

# 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:

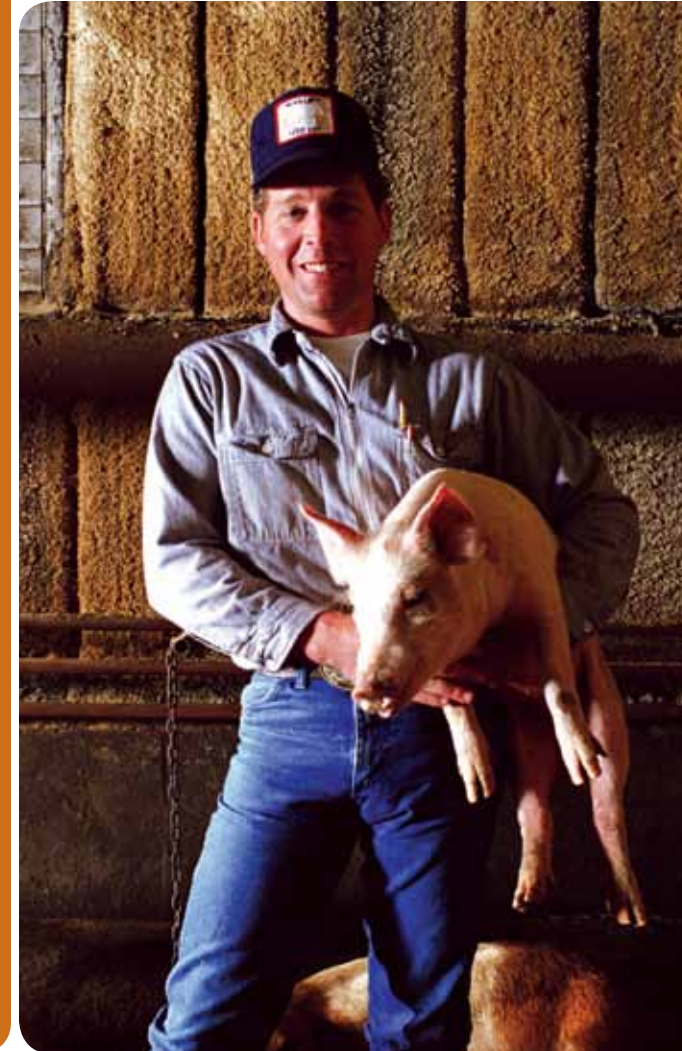
- Multi-Peril
- Crop-Hail
- Specialty crop lines
- Farm Property and Casualty
- Commercial Auto
- Farm Umbrella

For more information, visit [www.RainHail.com](http://www.RainHail.com) or contact your local Rain and Hail Insurance Professional with the Blue Sign:



## Livestock Gross Margin (for hogs) | LGM

MPCI Crop-Hail Specialty Crop Farm Property and Casualty



### LGM Loss Payments

- Calculate the Actual Gross Margin using the last three trading days prior to each contract's expiration date.
- Subtract the Total Actual Gross Margin from the Gross Margin Guarantee to obtain the loss payment.
- The price at which hogs are sold does not affect the loss payment.
- Loss payments will be prorated if actual marketings fall below 75% of target marketings.

Indemnity Example for Iowa Farrow-to-Finish Operation													
Month	Expected Lean Hogs	Actual Lean Hogs	Expected Corn	Actual Corn	Expected Meal	Actual Meal	Expected Feed Cost per Head	Actual Feed Cost per Head	Expected \$/Head	Actual \$/Head	# of Hogs	Expected Gross Margin	Actual Gross Margin
June			\$3.77	\$3.77	\$1.98	\$1.98							
July			\$3.81	\$4.02	\$2.01	\$2.01							
Aug.			\$3.91	\$3.85	\$2.04	\$1.95							
Sept.	\$69.55	\$65.45					\$58.96	\$58.96	\$74.85	\$66.97	2,000	\$149,700	\$133,940
Oct.	\$65.90	\$60.00					\$59.65	\$62.17	\$67.14	\$53.27	3,000	\$201,420	\$159,810
Nov.	\$64.90	\$68.60					\$61.05	\$59.71	\$63.82	\$72.28	4,000	\$265,280	\$298,120
Dec.											0		
Jan.											0		
<b>Total</b>											<b>9,000</b>	<b>\$606,400</b>	<b>\$582,870</b>
<b>Total Expected Gross Margin Less Deductible</b>											\$18,000 deductible (9000 hd x \$2 per head)		
<b>Indemnity Due Insured</b>											<b>\$588,400 - \$528,870 = \$5,530</b>		<b>\$5,530</b>

## The Rain and Hail Family of Companies

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

Rain and Hail  
Agricultural Insurance



[www.RainHail.com](http://www.RainHail.com)

# Livestock Gross Margin for Hogs (LGM)

## About LGM

LGM provides protection of the gross margin between the value of insured hogs and the cost of corn and soybean meal.

LGM covers a decline in hog prices and/or an increase in feed costs.

