

Livestock Gross Margin (Dairy Cattle) | LGM

MPCI Crop-Hail Specialty Crop Farm Property and Casualty



Rain and Hail
Agricultural Insurance



www.RainHail.com

The Rain and Hail Difference

The Rain and Hail difference sets us apart from other agricultural insurance providers. The difference is our commitment to always provide the best service possible to each and every customer, being employee owned, just like you, and believing in a strong safety net for America's agricultural communities.

Sound Products Backed by Strong Companies

- **Agri General Insurance Company** - AM Best Rating A (Excellent)
- **ACE USA Companies** - AM Best Rating A+ (Superior)

Unmatched Claims Service

Response in a loss situation brings out the true character of the company. Time and time again, Rain and Hail is there for our customers when they need us, by providing:

- Tools to quickly and easily submit claims
- Prompt and accurate claims adjustment
- Expedited claim payments

One-Stop Service

Rain and Hail is a "one-stop insurance shop" offering all of the agricultural insurance products you need to properly protect your operation, including:

- Multi-Peril
- Crop-Hail
- Specialty crop lines
- Farm Property and Casualty
- Commercial Auto
- Farm Umbrella

For more information, visit www.RainHail.com or contact your local Rain and Hail Insurance Professional with the Blue Sign:

Rain and Hail
Agricultural Insurance



The Rain and Hail Family of Companies

Rain and Hail and Agri General Insurance Company
9200 Northpark Drive • Johnston, Iowa 50131

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LGM Loss Payments

- Calculate the Actual Gross Margin using the last three trading days prior to each contract's expiration date.

- Subtract the Actual Total Gross Margin from the Gross Margin Guarantee to obtain the loss payment.

- The price at which milk is sold does not affect the loss payment.

- **Loss payments will be prorated if actual marketings fall below 75% of target marketings**

How It Works

Month	Cmt. of Milk Insured	Expected Milk Price	Actual Milk Price	Expected Revenue	Actual Revenue	Expected Corn Equiv.	Expected Corn Price	Actual Corn Price	Expected Soybean Meal Equiv.	Expected Soybean Meal Price	Actual Soybean Meal Price	Expected Cost of Feed	Actual Cost of Feed	Expected Gross Margin	Actual Gross Margin
March	1560	\$18.84	\$19.34	\$29,390.40	\$30,170.40	20.5	\$4.83	\$4.58	6	\$337.07	\$327.07	\$5,559.67	\$5,315.63	\$23,831.73	\$24,854.77
April	1560	\$17.36	\$17.61	\$27,081.60	\$27,471.60	20.5	\$4.90	\$5.40	6	\$340.09	\$365.09	\$5,628.04	\$6,144.11	\$21,453.56	\$21,327.49
May	1560	\$17.24	\$17.14	\$26,894.40	\$26,293.40	20.5	\$4.96	\$5.71	6	\$343.10	\$393.10	\$5,690.03	\$6,539.14	\$21,204.37	\$20,199.26
June	1560	\$17.16	\$16.16	\$26,769.60	\$25,209.60	20.5	\$5.01	\$6.01	6	\$345.45	\$420.45	\$5,740.74	\$6,922.88	\$21,028.98	\$18,286.72
July	1560	\$17.37	\$16.12	\$27,097.20	\$25,472.20	20.5	\$5.00	\$6.25	6	\$347.80	\$447.80	\$5,747.51	\$7,262.69	\$21,349.69	\$17,884.51
August	1560	\$17.48	\$15.98	\$27,268.80	\$24,928.80	20.5	\$4.94	\$6.44	6	\$344.57	\$469.57	\$5,694.21	\$7,532.42	\$21,594.59	\$17,396.38
September	1560	\$17.83	\$16.08	\$27,814.80	\$25,094.80	20.5	\$4.97	\$6.47	6	\$339.37	\$489.37	\$5,674.97	\$7,673.18	\$21,139.83	\$17,411.62
October	1560	\$18.09	\$16.09	\$28,220.40	\$25,100.40	20.5	\$4.91	\$5.66	6	\$325.10	\$375.10	\$5,645.42	\$6,394.53	\$22,674.98	\$18,705.67
November	1560	\$18.14	\$16.64	\$28,298.40	\$25,958.40	20.5	\$4.90	\$5.00	6	\$324.80	\$329.80	\$5,536.30	\$5,639.51	\$22,762.10	\$20,318.89
December	1560	\$17.95	\$16.95	\$27,846.00	\$26,286.00	20.5	\$4.91	\$4.41	6	\$324.50	\$299.50	\$5,541.82	\$5,025.75	\$22,304.18	\$21,280.25
Expected Total Gross Margin & Actual Total Gross Margin														\$220,333.89	\$197,645.75
Gross Margin Guarantee = \$220,333.89 - \$1,560 dead (15,600 cwt. x \$0.10 per cwt. dead) = \$218,773.89															
Indemnity (\$218,733.89 - \$197,645.75) = \$21,088.14															

This brochure shows illustrations only.

Livestock Gross Margin for Dairy Cattle (LGM)

About LGM-Dairy

Livestock Gross Margin for Dairy Cattle provides protection against the loss of gross margin (market value of milk minus feed costs) on the milk produced from dairy cows.

LGM-Dairy Eligibility

Any producer who owns dairy cattle in AL, AR, AZ, CA, CO, CT, DE, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MS, MT, NC, NE, NV, NH, NJ, NM, NY, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WV, WI or WY is eligible for LGM.

