



LIVESTOCK GROSS MARGIN

SWINE

Livestock Gross Margin (LGM) - Swine is a federally-reinsured livestock product that provides protection against the loss of gross margin (market value of hogs less feed costs). The LGM insurance policy uses adjusted 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 hogs. LGM - Swine is a bundled option that covers both the cost of hogs 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 6-month insurance period).

Availability

Available in the 48 contiguous states, for farrow to finish, segregated early weaned or finishing operations. Ownership of insured hogs 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 \$12 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 hogs does not affect the loss payment.

DEDUCTIBLE

\$2 - \$20 per head in \$2 increments

INSURANCE PERIODS

12 overlapping periods per calendar year each with a rolling 6-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 - Swine will not be offered for sale that insurance period.

ELIGIBLE OPERATION TYPES

Farrow to Finish - covers all aspects of breeding, farrowing and feeding pigs until slaughter.

Feeder Pig Finishing - specializes in feeding pigs from about 50 pounds until slaughter.

Segregated Early Weaning (SEW) Finishing - specializes in feeding pigs from 12 to 21 days of age until slaughter.

By the Numbers

| GUARANTEE / PREMIUM | JAN. | FEB. | MAR. | APR. | MAY. | TOTAL |
|------------------------------|----------|----------|----------|----------|----------|-----------|
| FARROW TO FINISH (HEAD) | 0 | 100 | 100 | 100 | 0 | |
| FINISHING | 0 | 0 | 0 | 0 | 0 | |
| SEW FINISHING | 0 | 0 | 0 | 0 | 0 | |
| EXPECTED GROSS MARGIN / HEAD | \$ 91.48 | \$ 80.11 | \$ 68.87 | \$ 61.80 | \$ 54.74 | |
| EXPECTED GROSS MARGIN | - | \$ 8,011 | \$ 6,887 | \$ 6,180 | - | \$21,078 |
| DEDUCTIBLE (\$2/HEAD) | - | \$ 200 | \$ 200 | \$ 200 | - | \$ 600 |
| GROSS MARGIN GUARANTEE | - | \$ 7,811 | \$ 6,687 | \$ 5,980 | - | \$ 20,478 |
| TOTAL PREMIUM \$ | | \$ 1,438 | | | | |
| * SUBSIDY \$ | | \$ 302 | | | | |
| PRODUCER PREMIUM \$ | | \$ 1,438 | | | | |

* Deductible determines the premium subsidy. Subsidy = 21%

| LOSS/INDEMNITY | JAN. | FEB. | MAR. | APR. | MAY | TOTAL |
|------------------------------|----------|----------|----------|----------|----------|-----------|
| FARROW TO FINISH (HEAD) | 0 | 100 | 100 | 100 | 0 | |
| FINISHING | 0 | 0 | 0 | 0 | 0 | |
| SEW FINISHING | 0 | 0 | 0 | 0 | 0 | |
| EXPECTED GROSS MARGIN / HEAD | \$ 91.48 | \$ 80.11 | \$ 68.87 | \$61.80 | \$ 54.74 | |
| EXPECTED GROSS MARGIN | - | \$ 8,011 | \$6, 877 | \$ 6,180 | - | \$ 21,078 |
| DEDUCTIBLE (\$2/HEAD) | - | \$ 200 | \$ 200 | \$ 200 | - | \$ 600 |
| GROSS MARGIN GUARANTEE | - | - | - | - | - | \$ 20,478 |
| TOTAL PREMIUM \$ | | \$ 1,438 | | | | |
| SUBSIDY \$ | | \$ 302 | | | | |
| PRODUCER PREMIUM \$ | | \$ 1,438 | | | | |
| ACTUAL GROSS MARGIN / HEAD | \$ 77.50 | \$ 48.34 | \$ 45.36 | \$ 50.32 | \$ 85.76 | |
| ACTUAL GROSS MARGIN | - | \$ 4,834 | \$ 4,536 | \$ 5,032 | - | \$ 14,402 |
| INDEMNITY | | | | | | \$ 6,076 |

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