## LGM Eligibility

Swine producers in CO, IL, IN, IA, KS, MI, MN, MO, MT, NE, NV, ND, OH, OK, SD, TX, UT, WI, WV, and WY feeding hogs in these states are eligible for LGM (producers must have an ownership share in hogs being produced).

## LGM Coverage Levels

Producers can choose deductible amounts from \$0 to \$20 per head in increments of \$2.

## Determining Coverage for LGM

First, determine whether the operation is a farrow to finish, a segregated early weaned (SEW), or a finishing operation. Next, determine the number of hogs to be marketed each month of the insurance period, then sum the five monthly Gross Margin amounts and multiply by the coverage level to obtain the insurance period Gross Margin Guarantee:

### Farrow to Finish

Gross Margin per Month =  
 $(2.6 \times 0.74 \times \text{Lean Hog Price}_t) - (12.0 \text{ bu.} \times \text{Corn Price}_{t-3})$   
 $- (138.55 \text{ lb./2000 lb.}) \times \text{SoyMeal Price}_{t-3} \times \text{Number of Hogs}$

### SEW

Gross Margin per Month =  
 $(2.6 \times 0.74 \times \text{Lean Hog Price}_t) - (9.0 \text{ bu.} \times \text{Corn Price}_{t-2})$   
 $- (91.0 \text{ lb./2000 lb.}) \times \text{SoyMeal Price}_{t-2} \times \text{Number of Hogs}$

### Finish

Gross Margin per Month =  
 $(2.6 \times 0.74 \times \text{Lean Hog Price}_t) - (9.05 \text{ bu.} \times \text{Corn Price}_{t-2})$   
 $- (82.0 \text{ lb./2000 lb.}) \times \text{SoyMeal Price}_{t-2} \times \text{Number of Hogs}$

- Covers up to 15,000 hogs during any six month insurance period and up to 30,000 hogs per crop year.



## LGM Coverage Period and Restrictions

- 12 insurance periods per calendar year.
- Price risk protection lasts for six months (ex: Jan. 31 sales closing date covers Feb. [no cov. in Feb.], - July).
- Target marketings can't be insured in the first month of the period.
- Price guarantees are based on futures prices and are set on the last business Friday of each month.
- Sales period begins the last business Friday of each month until 8:00 p.m. the following evening.

## Contract Months Used to Determine Expected Price for Each Calendar Month (Commodity exchange contract months are in BOLD)

