

RMA Livestock Programs



Colorado USDA Beginning Farmer and Rancher
June 26, 2024

**Risk
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Agency**

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What's Available for Livestock Producers?

- **Dairy Revenue Protection (DRP)**
- **Livestock Gross Margin (LGM)**
 - Cattle
 - Dairy
 - Swine
- **Livestock Risk Protection (LRP)**
 - Fed Cattle
 - Feeder Cattle
 - Swine

Dairy Revenue Protection (DRP)

- Area-Based Revenue Insurance Product for Dairy Producers
- Protection against milk price, milk yield and revenue declines
- Quarterly coverage, coverage available for the 5 nearby quarters
- LGM Dairy and DRP
 - Only one can have endorsements in effect for the quarterly insurance period

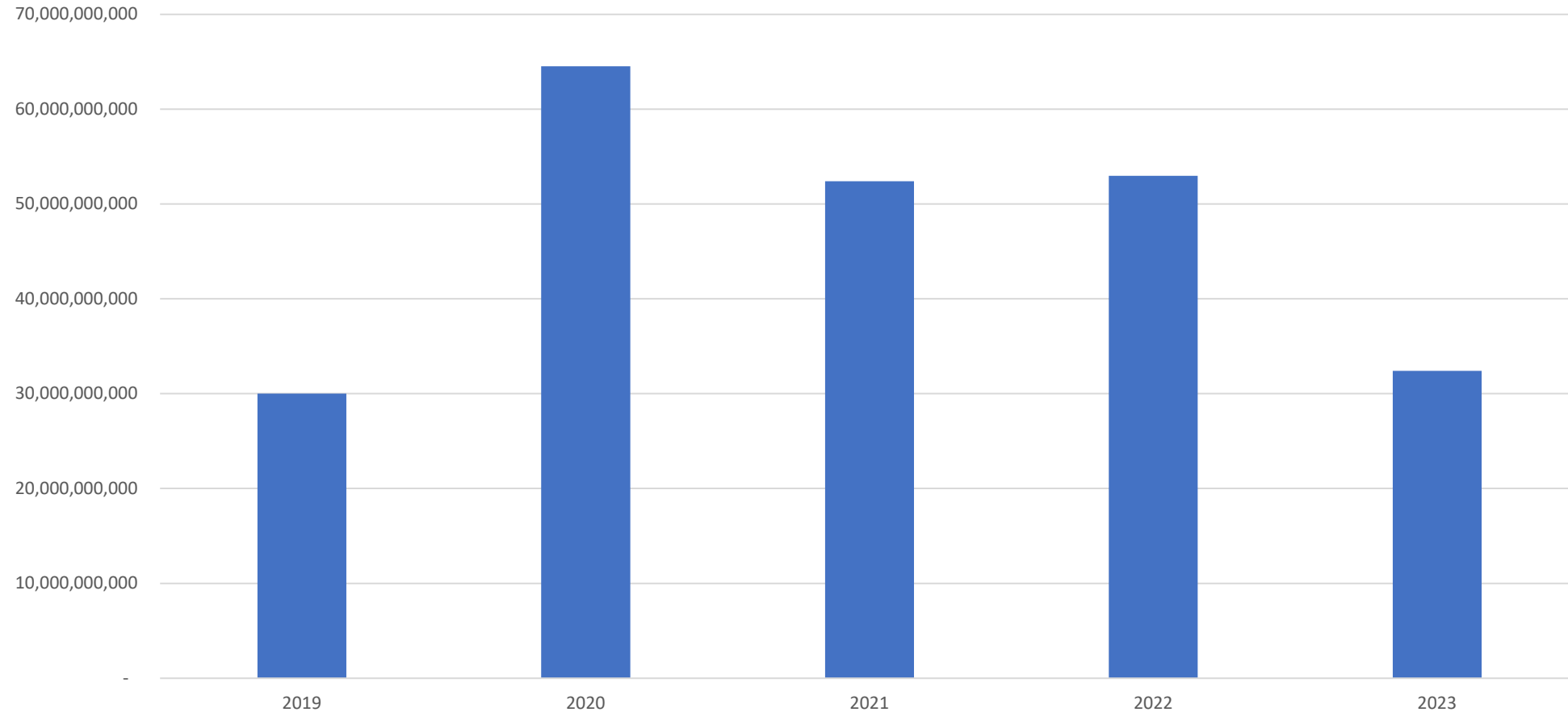
Dairy Revenue Protection (DRP)

