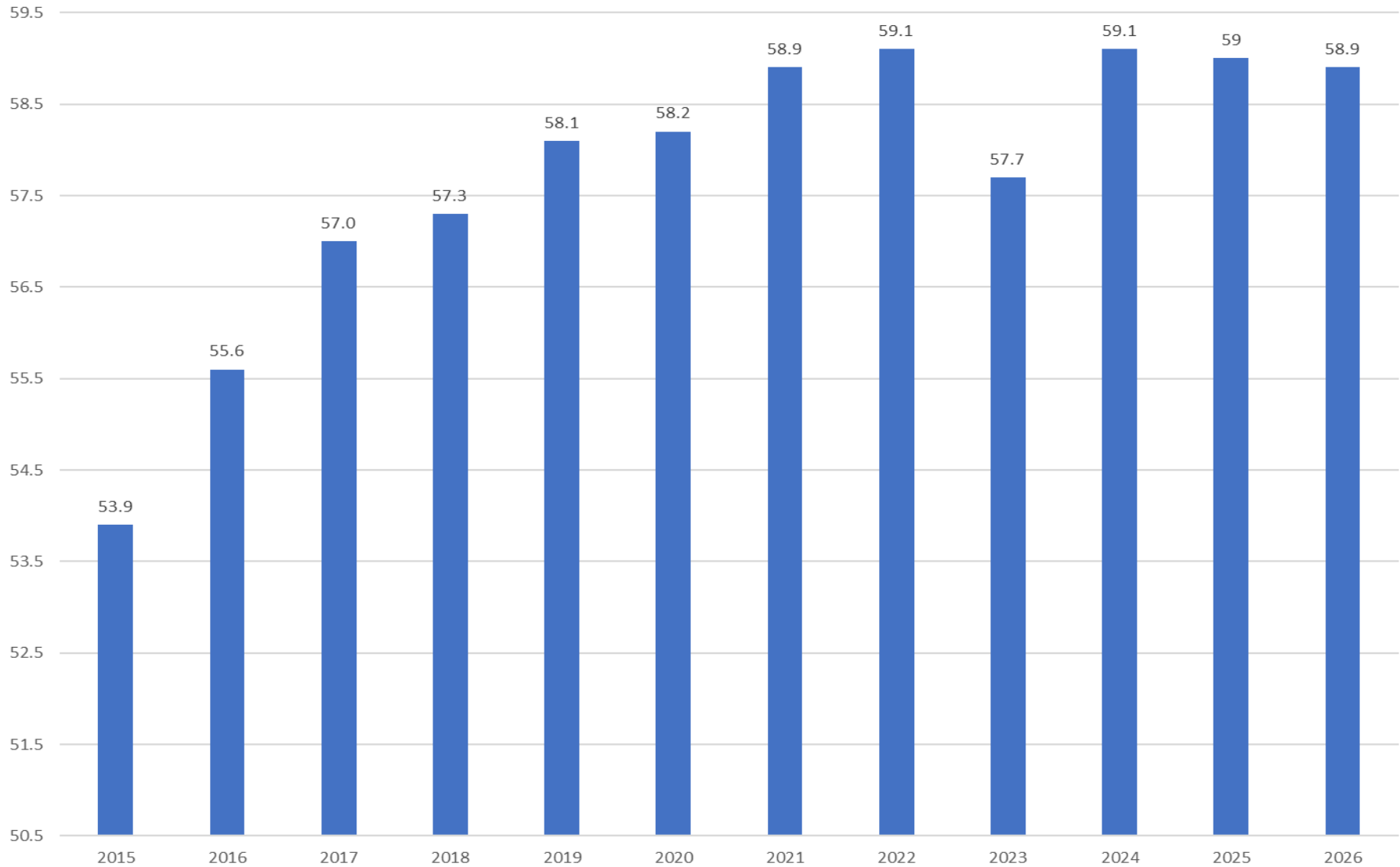
Source: USDA-NASS



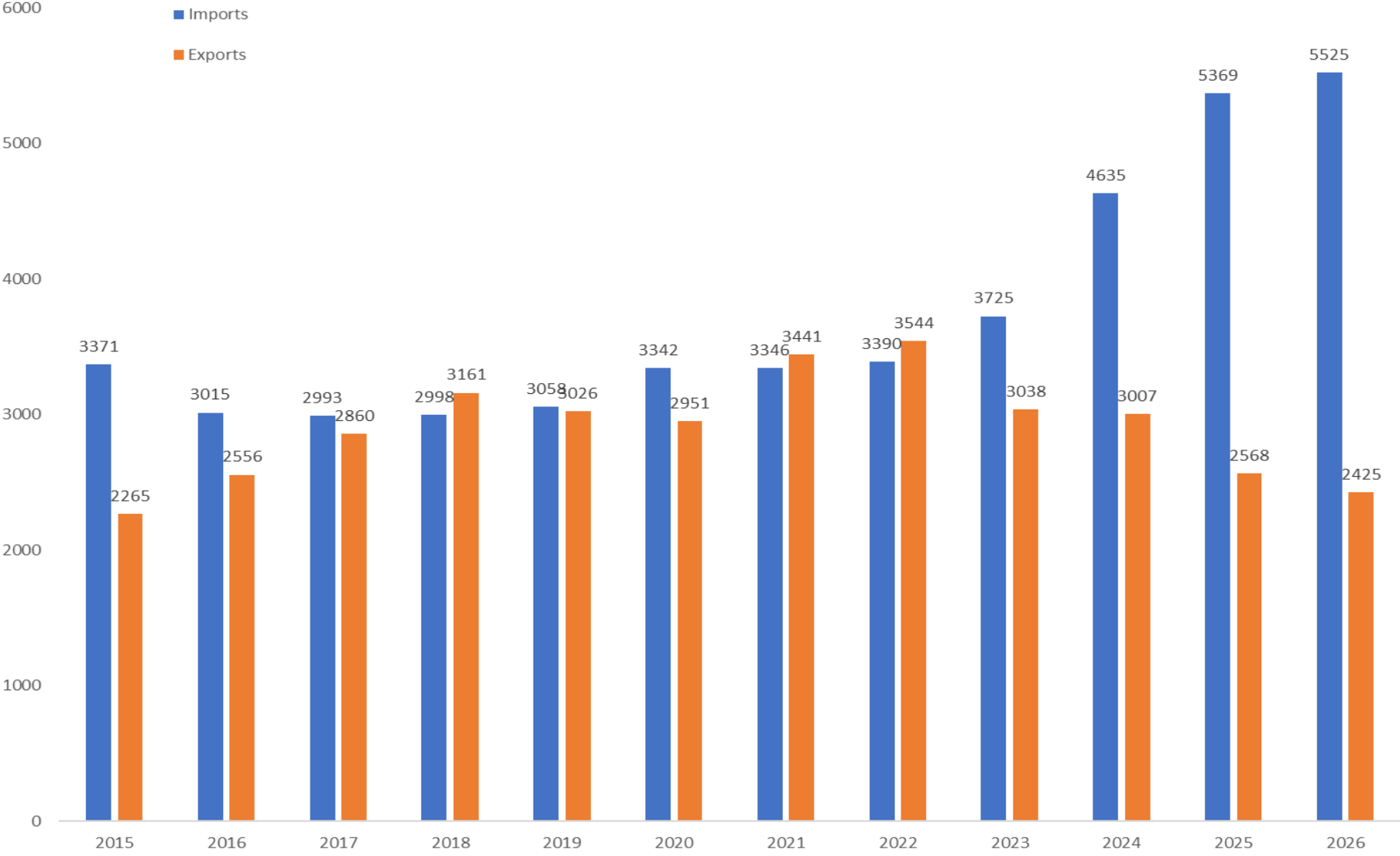
Production



