



Insurance options help manage feeder cattle risks

By James Sedman and
John Hewlett

Cattle producers are painfully aware they operate in uncertain and volatile times.

Uncertainty over prices, input markets, extreme weather, and other uncertainties can make profitability tough.

Having an effective risk management plan is more important than ever. It is important to begin with a sound operating plan, including goals and objectives. If feeder cattle are purchased, knowing the cost structure and the effective price range for a profit are the first steps to managing price risk. There are several Federal Crop Insurance Corporation programs to help producers manage their price and revenue risk when time to market their feeder cattle.

Livestock Risk Protection Insurance (LRP)

LRP policies may help offset revenue losses associated with declining feeder cattle future prices.

A producer completes a one-time application for coverage and determines the number of head and the production period (13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks). Coverage may be purchased for up to 1,000 head per contract and 2,000 head per year. Producers may choose between two weight ranges: under 600 pounds and 600-900 pounds, with 900 pounds

per head the upper weight limit of the contract.

Coverage prices and premium rates are posted daily and directly tied to Chicago Mercantile Exchange (CME) prices. Producers select a coverage level of 70 to 100 percent of the expected ending value. If the actual value determined by current prices drops below the insured expected values established by the expected weight and insured price, then an indemnity may be due. Keep in mind the current price for LRP is determined by a national cash price and not the price received when actually selling the cattle.

LRP policies can be a good fit for most feeder cattle operations, including grass-based and feedlot operations. Using LRP has certain advantages over futures and options trading for producers with smaller herd numbers or smaller lot sizes, mainly because there is no lower limit on contract size as with futures contracts.

LRP may be more cost-effective for producers in protecting against bottom-side price risk (market moves that reduce producer revenue) than futures contracts, depending on geographic location.

Vegetative Index-Pasture, Rangeland, Forage (VI-PRF) Insurance

Feeder cattle operators who operate primarily on grass have an insurance product to protect their

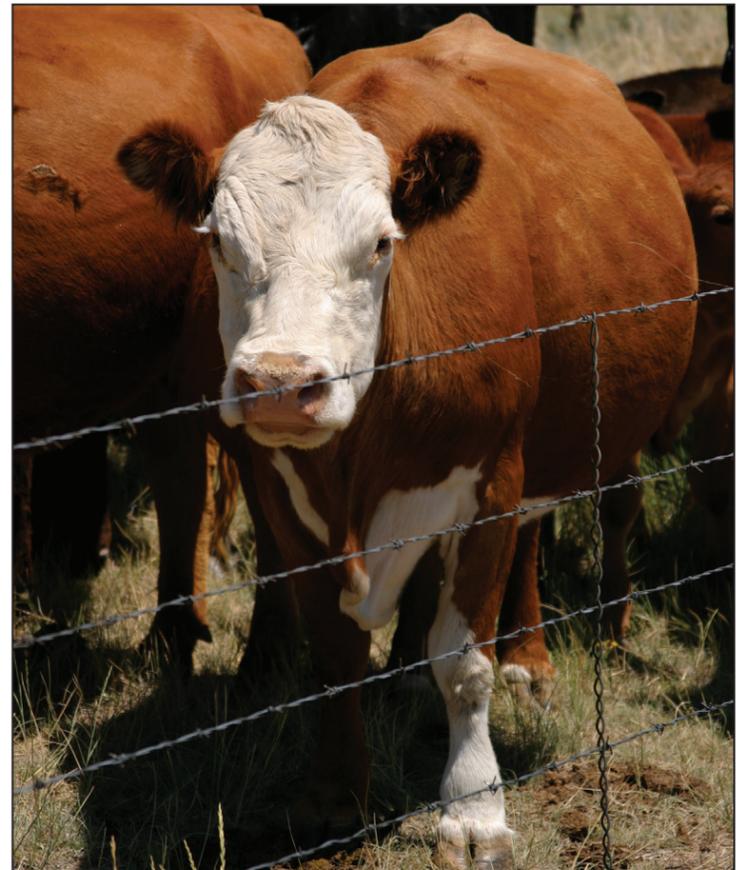
feed source. VI-PRF insurance protects producers against losses on pasture and forage raised for feed.

VI-PRF uses imagery from the U.S. Geological Survey to determine vegetative greenness and thus insurance coverage for individual 4.8 x 4.8-mile grid areas. Losses are determined by measuring actual greenness against the indexed greenness for a given three-month time period.

Producers can insure any hay or pastureland with a productivity factor from 60-150 percent and coverage from 70-90 percent. Producers can insure both pasture and hay land at relatively low premium rates. VI-PRF is much more localized and targeted when paying indemnities than previous forage insurance products based on county-wide hay yields.

