



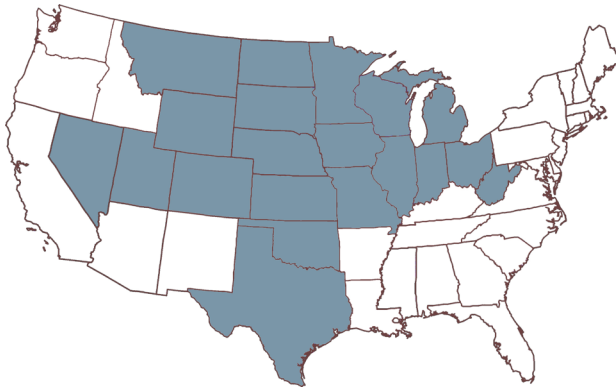
# LIVESTOCK GROSS MARGIN

## CATTLE

**Livestock Gross Margin (LGM) - Cattle** is a federally-reinsured livestock product that provides protection against the loss of gross margin (market value of cattle less feeder cattle and feed costs) on fed cattle (yearling and calf). 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, or any other loss or damage to the producer's cattle. LGM - Cattle is a bundled option that covers both the cost of feeder cattle and the cost of feed. 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

Ownership of insured cattle must be certified by the producer and may be subject to inspection and verification by Hudson Insurance Company.



### New for RY 2022

- Modified Expected Price Measurement Period definition and Sales Period definition to allow for weekly sales. (See right for Sales Period)

### Recent Updates

- Premium is due at the end of the insurance period or according to the actuarials.
- Premium subsidy will be based on the deductible selected by the livestock producer. Subsidy will range from 18% with \$0 deductible up to 50% with a deductible of \$70 or greater or according to the actuarials.

### 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 cattle does not affect the loss payment.

### DEDUCTIBLE

\$0 - \$150 / head in \$10 increments

### INSURANCE PERIODS

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

### COVERAGE

Insurance coverage begins one month and one day following the sales closing date.

### SALES PERIOD

The sales period begins each Thursday after the price guarantee is posted to the RMA site and ends the following day (Friday) at 9:00 AM Central.

If expected gross margins are not available on the RMA website, LGM - Cattle will not be offered for sale that insurance period.

### ELIGIBLE OPERATION TYPES

**Calf Finishing Operation** - a feeding operation that purchases 550 pound calves and feeds them until slaughter.

**Yearling Finishing Operation** - a feeding operation that purchases 750 pounds yearling steers and heifers and feeds them until slaughter.

## By the Numbers

GUARANTEE / PREMIUM	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	TOTAL
YEARLING FINISHING (HEAD)	0	100	100	100	100	0	0	0	0	0	
CALF FINISHING	0	0	0	0	0	0	0	0	0	0	
EXPECTED GROSS MARGIN (PER HEAD)	\$ 114.25	\$ 142.79	\$ 162.25	\$ 181.02	\$ 217.78	\$ 179.13	\$ 272.12	\$ 284.12	\$ 319.81	\$ 331.85	
EXPECTED GROSS MARGIN	-	\$ 14,279	\$ 16,225	\$ 18,102	\$ 21,778	-	-	-	-	-	\$ 70,384
DEDUCTIBLE (\$10/HEAD)	-	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	-	-	-	-	-	\$ 4,000
GROSS MARGIN GUARANTEE	-	\$ 13,279	\$ 15,225	\$ 17,102	\$ 20,778	-	-	-	-	-	\$ 66,384
TOTAL PREMIUM		\$ 12,876									
* SUBSIDY		\$ 2,575									
PRODUCER PREMIUM		\$ 10,301									

\* Deductible determines the premium subsidy. Subsidy = 20%

LOSS/INDEMNITY	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	TOTAL
YEARLING FINISHING (HEAD)	0	100	100	100	100	0	0	0	0	0	
CALF FINISHING	0	0	0	0	0	0	0	0	0	0	
EXPECTED GROSS MARGIN (PER HEAD)	\$ 114.25	\$ 142.79	\$ 162.25	\$ 181.02	\$ 217.78	\$ 179.13	\$ 272.12	\$ 284.12	\$ 319.81	\$ 331.85	
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GROSS MARGIN GUARANTEE	-	-	-	-	-	-	-	-	-	-	\$ 66,384
TOTAL PREMIUM		\$ 12,876									
SUBSIDY		\$ 2,575									
PRODUCER PREMIUM		\$ 10,301									
ACTUAL GROSS MARGIN (PER HEAD)	\$ 150.01	\$ 199.54	\$ 143.03	\$ 86.87	\$ 128.93	\$ 95.18	\$ 168.75	\$ 162.76	\$ 153.09	\$ 116.28	
ACTUAL GROSS MARGIN	-	\$ 19,954	\$ 14,303	\$ 8,687	\$ 12,893	-	-	-	-	-	\$ 55,837
INDEMNITY											\$ 10,547

NON DISCRIMINATION STATEMENT: Hudson Insurance Company is an equal opportunity provider. In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

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



### Hudson Crop

7300 West 110th Street, Suite 400 | Overland Park, KS 66210  
T 866 450-1445 | F 913 345-1671 | [HudsonCrop.com](http://HudsonCrop.com)