- **Two pricing options (class price and component)**
 - Class Price- combination of Class III and Class IV milk
 - Component-combination of milk components (butterfat, protein, milk solids)
- **Daily Offers**
 - Sales period ends 9:00AM CT

Dairy Revenue Protection (DRP)

- **Indemnities**
 - Notice of probable loss sent approximately 10 days after data for quarter is released
 - Producer must submit claim form within 60 days of notice
 - Must also provide milk production worksheet
 - Producer must market at least 85% of declared covered milk production
 - **DRP Policy 7(d)(2)**

Dairy Revenue Protection Participation



Data as of 6/13/23

Livestock Gross Margin (LGM)

- Provides protection against the loss of gross margin (market value of livestock or milk minus feed costs) on livestock.
 - Dairy, Cattle, Swine
- Uses CME to establish margins
- Indemnity is difference between gross margin guarantee and actual gross margin
- No head limits
- Weekly Offers

LGM - Cattle

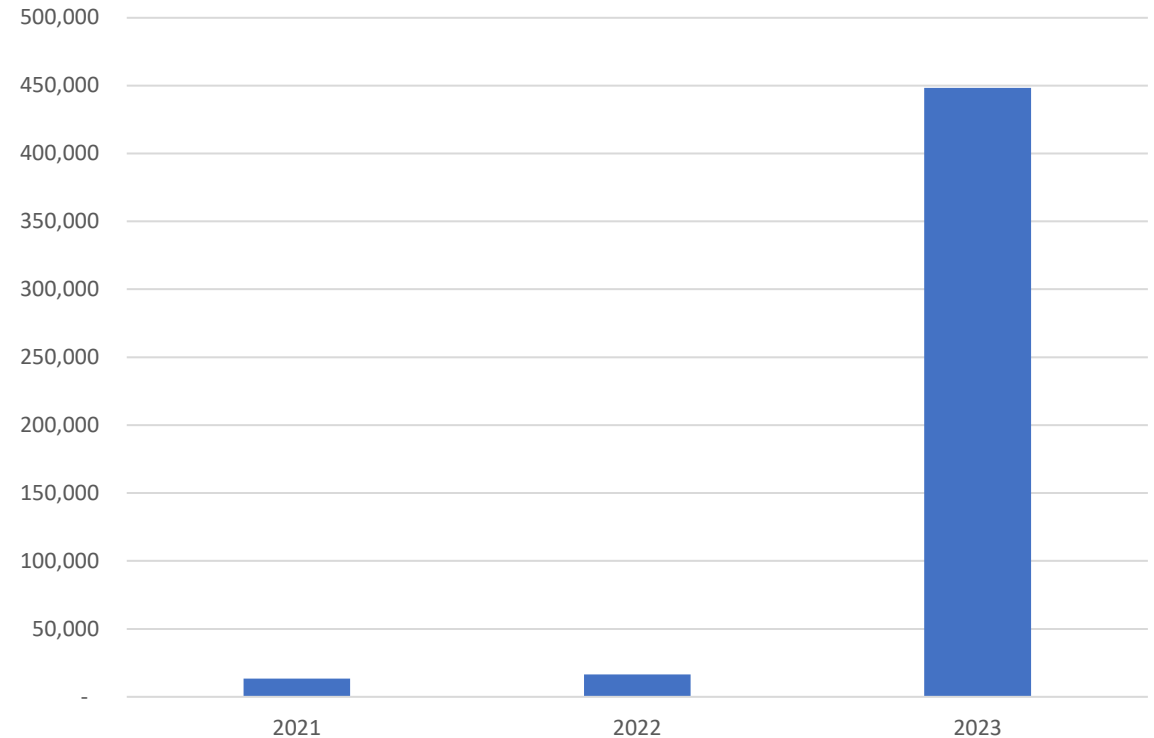
- **Provides protection against the loss of gross margin on cattle.**
 - Market value of livestock minus feeder cattle and feed costs.
- **Subsidy based on the dollar deductible that you choose**
 - Deductible ranges from \$0-\$150 in \$10 increments.
 - Subsidy ranges from 18% - 50%.
- **11-month insurance period**
 - Each sales month, a producer can purchase coverage once per week.

