

# *Is Livestock Insurance for me?*

## *Pt. 1*



By: Shannon Sand and Dr. Matt Stockton ***IN OUR GRIT, OUR GLORY™***



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NORTH CENTRAL  
EXTENSION  
RISK  
MANAGEMENT  
EDUCATION



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# Overview

- Risk Challenges that producers face
- Why this maybe important to you
- Some simple definitions often used by sellers
- What are some of the opportunities
- Additional resources











# Common Risk Faced by Livestock Producers

- Cash Flow/Financial Issues
- Injury/Labor Availability
- Regulatory/Liability/Legal
- Season Price variation
- Catastrophes/Drought/  
Production variation



# Two Very Common Risks That Cattle Producers Face Are?

- Volatility in the cattle markets
- Drought and feed costs increases and shortages
- These factors are particularly challenging and often reduce profit margins for cattle feeders and create a cost price squeeze for cow-calf operators

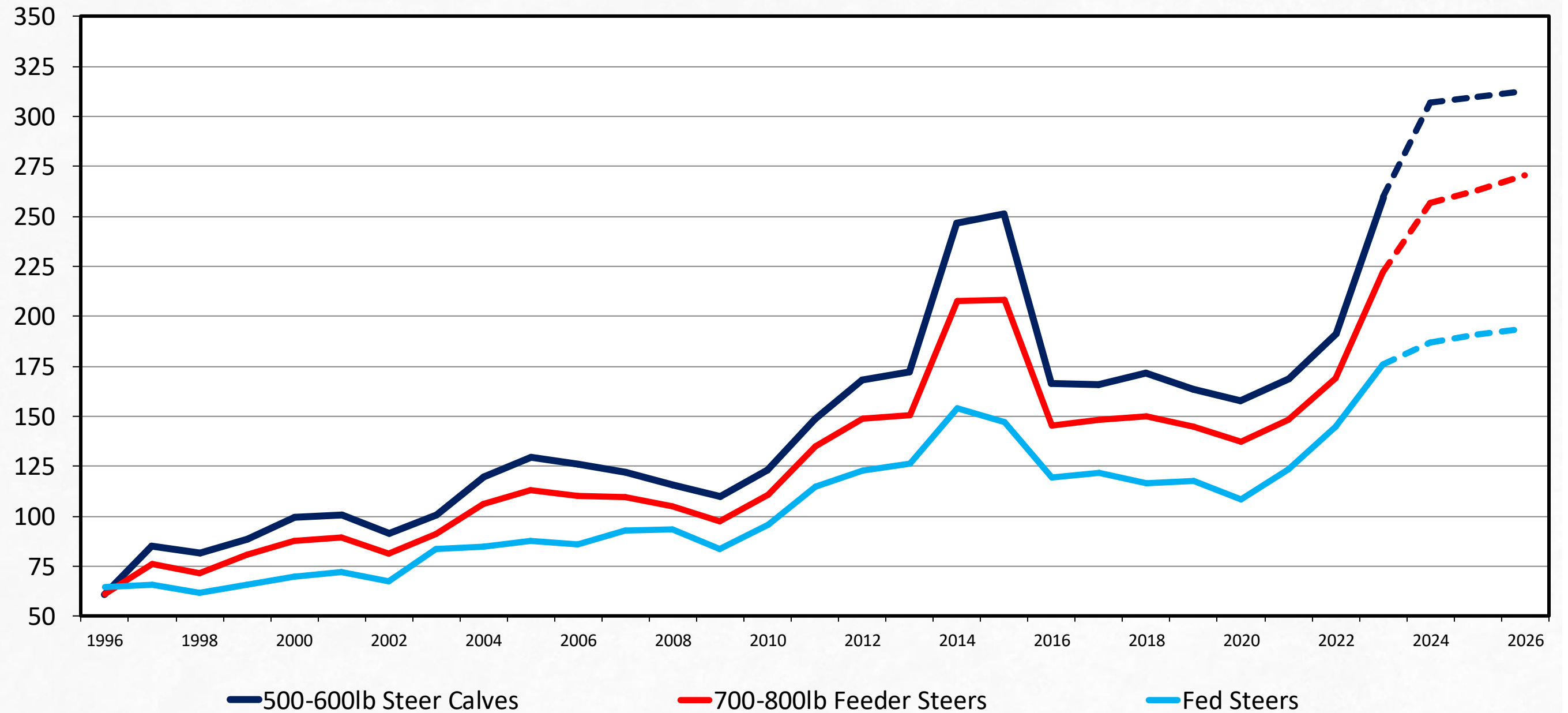




## AVERAGE ANNUAL CATTLE PRICES

Southern Plains

\$ Per Cwt





# There Are a Few Words Key to Understanding Your Insurance Salesman

- Premium
- Indemnity
- Deductible
- Liability
- Eligible Cause of Loss

For additional information and more definitions:

<https://www.rma.usda.gov/sites/default/files/2024-07/Beginners%20Guide%20to%20Crop%20Insurance.pdf>





# Keywords #1



- **Premium (What your policy cost you)**
  - What the producer pays to obtain the insurance product after the premium subsidy is deducted
- **Premium Subsidy (The part paid by the USDA)**
  - The portion of the premium paid by the government for livestock, forage, range, crop insurance
- **Indemnity (Payoff when the policy is triggered)**
  - The money paid to producers when an eligible cause of loss results in sufficient loss