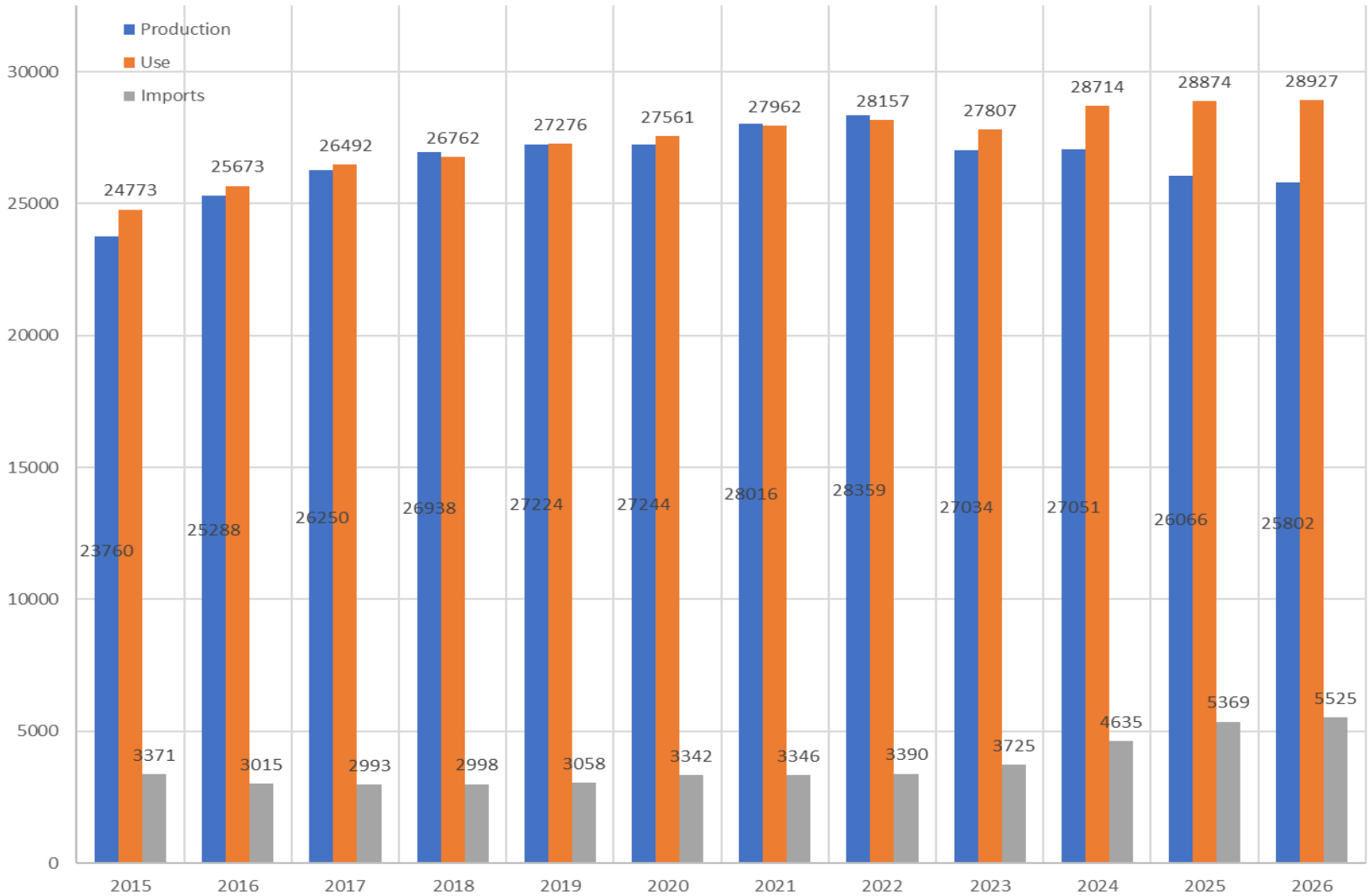
Consumption



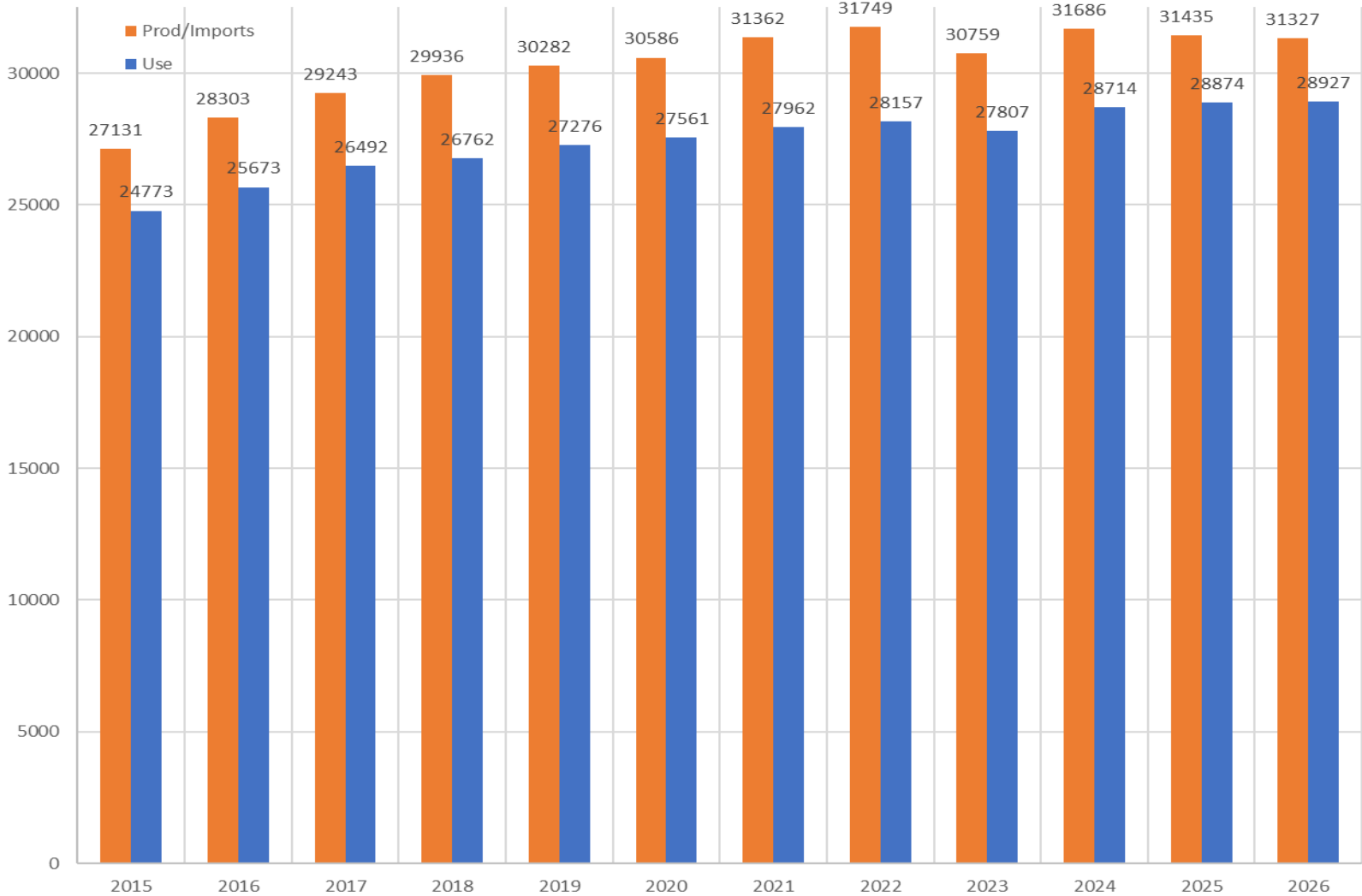
Beef Exports/Imports