LGM – Cattle (continued)

- **Producer selects target marketing months in which cattle will be marketed**
- **At the end of the insurance period the producer will:**
 - Submit a marketing report showing number of actual cattle marketed
 - Provide sales receipts along with marketing report
- **Indemnity will be received if the actual total gross margin is less than the gross margin guarantee.**
 - Actual marketings must be at least 75% of target marketings

LGM Cattle Participation

- **2006 ~ 25,655 Head**
- **2014 ~ 1,732 Head**
- **2023 ~ 448,319 Head**



Data as of 6/13/23

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LGM Changes for 2024

- **Ability to obtain insured's signature up to 14 calendar days prior to the end of the sales period.**
 - Procedure contained in the LGM Handbook Para. 21 D
- **Sales period end time**
 - Cattle and Swine sales end at 8:25AM CT
- **New terms and clarifications**
 - SCE; premium billing for each SCE

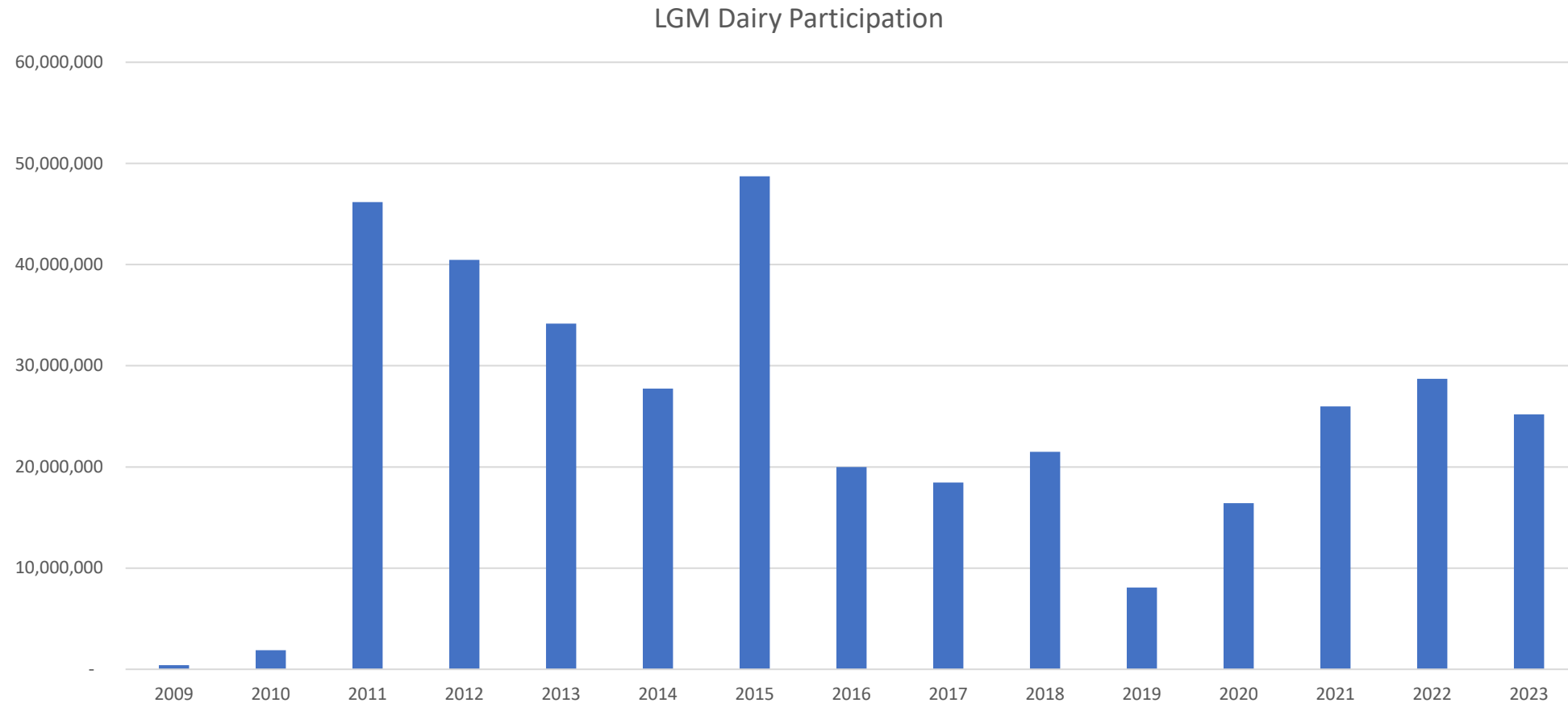
LGM - Dairy

- **Provides protection against the loss of gross margin on milk.**
 - Market value of milk minus feed costs.
- **Subsidy based on the dollar deductible that you choose**
 - Deductible ranges from \$0-\$2 in \$0.10 increments.
 - Subsidy ranges from 18% - 50%.
- **11-month insurance period**
 - Each sales month, a producer can purchase coverage once per week.

