

Dairy Revenue Protection Fact Sheet



Dairy Revenue Protection (Dairy RP) is a new revenue-based insurance tool that will offer protection for dairy farmers, with sales beginning October 9, 2018. Dairy RP is designed to insure against unexpected declines in the quarterly revenue from milk sales. Dairy farmers can choose how much of their expected quarterly milk production to insure, what milk price they wish to protect, and their coverage and protection levels. As part of the Federal Crop Insurance program the premiums for this coverage will be subsidized.

Pricing Options: To establish their revenue guarantees, dairy farmers will be able to select from two revenue pricing options:

- **Class Pricing Option** — a combination of Class III and/or Class IV milk prices for determining coverage guarantees and indemnities
- **Component Pricing Option** — component milk prices for Butterfat, Protein, and Other Solids for determining coverage guarantees and indemnities

Yield: When purchasing coverage, the revenue guarantee will use the Expected Milk Production per Cow, indexed for Illinois as published by the USDA. To determine an indemnity, the Actual Milk Production per Cow, indexed for Illinois as published by the USDA for that quarter, will be used.

Coverage Levels: Farmers may choose their coverage level between 70 percent to 95 percent in five-percent increments. Each quarterly coverage endorsement may have its own separate coverage level.

Premium Subsidies: If dairy farmers meet Conservation Compliance requirements they may qualify for premium subsidies that vary by coverage level:

Coverage Level	%	70	75	80	85	90	95
Premium Subsidy	%	59	55	55	49	44	44

To qualify for premium subsidies, dairy farmers must have AD Form 1026 on file at their Farm Service Agency (FSA) office.

Establishing Coverage: Dairy farmers may establish coverage by purchasing Quarterly Coverage Endorsements. The Quarterly Coverage Endorsements correspond to calendar quarters, and coverage will be available for up to five nearby quarters. Dairy farmers may purchase multiple endorsements for the same quarterly insurance period.

Coverage will be available each day that milk futures contracts are trading, and the Risk Management Agency (RMA) can validate and publish that day's coverage options and rates by 4:00 p.m. Central time. Once published, that day's rates can be purchased until 9:00 a.m. Central time the next business day in which you can purchase quarterly endorsements.

Note: This information is intended only to highlight certain policy provisions. Additional conditions, exclusions and provisions may apply. Consult your policy documents or speak to your COUNTRY Financial representative for additional questions about your policy or claim.

If expected milk and dairy commodity prices are not available on the RMA website by 4:00 p.m., then Dairy RP will not be offered for sale that day. Milk or dairy commodity futures prices that experience a limit up or limit down move will not be available for determining quarterly expected revenue that day.

Dairy RP will also not be sold on days when the USDA publishes these reports:

- Milk Production
- Dairy Products
- Cold Storage Reports

Five Decisions by the Dairy Farmer: To purchase coverage on any given day that coverage is available, the dairy farmer simply needs to decide:

1. **The quarter in which they wish to buy coverage**
2. **The value of milk they wish to protect (Class or Component)**
3. **The amount of milk they wish to protect**
4. **The coverage level (70% – 95%)**
5. **The Protection Factor (100% – 150% in 5% increments)**

Protection Factors determine the size of the claim payment in the case of an indemnity.

Indemnity Payments: Generally, 10 days following the release of all Dairy RP data for the quarter, your insurance provider will send the dairy farmer a Notice of Probable Loss and a Claim Form to fill out.

Indemnity payments will be made 30 days following the dairy farmer providing:

- Completed claim form
- Milk marketing sheets for that quarter
- Milk production worksheet

Premium Billing Dates: Premium billing dates are 25 days after the end of that quarter. For example, if the dairy farmer purchases coverage for the January – March quarter, their premium billing date will be April 25.

Buying Coverage: To purchase Dairy RP you must go through a Dairy RP certified crop insurance agent. You can fill out an application at any time. However, actual coverage is not in force until a quarterly coverage endorsement is purchased. Dairy farmers may purchase multiple coverage endorsements for the same quarter. Each endorsement is allowed separate choices of amount of milk covered, Class or Component pricing option, coverage level, and protection level.

Please visit COUNTRYFinancial.com/FederalCrop for a copy of this fact sheet and additional Dairy RP resources.