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CHANGES TO LGM FOR DAIRY MAKE PROGRAM EASIER FOR DAIRY PRODUCERS TO USE

Insurance Program Gives Dairy Producers Chance to Protect Gross Margins

HARRISBURG – A dairy insurance program is being simplified to help dairy producers purchase insurance to help control market fluctuations and protect their investments. Revisions to the Livestock Gross Margin (LGM) plans of insurance, including the LGM for Dairy program, were announced on March 12 by the Federal Crop Insurance Corp., or FCIC. These changes will take effect July 1.

“LGM for Dairy is one of several tools dairy producers have available to them to minimize business risks and protect their milk margins,” says Alan Zepp, risk management specialist of the Center for Dairy Excellence. “These changes will simplify the process someone must go through to purchase a LGM for Dairy insurance plan by eliminating the basis adjustment and offering standardized feed coefficients.”

Dairy producers now have the option of either using their own feed prices or using the default feed coefficients added for the LGM for Dairy program. In the past, dairy producers calculated their basis and converted their own soybean and corn purchases into feed coefficients.

The revisions also extended the window of opportunity to purchase a policy from a 12-hour period to a 24-hour period each month. Prices are announced the last business Friday of each month and producers have until 8 p.m. the next evening to purchase a policy based on those prices.

Producers interested in LGM for Dairy plans of insurance should contact their crop insurance agent and complete an application, which will be submitted through an approved insurance provider to the FCIC. A list of agents authorized by their insurance providers to write LGM for Dairy policies is included on the Risk Management Agency’s Web site at www.rma.usda.gov.



“The most important thing to remember is that LGM for Dairy is a tool—an option to help producers control marketplace volatility,” Zepp says. “Take the time to learn more about the program now and monitor premiums toward the end of each month to see if a policy is right for your operation.”

For more information about LGM for Dairy, contact your local crop insurance agent or call Zepp at 717-346-0849. He can also be reached at azepp@centerfordairyexcellence.org.

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The Center for Dairy Excellence is an initiative of the Department of Agriculture and was launched in January 2004 by Governor Edward G. Rendell. Bringing together people from more than 40 different dairy organizations in Pennsylvania, the Center’s mission is to enhance the profitability of the dairy industry by empowering people, creating partnerships, and increasing the availability and use of resources. Learn more about the Center at www.centerfordairyexcellence.org.