



DAIRY REVENUE PROTECTION

OVERVIEW

Dairy Revenue Protection (DRP) is an insurance plan approved by the Federal Crop Insurance Corporation to allow dairy farmers to purchase risk management protection against declines in quarterly revenue from milk sales as a result of a decline in milk prices, a decline in milk production, or both. Revenue will be determined by a producer selecting to base their coverage on a mix of Class III and Class IV milk prices or milk components (milkfat, protein, and other milk solids). Coverage will be based on quarterly revenue.

Determining Coverage

- The policy is sold on a daily basis and would insure a quarter of milk production. Policies are offered by USDA-approved insurance providers and can be purchased voluntarily for an individual quarter or a series of quarters (up to five quarters out).
- For each SCD, the dairy farmer selects how milk is priced by choosing either the milk class price option or the combination of milk components option, the coverage level (70 - 95% of the expected revenue) and the quarterly time frame.
- The revenue guarantee is based on future milk prices and expected production. The price of the policy varies daily based on the farmer-selected parameters on the expected risk in the market.
- The farmer's elected volume of milk will be indexed using the average expected state milk yield per cow.

PREMIUM SUBSIDY

90% - 95% Coverage = 44%
85% Coverage = 49%
75% - 80% Coverage = 55%
70% Coverage = 59%

AVAILABILITY

DRP is available in all 50 states.

COVERAGE LEVELS

70% - 95% (in 5% increments)

PROTECTION FACTORS

1.00 - 1.50 (in .05 increments)

CLAIMS

After RMA releases the monthly milk and component prices for the quarter and USDA's milk production report identifies the actual milk production per cow for each state, the state-indexed actual revenue will be compared against the revenue guarantee. If the actual revenue is below the guarantee, the farmer is paid an indemnity based on the difference.

OTHER INSURANCE

A producer can participate in both FSA's MPP-Dairy program and RMA's Dairy Revenue Protection program but cannot insure the same production in both. A producer can participate in both LGM Dairy and Dairy Revenue Protection but cannot cover production in the same months.

REMINDER: Sales close at 9:00 AM CST the following business day.

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HUDSON
INSURANCE GROUP®

Hudson Crop

7300 West 110th Street, Suite 400 | Overland Park, KS 66210
T 866 450-1445 | F 913 345-1671 | Hudsoncrop.com