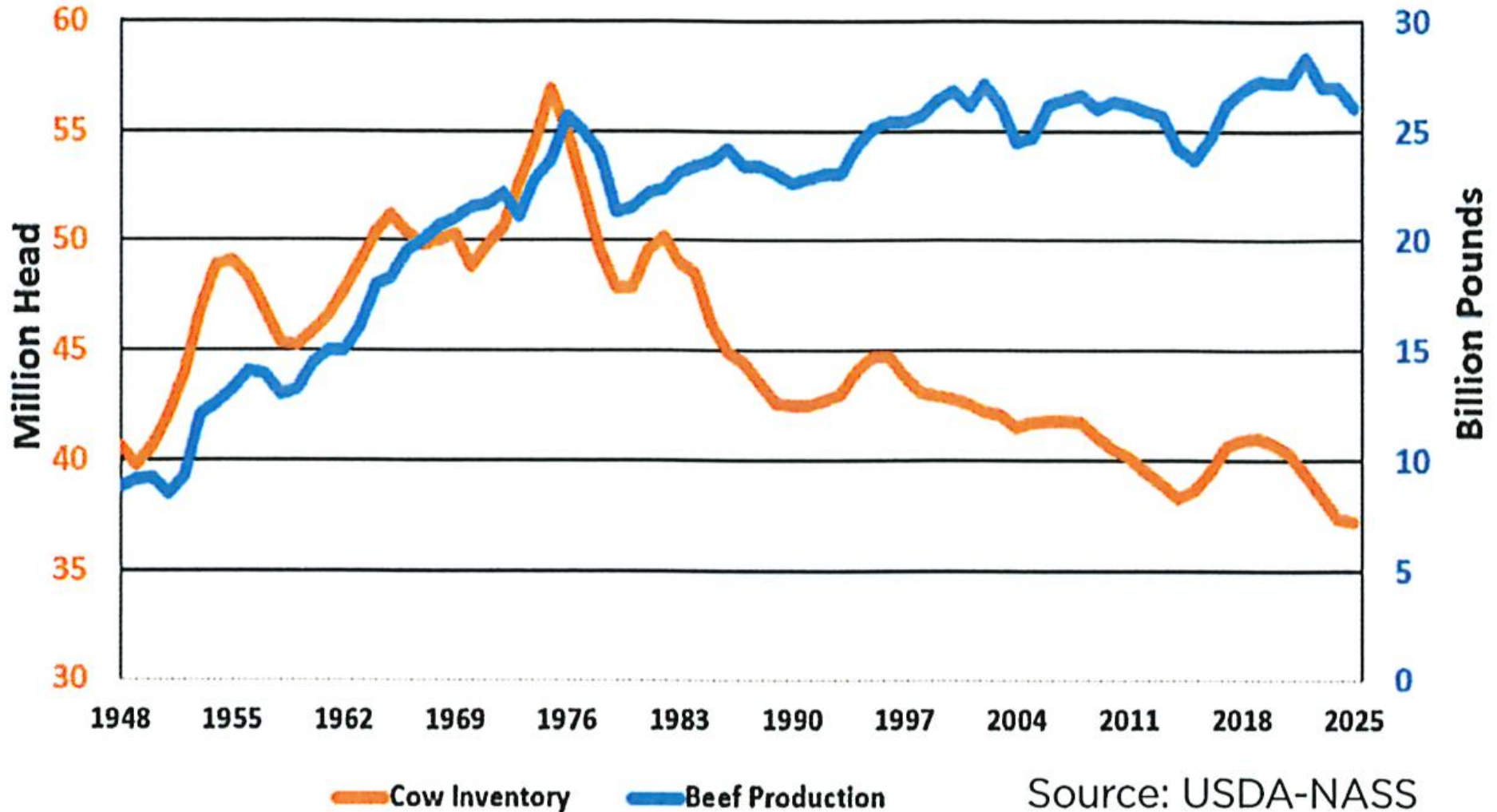
Beef Prod and Use



Beef /Imports and Use



U.S. Cow Herd and Beef Production

