



Crop Division

Livestock Gross Margin (LGM) - Dairy

Protection for rising feed costs or falling milk prices.



for all the *great* you do®



As one of the largest Crop insurers in the nation, Great American is recognized as a leader in this specialized marketplace.

Benefits of LGM - Dairy

The Livestock Gross Margin Insurance Plan for Dairy Cattle (LGM-Dairy) provides protection when feed costs rise or milk prices drop. In that way, the program is similar to buying both a call option to limit higher feed costs and a put option to set a floor on milk prices.

- Tailor coverage to any size farm
- Uses futures prices for corn, soybean meal and milk to determine margins
- Coverage is available for commercial or private sale milk
- Milk must be primarily intended for human consumption from dairy cattle fed in the states listed below.
- No minimum or maximum number of hundredweights

It is important to note prices for LGM—Dairy are based on simple averages of Chicago Mercantile Exchange Group futures contract daily settlement prices and are not based on the prices an insured receives on their operation.

Only milk sold for commercial or private sale and primarily intended for human consumption from dairy cattle fed in the states listed below is eligible for coverage. There is no minimum or maximum number of hundredweights you can insure.

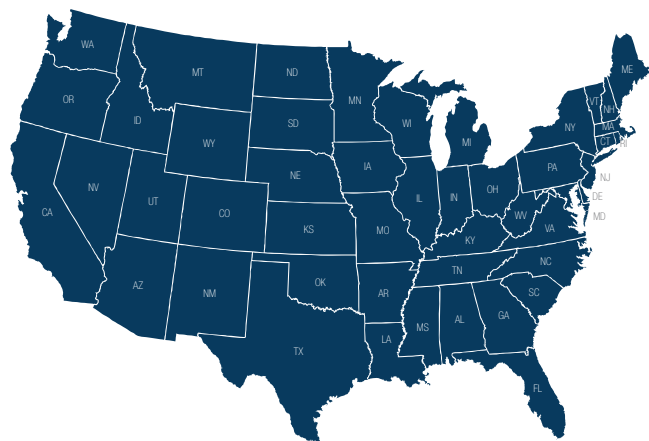
Prices for LGM—Dairy are based on simple averages of Chicago Mercantile Exchange Group futures contract daily settlement prices and are not based on the prices you receive at the market.

Availability

LGM-Dairy is available to producers owning dairy cattle in any of the 48 contiguous states.



Dairy operations are allowed to participate in both LGM Dairy and the Farm Service Agency's Dairy Margin Coverage (DMC) program.



Causes of Loss

LGM-Dairy provides coverage for the difference between the gross margin guarantee and the actual gross margin. LGM-Dairy does not insure against:

- ❌ Dairy cattle death;
- ❌ Unexpected decreases in milk production;
- ❌ Unexpected increases in feed use;
- ❌ Anticipated or multiple-year increases in feed costs.

Buying a Policy

You can sign up for LGM-Dairy each week and insure all of the milk production that you expect to market over a rolling 11 month insurance period.

The insurance period contains the 11 months following the sales closing date. For example, the insurance period for the January 29 sales closing date contains the months of February through December. Coverage begins the second month of the insurance period, so the coverage period for this example is March through December.

To enroll, you must sign up on Thursday each week. You must also submit an application with a target marketings report for the milk and corn and soybean meal equivalents. You may also choose to use the default values for corn and soybean meal equivalents.



Sales

LGM-Dairy is sold on the Thursday of the week when the coverage prices and rates are posted on the RMA website and ends at 9:00 a.m. Central time of the following day. Your premium payment is due at the end of the insurance period. Sales dates for LGM Dairy may not be available when:

- 1 Expected milk and feed prices are not available on the RMA website,
- 2 If the Thursday of the sales period is a federal holiday, and/or
- 3 On dates the USDA releases milk or cold storage reports.

Subsidy

A premium subsidy is available for those policies that insure multiple months during the insurance period. The subsidy amount is determined by a dollar deductible you choose (ranges from \$0 to \$2 in \$0.10 increments). If you choose a \$0 deductible you receive a lower premium subsidy (18%) and if you choose the highest deductible of \$2 you receive a higher premium subsidy (50%).

Premium Billing date is the first day of the second month after the endorsement has ended. For example, an SCE ending on November 30th has a premium billing date of January 1st. LGM premiums depend on your marketing plan, coverage you choose, deductible level, and futures and price volatility.



For More Information

LGM Expected and Actual Gross Margins:

[rma.usda.gov/Information-Tools/
Livestock-Reports](https://rma.usda.gov/Information-Tools/Livestock-Reports)



Premium Calculator:

[https://ewebapp.rma.usda.gov/apps/
costestimator/Estimates/DetailedEstimate.aspx](https://ewebapp.rma.usda.gov/apps/costestimator/Estimates/DetailedEstimate.aspx)



For more information on Livestock Programs visit:

[https://www.rma.usda.gov/policy-procedure/
general-policies/livestock-insurance-plans](https://www.rma.usda.gov/policy-procedure/general-policies/livestock-insurance-plans)





301 E. Fourth St.
Cincinnati, OH 45202
800-545-4269
GreatAmericanCrop.com

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