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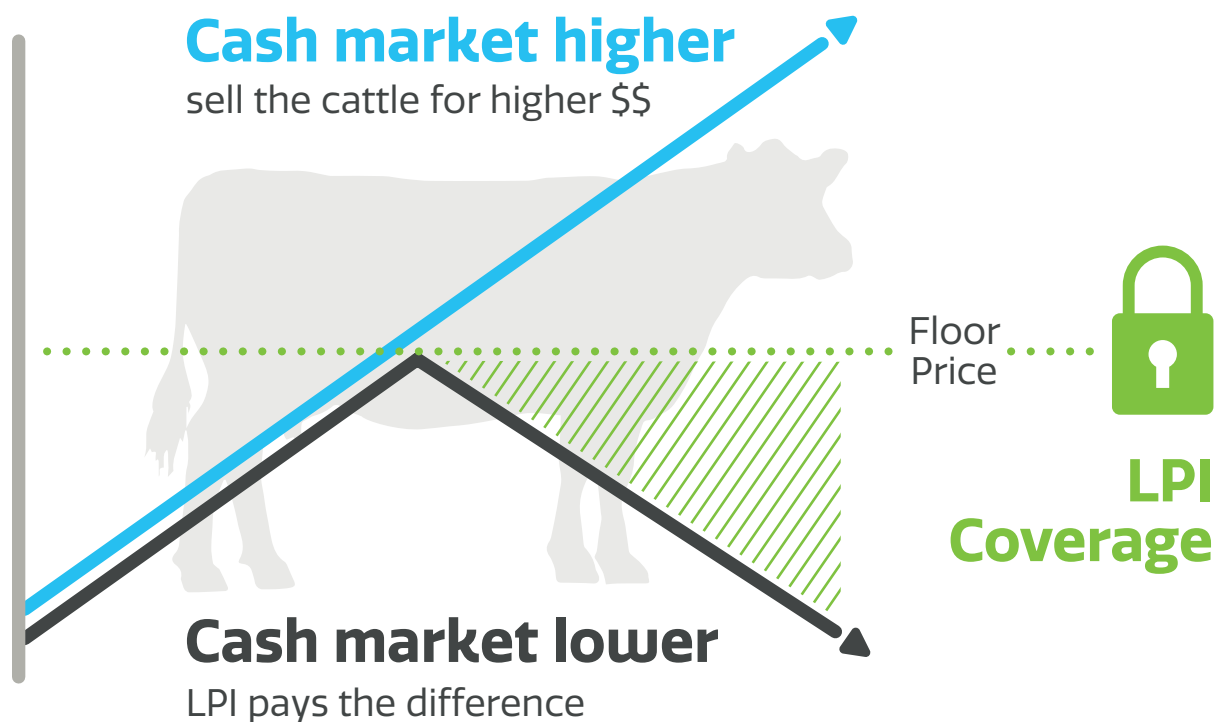
# LPI Settlement Resource Guide



# The Value of Livestock Price Insurance

Livestock Price Insurance (LPI) is a risk management program where producers can purchase price protection on livestock in the form of an insurance policy.

When a producer purchases coverage to establish a floor price, market potential is maximized. In the final four weeks of the policy, if the market falls below the coverage purchased (floor price), LPI will pay the difference. If the market is above the coverage purchased, producers can benefit by selling livestock into the higher market.



Producers interested in learning more about Livestock Price Insurance and the value of purchasing a policy can refer to the **LPI Buyer's Resource Guide** at [scic.ca/lpi/publications](https://scic.ca/lpi/publications).

