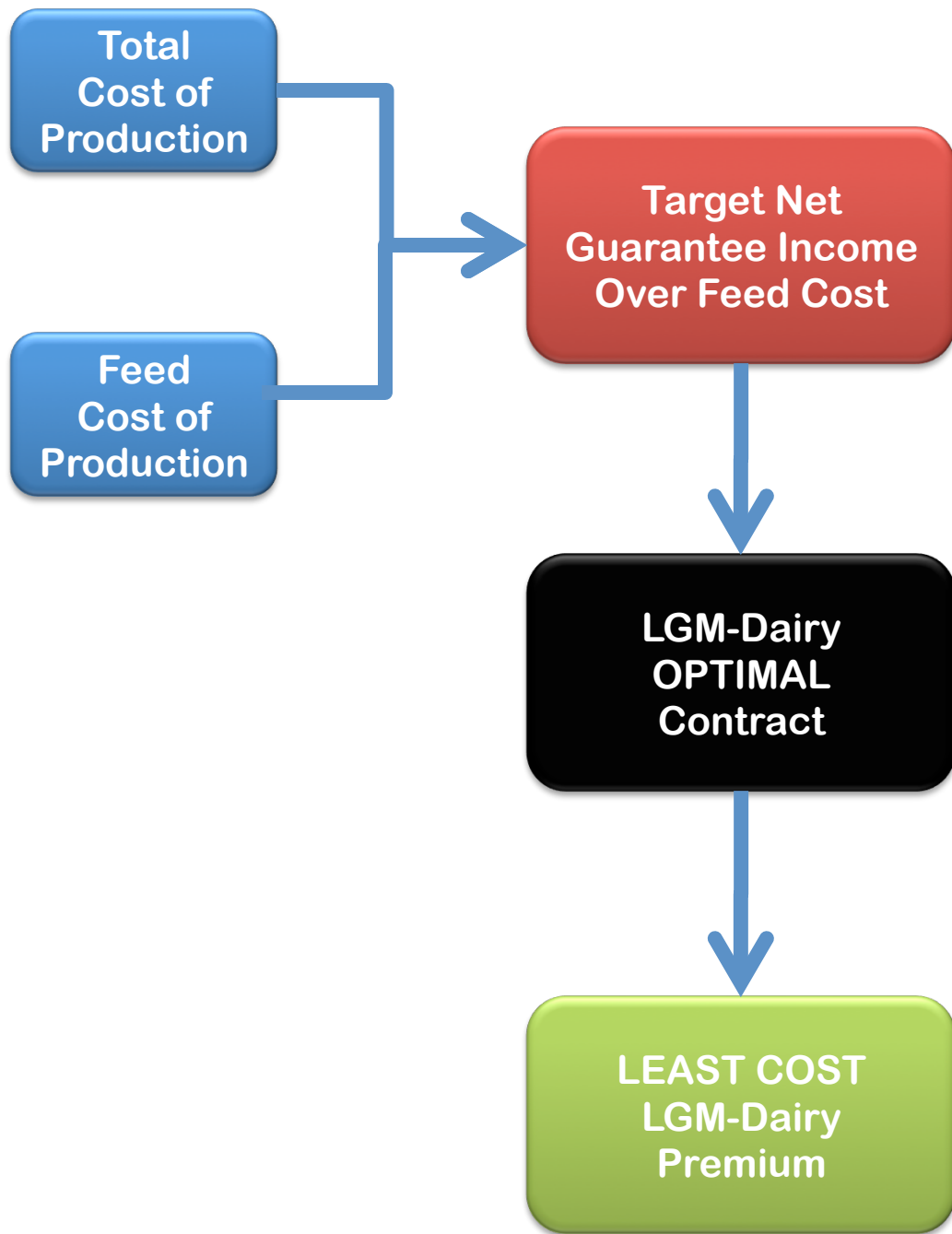


LGM-Dairy Optimal Contract



Farm Specific Calculation (Spreadsheet)

LGM-Dairy Least Cost Premium Calculator

Optimum Coverage for LGM Insurance

Input your planned feed and milk production for LGM Dairy Insurance. This program will calculate the optimum coverage for lowering your premium for various deductible levels to aid you in your decision. For the month of **Jul 2010** we use the latest available data to estimate the premiums.

Change the Insurance contract month:

Target NGIOFC (\$/cwt)

Choose your deductible level (\$/cwt)

If you wish to upload a currently existing csv file containing your farm's data instead of typing it in, please [click here](#)

Default Feeding Values?

<input checked="" type="checkbox"/> Coverage Month	Production (cwt)	Corn Equiv (tons)	SBM Equiv (tons)
<input checked="" type="checkbox"/> Sep 2010	<input type="text" value="1655"/>	<input type="text" value="23.2"/>	<input type="text" value="3.3"/>
<input checked="" type="checkbox"/> Oct 2010	<input type="text" value="1675"/>	<input type="text" value="23.5"/>	<input type="text" value="3.4"/>
<input checked="" type="checkbox"/> Nov 2010	<input type="text" value="1630"/>	<input type="text" value="22.8"/>	<input type="text" value="3.3"/>
<input checked="" type="checkbox"/> Dec 2010	<input type="text" value="1705"/>	<input type="text" value="23.9"/>	<input type="text" value="3.4"/>
<input checked="" type="checkbox"/> Jan 2011	<input type="text" value="1743"/>	<input type="text" value="24.4"/>	<input type="text" value="3.5"/>
<input checked="" type="checkbox"/> Feb 2011	<input type="text" value="1622"/>	<input type="text" value="22.7"/>	<input type="text" value="3.2"/>
<input checked="" type="checkbox"/> Mar 2011	<input type="text" value="1824"/>	<input type="text" value="25.5"/>	<input type="text" value="3.6"/>
<input checked="" type="checkbox"/> Apr 2011	<input type="text" value="1801"/>	<input type="text" value="25.2"/>	<input type="text" value="3.6"/>
<input checked="" type="checkbox"/> May 2011	<input type="text" value="1867"/>	<input type="text" value="26.1"/>	<input type="text" value="3.7"/>
<input checked="" type="checkbox"/> Jun 2011	<input type="text" value="1790"/>	<input type="text" value="25.1"/>	<input type="text" value="3.6"/>