LGM – Dairy (continued)

- **Producer selects target marketing months in which milk will be marketed**
- **At the end of the insurance period the producer will:**
 - Submit a marketing report showing number of actual cwt of milk marketed
 - Provide sales receipts along with marketing report
- **Indemnity will be received if the actual total gross margin is less than the gross margin guarantee.**
 - Actual marketings must be at least **85%** of cumulative marketings

LGM Dairy Participation



Data as of 6/13/23

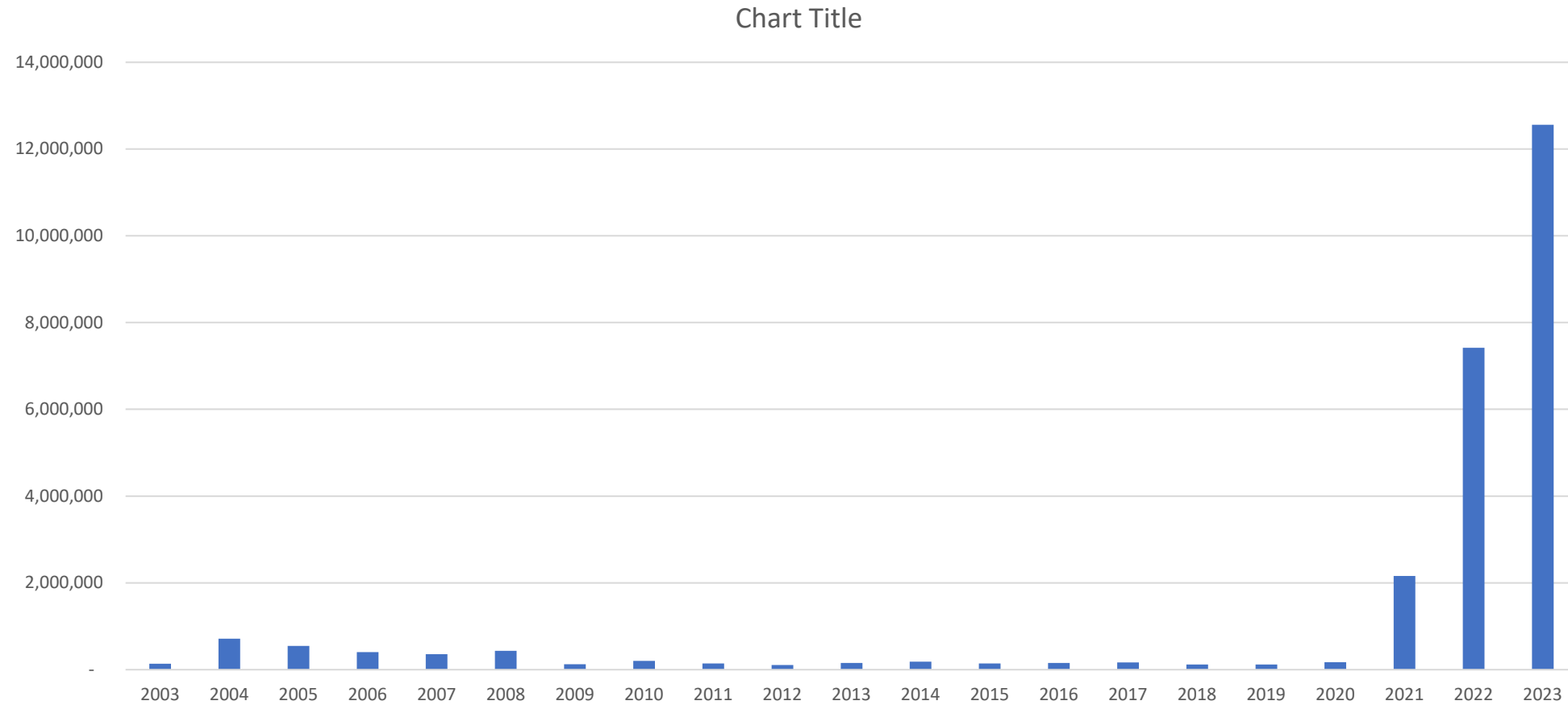
LGM - Swine

- **Provides protection against the loss of gross margin on swine.**
 - Market value of swine minus feed costs.
- **Subsidy based on the dollar deductible that you choose**
 - Deductible ranges from \$0-\$20 in \$2 increments.
 - Subsidy ranges from 18% - 50%.
- **6-month insurance period**
 - Each sales month, a producer can purchase coverage once per week.