LGM-Dairy Deductibles

Producers can select Deductibles from \$0 to \$2 per hundredweight of milk, in \$0.10 increments.

Determining Coverage for LGM-Dairy

Producers will need to determine the number of hundredweight of milk to be marketed and insured in each month of the insurance period. They will also need to determine the number of tons of corn or corn equivalent and the tons of soybean meal or soybean meal equivalent that they expect to feed for each month in which they insure milk. The number of tons of corn or corn equivalent must be between 0.00364 tons (7.28 lbs) and 0.0381 tons (76.2 lbs) per hundredweight of milk. The number of tons of soybean meal or soybean meal equivalent must be between 0.000805 tons (1.61 lbs) and 0.013 tons (26 lbs) per hundredweight of milk. Producers may also choose to use default values of 0.014 tons of corn (0.5 bushels) and 0.002 tons of soybean meal (4.0 lbs) per hundredweight of milk.

Expected Gross Margin Per Month = Expected Revenue – Expected Cost of Feed for Month

Expected Revenue = Expected Milk Price x Target Marketings

Expected Cost of Feed = (Corn Tons x 2000/56 x Expected Corn Price) + (Soybean Meal x Expected Soybean Meal Price)

LGM-Dairy Coverage Period and Restrictions

- 12 insurance periods per year.
- 11 months each.
- No milk can be insured in the first month of the insurance period.
- Coverage begins one full calendar month following the sales closing date.
- Sales period begins the last business Friday of each month until 8:00 p.m. CST the following evening.
- Covers up to 240,000 hundredweight of milk in any insurance period or crop year.
- Premium for LGM-Dairy is due at the end of the insurance period.
- A premium subsidy will be available for those policies that insure multiple months during the insurance period. The subsidy amount will be determined by a dollar deductible selected by the insured (ranging from \$0 to \$2, in \$0.10 increments). Insureds choosing a \$0 deductible will receive a lower premium subsidy (18%) and those choosing higher deductibles of \$1.10 to \$2 will receive a higher premium subsidy (50%).

Cycles Within the Insurance Periods for LGM for Dairy Cattle Insurance (Commodity exchange contract months are in BOLD)

Sales Closing Date*	Insurance Period	Month	Class III Milk Price	Corn Price	Soybean Meal Price	Sales Closing Date*	Insurance Period	Month	Class III Milk Price	Corn Price	Soybean Meal Price	Sales Closing Date*	Insurance Period	Month	Class III Milk Price	Corn Price	Soybean Meal Price						
January No cov. in February	February - December	March	March	March	March	May No cov. in June	June - April	July	July	July	July	September No cov. in October	October - August	November	November	November	November						
		April	April	April	April			August	August	August	August			December	December	December	December						
		May	May	May	May			September	September	September	September			January	January	January	January						
		June	June	June	June			October	October	October	October			February	February	February	February						
		July	July	July	July			November	November	November	November			March	March	March	March						
		August	August	August	August			December	December	December	December			April	April	April	April						
		September	September	September	September			January	January	January	January			May	May	May	May						
		October	October	October	October			February	February	February	February			June	June	June	June						
		November	November	November	November			March	March	March	March			July	July	July	July						
		December	December	December	December			April	April	April	April			August	August	August	August						
		January	January	January	January			May	May	May	May			September	September	September	September						
		February No cov. in March	March - January	April	April			April	April	June No cov. in July	July - May			August	August	August	August	October No cov. in November	November - September	December	December	December	December
May	May			May	May	September	September	September	September			January	January	January	January								
June	June			June	June	October	October	October	October			February	February	February	February								
July	July			July	July	November	November	November	November			March	March	March	March								
August	August			August	August	December	December	December	December			April	April	April	April								
September	September			September	September	January	January	January	January			May	May	May	May								
October	October			October	October	February	February	February	February			June	June	June	June								
November	November			November	November	March	March	March	March			July	July	July	July								
December	December			December	December	April	April	April	April			August	August	August	August								
January	January			January	January	May	May	May	May			September	September	September	September								
March No cov. in April	April - February			May	May	May	May	July No cov. in August	August - June			September	September	September	September	November No cov. in December	December - October			January	January	January	January
				June	June	June	June					October	October	October	October					February	February	February	February
		July	July	July	July	November	November			November	November	March	March	March	March								
		August	August	August	August	December	December			December	December	April	April	April	April								
		September	September	September	September	January	January			January	January	May	May	May	May								
		October	October	October	October	February	February			February	February	June	June	June	June								
		November	November	November	November	March	March			March	March	July	July	July	July								
		December	December	December	December	April	April			April	April	August	August	August	August								
		January	January	January	January	May	May			May	May	September	September	September	September								
		February	February	February	February	June	June			June	June	October	October	October	October								
		April No cov. in May	May - March	June	June	June	June			August No cov. in September	September - July	October	October	October	October			December No cov. in January	January - November	February	February	February	February
				July	July	July	July					November	November	November	November					March	March	March	March
August	August			August	August	December	December	December	December			April	April	April	April								
September	September			September	September	January	January	January	January			May	May	May	May								
October	October			October	October	February	February	February	February			June	June	June	June								
November	November			November	November	March	March	March	March			July	July	July	July								
December	December			December	December	April	April	April	April			August	August	August	August								
January	January			January	January	May	May	May	May			September	September	September	September								
February	February			February	February	June	June	June	June			October	October	October	October								
March	March			March	March	July	July	July	July			November	November	November	November								