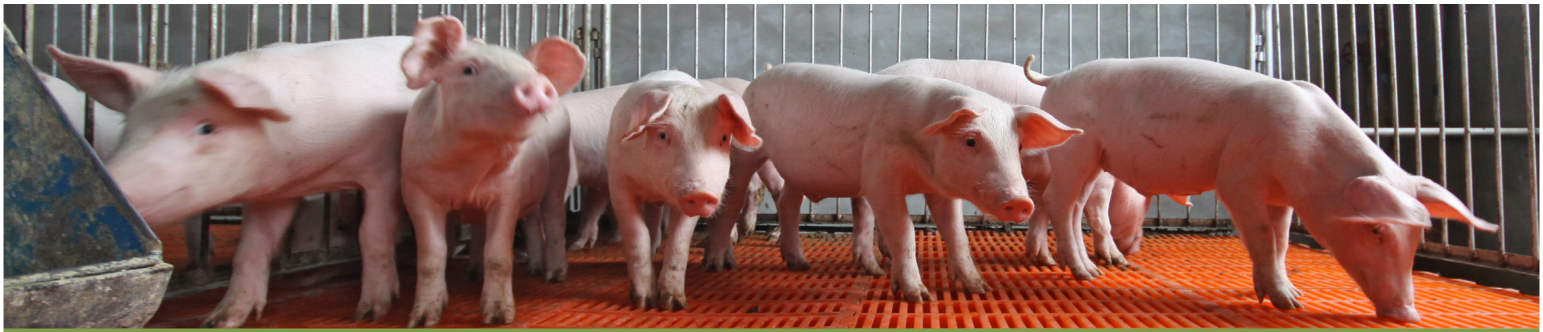

LIVESTOCK PRICE INSURANCE – HOG

Livestock Price Insurance - Hog (LPI - Hog) was developed with the aim of enhancing Western Canadian hog producers' ability to manage price volatility in the hog market. LPI - Hog offers a risk management alternative to futures and options, with transparent coverage, and affordable premium costs to the producer. Under the LPI - Hog, producers have the option to purchase an insurance policy based on forecasted hog prices from the Chicago Mercantile Exchange (CME) lean hog futures.

CUSTOMIZED COVERAGE TO PROTECT YOUR OPERATION

Market Driven: LPI directly reflects the risks of feeding and owning livestock in Western Canada.

Flexible: Wide range of coverage levels and a variety of policy lengths.

Coverage: Based on current market conditions.

Risk Management Tool: Data collected to protect producers from price, basis and currency risk.

Easy to Understand: The program is designed to simply be insurance.

LPI - Hog is offered continuously throughout the year, giving producers flexibility to tailor insurance coverage in relation to their own hog operation, risk tolerance and anticipated marketing activities.

02/2021

FEATURES OF LPI HOG INSURANCE

- **Purchase:** Policies can be purchased year round, Tuesday, Wednesday, Thursday from 2:00 – 5:30 p.m. MT.
- **Coverage Factors:** Forecast based on CME Lean Hog futures, basis, Canadian Dollar and a Western Canadian factor for relevant geographic regions.
- **Policy:** Policy lengths are offered monthly and producers can select policies that cover forward prices from two to ten months. For each policy length, a range of coverage levels are offered which correspond to a premium. Coverage levels are available up to 95% of the expected forward price for each policy length. The insured prices and corresponding premiums change every Tuesday, Wednesday and Thursday (subject to blackouts) in response to market fluctuations.
- **Weight:** There are no weight minimums required to complete a purchase, allowing both large and small producers to take advantage of the program. Policies are purchased based on expected dressed weight of the hogs at time of sale, in terms of hundredweight (ckg).
- **Claim:** No claim window as policy settles automatically at expiration date against a monthly averaged formula price.
- **Settlement:** Upon policy expiration, purchased coverage is compared to a settlement price reflecting the monthly average price of market hogs. If the settlement price is below the insured price, an indemnity is owed to the producer and a payment of the difference is made. There is no obligation to sell the hogs at policy expiration, although the intention of the program is for producers to match policy length to actual livestock sales.

QUESTIONS? NEED MORE INFORMATION?

- *Browse **www.LPI.ca** for more information or phone your provincial contact line:*
  1.844.782.5747 (BC) • 1.877.899.2372 (AB) • 1.888.935.0000 (SK) • 1.844.782.5747 (MB)

02/2021