Contract Month

Target Net Guarantee Income Over Feed Cost

Deductible

Expected Milk Yield and Expected Feed Consumption

Press Button to Find Least Cost Premium

Least Cost Premium Results

The following are the recommended coverages in order to minimize the premium while achieving your target GIOFC:

Insured Months	Production (cwt)	Corn Equiv (tons)	SBM Equiv (tons)	Recommended Coverage (%)
Sep 2010	1,655	23.2	3.3	100.00
Oct 2010	1,675	23.5	3.4	100.00
Nov 2010	1,630	22.8	3.3	100.00
Dec 2010	1,705	23.9	3.4	100.00
Jan 2011	1,743	24.4	3.5	0.00
Feb 2011	1,622	22.7	3.2	23.47
Mar 2011	1,824	25.5	3.6	23.22
Apr 2011	1,801	25.2	3.6	12.23
May 2011	1,867	26.1	3.7	10.95
Jun 2011	1,790	25.1	3.6	61.48

Least Cost Premium for Target Guarantee Net Income Over Feed Cost

Target Net Guarantee Income Over Feed Cost

[Download Excel File](#)

This gives you a premium of \$766 (\$0.04 /cwt of Farm Milk). The GIOFC is \$96,847 (\$5.59 /cwt of Farm Milk). The NGIOFC is \$96,082 (5.55 \$/cwt of all milk)

Least Cost Premium Results

The following are the recommended coverages in order to minimize the premium while achieving your target GIOFC:

Insured Months	Production (cwt)	Corn Equiv (tons)	SBM Equiv (tons)	Recommended Coverage (%)
Sep 2010	1,655	23.2	3.3	100.00
Oct 2010	1,675	23.5	3.4	100.00
Nov 2010	1,630	22.8	3.3	100.00
Dec 2010	1,705	23.9	3.4	100.00
Jan 2011	1,743	24.4	3.5	2.84
Feb 2011	1,622	22.7	3.2	31.33
Mar 2011	1,824	25.5	3.6	35.82
Apr 2011	1,801	25.2	3.6	21.30
May 2011	1,867	26.1	3.7	13.48
Jun 2011	1,790	25.1	3.6	63.11

Least Cost Premium for Target Guarantee Net Income Over Feed Cost

Target Net Guarantee Income Over Feed Cost

[Download Excel File](#)

This gives you a premium of \$856 (\$0.05 /cwt of Farm Milk). The GIOFC is \$103,516 (\$5.98 /cwt of Farm Milk). The NGIOFC is \$102,660 (5.93 \$/cwt of all milk)

Least Cost Premium Results

The following are the recommended coverages in order to minimize the premium while achieving your target GIOFC:

Insured Months	Production (cwt)	Corn Equiv (tons)	SBM Equiv (tons)	Recommended Coverage (%)
Sep 2010	1,655	23.2	3.3	100.00
Oct 2010	1,675	23.5	3.4	100.00
Nov 2010	1,630	22.8	3.3	100.00
Dec 2010	1,705	23.9	3.4	54.46
Jan 2011	1,743	24.4	3.5	19.42
Feb 2011	1,622	22.7	3.2	26.00
Mar 2011	1,824	25.5	3.6	15.74
Apr 2011	1,801	25.2	3.6	20.44
May 2011	1,867	26.1	3.7	22.36
Jun 2011	1,790	25.1	3.6	46.94

[Download Excel File](#)

This gives you a premium of \$713 (\$0.04 /cwt of Farm Milk). The GIOFC is \$92,120 (\$5.32 /cwt of Farm Milk). The NGIOFC is \$91,407 (5.28 \$/cwt of all milk)

Least Cost Premium for Target Guarantee Net Income Over Feed Cost

Target Net Guarantee Income Over Feed Cost

Premium Saving

Naïve Scenario
Non-Optimal

Least Cost
Optimal

Target Net Guarantee
IOFC (\$/cwt farm milk)

\$5.28

\$5.28

Farm Premium (\$)

\$1,168

\$713

Farm Premium (\$/
cwt)

\$0.07

\$0.04

Premium Saving

39%

Target Net Guarantee IOFC (\$/cwt farm milk)	\$5.28	\$5.28
Farm Premium (\$)	\$1,168	\$713
Farm Premium (\$/cwt)	\$0.07	\$0.04
Premium Saving		39%

- LGM-Dairy can protect a Farm Target Net Guarantee Income Over Feed Cost
- Target NGIOFC can be calculated for farm specific conditions
- The most important decision variable is the Milk Yield Coverage
 - The second most important: Deductible
- Application of the Least Cost Premium Calculator assures the least cost premium
 - Savings could be as much as 60%