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# LPI Buyer's Resource Guide



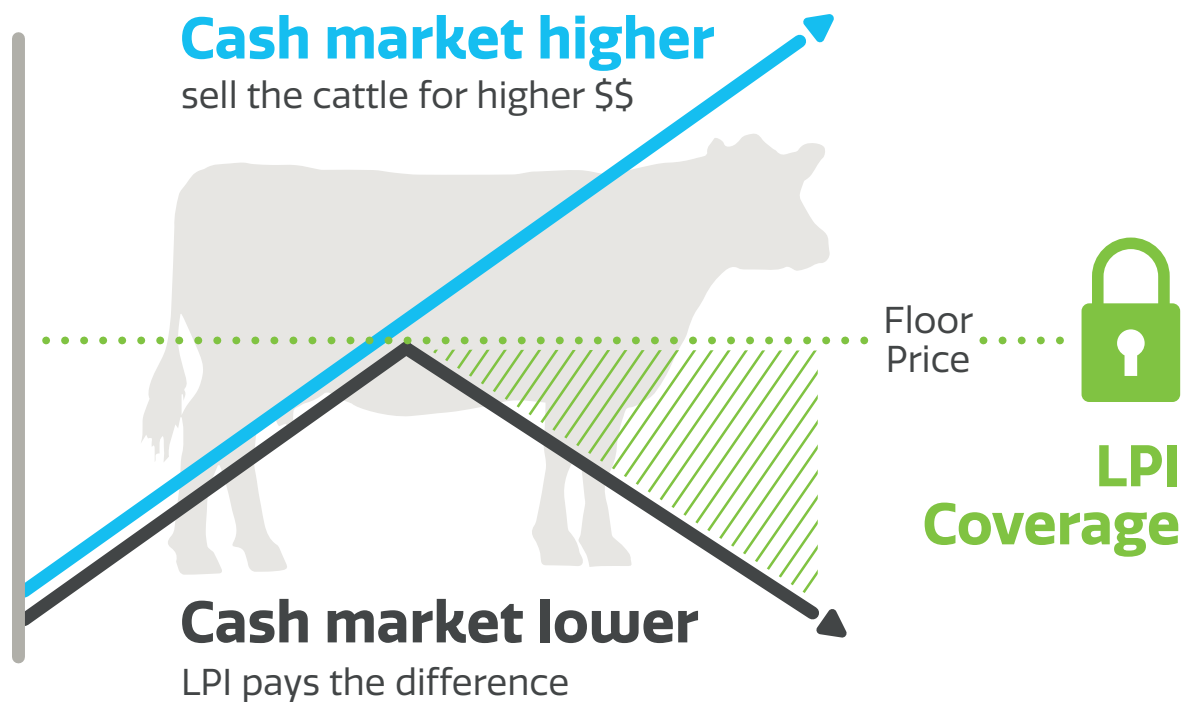
# What is Livestock Price Insurance?

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

The Program is available in British Columbia, Alberta, Saskatchewan and Manitoba and provides producers with protection against an unexpected drop in price over a defined period of time.

Producers pay a premium to receive forward price coverage. If the market price falls below the coverage price in the time frame selected, the producer receives a payment.

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.



# Why use Livestock Price Insurance?

**Livestock Price Insurance is a risk management program that allows Saskatchewan livestock producers to effectively manage their risk.**

Livestock Price Insurance is a market-driven program, taking into account three areas of risk specific to livestock producers: price, currency and basis risk.

There are many market-driven factors which impact price fluctuations. Livestock Price Insurance provides protection to producers against market volatility, enabling them to manage their operations more effectively.

## LPI offers protection from the following risks:



Price



Currency



Basis

# To get started:



## 1. Enrol.

Producers can enrol in LPI, with no obligation to purchase a policy.

Visit [www.LPI.ca](http://www.LPI.ca) and click on **forms** to complete the enrolment process.



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

This information allows producers to be responsive when making timely risk management decisions. Sign up [here](#).



## 3. Review the weekly premium table and settlements.

Producers can learn how premium tables are calculated and how data is collected when establishing settlement values at [LPI.ca/about](http://LPI.ca/about).

*Becoming familiar with the premium tables and how they fluctuate day-to-day will assist producers in their purchasing decisions.*

**Select the region which best reflects marketing risk.**

Producers can purchase LPI calf and fed policies from the Alberta or Saskatchewan-Manitoba (SaskMan) premium tables. They should select the region best representing their marketing risk.

[About LPI - Cattle | Livestock Price Insurance](#)

**Match the policy length to the time period when cattle are expected to be marketed.**

When producers select a policy length, the date on the table represents the expiry date of the policy. Producers should select a policy length expiring closest to their anticipated marketing date. For example, a producer plans to sell livestock in the final two weeks of September and the policy expiry dates on the premium table are for September 13 and October 11. It is better to choose October 11 because it covers their marketing time frame.

**WCPIP-Feeder**

**A SaskMan Premium Table as of: 26-Jan-2021**

Note: These premium tables and coverage levels change on a daily basis.

