



**HUDSON**  
INSURANCE GROUP®

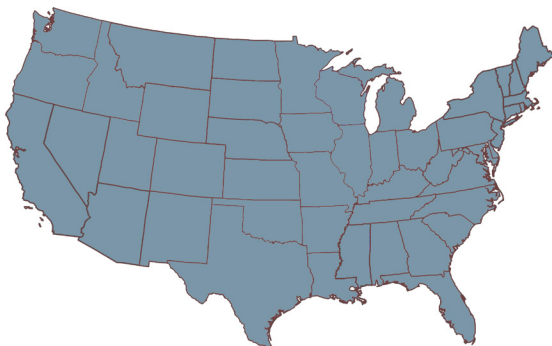
# LIVESTOCK GROSS MARGIN

## 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 ratio allows a producer to select feed ratio 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 the producer and may be subject to inspection and verification by Hudson Insurance Company.



### New for RY 2020

RMA removed the per insurance period and annual limit of 240,000 cwt. of milk.

### Insurable Milk Amounts

If participating in both LGM-Dairy and Dairy Revenue Protection, milk cannot be insured in the same months under both programs.

### 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 (18%-50%) is available and determined by the producer-selected deductible amount.

### 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	
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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

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The information contained in this brochure is for general information only and shall not modify the terms of any insurance policy.



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