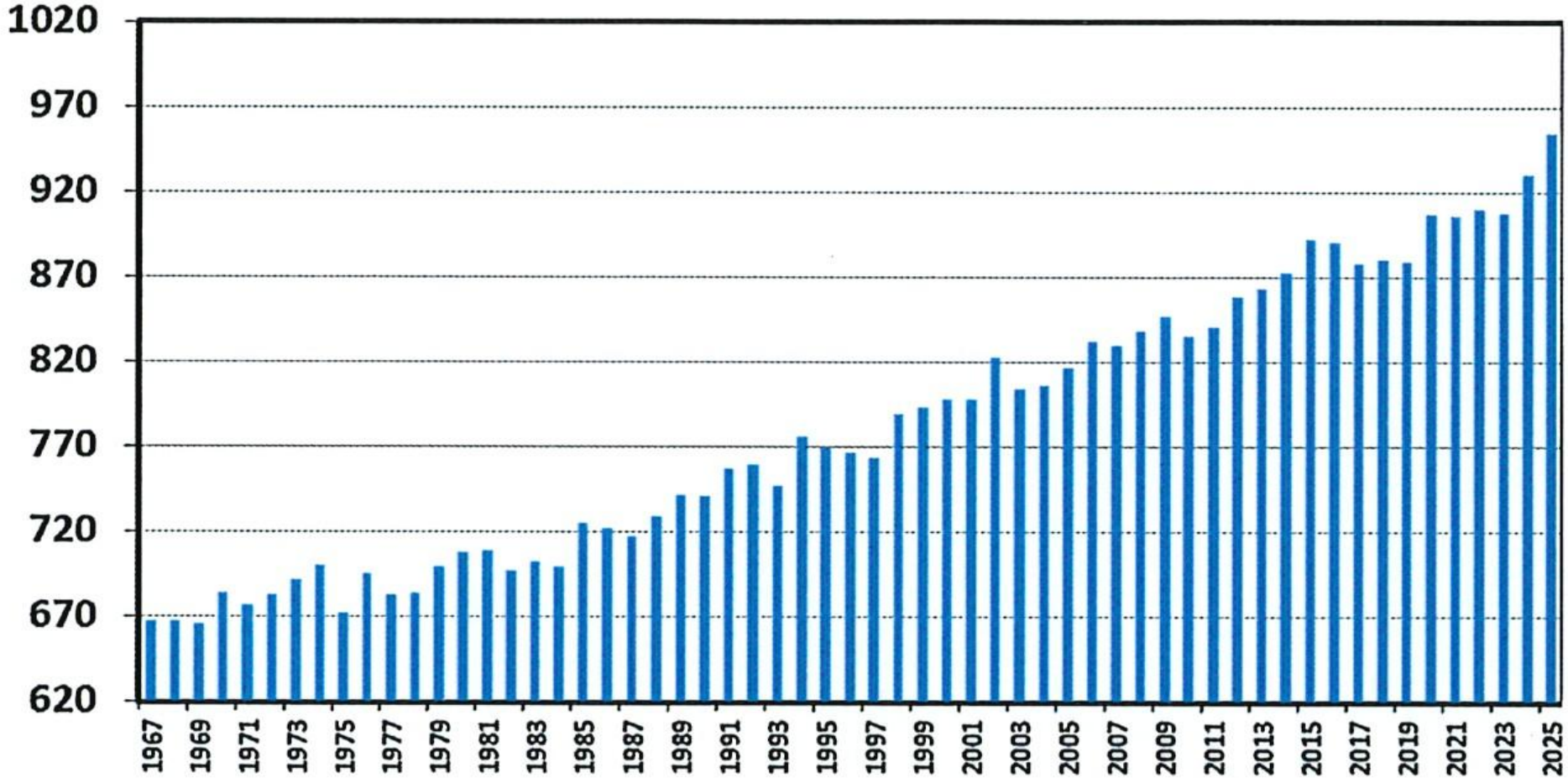


Source: USDA-NASS



U.S. Steer Dressed Weights - Annual

Pounds

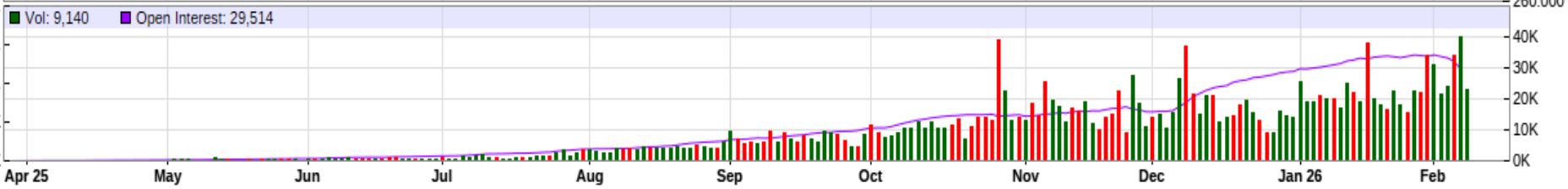


