

LIVESTOCK GROSS MARGIN (LGM) SWINE





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PRODUCER ELIGIBILITY

Any producer who owns swine in the following states is eligible for LGM Swine insurance coverage.

Colorado	Illinois	Indiana	Iowa
Kansas	Michigan	Minnesota	Missouri
Montana	Nebraska	Nevada	North Dakota
Ohio	Oklahoma	South Dakota	Texas
Utah	West Virginia	Wisconsin	Wyoming

SWINE ELIGIBILITY

Only swine sold for commercial or private slaughter primarily intended for human consumption and fed in Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, South Dakota, Texas, Utah, West Virginia, Wisconsin and Wyoming are eligible for coverage under the LGM for Swine Insurance Policy.

KEY FEATURES OF THE LGM FOR SWINE INSURANCE POLICY

The Livestock Gross Margin for Swine (LGM for Swine) Insurance Policy provides protection against the loss of gross margin (market value of livestock minus feed costs) on swine. The indemnity at the end of the 6-month insurance period is the difference, if positive, between the gross margin guarantee and the actual gross margin. The LGM for Swine Insurance Policy uses futures prices 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.

LGM for Swine has two features:

- Producers can sign up for LGM for Swine twelve times per year and insure all of the swine they expect to market over a rolling 6-month insurance period. The producer does not have to decide on the mix of options to purchase, the strike price of the options, or the date of entry.
- The LGM for Swine policy can be tailored to any size farm. Options cover fixed amounts of commodities and those amounts may be too large to be used in the risk management portfolio of some farms.

LGM for Swine is different from traditional options in that LGM for Swine is a bundled option that covers the cost of feed. This bundle of options effectively insures the producer's gross margin (swine price minus feed costs) over the insurance period.

INSURANCE COVERAGE

- You must select a deductible amount by sales closing date.
- You may only select one deductible amount that is applicable for all target marketings.
- Target marketings must be submitted on our form by the sales closing date for each insurance period in which you desire coverage. If target marketings are not submitted by the sales closing date, your target marketings for the insurance period will be zero.
- Target marketings for any month of an insurance period cannot be greater than the approved target marketings for that insurance period. Your target marketings are due at the time of application in the initial insurance period and your target marketings report is due by the sales closing date in subsequent insurance periods.
- No indemnity will be owed, but you will still be responsible for any premiums owed, if we find that your marketing report;
 - Is not supported by written verifiable records in accordance with the definition of marketing report; or
 - Fails to accurately report actual marketings or other material information.
- Under no circumstance will the total number of swine insured exceed 15,000 head in any insurance period or 30,000 head in any insurance year.
- Sales of LGM for Swine may be suspended if extraordinary events occur that interfere with the effective functioning of the corn, soybean meal, or lean hogs commodity markets as determined by FCIC. Evidence of such events may include, but is not limited to, consecutive limit down moves in the lean hog futures markets or consecutive limit up moves in the corn and soybean meal futures markets.

CAUSES OF LOSS COVERED

This policy provides insurance only for the difference between the actual gross margin and the gross margin guarantee caused by unavoidable cause of loss, as required by the Act. This policy does not insure against the death or other loss or destruction of your swine, or against any other loss or damage of any kind whatsoever.

ANNUAL PREMIUM

- The premium is earned and payable at the time coverage begins.
- The application will not be accepted if the premium is not paid in full at the time of application.
- In subsequent insurance periods, if the premium is not paid in full by the applicable sales closing date, your target marketings will be reduced to zero for each month of the insurance period and you will have no coverage for swine under this policy.
- Payment of premium with a check that has been returned for insufficient funds will result in your target marketings being reduced to zero for each month of the insurance period and you will have no coverage for swine under this policy.
- The premium amount is shown on your summary of insurance.



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INSURANCE PERIOD

Coverage begins on your on your swine on the first day of the second calendar month following the month of the sales closing date, provided premium for the coverage has been paid in full.

Example for the contract with a sales closing date in January, coverage will begin on March 1.

Coverage ends at the earliest of:

- 1) The last month of the insurance period in which you have target marketings; or
- 2) As otherwise specified in the policy.

If the end date is on a Saturday, Sunday, federal holiday, or if for any reason the relevant report is not available for that day or any other day of the ending period, then the actual ending value will be based on the most recent reports made prior to that date.

The Contract Change Date is April 30.

The Cancellation Date is June 30 for all insurance periods.

CONFORMITY TO FOOD SECURITY ACT

Although your violation of a number of federal statutes, including the Act, may cause cancellation or termination of the policy or may cause the policy to become void, you should be specifically aware that your policy will be canceled if you are determined to be ineligible to receive benefits under the Act due to violation of the controlled substance provisions (title XVII) of the Food Security Act of 1985 (Pub. L. 99-198) and the regulations published at 7 CFR part 400, subpart F. Your policy will be canceled if you are determined, by the appropriate agency, to be in violation of these provisions.



ProAg® is among the fastest growing crop insurance companies in the industry. We strive to serve our clients' best interests by remaining singularly focused on our specialized line of business – agricultural risk management. While our nation weathers economic storms, ProAg, as a wholly owned subsidiary of CUNA Mutual Group, is positioned as a financially strong and well-capitalized insurer. With more than 80 years of service to our agents & insureds, we stand committed to continuing the principles that ProAg was founded on: **Integrity, Loyalty and Customer Service.**

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The information in this brochure is a general overview of the program. Please consult your local ProAg agent to confirm availability in your region.

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