

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

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

TOTAL GROSS MARGIN (ACTUAL)

$$\begin{aligned} \text{TOT_GROSS_MARGIN} = & ((\text{TARGET_MARKET_1} * \text{ACT_GROSS_MARGIN_1}) + \\ & (\text{field 34}) \quad (\text{field 21}) \quad (\text{field 28}) \\ & (\text{TARGET_MARKET_2} * \text{ACT_GROSS_MARGIN_2}) + (\text{TARGET_MARKET_3} * \\ & (\text{field 22}) \quad (\text{field 29}) \quad (\text{field 23}) \\ & \text{ACT_GROSS_MARGIN_3}) + (\text{TARGET_MARKET_4} * \text{ACT_GROSS_MARGIN_4}) + \\ & (\text{field 30}) \quad (\text{field 24}) \quad (\text{field 31}) \\ & (\text{TARGET_MARKET_5} * \text{ACT_GROSS_MARGIN_5}) + (\text{TARGET_MARKET_6} * \\ & (\text{field 25}) \quad (\text{field 32}) \quad (\text{field 26}) \\ & \text{ACT_GROSS_MARGIN_6})) \\ & (\text{field 33}) \end{aligned}$$

MARKET FACTOR and ADJUSTED INDEMNITY FLAG

$$\text{MARKET FACTOR} = \frac{\text{TOT_ACTUAL_MARKET}}{\text{TOT_TARGET_MARKET}}$$

(internal) (field 20) (field 27)
(Note)

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

$$\text{INDEMNITY} = (\text{GROSS_MARGIN_GUAR} - \text{TOT_GROSS_MARGIN}) * \text{MARKET FACTOR}$$

(field 37) (field 35) (field 34) (internal)

$$\text{INDEMNITY_REDUCT} = 1.000 - \text{MARKET FACTOR}$$

(field 38)

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. Only the negative symbol (-) will appear if applicable.
<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. Only the negative symbol (-) will appear if applicable.
<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. Only the negative symbol (-) will appear if applicable.
<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. Only the negative symbol (-) will appear if applicable.
<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. Only the negative symbol (-) will appear if applicable.
<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. Only the negative symbol (-) will appear if applicable.

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<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.
<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	9.999	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.