LGM – Swine (continued)

- **Producer selects target marketing months in which swine will be marketed**
- **At the end of the insurance period the producer will:**
 - Submit a marketing report showing number of actual swine marketed
 - Provide sales receipts along with marketing report
- **Indemnity will be received if the actual total gross margin is less than the gross margin guarantee.**
 - Actual marketings must be at least 75% of target marketings

LGM Swine Participation



Data as of 6/13/23

Livestock Risk Protection (LRP)

- Protects producers against a decline in market prices below a producer's selected coverage price.
- Uses CME futures and option prices to determine offer
- Coverage should correspond to the timeframe when livestock would normally be marketed and sold.
- **Daily Offers**
 - Sales end at **8:25AM** CT

Livestock Risk Protection (continued)

- Premium due at the end of the endorsement period.
- Coverage available for unborn livestock

LRP – Feeder Cattle

- **Available for unborn calves, steers, heifers, brahman and dairy cattle.**
 - Two weight ranges – 100-599 pounds and 600-1,000 pounds
- **Subsidy ranges from 35% to 55% based on the coverage level selected.**
- **Endorsement lengths: 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.**
- **Head Limits of 12,000 head per endorsement and 25,000 head annually**

LRP – Feeder Cattle (continued)

- Indemnity based on if the actual ending value is below the coverage price.
- Actual ending value determined by CME Feeder Cattle Reported Index
- 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 – Fed Cattle

- **Available for cattle expected to:**
 - Quality grade select or higher
 - Yield grade 1-3
 - Slaughter weight of 1,000-1,600 pounds.
- **Subsidy ranges from 35% to 55% based on the coverage level selected.**
- **Endorsement lengths: 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.**
- **Head Limits of 12,000 head per endorsement and 25,000 head annually**

LRP – Fed Cattle (continued)

- Indemnity based on if the actual ending value is below the coverage price.
- Actual ending value determined by the AMS 5 Area Weekly Weighted Average Direct Slaughter Cattle report.
 - The price series is the Live Basis Sales, Steers, “Over 80% Choice” category.

LRP - Swine

- **Available for unborn swine, and no type specified (born swine).**
 - Target weights from about 189 lbs. to 351 lbs.
- **Subsidy ranges from 35% to 55% based on the coverage level selected.**
- **Endorsement lengths: 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.**
 - Unborn swine minimum of 30 weeks
 - All other swine maximum of 30 weeks
- **Head Limits of 70,000 head per endorsement and 750,000 head annually**

LRP – Swine (continued)

- Indemnity based on if the actual ending value is below the coverage price.
- Actual ending value determined by the AMS price series used to settle lean hog futures contracts at the CME.
 - Weighted average price calculated using “Producer Sold” data in the “Negotiated” and the “Swine or Pork Market Formula” categories.

Livestock Reports Page

- Reports for LGM and LRP
 - Expecteds and Actuals posted
 - <https://public.rma.usd.gov/livestockreports/main.aspx>

