

Check for Understanding  
Chapter 2

1. As single-peril insurance, LRP protects against \_\_\_\_\_.
  - a) mortality
  - b) poor livestock performance
  - c) price decreases
  - d) all of the above
2. T F If an insured animal dies, it will be eligible for indemnification as long as the producer reports the death within 72 hours.
3. T F The full market value of a deceased animal is insured with LRP.
4. T F Only a receipt or bill of sale can be used to verify ownership of insured livestock.
5. T F There is substantial risk involved in keeping livestock past the end date of coverage in hopes of receiving a higher cash market price.
6. Once LRP premiums are established for a given day, they \_\_\_\_\_.
  - a) can change based on demand for LRP coverage
  - b) cannot change and are available until 9 a.m. the next morning when sales stop
  - c) can change based on news likely to affect markets
  - d) cannot change and are available until 5 p.m. the next day when new prices are posted
7. T F If insured livestock are sold before the end date, coverage can be transferred to the new owner provided the new owner is eligible for LRP.
8. If the right to an indemnity is assigned to someone, for that person to collect the indemnity, the proper claim form must be filed by \_\_\_\_\_.
  - a) the insurance agent
  - b) the original livestock owner
  - c) no one, indemnities are automatically paid when due
  - d) the assignee
9. T F Offsetting futures or options positions will void LRP coverage.
10. T F LRP insurance can be lifted before the end of coverage to recover some of the premium.

## Answers to “Check for Understanding”—Chapter 2

1. C.
2. True.
3. False. Dead animals are eligible for the LRP indemnity if the death is reported to the insurance agent, but that indemnity only covers the difference between coverage price insured and the actual ending value.
4. False. Third party statements from veterinarians, feed salesmen, etc. can be used to verify ownership.
5. True.
6. B.
7. True.
8. D.
9. True.
10. False. Once purchased, LRP cannot be lifted to recover any premium.