

**SUMMARY OF CHANGES FOR THE LIVESTOCK RISK PROTECTION INSURANCE POLICY,
SPECIFIC COVERAGE ENDORSEMENT FOR SWINE
(Released April 2026)**

The following is a brief description of the changes to the Livestock Risk Protection Insurance Policy, Specific Coverage Endorsement for Swine that are effective for the 2027 and succeeding crop years.

- Preamble – Clarified that the AMS report used to establish actual prices is the “National Daily Direct Hog Prior Day Report - Slaughtered Swine”;
- Section 1 – In the definition of “Actual ending value – Swine,” clarified that the AMS report used to establish actual prices is the “National Daily Direct Hog Prior Day Report - Slaughtered Swine”;
- Section 3 – In (b), updated expected ending value used for the example to reflect current market conditions; and
- Section 4 – In (b), updated expected ending value used for the example to reflect current market conditions.



**UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
LIVESTOCK RISK PROTECTION INSURANCE POLICY
SPECIFIC COVERAGE ENDORSEMENT FOR SWINE**

In return for your payment of premium for the coverage, the Livestock Risk Protection Insurance Policy, Specific Coverage Endorsement for Swine will be attached to and made part of the Livestock Risk Protection (LRP) Insurance Policy subject to the terms and conditions described herein.

This endorsement to the Livestock Risk Protection Insurance Policy offers protection against a decline in hog prices during the term of this Endorsement. You will receive an indemnity if hog prices drop below a predetermined level and all terms and conditions of the policy have been met. Hog prices under this policy refer to a lean based price series using data from the *National Daily Direct Hog Prior Day Report - Slaughtered Swine* report published by the Agricultural Marketing Service (AMS) of the USDA. Depending on the type of swine insured, the length of each endorsement available for swine ranges from 13 to 52 weeks.

Terms and Conditions

1. Definitions

Actual ending value—swine - The weighted average price of lean hogs. The days used in the weighted average price calculations are the end date and one day prior to the end date. The actual ending value is to be used in calculations on a dollars per cwt basis. The AMS price series used will be the same series used to settle the lean hog futures contract at the Chicago Mercantile Exchange. The weighted average price is calculated using two Producer Sold data series in the report *National Daily Direct Hog Prior Day Report - Slaughtered Swine*, the *Negotiated* and the *Swine or Pork Market Formula (SPMF)* categories.

The AMS report is available on the Internet at <https://mymarketnews.ams.usda.gov/viewReport/2511>.

The Special Provisions should be checked for changes in the report name, number, or location. If the end date is a Saturday, Sunday, a non-report day due to a Federal holiday, or if there is no reported information for whatever reason, then the calculation will be based on the two report days just prior to the end date.

The steps to calculate the weighted average price are:

- (1) Multiply the *Negotiated Head Count* by the *Negotiated Average Carcass Weight* for each of the two days of the index to calculate the Negotiated Volume for each day.
- (2) Multiply the results from 1 by the *Negotiated Average Net Price* for each of the two days of the index to calculate the Negotiated Total Value for each day.
- (3) Multiply the *SPMF Head Count* by the *SPMF Average Carcass Weight* for each of the two days of the index to calculate the SPMF Volume for each day.
- (4) Multiply the results from 3 by the *SPMF Average Net Price* for each day of the two days in the index to calculate the SPMF Total Value for each day.
- (5) Add the Negotiated Total Values to the SPMF Total Values (four numbers) to calculate the Two Day Total Value.
- (6) Add the Negotiated Volumes and SPMF Volumes (a total of four numbers) to calculate the Two Day Total

Volume.

- (7) Divide the result of 5 by the result of 6.

Ending period - The period of two business days, ending on the end date over which the actual ending value is determined.

Expected ending value - The market price expected at the end of the insurance period and found in the actuarial documents. The expected ending value represents lean weight value and is used in calculations on a dollars per hundredweight basis to determine coverage prices.

Insured swine - The swine covered under the policy. The swine that the producer expects to have and to market (for slaughter) at the end of the insurance period, which includes swine that are unborn on the effective date.

Target weight - The anticipated lean weight of swine (per head) at the ending period on a cwt basis. To convert live weight to lean weight, multiply the live weight by the lean weight conversion factor of .74. For example, a 2.50 cwt per head live weight is equal to 1.85 cwt lean weight. The target weight must fall within the range of 1.40 and 2.60 cwt (this equates to a head weighing from about 189 to 351 lbs. on a live basis).

