

Check for Understanding: Chapter 1

1. T F With LGM, indemnities are based on the actual gross margin (AGM) and gross margin guarantee (GMG).
2. T F Livestock producers hedging with LGM insurance can sign up for (purchase) LGM insurance only once per year.
3. T F If a producer purchases LGM in March, target marketings can be insured for April.
4. T F The owner of eligible livestock can reside in a state not offering LGM as long as the livestock are located in an eligible state.
5. T F A minimum of 10 percent ownership is necessary for a producer to have substantial beneficial interest (SBI) in insured livestock.
6. T F If the owner of cattle purchases LGM insurance for eligible cattle located in two different states, the same insurance agent can handle the policies as long as the agent is licensed to sell LGM in both states.
7. T F The maximum number of head insurable through LGM for Cattle in a crop year is 15,000 head.
8. T F LGM can be used to insure any amount of livestock.
9. T F LGM for Swine protects against declining swine finishing margins, not declining prices.
10. T F LGM premiums are typically lower if gross margins are higher and/or increasing.