



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's 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 available in all counties in all 50 states (New for 2023) 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.

- 2018 Farm Bill provisions allow for dairy operations to participate in both LGM-Dairy and Farm Service Agency's Dairy Margin Coverage (DMC) program.
- LGM allows the insured to have other livestock policies covering milk for the same crop year; however, it cannot cover the same milk in the same months.

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

Premium subsidy is based on the deductible selected by the producer and ranges from 18% with \$0 deductible to 50% with a deductible of \$1.10 or greater.

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 one month and one day following the sales closing date.

Guarantee =

*Total Expected Gross Margin
Guarantee - Deductible*

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 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	21,260	19,750	21,260	20,100	
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	\$ 1,296,907.30
DEDUCTIBLE (\$1.10/CWT)	-	-	-	-	-	-	\$ 23,386.00	\$ 21,725.00	\$ 23,386.00	\$ 22,110.00	\$ 90,607.00
GROSS MARGIN GUARANTEE	-	-	-	-	-	-	\$ 307,214.49	\$ 288,282.27	\$ 315,016.09	\$ 295,787.45	\$ 1,206,300.30
TOTAL PREMIUM	\$ 18,969.00										
SUBSIDY	\$ 9,485.00										
PRODUCER PREMIUM	\$ 9,484.00										

LOSS/INDEMNITY	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	TOTAL
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MILK (CWTS)	0	0	0	0	0	0	21,260.00	19,750.00	21,260.00	20,100.00	
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GROSS MARGIN GUARANTEE	-	-	-	-	-	-	\$ 307,214.49	\$ 288,282.27	\$ 315,016.09	\$ 295,787.45	\$ 1,206,300.30
TOTAL PREMIUM	\$ 18,969.00										
SUBSIDY	\$ 9,485.00										
PRODUCER PREMIUM	\$ 9,484.00										
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	\$ 14,576.25										

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.



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