Sales Closing Date*	Insurance Period	Month	Farrow-to-Finish			SEW / Finishing			Sales Closing Date*	Insurance Period	Month	Farrow-to-Finish			SEW / Finishing			Sales Closing Date*	Insurance Period	Month	Farrow-to-Finish			SEW / Finishing				
			Hog	Corn	SoyMeal	Hog	Corn	SoyMeal				Hog	Corn	SoyMeal	Hog	Corn	SoyMeal				Hog	Corn	SoyMeal	Hog	Corn	SoyMeal		
January No cov. in Feb.	February - July	March	March	<b>Dec.</b>	<b>Dec.</b>	March	Jan.	Jan.	May	June - Nov.	July	<b>July</b>	April	April	<b>July</b>	<b>May</b>	<b>May</b>	Sept.	Oct. - March	Nov.	Nov.	Aug.	<b>Aug.</b>	Nov.	<b>Sept.</b>	<b>Sept.</b>		
		April	<b>April</b>	Jan.	Jan.	<b>April</b>	Feb.	Feb.	No cov. in June		Aug.	<b>Aug.</b>	<b>May</b>	<b>May</b>	Aug.	June	June	No cov. in Oct.		Dec.	<b>Dec.</b>	<b>Sept.</b>	<b>Sept.</b>	Dec.	Oct.	Oct.		
		May	<b>May</b>	Feb.	Feb.	<b>May</b>	Mar.	Mar.	Sept.		Sept.	June	June	Sept.	<b>July</b>	<b>July</b>	Oct.	Aug.		<b>Aug.</b>	Oct.	Jan.	Jan.	Oct.	Oct.	Jan.	Nov.	Nov.
		June	<b>June</b>	Mar.	Mar.	June	April	April	Oct.		<b>Oct.</b>	<b>July</b>	<b>July</b>	Oct.	Aug.	<b>Aug.</b>	Nov.	<b>Sept.</b>		<b>Sept.</b>	Nov.	Feb.	Feb.	Nov.	Nov.	Feb.	Dec.	Dec.
		July	July	April	April	<b>July</b>	<b>May</b>	<b>May</b>	Nov.		Nov.	Aug.	<b>Aug.</b>	Nov.	<b>Sept.</b>	<b>Sept.</b>	March	March		<b>Dec.</b>	<b>Dec.</b>	March	Jan.	Jan.	March	Jan.	Jan.	
February No cov. in Mar.	March - August	April	<b>April</b>	Jan.	Jan.	<b>April</b>	Feb.	Feb.	June	July - Dec.	Aug.	<b>Aug.</b>	<b>May</b>	<b>May</b>	Aug.	June	June	Oct.	Nov. - April	Dec.	<b>Dec.</b>	<b>Sept.</b>	<b>Sept.</b>	Dec.	Oct.	Oct.		
		May	<b>May</b>	Feb.	Feb.	<b>May</b>	Mar.	Mar.	Sept.		Sept.	June	June	Sept.	<b>July</b>	<b>July</b>	No cov. in Nov.	Jan.		Jan.	Oct.	Oct.	Jan.	Nov.	Nov.			
		June	<b>June</b>	Mar.	Mar.	June	April	April	Oct.		<b>Oct.</b>	<b>July</b>	<b>July</b>	Oct.	Aug.	<b>Aug.</b>	March	March		<b>Dec.</b>	<b>Dec.</b>	March	Jan.	Jan.	March	Jan.	Jan.	
		July	<b>July</b>	April	April	<b>July</b>	<b>May</b>	<b>May</b>	Nov.		Nov.	Aug.	<b>Aug.</b>	Nov.	<b>Sept.</b>	<b>Sept.</b>	April	<b>April</b>		Jan.	Jan.	<b>April</b>	Feb.	Feb.	April	Feb.	Feb.	
		Aug.	<b>Aug.</b>	May	May	<b>Aug.</b>	June	June	Dec.		<b>Dec.</b>	<b>Sept.</b>	<b>Sept.</b>	Dec.	Oct.	<b>Oct.</b>	May	May		Jan.	Jan.	<b>April</b>	Feb.	Feb.	May	May	May	
March No cov. in April	April - Sept.	May	<b>May</b>	Feb.	Feb.	<b>May</b>	Mar.	Mar.	July	Aug. - Jan.	Sept.	Sept.	June	June	Sept.	<b>July</b>	<b>July</b>	Nov.	Dec. - May	Jan.	Jan.	Oct.	Oct.	Jan.	Nov.	Nov.		
		June	<b>June</b>	Mar.	Mar.	June	April	April	Oct.		<b>Oct.</b>	<b>July</b>	<b>July</b>	Oct.	Aug.	<b>Aug.</b>	Feb.	<b>Feb.</b>		Nov.	Nov.	Feb.	Dec.	Dec.				
		July	<b>July</b>	April	April	<b>July</b>	<b>May</b>	<b>May</b>	Nov.		Nov.	Aug.	<b>Aug.</b>	Nov.	<b>Sept.</b>	<b>Sept.</b>	March	March		<b>Dec.</b>	<b>Dec.</b>	March	Jan.	Jan.	March	Jan.	Jan.	
		Aug.	<b>Aug.</b>	May	May	<b>Aug.</b>	June	June	Dec.		<b>Dec.</b>	<b>Sept.</b>	<b>Sept.</b>	Dec.	Oct.	<b>Oct.</b>	April	<b>April</b>		Jan.	Jan.	<b>April</b>	Feb.	Feb.	May	May	May	
		Sept.	Sept.	June	June	Sept.	<b>July</b>	<b>July</b>	Jan.		Jan.	Oct.	<b>Oct.</b>	Jan.	Nov.	Nov.	May	<b>May</b>		Feb.	Feb.	<b>May</b>	March	March	May	March	March	
April No cov. in May	May - Oct.	June	<b>June</b>	Mar.	Mar.	June	April	April	August	Sept. - Feb.	Oct.	<b>Oct.</b>	<b>July</b>	<b>July</b>	Oct.	Aug.	<b>Aug.</b>	Dec.	Jan - June	Feb.	<b>Feb.</b>	Nov.	Nov.	Feb.	Dec.	Dec.		
		July	<b>July</b>	April	April	<b>July</b>	<b>May</b>	<b>May</b>	No cov. in Sept.		Nov.	Nov.	Aug.	<b>Aug.</b>	Nov.	<b>Sept.</b>	<b>Sept.</b>	Nov.		March	March	<b>Dec.</b>	<b>Dec.</b>	March	Jan.	Jan.		
		Aug.	<b>Aug.</b>	May	May	<b>Aug.</b>	June	June	Dec.		<b>Dec.</b>	<b>Sept.</b>	<b>Sept.</b>	Dec.	Oct.	<b>Oct.</b>	April	<b>April</b>		Jan.	Jan.	<b>April</b>	Feb.	Feb.	May	May	May	
		Sept.	Sept.	June	June	Sept.	<b>July</b>	<b>July</b>	Jan.		Jan.	Oct.	<b>Oct.</b>	Jan.	Nov.	Nov.	May	<b>May</b>		Feb.	Feb.	<b>May</b>	March	March	May	March	March	
		Oct.	<b>Oct.</b>	July	July	Oct.	Aug.	<b>Aug.</b>	Feb.		Feb.	Nov.	Nov.	Feb.	Dec.	Dec.	June	<b>June</b>		March	March	<b>June</b>	April	April	June	April	April	

\*Available on the second to last business day of the month. t = base time, t-2 = base - 2 months, t-3 = base - 3 months