



DRP Price Enhancement Coverage

DRP Price Enhancement Coverage (DPEC) is a Hudson-exclusive product designed to provide additional price coverage to an existing Dairy Revenue Protection (DRP) Quarterly Coverage Endorsement (QCE). The policy will pay you for your loss in accordance with its terms whenever your Actual Milk Revenue is less than your DPEC Final Revenue Guarantee. As markets change, DPEC allows producers to enhance their existing DRP coverage by electing from a range of daily price offers.

Eligibility

- The insured must have an accepted QCE in place for the requested quarter. If the underlying policy is with another AIP, there must be an approved proxy Hudson QCE available in eHarvest®.
 - When the DRP policy is with another AIP, all required documents must be provided to Hudson at least 2 days prior to the first DPEC sales opportunity.
- DPEC daily offer price (calculated based off of the declared class price weighting factor on the underlying QCE) must be at least one dollar (\$1.00) higher than the underlying QCE set price.

Coverage

- Coverage is only available for the class pricing option. Any DRP QCE electing the component pricing option is not eligible for the DPEC coverage.
- All elections on the DRP QCE for the elected quarter will apply to the DPEC QCE coverage. This includes the coverage level, protection factor, declared share and the declared class price weighting factor.
- The insured may elect to cover less milk on the DPEC QCE than what is elected on the underlying DRP QCE. However the minimum covered milk on the DPEC QCE will be 600,000 pounds, unless the available milk to be insured is less than 600,000, in which all milk must be insured.
- DPEC QCEs will be available for purchase when the DPEC set price exceeds the DRP QCE price by \$1.00 or more.
- Daily sales offered Tuesday through Thursday, closing at 10 AM CST.
- DPEC daily offer prices: Election of DPEC price available in \$0.25 increments between market (calculated based off of the declared class price weighting factor on the underlying QCE) and \$1.00 above underlying QCE price.

SALES CLOSING

Sales Closing for DPEC follows the quarterly Sales Closing for the underlying DRP policy.

POLICY TERM

DPEC is an annual policy. Insureds must submit an application for each quarter selected to obtain coverage.

PREMIUM

Premium is billed the same time as the underlying QCE.

Loss Payments & Requirements

- Losses will be calculated and any indemnity due will be paid within 30 days following receipt by Hudson of the properly executed claim form on the underlying DRP QCE.

DPEC Indemnity Example:

DRP QCE	2022 Q1		DPEC Purchase	2022 Q1
DRP Covered Milk	1,200,000	from DRP QCE	DPEC Covered Milk (Minimum of 600,000)	1,200,000
DRP Coverage Level	95%	from DRP QCE	DPEC Buy Date	4/25/2021
Protection Factor	1.5	from DRP QCE	Expected Class III Price	\$ 18.00
Declared Share	100%	from DRP QCE	Expected Class IV Price	\$ 15.50
Declared Class Price Weighting Factor	75%	from DRP QCE	DPEC Set Price	\$ 17.38
Underlying DRP SCE Effective Date	3/25/2021			
Expected Class III Price	\$ 16.25	RMA		
Expected Class IV Price	\$15.42	RMA		
Expected Production Per Cow	6,207	RMA		
DRP Set Price	\$ 16.04			
DRP Liability	\$ 274,327		DPEC Liability	\$ 22,786
Actual Class III Price	\$ 16.75	RMA		
Actual Class IV Price	\$ 16.75	RMA		
Actual Production Per Cow	6,090	RMA		
Milk Marketings	1,200,000	DRP Claim		
Actual Quarter Price	\$ 16.38			
Yield Adjustment Factor	.09812			
DRP Final Revenue Guarantee	\$ 182,885		DPEC Final Revenue Guarantee	\$ 198,075
Actual Milk Revenue	\$ 192,796		DPEC Actual Milk Revenue	\$ 196,500
DRP Indemnity	\$ -		DPEC Indemnity	\$ 2,363

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The information contained in this brochure is for general information only and shall not modify the terms of any insurance policy.

Policies for admitted coverages are underwritten by Hudson Insurance Company. DPEC is underwritten by a non-admitted insurer in the Hudson Insurance Group.

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Hudson Crop

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