

NEWS RELEASE

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Demand Strong for the Livestock Gross Margin Dairy Program

SPOKANE, WASHINGTON, December 15, 2011 -- The U.S. Department of Agriculture's (USDA) Risk Management Agency (RMA) administers the **Livestock Gross Margin Dairy (LGM-Dairy)** program and may be one of USDA's most popular and demanded programs. LGM-Dairy is owned and maintained by Iowa Agriculture Insurance Innovations, L.L.C.

"In December of 2010, the Federal Crop Insurance Corporation made improvements to the LGM-Dairy program to include a premium subsidy, made the premium due at the end of the insurance period rather than at the time of application, and allowed alternative feed cost formulas for different stages of dairy cattle," said RMA's Spokane Regional Office Director Dave Paul. "These enhancements significantly increased dairy producers' interest and were evident in our participation numbers."

The 2012 crop year included two sales dates (October 28 and November 18) and the strong demand for the product exhausted the allocated underwriting capacity [as established by the FCIC] of \$13.184 million. Below is a comparison of LGM-Dairy participation nationally and since expansion to the RMA Spokane Region:

LGM-Dairy National Participation 2010 – 2011				
Crop Year	State	Policies Sold	Hundredweight of Milk Insured	Dollar of Liability Coverage
2010*	National	134	1,872,499	\$24,914,997
2011	National	1,225	46,173,715	\$769,658,328
2012	National	903	40,522,658	\$705,359,640
LGM-Dairy Participation for Idaho, Oregon and Washington				
2010*	Washington	7	235,500	\$3,020,260
2011**	Idaho	27	1,404,675	\$22,132,484
	Oregon	1	360,000	\$5,806,800
	Washington	40	2,427,148	\$39,415,482
2012	Idaho	11	809,195	\$14,047,825
	Oregon	0		
	Washington	22	1,425,260	\$24,754,064

*Availability of LGM-Dairy for 2010 crop year was only in Washington State for the RMA Spokane Region.
** Availability of LGM-Dairy in Idaho and Oregon was approved for 2011 crop year.

Paul added, "Unfortunately, because FCIC has expended the money allocated for LGM-Dairy, we do not expect sales to resume until Fiscal Year 2013, beginning October 1, 2012."

LGM-Dairy provides protection against loss of gross margin (market value of milk minus feed costs) on milk produced from dairy cows. LGM-Dairy uses futures prices to determine the expected gross margin and the actual gross margin and is **sold on the last business Friday of each month**. The sales period ends at 8:00 p.m. CST the following day. Additional information on the LGM-Dairy insurance plan is on the RMA Web site at <http://www.rma.usda.gov>. Federal crop insurance program policies are sold and delivered solely through private crop and livestock insurance companies. A list of livestock crop

insurance agents is available at all USDA Service Centers throughout the U.S. or at the RMA Web site address <http://www3.rma.usda.gov/tools/agents/>.

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