

Livestock Risk Protection

Lamb

August 2009

Slightly Revised July 2012

General Background

Livestock Risk Protection (LRP)-Lamb is designed to insure against unexpected declines in market prices. Sheep producers may select from a variety of coverage levels and insurance periods that match general feeding, production, and marketing practices.

LRP-Lamb may be purchased weekly throughout the year from RMA-approved livestock insurance agents. Premium rates, coverage prices, and actual ending values are posted online weekly.

Coverage Availability

Sheep producers submit a one-time application for LRP-Lamb coverage. After the application is accepted, specific coverage endorsements may be purchased. The number of lambs insured under a specific coverage endorsement is limited to 2,000 head. The annual limit for LRP-Lamb is 28,000 head per producer for each reinsurance year (July 1 to June 30). All insured lambs must be located in a State approved for LRP-Lamb at the time insurance is purchased.

RMA Web Site

Daily LRP Coverage Prices, Rates, and Actual Ending Values: <http://www.rma.usda.gov/tools/livestock.html>

Premium Calculator:
<http://www.rma.usda.gov/tools/premcalc.html>

Approved livestock agents and insurance companies:
<http://www.rma.usda.gov/tools/agent.html>

Related AMS online livestock reports:
http://marketnews.usda.gov/portal/lg?paf_dm

Calculated Formula Live Price Report:
http://www.ams.usda.gov/mnreports/lm_lm352.txt

The length of insurance available for each Specific Coverage Endorsement is 13, 20, 26, or

39 weeks. Lambs covered under the policy are feeder or slaughter lambs that are expected to weigh between 50 and 150 pounds by the ending period.

LRP-Lamb is available to sheep producers with lambs in the following 28 States: Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Coverage Levels, Prices, and Rates

Sheep producers may select coverage prices ranging from 80 to 95 percent of the expected ending value. At the end of the insurance period, if the actual ending value is below the coverage price, an indemnity will be paid for the difference between the coverage price and actual ending value.

The LRP-Lamb program's coverage prices, rates, actual ending values, and per hundredweight cost of insurance may be viewed on the Risk Management Agency's Web site. The actual ending values are based upon the weekly average prices using the "Calculated Formula Live Price," as reported by USDA's Agricultural Marketing Service. Actual ending values will be posted on the Risk Management Agency's Web site at the end of the insurance period.

About the Application Process

LRP-Lamb insurance must be purchased through a livestock insurance agent. An application can be filled out at any time; however, insurance does not attach until a Specific Coverage Endorsement is purchased. Coverage will not start unless the premium is paid on the day insurance coverage is

purchased. Multiple Specific Coverage Endorsements may be purchased with one application. Insurance coverage starts the day a Specific Coverage Endorsement is purchased and approved by the Risk Management Agency.

There are funding limitations for all livestock programs; therefore, the Risk Management Agency tracks total policy sales against available underwriting capacity using a real-time, Web-based program. Sales will cease when underwriting capacity is reached.

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