LRP Coverage Prices, Rates, and Actual Ending Values - Report for 09/09/2022

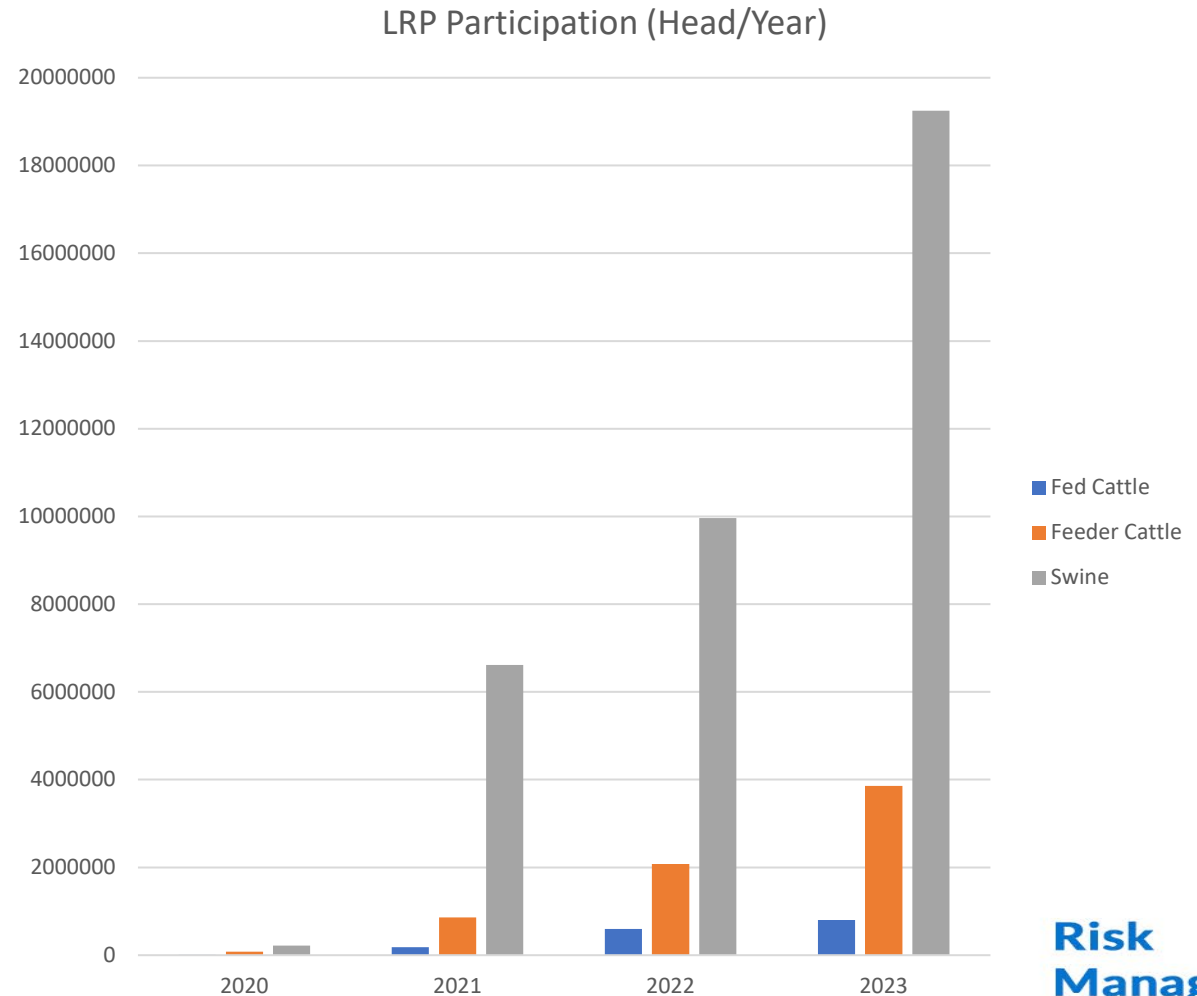
* See notes at bottom of page

State	County	Endorsement Length	Commodity	Type	Practice	Crop Year	Exp. End Value	Coverage Price	Coverage Level	Rate	Cost Per CWT	Producer Premium Per CWT	End Date	Actual End Value
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$204.300	0.992500	0.030092	6.148	4.00	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$202.100	0.981800	0.024781	5.008	3.26	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$199.900	0.971100	0.020145	4.027	2.62	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$197.700	0.960400	0.016230	3.209	2.09	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$195.500	0.949800	0.012828	2.508	1.50	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$193.300	0.939100	0.010089	1.950	1.17	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$191.100	0.928400	0.007863	1.503	0.90	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$188.900	0.917700	0.006004	1.134	0.68	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$186.700	0.907000	0.004489	0.838	0.50	12/09/2022	
35 New Mexico	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$184.500	0.896300	0.003404	0.628	0.35	12/09/2022	

LRP Participation

Year	Fed Cattle	Feeder Cattle	Swine
2004	175,290	94,899	143,904
2014	19,923	307,358	9,476
2023	800,527	3,859,950	19,249,147

Data as of 6/12/23



WEANED CALF RISK PROTECTION (WCRP)

A NEW PILOT PROGRAM FOR 2024

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Program Overview

- Provides coverage to beef cow/calf producers from loss of revenue from their calving operation for calves up to weaning age
- APH based program utilizing a producers own yield history in establishing their guarantee
- Plans of insurance are: Yield Protection, Revenue Protection and Revenue Protection-Harvest Price Exclusion
- Coverage Levels 50% - 85%, CAT coverage available
- Required to insure all insurable calves
- Insurance attaches at time of submitting a Calf R
- Insurance ends at the earlier of:
 - Weaning – Removing from mother
 - End of Insurance Period
- Spring Type based on when calves are born