# Keywords #2

- **Deductible (The uncovered loss portion)**
  - The amount of the expected livestock, forage or crop value that is NOT covered by insurance. (i.e., when you get in a car accident you have a \$1,000 deductible you have to pay to get your vehicle fixed)

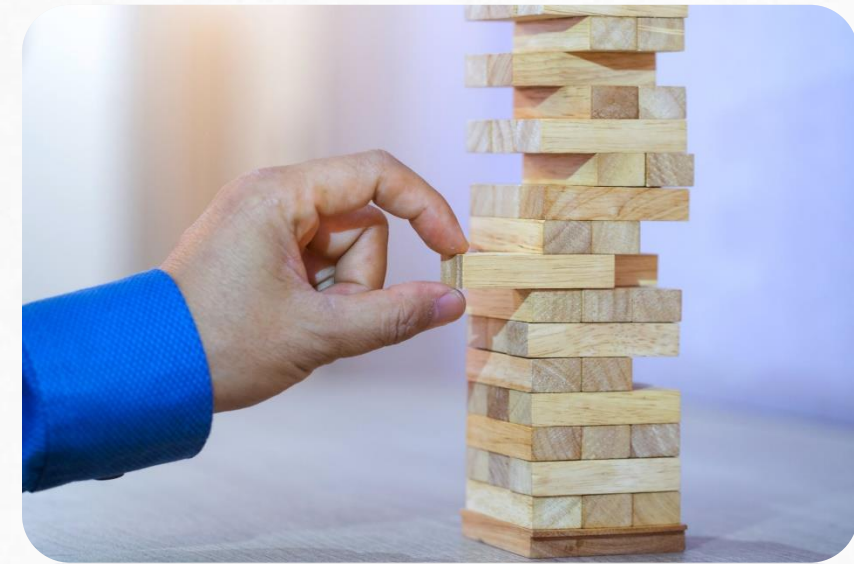






# Keyword #3

- Eligible Cause of Loss (Coverage triggers)
  - Rainfall shortages (drought conditions)
  - Feed input cost changes
  - Cattle price declines





# Available Livestock Insurances for Nebraska Producers

- Livestock Risk Protection or (LRP)
- Weaned Calf Risk Protection (WCRP)
- Pasture Rainfall Forage (PRF)
- Annual Forage (AF)



# What does Livestock Risk Protection (LRP) cover?

- Protects against a drop in market price (producer's price doesn't affect indemnity)
- Must have full ownership of the livestock
- Must list state and county where located
- Once insured within a state the livestock may be moved across state lines





# Facts and Conditions About LRP



- Not required to insure all livestock
- This is a subsidized insurance program
- Premiums are due at the end of the insurance period
- Uses area pricing to determine if an indemnity is due
- Allows coverage on a wide variety of livestock including unborn cattle
- Ability to market livestock up to 60 days prior to the end of the insurance period

# Weaned Calf Risk Protection (WCRP)

- Has RP and RPHPE
- Only Beef Animals
- All calves both sexes
- Cross bred beef/dairy qualify
- Once a year sign-up
- Pilot Program
- Ends at weaning





# WCRP



- Pilot Program
- Insures calves against death loss





# Pasture Rainfall Forage Insurance (PRF)



- Coverage levels
- Premiums
- Evaluating use
- Tools: <https://public-rma.fpac.usda.gov/apps/PRF>





# (PRF)

- For pasture, rangeland and forage
- Safeguard livestock producers against forage losses caused by lower-than-average rainfall



# Annual Forage Insurance (AF)

- The Risk Management Agency's (RMA) Annual Forage insurance program provides coverage on your annually planted forage or grazing crops. This program is designed to protect against a single peril: lack of precipitation.
- The AF program utilizes a rainfall index to determine precipitation for coverage purposes and does not measure production or loss of products themselves.





# (AF)

- Coverage for annual forage
- Designed to protect against lack of precipitation



# Thoughts

- Livestock Risk Protection (LRP)
- Weaned Calf Risk Protection (WCRP)
- Pasture Rainfall Forage (PRF)
- Annual Forage (AF)





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- Farm Aid: 1-800-FARM-AID (1-800-327-6243)
- Suicide Prevention: 988 Text 741741
- <https://farmhotline.com/>
- Rural response hotline: 800-464-0258



# Additional Resources

- <https://cap.unl.edu/news/federal-livestock-insurance-market-performance-and-use-nebraska/>
- <https://www.youtube.com/watch?app=desktop&v=NvJ7QpL4mLk>
- <https://extensionpubs.unl.edu/publication/g2257/livestock-risk-protection-insurance-for-fed-cattle>
- [https://www.agmanager.info/sites/default/files/pdf/17\\_Yu-Vandever\\_RainfallInsurance\\_1.pdf](https://www.agmanager.info/sites/default/files/pdf/17_Yu-Vandever_RainfallInsurance_1.pdf)
- <https://www.agmanager.info/news/pasture-and-forage-insurance-monte-vandever>
- <https://www.rma.usda.gov/sites/default/files/2024-08/2023-LRP-Basic-Policy.pdf>
- [sda.gov/policy-procedure/general-policies/livestock-insurance-plans](https://www.rma.usda.gov/policy-procedure/general-policies/livestock-insurance-plans)
- <https://www.rma.usda.gov/sites/default/files/2024-07/Beginners%20Guide%20to%20Crop%20Insurance.pdf>
- <https://www.drovers.com/news/how-lock-calf-prices>
- <https://www.rma.usda.gov/sites/default/files/2024-08/Weaned%20Calf%20Risk%20Protection.pdf>





# Thank You

