



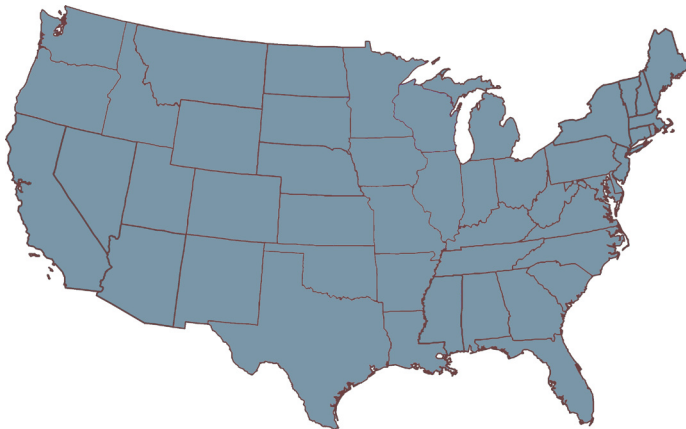
LIVESTOCK GROSS MARGIN

DAIRY CATTLE

Livestock Gross Margin (LGM) - Dairy Cattle is a federally-reinsured livestock product that provides protection against the loss of gross margin (market value of milk less feed costs) on the targeted quantity of market milk. The LGM insurance policy uses futures prices to determine the expected gross margin and the actual gross margin. LGM does not insure against death, loss, unexpected decrease in milk production or unexpected increases in feed use. The mix of target milk marketings and target feed rations allows a producer to select feed rations and production levels that best reflect their actual production. This effectively insures the producer gross margin (difference between the gross margin guarantee and the actual gross margin at the end of the 11-month insurance period).

Availability

LGM - Dairy Cattle is only available for the commercial or private sale of milk intended for human consumption. The total milk supply must be certified by you and may be subject to inspection and verification by Hudson Insurance Company.



Insurable Milk Amounts

Producers can insure up to 240,000 cwts per crop year.

Probable Loss

A Notice of Probable Loss will be sent to the insured if the Actual Gross Margin is less than the Gross Margin Guarantee. The insured must submit a marketing report and sales receipts, showing evidence of actual marketings, within 15 days of receipt of the Notice of Probable Loss.

Loss payments will be prorated if the actual marketings fall below 75% of the expected targeted marketings. The price at which you actually sell the milk does not affect the loss payment.

PREMIUM SUBSIDY

Producer premium subsidy is available and is determined by the deductible amount selected by the producer

DEDUCTIBLE

\$0 to \$2.00 per hundredweight of milk in \$0.10 increments

INSURANCE PERIODS

12 overlapping periods per calendar year each with a rolling 11-month insurance cycle

COVERAGE

Insurance coverage begins on the first day of the second calendar month following the month of the sales closing date.

Guarantee =

Total Expected Gross Margin

Guarantee - Deductible

SALES PERIOD

The sales period begins on the last business Friday of the month after the price guarantee is posted to the RMA site and before 8:00 p.m. CT the following day.

If expected milk, corn or soybean meal prices are not available on the RMA website, LGM - Dairy Cattle insurance will not be offered for sale for that insurance period.

By the Numbers

GUARANTEE / PREMIUM	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	TOTAL
CORN EQUIV. (TONS)	0	0	0	0	0	0	77.8	72.3	77.8	73.6	
MILK (CWTS)	0	0	0	0	0	0	21260	19750	21260	20100	
EXPECTED CORN	\$ 3.65	\$ 3.67	\$ 3.69	\$ 3.72	\$ 3.75	\$ 3.78	\$ 3.74	\$ 3.73	\$ 3.75	\$ 3.72	
EXPECTED MILK	\$ 14.84	\$ 14.99	\$ 15.21	\$ 15.31	\$ 15.51	\$ 15.89	\$ 16.27	\$ 16.41	\$ 16.63	\$ 16.52	
EXPECTED SBM	\$ 285.13	\$ 285.38	\$ 285.63	\$ 286.72	\$ 287.80	\$ 288.72	\$ 285.34	\$ 280.43	\$ 275.12	\$ 270.14	
EXPECTED GROSS MARGIN	-	-	-	-	-	-	\$ 330,600.49	\$ 310,007.27	\$ 338,402.09	\$ 317,897.45	\$ 1,296,907
DEDUCTIBLE (\$1.10/CWT)	-	-	-	-	-	-	-	-	-	-	\$ 90,607
GROSS MARGIN GUARANTEE	-	-	-	-	-	-	-	-	-	-	\$ 1,206,300.30
TOTAL PREMIUM	\$ 18,969										
SUBSIDY	\$ 9,485										
PRODUCER PREMIUM	\$ 9,484										

LOSS/INDEMNITY	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	TOTAL
CORN EQUIV. (TONS)	0	0	0	0	0	0	77.8	72.3	77.8	73.6	
MILK (CWTS)	0	0	0	0	0	0	21260	19750	21260	20100	
EXPECTED CORN	\$ 3.65	\$ 3.67	\$ 3.69	\$ 3.72	\$ 3.75	\$ 3.78	\$ 3.74	\$ 3.73	\$ 3.75	\$ 3.72	
EXPECTED MILK	\$ 14.84	\$ 14.99	\$ 15.21	\$ 15.31	\$ 15.51	\$ 15.89	\$ 16.27	\$ 16.41	\$ 16.63	\$ 16.52	
EXPECTED SBM	\$ 285.13	\$ 285.38	\$ 285.63	\$ 286.72	\$ 287.80	\$ 288.72	\$ 285.34	\$ 280.43	\$ 275.12	\$ 270.14	
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DEDUCTIBLE (\$1.10/CWT)	-	-	-	-	-	-	-	-	-	-	\$ 90,607
GROSS MARGIN GUARANTEE	-	-	-	-	-	-	-	-	-	-	\$ 1,206,300.30
TOTAL PREMIUM	\$ 18,969										
SUBSIDY	\$ 9,485										
PRODUCER PREMIUM	\$ 9,484										
ACTUAL CORN	\$ 3.70	\$ 3.67	\$ 3.63	\$ 3.71	\$ 3.79	\$ 3.66	\$ 3.65	\$ 3.57	\$ 3.52	\$ 3.49	
ACTUAL MILK	\$ 13.73	\$ 13.80	\$ 13.79	\$ 13.63	\$ 12.80	\$ 13.23	\$ 15.27	\$ 15.51	\$ 15.25	\$ 14.78	
ACTUAL SBM	\$ 272.13	\$ 271.37	\$ 270.60	\$ 317.24	\$ 363.87	\$ 372.02	\$ 380.17	\$ 343.43	\$ 322.33	\$ 310.33	
ACTUAL GROSS MARGIN							\$ 308,313.05	\$ 291,643.71	\$ 308,890.35	\$ 282,876.94	\$ 1,191,724.05
INDEMNITY	\$ 14,576										

NON DISCRIMINATION STATEMENT: Hudson Insurance Company is an equal opportunity provider. The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or a part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases apply to all programs and/or employment activities.)



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