

Check for Understanding
Chapter 1

1. T F Feeder heifers are not eligible for LRP insurance.
2. T F Livestock owners do not have to live in an LRP eligible state to insure livestock as long as the livestock are located in an eligible state.
3. T F For partnerships or corporations insuring livestock with LRP, individuals with at least 10% ownership interest in the partnership or corporation must be listed on the SBI form.
4. T F LRP insurance can be purchased during regular business hours (8-5, M-F).
5. T F A specific coverage endorsement (SCE) must cover at least 10 head of hogs or cattle.
6. T F The minimum number of livestock insurable under LRP is more flexible than hedging with futures or options contracts.
7. T F LRP insurance has endorsement lengths available up to 26 weeks for swine and up to 52 weeks for feeder and fed cattle.
8. T F Insured livestock cannot be sold before the expiration of coverage without voiding the insurance coverage.
9. T F LRP insurance is a good tool for enhancing profits and capturing higher prices.
10. T F When price levels are high, cost-of-production or breakeven prices can often be insured with relatively inexpensive LRP premiums.

Answers to “Check for Understanding”—Chapter 1

1. False.
2. True.
3. True.
4. False. LRP is available from 5:00 p.m. to 9 a.m. the following morning.
5. False. There is no minimum number of head that must be covered on an SCE.
6. True.
7. True.
8. False. Livestock can be sold up to 30 days before the expiration without voiding coverage.
9. False. LRP is intended to prevent losses caused by large price declines.
10. True. For a given level of protection, premiums will be lower when prices are high.