# The Livestock Price Insurance Process



**1. Enrol in Livestock Price Insurance**



**2. Register for weekly premium and settlement emails**



**3. Purchase Livestock Price Insurance Policy**



**4. Producers enter their claim window in the final four weeks of the policy**



**5. Producers review their policy and can settle if they are in a claim position**



**6. Last week of claim where indemnities payable will be calculated**

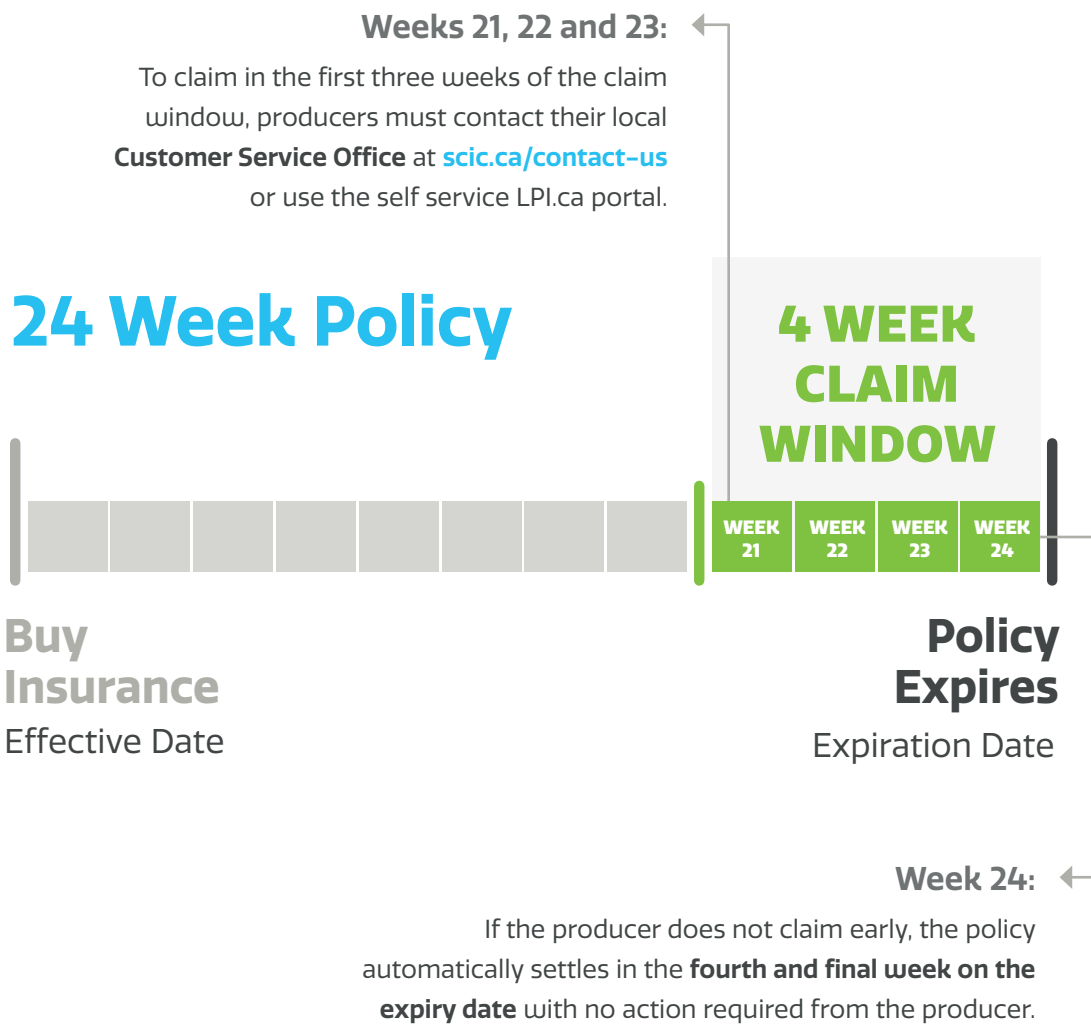
LPI system automatically settles against remaining hundredweight on the producer's policy during the last week of the claim window.

Visit the LPI Buyers Resource Guide at [scic.ca/lpi/publications](https://scic.ca/lpi/publications) to learn more about enrolling in LPI, weekly premium and settlement emails and purchasing a policy.

The LPI Settlement Resource Guide provides information to policy holders who are entering their claim window.

# When do you access your claim window?

Producers who purchased Livestock Price Insurance enter their claim window in the final four weeks of the policy.