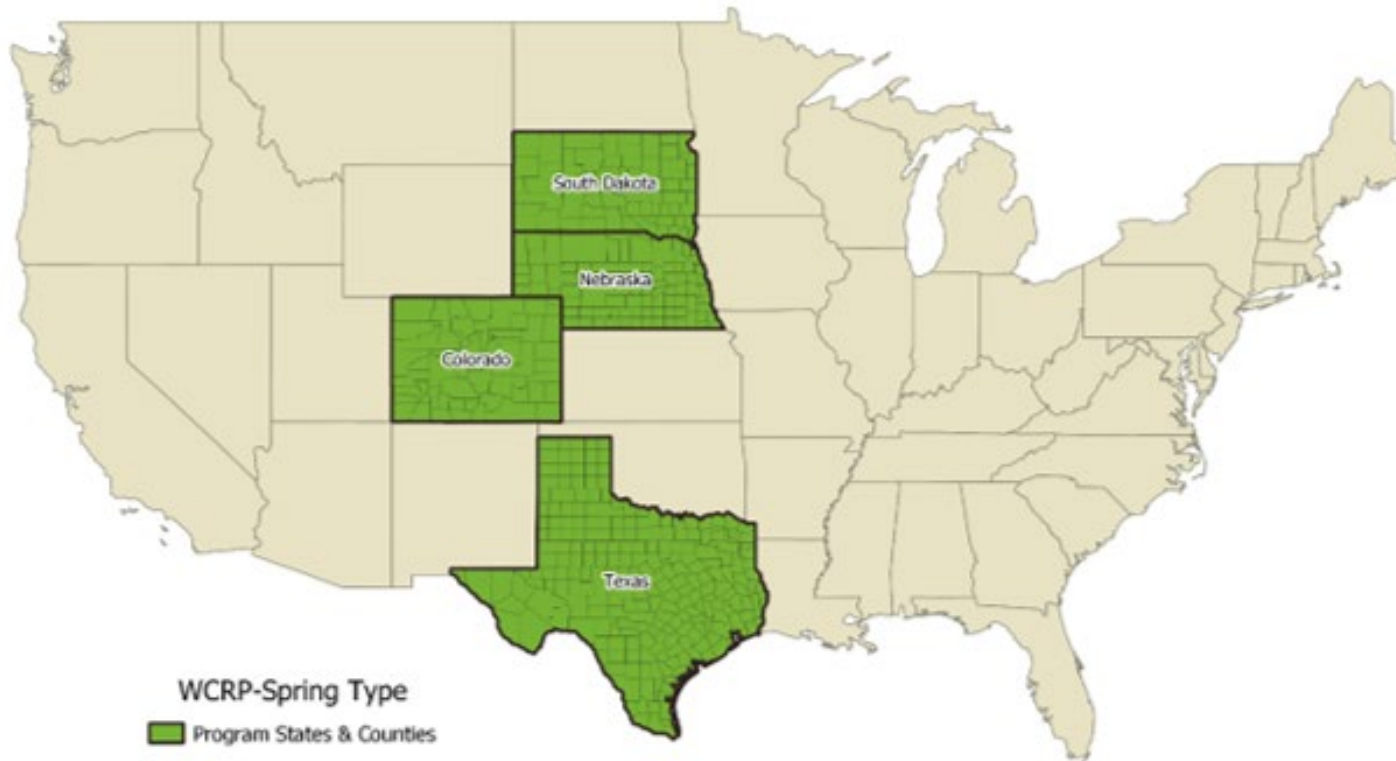


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WCRP Availability

WCRP is available for spring born calves (Feb-July) in CO, NE, SD & T



Insurance Availability

In accordance with applicable standards contained in the United States Standards for Grades of Feeder Cattle (<https://www.ams.usda.gov/grades-standards/feeder-cattle-grades-and-standards>), breeds or cross breeds of cattle that would typically produce calves grading Inferior, Small Frame, or Number 3 or 4 thickness grade are excluded and not insurable.

Breeds not explicitly raised for beef production and all dairy cattle are excluded and not insurable.