Although September 30 was the sales closing date to purchase coverage for the 2011 crop year, producers might investigate the PRF product over the winter. Being aware of the deadlines and grid information is especially important to make an informed decision.

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For more information

Proper risk management planning is essential to business success. Feeder cattle producers should determine their risk management needs and consult a crop insurance agent to learn if LRP or VI-PRF insurance policies can help in an overall risk management strategy. Agents can help craft a risk management plan for specific needs. For more information on this and other risk management topics on the Web, visit the Western Risk Management Library at agecon.uwyo.edu/RiskMgt.

Fall equine care can pay dividends during the cold months

By Amy McLean

Early fall is an excellent time to consider planning ahead for the care of your equine.

Does your equine need booster vaccines? Has your equine had its annual dental check? When was the last time your equine was dewormed?

All these questions can be answered by a simple fall wellness assessment by your equine veterinarian. Checking the health and well-being of young and growing equines, as well as older geriatric equines, prior to winter is especially



important. A wellness exam similar to a human's physical can identify potential problems before they become an issue.

Equine Weight

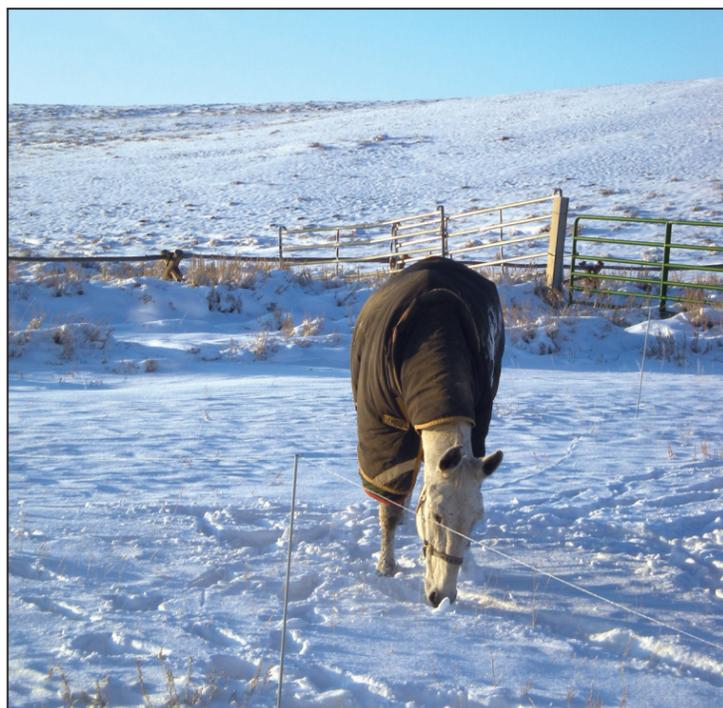
Considering your horse's weight prior to winter, especially if he's older, it's hard for the horse to keep weight on (fast metabolism), or is growing, is really important. Gaining weight is often hard when energy is being demanded for heat. Having teeth checked and a fecal count can help increase your horse's efficiency when consuming feed (forage and concentrates).

Booster vaccines (the required vaccine(s) will depend on your horse's prior vaccination history) can boost your horse's immunity by helping prevent infectious diseases, such as influenza or rhinopneumonitis, which may be more common in cool seasons.

Another important area is the hoof. Make sure hooves are properly trimmed and, if shod, consider pulling the shoes prior to icy conditions.

Stockpile Hay, Forage

Also, consider stockpiling hay



After the grass has died, are you prepared to feed through the winter?

or a source of forage (hay cubes, alfalfa pellets, beat pulp, or haylage) in the fall. You never know when conditions might prevent getting to the feed store or buying more

hay. Check salt and mineral blocks. Even though temperatures may be cool, your equine still needs essential minerals and access to salt.

If looking to add weight to your

horse, start now! Consider increasing the fat content in your equine's diet. If you increase the amount of concentrate, do so gradually and feed multiple times (two or three a day). For older horses, growing horses, or those hard to keep weight on, consider keeping forage or hay in front of them free choice all day.

Other things to consider in the fall are ensuring facilities are in order for the cold months, such as repairing fences or shelters, or checking water tanks and heaters for electrical shorts, leakage, etc.

Blanketing your equine is a good idea to ensure the blanket still fits and is in good shape. An improperly fit blanket or one in bad shape can allow moisture to seep through and will do more harm than good.

Hopefully, these suggestions will prepare your equine for the colder months ahead.

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