

**Livestock  
Gross Margin - Dairy  
(LGM)**

Buying a crop insurance policy is only one risk management option.

Producers should always carefully consider how a policy will work in conjunction with their other risk management strategies to ensure the best possible outcome each crop year.

Your Farm Bureau<sup>®</sup> crop insurance agent can assist you in developing a good management plan for your farming operation.



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agent in your area, visit  
us online at**

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*The crop insurance experts  
you can rely on!*

# LIVESTOCK GROSS MARGIN (LGM) - Dairy

## Features of LGM - Dairy

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

The insurance period contains eleven months of coverage. However, no milk can be insured in the first month following the sales closing date. Coverage will begin in the second month of the insurance period.

A premium subsidy is available only if the producer selects Target Marketings in at least two months of the insurance period.

The producer may select deductible levels between \$0 and \$2.00.

This policy uses futures prices for corn, soybean meal, and milk to determine the expected gross margin and the actual gross margin. The price the producer receives at the local market is **not** used in these calculations.

The indemnity at the end of the eleven month insurance period is the difference, if positive, between the gross margin guarantee and the actual gross margin.



## Frequently Asked Questions:

### What is LGM Dairy coverage?

- LGM-Dairy Cattle provides protection for unexpected decline in the gross margin between milk prices and feed costs.

### Who's eligible for coverage?

- Any producer who owns dairy cattle may be eligible for coverage in the eligible states.

### What milk is eligible for coverage?

- Only milk sold for commercial or private sale primarily intended for final human consumption from dairy cattle fed in the eligible states.

### How much milk can be insured?

- The policy will allow up to 240,000 hundredweight of milk in any insurance period or crop year.

### What does LGM Dairy NOT cover?

- Dairy Cattle death
- Unexpected decline in milk production
- Unexpected increases in feed use



### What information is needed to determine coverage?

- The number of hundredweight of milk to be marketed and insured in each month of the insurance period. This is referred to as the Target Marketings.
- Number of tons of corn or corn equivalent and soybean or soybean meal equivalent.
- Deductible elected for the insurance period. Only one deductible is permitted and will be applicable for all Target Marketings.

*The crop insurance experts you can rely on!*