



Livestock Gross Margin (LGM)

About LGM

If you are a producer, you know livestock can be a risky business, and you need to protect your gross margin. Livestock Gross Margin, also known as LGM, could be a good risk management plan for you. LGM provides protection for your cattle, swine, or milk produced from dairy cows.

It offers different coverage for each type of livestock.

- LGM Swine protects the gross margin between the market value of insured hogs minus the cost of corn and soybean meal.
- LGM Dairy protects the gross margin between the market value of milk minus the feed costs on the milk produced from dairy cows.
- LGM Cattle protects the gross margin between the market value of cattle minus the feeder cattle and feed costs on cattle.

Benefits of LGM

- You can sign up for LGM on a weekly basis and insure all of your swine, milk production or cattle you expect to market.
- LGM is perfect for any size of farm/ranch because you can tailor it for your operation.
- LGM insures your gross margin over the insurance period you choose.
- Premiums are due at the end of the insurance period.

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Rabo AgriFinance 
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Equal Opportunity Provider

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LGM Eligibility

- To be eligible for LGM Swine, you must have an ownership share in the hogs being produced.
- To be eligible for LGM Dairy, you must have an ownership share in the dairy cattle producing the milk.
- To be eligible for LGM Cattle, you must have an ownership share in the cattle being produced.

LGM Availability

LGM is available in all 50 states starting with the 2023 crop year.

LRP and LGM

You can have both a Livestock Risk Protection (LRP) and LGM policy, but you can't insure the same class of livestock with the same end month or have the same insured livestock insured under multiple policies.

LGM Coverage Levels

- With LGM Swine, you can choose deductible amounts from \$0 to \$20 per head, in \$2 increments.
- With LGM Dairy, you can select deductible amounts from \$0 to \$2 per hundredweight (cwt) of milk, in \$0.10 increments.
- With LGM Cattle, you can choose deductible amounts from \$0 to \$150 per head, in \$10 increments.

LGM Subsidies

- LGM Swine asubsidy range is from 18% with a 0 deductible up to 50% with a deductible of \$12 or greater.
- LGM Cattle subsidy range is from 18% with a 0 deductible up to 50% with a deductible of \$70 or greater.
- LGM Dairy subsidy range is from 18% with a 0 deductible up to 50% with a deductible of \$1.10 or greater.

LGM Coverage Period and Requirements

- 12 insurance periods per calendar year.
- Sales period begins each Thursday after market close until 9:00 a.m. CST the following morning.
- Must have target marketings in two months to receive subsidy.
- In the event of a loss, a Marketings Report and sales receipts must be provided

Specific Details

Swine

- Target marketings cannot be insured in the first month of the period.
- Guarantees are based on futures prices and are set weekly on Thursday's after market close.
- There is no annual head limit for coverage.
- Policy does not insure against the death or other loss or destruction of swine.

Dairy

- No milk can be insured in the first month of the insurance period.
- There is no hundredweight of milk limit for coverage.
- Policy does not insure against the death or other loss or destruction of dairy cattle, or against any unexpected decline in milk production.

Cattle

- Target marketings cannot be insured in the first month of the period.
- Price guarantees are based on futures prices and are set weekly on Thursday's after market close.
- There is no annual head limit for coverage.
- Policy does not insure against the death or other loss or destruction of cattle.