Insured Index (\$/cwt)	Premium (\$/cwt)					36 weeks 11-Oct-2021
	12 weeks 26-Apr-2021	16 weeks 24-May-2021	28 weeks 16-Aug-2021	32 weeks 13-Sept-2021		
188					6.48	7.13
186					6.07	6.69
184					5.63	6.41
182			5.94	5.29		5.91
180			5.51	4.96		5.64
178			5.16	4.65		5.27
176			4.75	4.42		4.96
174			4.42	4.04		4.68
172		5.30	4.25	3.81		4.39
170	4.80	4.72	3.85	3.63		4.14
168	4.16	4.23	3.60	3.40		3.90

## WCPIP-Feeder

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176			4.75	4.42	4.96
174			4.42	4.04	4.68
172		5.30	4.25	3.81	4.39
170	4.80	4.72	3.85	3.63	4.14
168	4.16	4.23	3.60	3.40	3.90

#### Select coverage to establish floor price.

Producers can tailor coverage to best suit their operation's needs. Both steers and heifers can be insured.

The premium cost is calculated using the estimated market weight (cwt) of calf, feeder or fed cattle the producer plans to insure.

*\*The insured index is based on steer data.*

#### Premiums are associated to the insured index/coverage the producer selected.

##### Example

A producer selects a 36 week policy expiring on October 11. The producer selects \$178 insured index for a premium cost of \$5.27. The producer is insuring 100 head of feeder cattle and estimates them to weigh 700 lbs each.

$$70,000/100 = 700 \text{ cwt}$$

$$700 \text{ cwt} \times \$5.27 = \$3,689.00$$

$$\$3,689.00/100 = \mathbf{\$36.89/head}$$

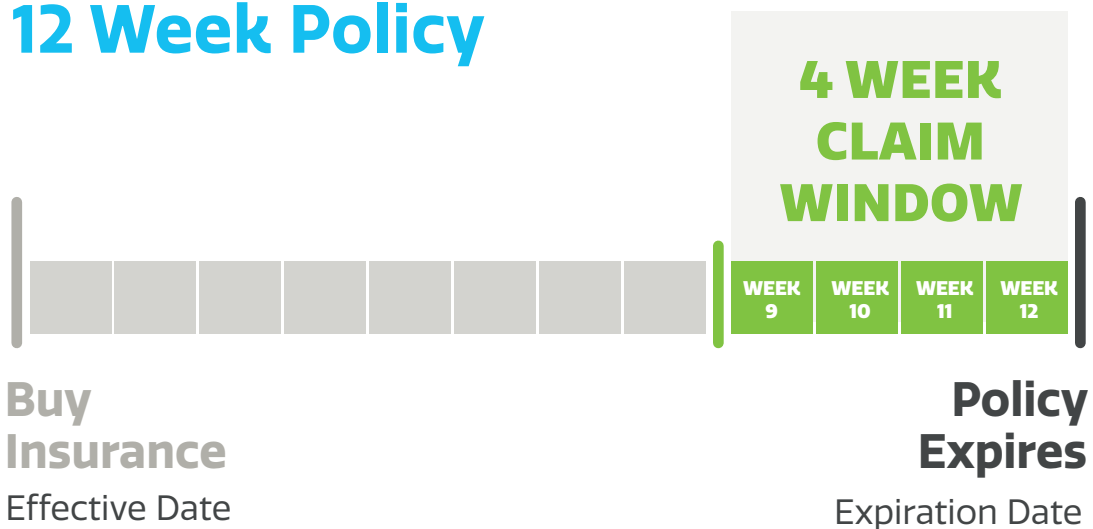
# Claim Window

All cattle policies have a claim window ahead of the expiry date. This enables policy holders to claim on a settlement index published on Mondays of each settlement week. The claim window is the **three consecutive weeks** leading up to the expiry date.

Policies may have a shortened claim window if one of their claim weeks falls on a Monday when no settlement is being offered. All policy holders are encouraged to reference the LPI Calendar of Insurance for blackout and settlement dates before making their policy purchase. To view the LPI Calendar of Insurance, visit [lpi.ca/calendar](http://lpi.ca/calendar).

Selling livestock outside of the claim window for the policy does not alter or void the contract. The Program is not meant to change marketing decisions for the insured, only to offset risk. Producers must meet all eligibility requirements to be in compliance with their Contract of Insurance (60 continuous days of ownership for Feeder and Calf policies, and four weeks prior to the claim window for Fed policies).

## 12 Week Policy





***LPI cattle policies are not settled against the exact price the policy holder may have sold their cattle for.***

Settlement values reflect weekly market conditions and are determined using data collected from various auction markets across western Canada. Once data is collected, it is sorted to be representative of the two regions (AB and SaskMan) on the premium tables. Click [here](#) to view the list of participating auction markets.

**CALF PROGRAM**

The settlement index is calculated with data collected from electronic and auction market sales across western Canada and based on an average 600 lb steer. This data is sorted to represent regions on the premium table.

**FEEDER PROGRAM**

The settlement index is representative of an 850 lb steer and data is collected from electronic and auction market sales across western Canada. This data is also sorted to represent regions on the premium table.

**FED PROGRAM**

The settlement index is calculated using data collected and reported to Canfax. Finish weights are reflective of this data.



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