Each **Monday**, settlement indices for the week are published. When Monday is a statutory holiday, the settlement indices are published on the Tuesday of that week. Producers are encouraged to check their policy and settlement indices before the expiration date.

Policies nearing the end of a blackout period are not guaranteed for weeks of a claim. A blackout period is when sufficient data is unavailable to calculate a settlement index. At the time of purchase, producers can reference the **Calendar of Insurance** at [lpi.ca/calendar](http://lpi.ca/calendar) to ensure they select a policy within the appropriate claim window.

### First Three Weeks of the Claim Window

During the first three weeks of the claim window, producers must manually manage their settlement if they are in a claim position. Each Monday (in the claim window), they can settle a portion or all their insured weight. If producers choose to take no action on that Monday, the price is no longer available and a new price will be published the subsequent week.

### Last Week of the Claim Window

During the last week of the producer's claim window, the LPI system will automatically settle against that week's price. If the settlement index for that week is lower than the producer's insured price, a claim will calculate for any remaining insured weight.

## How do I Submit a Claim?



1-888-935-0000



SCIC Customer  
Service Office:  
[scic.ca/contact-us](http://scic.ca/contact-us)



Online at [lpi.ca](http://lpi.ca)

# What is a settlement index (price)?

The settlement index is the average market price for cattle sold on a weekly basis.

Settlement is not based on actual prices received from each individual policy holder's sales. The settlement index for each cattle product is determined using different sources, as depicted below.

## Settlement Indices by Program (published each Monday)

	Calf	Feeder	Fed
Data Source	Auction markets, The Electronic Auction Market (TEAM) and Direct Livestock Marketing Systems (DLMS) (42 across the western provinces)		Canfax: producer reported
Sex	Steers only		60-40 ratio steers to heifers
Weight Range Collected	550-650 lbs (average 600 lb)	750-950 lbs (average 850 lb)	Finish weight
Adjustments	None (based on an average 600 lb steer calf)	Slide adjusted to 850 lbs	Producers capped to 20 per cent of index yield ratios used to convert rail-to-live
Outlier Rule	1 and 2 head dropped +/- 12 per cent of daily mean	1 and 2 head dropped +/- 10 per cent of daily mean	+/- \$4 of average is examined

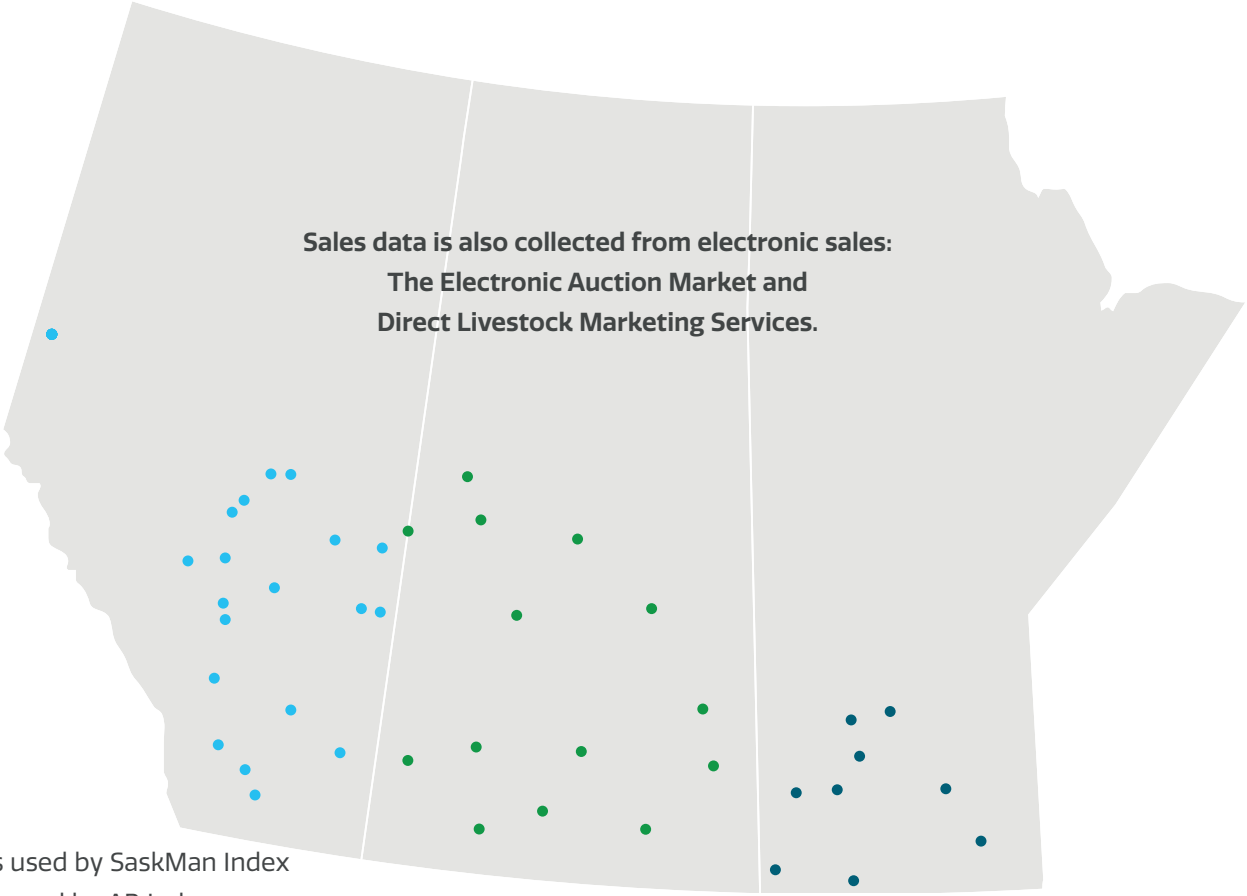
# How is the settlement index established?

