

Check for Understanding
Chapter 3

1. Expected national or regional cash index price for a future date estimated by USDA.

2. Amount paid by the insurance company if actual ending value (AEV) is below coverage price on the end date. _____
3. Date insurance coverage expires and indemnity is determined. _____
4. Actual level of price protection provided by LRP. _____
5. The cash index price on the expiration of coverage which, when compared to the coverage price, determines whether an indemnity is due. _____
6. T F LRP swine AEV is the CME lean hog cash index.
7. What are the states included in the 5-Area Weekly Weighted Average Direct Steer Price used as the LRP fed cattle AEV?

8. T F Feeder steers and heifers, lighter weight feeder cattle, and Brahman and dairy breeds each use different AEVs when calculating indemnities.
9. Which type of cattle is most representative of the feeder cattle AEV and therefore can be considered as the “base value” for price adjustment factors?
 - a) 600-900 lb. steers
 - b) 600-900 lb. heifers
 - c) <600 lb. steers
 - d) <600 lb. heifers
10. T F If a producer has the right to collect an indemnity but fails to submit a claim form within 60 days of the end date, the producer forfeits the right to that indemnity.

Answers to “Check for Understanding”—Chapter 3

1. Expected Ending Value (EEV).
2. Indemnity
3. End Date
4. Coverage Price
5. Actual Ending Value (AEV)
6. True.
7. TX/OK, KS, NE, CO, IA/MN
8. False. All feeder cattle are indemnified using the CME feeder cattle cash index (some use a price adjustment factor to scale AEV up or down).
9. A.
10. True.