Source: USDA NASS & AMS



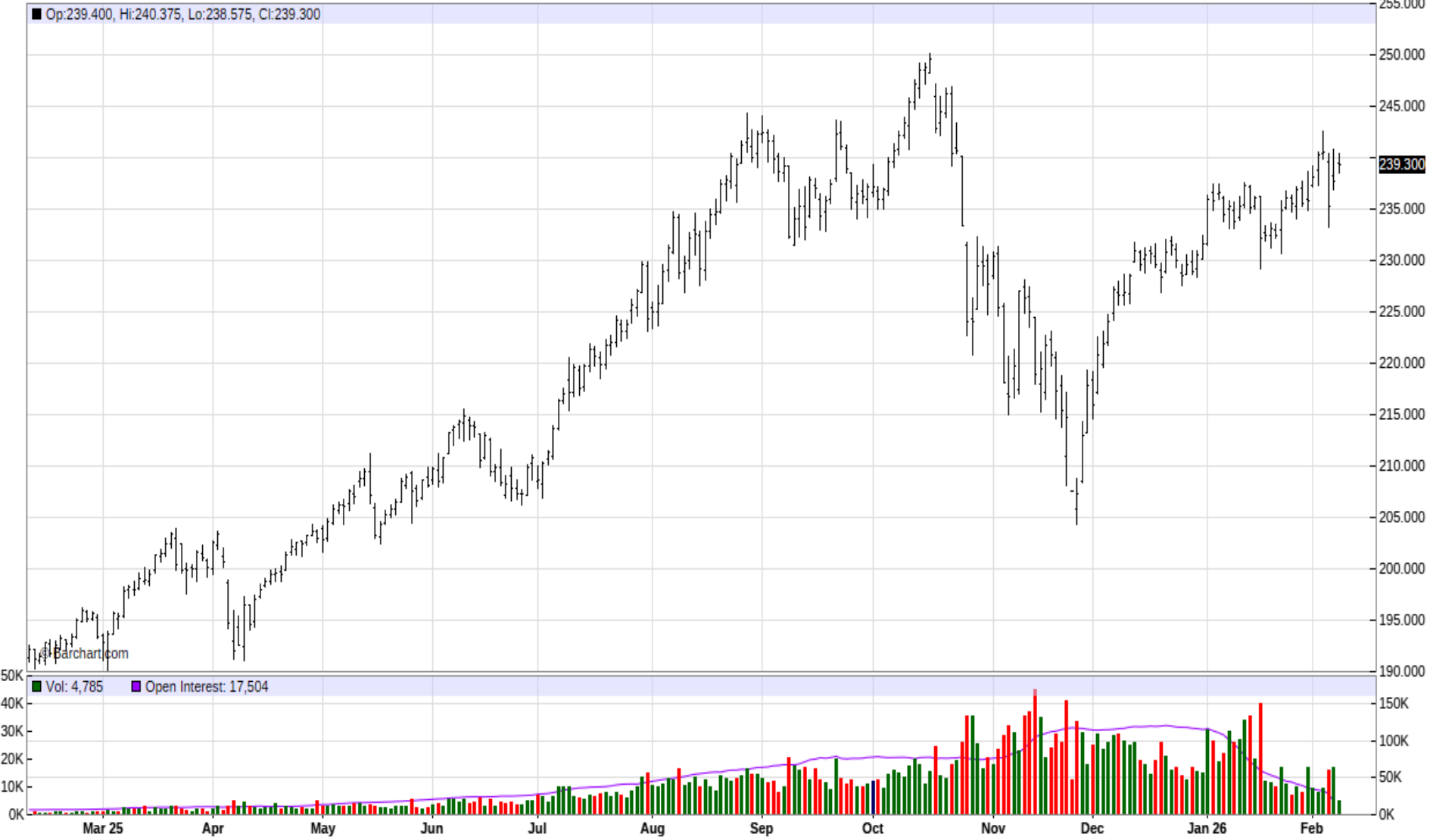
GFH26 - Feeder Cattle - Daily OHLC Chart

Op:367.900, Hi:369.800, Lo:365.825, Cl:367.450



LEG26 - Live Cattle - Daily OHLC Chart

Op:239.400, Hi:240.375, Lo:238.575, Cl:239.300



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Any Questions?

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