USDA Livestock Risk Management Programs Available in Vermont

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Livestock Gross Margin – Dairy Cattle (LGM-Dairy)

(RMA program) 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 the Chicago Mercantile Exchange Group futures prices for corn, soybean meal, and class III milk to determine the expected gross margin and the actual gross margin. Producer premium subsidy is available for the LGM-Dairy plan of insurance and is determined by the deductible amount chosen by the producer.

Dairy Revenue Protection (Dairy-RP)

(RMA program) Dairy-RP is designed to insure against unexpected declines in the quarterly revenue from milk sales relative to a guaranteed coverage level. The expected revenue is based on futures prices for milk and dairy commodities and the amount of covered milk production elected by the dairy producer. In Vermont, the covered milk production is indexed to the state.

Whole-Farm Revenue Protection (WFRP)

(RMA program) WFRP provides a risk management safety net for all commodities on the farm under one insurance policy. Farms can get WFRP with only one commodity or with multiple commodities. This insurance plan is tailored for any farm with up to $8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets, wholesale or retail.

Dairy Margin Coverage (DMC)

(FSA program) DMC is a revenue protection program based on the difference between the price of milk and the cost of feed. DMC offers dairy producers catastrophic coverage, at no cost to the producer above the annual $100 administrative fee (waived in some cases); it also provides various levels of buy-up coverage. Catastrophic coverage provides payments to participating producers when the national dairy production margin is less than $4.00 per hundredweight (cwt). The national dairy production margin is the difference between the all-milk price and average feed costs. Producers may purchase buy-up coverage that provides payments when margins are between $4.00 and $9.50 per cwt. To participate in buy-up coverage, a producer must pay a premium that varies with the level of protection the producer elects.

Pasture, Rangeland, Forage Program (PRF)

(RMA program) The PRF Program is designed to provide insurance coverage on your pasture, rangeland, or forage acres. This insurance coverage is for a single peril, lack of precipitation. This program is based on precipitation using the NOAA Rainfall Index. The program is designed to give you the ability to buy insurance protection for losses of forage produced for grazing or harvested for hay, which result in increased costs for feed, destocking, depopulating, or other actions. Coverage is based on the experience of the entire grid in which your farm is located.

Livestock Indemnity Program (LIP)

(FSA program) LIP provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather. In addition, LIP covers attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators.

Apiculture (API)

(RMA program) Like PRF, API covers one peril: lack of precipitation. This coverage provides a safety net for beekeepers' primary income sources – honey, pollen collection, wax, and breeding stock. Coverage is based on Rainfall Index for the entire grid.

Livestock Gross Margin – Swine (LGM-Swine)

(RMA program) LGM-Swine provides protection against the loss of gross margin (market value of livestock minus feed costs) on swine. LGM-Swine uses futures prices to determine the expected gross margin and the actual gross margin. The price you receive at the local market is not used in these calculations. You can choose insurance deductibles between $0 and $20 per head in $2 increments. Operations that are covered by LGM-Swine are:

- Farrow-to-Finish Operations;
- Feeder Pig-Finishing Operations;
- Segregated Early Weaned (SEW) Operations.

Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP)

(FSA program) ELAP covers losses due to an eligible adverse weather or eligible loss condition, including blizzards, disease (including cattle tick fever), water shortages and wildfires. Eligible honeybees include bees housed in a managed hive and used for commercial honey production, pollination or honeybee breeding.

For more information:

- Contact an insurance agent licensed by USDA to sell crop insurance in Vermont. To find an agent, go to: http://www.rma.usda.gov/tools/agent.html
- UVM Ag Risk Management Education: website http://go.uvm.edu/ag-risk
  Contact Jake Jacobs, UVM Crop Insurance Education Coordinator
  Email: jake.jacobs@uvm.edu Message phone line: 802-656-7356

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