Settlement prices reflect current Western Canadian prices and are derived from auction market data gathered from Saskatchewan, Manitoba and Alberta.

As data is collected, it is sorted into two regions (Saskatchewan/Manitoba and Alberta), which correlate to the two premium tables representing index and coverage. Settlements are calculated weekly for cattle.

## Participating Auction Markets

Sales data is also collected from electronic sales:  
The Electronic Auction Market and  
Direct Livestock Marketing Services.

- 
- Stations used by SaskMan Index
  - Stations used by AB Index

View the map of participating auction markets at [lpi.ca/participating-auction-markets](http://lpi.ca/participating-auction-markets)



# Decision Making – How do I settle a claim?

The first three weeks must be manually managed by the producer. If in claim, the producer may settle a portion of insured weight or all insured weight.

Program: Calf Option: SaskMan Date: 06-Feb-2020 Go

Insurable Period: 36 weeks (19-Oct-2020) Insured Index (\$): 218 Premium per cwt: 6.29 X Insured Weight cwt: 600 = 3,774.00 Calculate Clear

EXAMPLE

**Policy Results**

Policy #	Program Option	Purchase Date	Insured Weight cwt	Expiry Date	Insured Index (\$) per cwt	Claim Window	Settlement Index (\$) per cwt	Weight to Claim	Settlement Award (\$) per cwt	Settlement Award (\$) Claimed Weight	Total Premium (\$)	Settlement Award (\$)	Net Benefit (\$)
1	Calf SaskMan	06-Feb-2020	600.00	19-Oct-2020	218	28-Sep-2020	213.46	<input type="text" value="100"/>	4.54			454.00	
						05-Oct-2020	212.62	<input type="text" value="100"/>	5.38			538.00	
						12-Oct-2020	210.63	<input type="text" value="200"/>	7.37			1,474.00	
						19-Oct-2020	205.93	<input type="text" value="200"/>	12.07	4,880.00	3,774.00	2,414.00	1,106.00

Click the check box to let the policy expire automatically:

Calculate Settlement Award Add

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Calculated Policy History Print Download Remove

The expiring week will automatically settle against that week's price.







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PRICE INSURANCE

**SCIC**  
SASKATCHEWAN CROP  
INSURANCE CORPORATION 

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