Lamb – Livestock Risk Protection (LRP)

Premium Calculation Instructions

The premium calculation for LRP is based on weekly actuarial documents. Coverage is available electronically at the RMA web site as specified in the Special Provisions. Coverage is not available for purchase if the period used for determining the coverage prices or rates is a Federal holiday, or if the website or premium calculator are not operational, or if sales are halted by FCIC under section 4 of the Basic Provisions or section 2 of the Specific Coverage Endorsement for Lamb. Coverage purchased during this time will have an effective date based on the date that rates and coverage prices are first available for sale on the RMA website.

The two main components of LRP premiums are the coverage price and the premium rate. Information based on a producer's operation, such as the number of weeks until the livestock are ready for sale, is necessary.

A. INSURANCE PERIOD / COVERAGE PRICE / RATE / TARGET WEIGHT / SHARE

1. Determine the date the livestock is expected to be ready for slaughter, and count the number of weeks until that date.
2. Choose an insurance period (13, 26 or 39 weeks) (Note: The policy requires the animals to be owned within the last 30 days of insurance to receive any applicable indemnity payment.)
3. Based on the chosen insurance period determine the Ending Date of the policy. The end date is the day that the policy ends, and is calculated by counting the weeks of the policy length from the "Effective" date, the publication date of the actuarial information. The Ending Date is always the same day of the week as the Effective Date.
4. Choose a Coverage Price from the options shown based on the chosen policy length. There is a premium rate associated with this coverage price and policy length.
5. Determine the Target Weight per head. Target weight should be the average expected weight for all covered livestock. Target weight is on a live weight basis, and should fall within the range of 0.5 and 1.5 cwt.
6. Determine the number of head of livestock that will be ready for slaughter within this time frame.
7. Determine your ownership share in the livestock to be insured.

B. <u>INSURED VALUE AND PREMIUM COMPUTATION</u>

1. The Insured Value = Number of Head multiplied by the Target Weight (live weight, in cwt) multiplied by the Coverage Price multiplied by Insured Share. The Insured Value is rounded to the nearest whole dollar.

Number of Head (Whole number)	x	Target Weight At End Date (Cwt. per head)	x	Coverage Price (as shown on Actuarial Document)	x	Insured Share (x.xxx)	=	Insured Value (Dollar)
	x		x		x		x	

2. The Total Premium = Insured Value multiplied by the Rate. Total Premium is rounded to the nearest whole dollar.

Insured Value (Dollar)	X	Rate (.xxxxxx)	=	Rounded Total Premium (Dollar)
	X		=	

3. The Subsidy (subsidy depends on the endorsement length.) = Total Premium multiplied by the Subsidy Rate. Subsidy is rounded to the nearest whole dollar.

Rounded Total Premium	X	Subsidy (Percent)	=	Rounded Subsidy (Dollar)
	X		=	

4. The Producer Premium = Total Premium minus the Subsidy. Producer Premium will always be a whole number.

Rounded Total Premium	-	Rounded Subsidy	=	Producer Premium (Dollar)
	-		=	