Examples of Insurable Breeds/ Cross

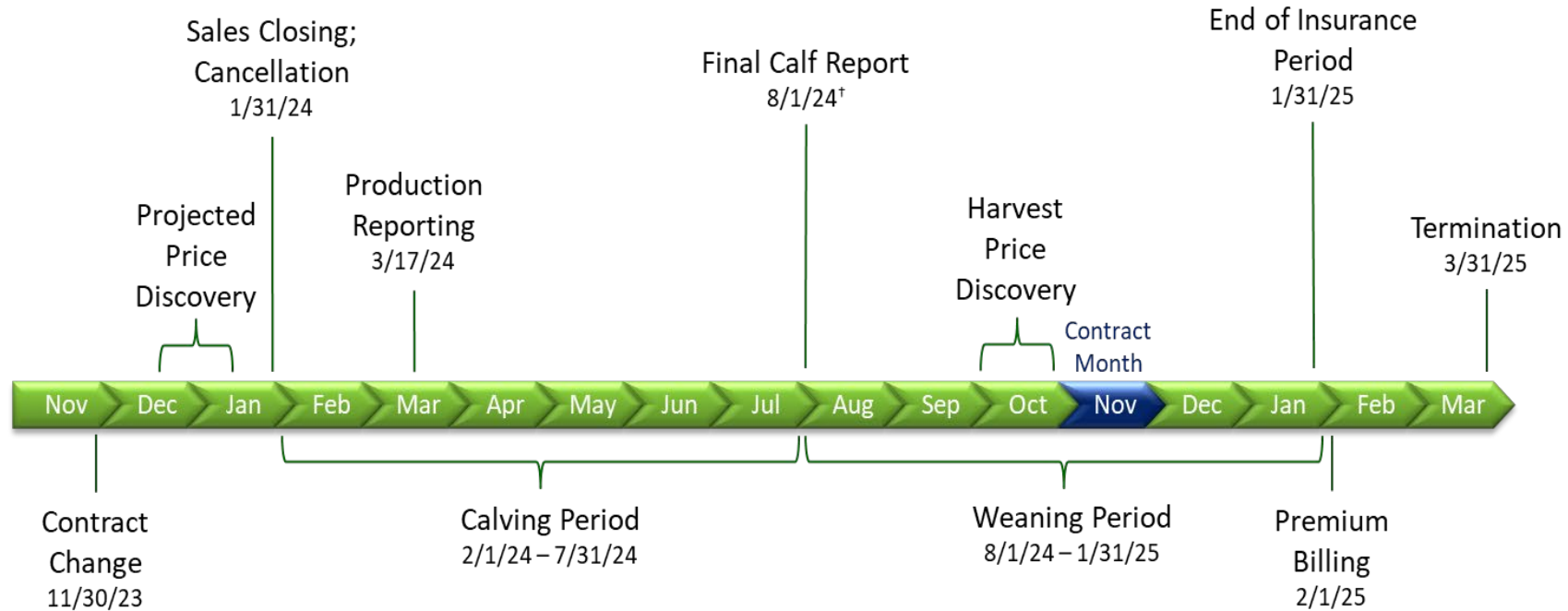
Breeds

- Angus
- Beefmaster
- Braford
- Brahman
- Brangus
- Braunvieh
- Charolais
- Chianina
- Gelbvieh
- Hereford
- Limousin
- Red Angus
- Red
- Brangus
- Santa Gertrudis
- Shorthorn
- Simbrah
- Simmental

Examples of **Uninsurable** calves

- Dairy Breeds
- Miniature Breeds
- Double-Muscle Breeds
- Specialty Breeds

WCRP Timeline (Spring Calves)



[†]Coverage begins with submission of the Calf Report submitted by the insured. The Calf Report may be revised as often as required to report the birth of additional calves during the 60-day period after the date calving begins except that the Calf Report may not be revised after the earlier of the insured's Calf Reporting Date for the type and unit or the Final Calf Reporting Date for the type specified in the actuarial documents.

Price Discovery

Chicago Mercantile Exchange (CME) Feeder Cattle Contract:

Type	Contract Month	Projected Price Discovery Period		Harvest Price Discovery Period	
		Beginning Date	Ending Date	Beginning Date	Ending Date
Spring	November	December 15	January 15	October 1	October 31

Regional Factor: Adjusts futures price to the regional price for a 650-pound calf

Base Weight: 650 pounds

Price Adjustment Factors (*Projected & Harvest*): Used to adjust for select weight of calves

Cost Estimator

<https://ewebapp.rma.usda.gov/apps/costestimator/>

How to find an agent

<https://public-rma.fpac.usda.gov/apps/AgentLocator>



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250 miles
[100 miles](#)
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[10 miles](#)

Agent Name

Agency Name

Licensed In

All Counties



Questions

EMAIL:

RMA.KC.LIVESTOCK@USDA.GOV

RESOURCES:

WWW.RMA.USDA.GOV/EN/POLICY-AND-PROCEDURE/INSURANCE-PLANS/LIVESTOCK-INSURANCE-PLANS

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