

**LIVESTOCK GROSS MARGIN (LGM)  
INDEMNITY CALCULATIONS**  
Edit Description

**Livestock Gross Margin (LGM)  
(Insurance Plan Code 82)**

**TOTAL GROSS MARGIN (ACTUAL)**

$$\begin{aligned}
 \text{TOT\_GROSS\_MARGIN} = & ((\text{TARGET\_MARKET\_1} * \text{ACT\_GROSS\_MARGIN\_1}) + \\
 & \text{(field 34)} \qquad \qquad \text{(field 21)} \qquad \qquad \text{(field 28)} \\
 & (\text{TARGET\_MARKET\_2} * \text{ACT\_GROSS\_MARGIN\_2}) + (\text{TARGET\_MARKET\_3} * \\
 & \text{(field 22)} \qquad \qquad \text{(field 29)} \qquad \qquad \text{(field 23)} \\
 & \text{ACT\_GROSS\_MARGIN\_3}) + (\text{TARGET\_MARKET\_4} * \text{ACT\_GROSS\_MARGIN\_4}) + \\
 & \text{(field 30)} \qquad \qquad \text{(field 24)} \qquad \qquad \text{(field 31)} \\
 & (\text{TARGET\_MARKET\_5} * \text{ACT\_GROSS\_MARGIN\_5}) + (\text{TARGET\_MARKET\_6} * \\
 & \text{(field 25)} \qquad \qquad \text{(field 32)} \qquad \qquad \text{(field 26)} \\
 & \text{ACT\_GROSS\_MARGIN\_6})) \\
 & \text{(field 33)}
 \end{aligned}$$

**MARKET FACTOR and ADJUSTED INDEMNITY FLAG**

$$\begin{aligned}
 \text{MARKET FACTOR} = & \text{TOT\_ACTUAL\_MARKET} / \text{TOT\_TARGET\_MARKET} \\
 & \text{(internal)} \qquad \qquad \text{(field 20)} \qquad \qquad \text{(field 27)} \\
 & \text{(Note)}
 \end{aligned}$$

**Note: If Market Factor < .750 set Adjusted Indemnity Flag (field 36) to 'Y'; else, default Market Factor to 1.000 and set Adjusted Indemnity Flag to 'N'.**

**INDEMNITY**

$$\begin{aligned}
 \text{INDEMNITY} = & (\text{GROSS\_MARGIN\_GUAR} - \text{TOT\_GROSS\_MARGIN}) * \text{MARKET FACTOR} \\
 & \text{(field 37)} \qquad \qquad \text{(field 35)} \qquad \qquad \text{(field 34)} \qquad \qquad \text{(internal)}
 \end{aligned}$$

$$\begin{aligned}
 \text{INDEMNITY\_REDUCT} = & 1.000 - \text{MARKET FACTOR} \\
 & \text{(field 38)}
 \end{aligned}$$

**Note: An indemnity is calculated and payable if Total Gross Margin is less than Gross Margin Guarantee.**

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Tag	No.	Picture	Rounding	Description
<TARGET_ MARKET_1>	21	9(05)	whole number	Target Marketings for First Month (Feb. or Aug.) reported on premium.
<ACT_GROSS_ MARGIN_1>	28	9999.9999	per ADM	Actual Gross Margin per swine for First Month from ADM L Suffix P.
<TARGET_ MARKET_2>	22	9(05)	whole number	Target Marketings for Second Month (Mar. or Sept.) reported on premium.
<ACT_GROSS_ MARGIN_2>	29	9999.9999	per ADM	Actual Gross Margin per swine for Second Month from ADM L Suffix P.
<TARGET_ MARKET_3>	23	9(05)	whole number	Target Marketings for Third Month (Apr. or Oct.) reported on premium.
<ACT_GROSS_ MARGIN_3>	30	9999.9999	per ADM	Actual Gross Margin per swine for Third Month from ADM L Suffix P.
<TARGET_ MARKET_4>	24	9(05)	whole number	Target Marketings for Fourth Month (May or Nov.) reported on premium.
<ACT_GROSS_ MARGIN_4>	31	9999.9999	per ADM	Actual Gross Margin per swine for Fourth Month from ADM L Suffix P.
<TARGET_ MARKET_5>	25	9(05)	whole number	Target Marketings for Fifth Month (June or Dec.) reported on premium.
<ACT_GROSS_ MARGIN_5>	32	9999.9999	per ADM	Actual Gross Margin per swine for Fifth Month from ADM L Suffix P.
<TARGET_ MARKET_6>	26	9(05)	whole number	Target Marketings for Sixth Month (July or Jan.) reported on premium.
<ACT_GROSS_ MARGIN_6>	33	9999.9999	per ADM	Actual Gross Margin per swine for Sixth Month from ADM L Suffix P.
<TOT_GROSS_ MARGIN>	34	9(10)	whole number	Sum of (Target Marketings by month times Actual Gross Margin by month) for the insurance period.
<TOT_ACTUAL_ MARKET>	20	9(05)	whole number	Total of Actual Marketings for insurance period.
<TOT_TARGET_ MARKET>	27	9(05)	whole number	Total of Target Marketings for insurance period reported on premium.
MARKET FACTOR	internal	9.999	3 decimal places	Result of (Total Actual Marketings divided by Total Target Marketings) if less than .750, else default to 1.000.

July 1, 2002

Exhibit 140-3

FCIC-M13

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<GROSS_MARGIN_ GUAR>	35	9(10)	whole number	Gross Margin Guarantee for insurance period reported on premium.
<INDEMNITY>	37	9(10)	whole number	Indemnity must be greater than zero and the result of (Gross Margin Guarantee – Total Gross Margin) times Market Factor.
<INDEMNITY_ REDUCT>	38	.999	3 decimal places	Indemnity Reduction factor is the result of (1.000 – Market Factor).

**Note: An indemnity is calculated and payable if Total Gross Margin is less than Gross Margin Guarantee.**