



# 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's gross margin (difference between the gross margin guarantee and the actual gross margin at the end of the 11-month insurance period).

### Availability

Available in all counties in all 50 states for yearling and calf finishing operations. Ownership of insured cattle must be certified by the producer and may be subject to inspection and verification by Hudson Insurance Company.

### New for 2023

- Now available in all 50 states.
- Allows an insured to have both an LGM and LRP policy; however, an insured may not insure the same class of livestock with the same end month or have the same insured livestock under multiple policies.

### 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	-	\$ 14,279.00	\$ 16,225.00	\$ 18,102.00	\$ 21,778.00	-	-	-	-	-	\$ 70,384.00
DEDUCTIBLE (\$10/HEAD)	-	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	-	-	-	-	-	\$ 4,000.00
GROSS MARGIN GUARANTEE	-	\$ 13,279.00	\$ 15,225.00	\$ 17,102.00	\$ 20,778.00	-	-	-	-	-	\$ 66,384.00
<b>TOTAL PREMIUM</b>	<b>\$ 12,876.00</b>										
<b>* SUBSIDY</b>	<b>\$ 2,575.00</b>										
<b>PRODUCER PREMIUM</b>	<b>\$ 10,301.00</b>										

\* 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	
EXPECTED GROSS MARGIN	-	\$ 14,279.00	\$ 16,225.00	\$ 18,102.00	\$ 21,778.00	-	-	-	-	-	\$ 70,384.00
DEDUCTIBLE (\$10/HEAD)	-	-	-	-	-	-	-	-	-	-	\$ 4,000.00
GROSS MARGIN GUARANTEE	-	-	-	-	-	-	-	-	-	-	\$ 66,384.00
<b>TOTAL PREMIUM</b>	<b>\$ 12,876.00</b>										
<b>SUBSIDY</b>	<b>\$ 2,575.00</b>										
<b>PRODUCER PREMIUM</b>	<b>\$ 10,301.00</b>										
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	-	\$ 19,954.00	\$ 14,303.00	\$ 8,687.00	\$ 12,893.00	-	-	-	-	-	\$ 55,837.00
<b>INDEMNITY</b>	<b>\$ 10,547.00</b>										

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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.



### 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)