2. Coverage Limitations

- (a) Insured unborn swine must be born before the end date and unborn swine must be insured for a minimum of 30 weeks. All other swine can only be insured for a maximum of 30 weeks.
- (b) The maximum number of swine that may be insured under any one Specific Coverage Endorsement shall be 70,000 head, and during any crop year shall be 750,000 head. For the purposes of determining whether the number of your insured swine has reached the maximum allowed for the crop year, we will sum the values determined in items (1) and (2) below:
 - (1) For any SCE under this policy, the number of declared head of swine multiplied by the share declared on the SCE.
 - (2) All swine insured under any other Livestock Risk Protection Insurance Policy in which you, or any

person who has a substantial beneficial interest in you, have a substantial beneficial interest, in proportion to the percentage of substantial beneficial interest.

- (3) If the number of covered swine calculated per 2(b) has reached the maximum allowed number of head for the crop year, no further endorsements will be accepted.
- (4) For example: Smith Farms has 20,000 head of swine insured under LRP. John Smith has a substantial beneficial interest in Smith Farms and has 90 percent interest ($20,000 \times .90 = 18,000$ head). John Smith also has hogs under his own name and wants to insure 10,000 head. The total hogs insured by John Smith are: $18,000 + 10,000 = 28,000$ head which is below the crop year limit of 750,000 head.

3. Premiums

- (a) Your total premium is determined by:
 - (1) Multiplying the number of head by the target weight (in lean cwt);
 - (2) Multiplying the result of section 3(a)(1) by the coverage price;
 - (3) Calculating the insured value by multiplying the result of section 3(a)(2) by the insured share;
 - (4) Calculating total premium by multiplying the result of section 3(a)(3) by the rate contained in the Rate Table published daily in the actuarial documents;
 - (5) Multiplying the result of section 3(a)(4) by the applicable producer subsidy percentage to calculate the appropriate amount of subsidy; and
 - (6) Subtracting the result from section 3(a)(5) from the result from section 3(a)(4).

- (b) Premium calculation example:

An operation has 1,000 head of hogs and expects to market the hogs at 2.85 cwt each. Therefore, the target weight is 2.85 times the lean weight conversion factor of .74, which is 2.11 cwt. The insured share is 100 percent. The expected ending value is \$95.00 dollars per cwt and the producer selects a coverage price of \$94.05 per cwt (on a lean cwt basis). For this coverage price the rate is 0.045195. The example premium subsidy is 35 percent. The premium is calculated by:

- (1) 1,000 head times 2.11 equals 2,110 cwt;
- (2) 2,110 cwt times the coverage price of \$94.05 equals \$198,446;
- (3) \$198,446 times the insured share of 1.00 equals an insured value of \$198,446;
- (4) \$198,446 times the rate of 0.045195 equals \$8,969 total premium;
- (5) \$8,969 times the producer premium subsidy percentage of 0.35 equals \$3,139; and
- (6) Subtracting \$3,139 from \$8,969 equals the producer premium of \$5,830.

4. Indemnity

- (a) An indemnity is calculated and payable if the actual ending value is less than the coverage price (otherwise the indemnity is zero). The indemnity calculation is determined by:
 - (1) Multiplying the number of head by the target

weight (in lean cwt);

- (2) Subtracting the actual ending value from the coverage price (this will always be a positive number if an indemnity is due);
 - (3) Multiplying the result of section 4(a)(1) by the result of section 4(a)(2); and
 - (4) Multiplying the result of section 4(a)(3) by the insured share.
- (b) Indemnity calculation example:

For the above operation with 1,000 head of hogs, a target weight of 2.11 cwt, an insured share of 100 percent, and a coverage price of \$94.05 per cwt, the actual ending value is equal to \$85.20 per cwt. Since \$85.20 is less than the coverage price of \$94.05, indemnity is due.

Indemnity is calculated by:

 - (1) 1,000 head times the 2.11 target weight equals 2,110 cwt;
 - (2) Subtracting the actual ending value of \$85.20 from the coverage price of \$94.05 equals \$8.85/cwt;
 - (3) Multiplying 2,110 cwt by \$8.85/cwt equals \$18,674; and
 - (4) Multiplying \$18,674 by the insured share of 1.00 equals an indemnity payment of \$18,674.