

# Dairy Revenue Protection Insurance Program

DRP Standards Handbook FCIC-20400U

Dairy Revenue Protection provides protection against an unexpected decline in revenue (yield and/or price) on Grade A milk produced from dairy cows. Producers choose how much milk to enroll and when.

## IMPORTANT DATES

Sales Closing Date | Anytime during the crop year as long as there is an insurance offer

End of Insurance | Last day of the elected quarter

Billing Date | 25 days after end of insurance

## Coverage and Price Election Choices

Prices used during the insured quarter are based off of the Chicago Mercantile Exchange (CME)

Prices released after trading has closed on any given day. The release of prices to elect coverages is based on the discretion of the Risk Management Agency (RMA) and are not guaranteed daily.

Options Available	What is it?	Other	Requirements
Class Price	Blend of the class III and class IV milk prices.	Insured declares their class III price weighting factor and the default class IV weighting factor is 1.00 minus the declared class III weighting factor	Insured needs to be able to prove that 85% of the milk elected was produced in the elected quarter
Component Price	Uses a combination of butterfat, protein and other solid values.	<ul style="list-style-type: none"> <li>Other solid test is fixed at 5.7</li> <li>Declared butterfat test is no less than 3.25 pounds/cwt and no more than 5.5 pounds/cwt in 0.05 pound increments</li> <li>Declared protein test is no less than 2.75 pounds/cwt and no more than 4.5 pounds/cwt in 0.05 pound increments</li> <li>The nonfat solids test is determined by adding the declared protein test to the 5.7 other solids test</li> </ul>	<p>Insured needs to be able to prove that they produced 90% of the given tests that they elected for that quarter.</p> <p>Butterfat election can be no more than 1.3 pounds/cwt to 1.15 pounds/cwt higher than your protein election.</p>

Producers may purchase coverage up to five nearby quarters and have multiple endorsements for the same quarterly insurance period, but not to exceed a total of 100% of their total milk produced during that given period.

## Available Quarters

Calendar Year	2021	2022	2022	2022	2022	2023
Sales Dates	Oct – Dec Q4 - 805	Jan – Mar Q1 - 806	Apr – Jun Q2 - 807	Jul – Sep Q3 - 808	Oct – Dec Q4 - 809	Jan – Mar Q1 - 810
Mar 16 - June 15						
June 16 - June 30						
July 1 – Sept 15						
Sept 16 – Dec 15						
Dec 16 – Mar 15						
Sales Available	Sales Not Available					

## Protection Factor

A numeric value chosen by the insured for each type and practice. Ranges from 1.00 to 1.50 in 0.05 increments. This is used to calculate the policy protection and impact both the premium and indemnity proportionally. A different protection factor can be chosen for each type and practice indicated on the quarterly coverage endorsement.

## Coverage Levels & Premium Support

Coverage Level	80%	85%	90%	95%
Federal Subsidy	55%	49%	44%	44%
Your Portion of Premium	45%	51%	56%	56%

## Yield Adjustment Factor

The yield adjustment factor is based off of the expected production per cow on a state or pooled production region. If the actual production in that region is greater than the expected production, it has the potential to decrease an indemnity in that given quarter. If the actual production is lower than the expected production, it has the potential to increase an indemnity. A yield adjustment factor only has an affect when an indemnity is already triggered.

## Acceptable Records

You must retain, and provide upon request:

- Milk marketing records that provide the following information from the producer payroll report:
  - Name, address, Grade A identifier assigned by a duly constituted regulatory agency, and payroll number or similar identifier of the producer
 The total pounds, and the month and dates such milk was received from that producer; and if the component pricing option is elected;
  - The total pounds of butterfat and protein contained in the producer's milk.

## DRP and Other Risk Management Programs

You can have both a Dairy Revenue Protection (DRP) policy and a Livestock Gross Margin (LGM) policy in place at the same time but you may not have endorsements during the same quarter.

You can also have both a Dairy Revenue Protection (DRP) policy and participate in the Dairy Margin Coverage (DMC) program offered through FSA at the same time.

## Causes of Loss

### Covered:

- This policy provides insurance only for the difference between the final revenue guarantee and actual milk revenue, times actual share and protection factor.
- Caused by natural occurrences in market prices and yields in your pooled production region.

### Not Covered:

- This policy does not insure against the death or other loss or destruction of your dairy cattle, or against any other loss or damage of any kind whatsoever.
- Strictly protects against loss of revenue in milk prices and the loss of production at the state or pooled production region level
- Loss of Milk Market

## ★★★ Important - Conservation Compliance ★★★

To be eligible for premium subsidy paid on behalf by FCIC, it is your responsibility to assure you meet all requirements for: (A) Compliance with the conservation provision; and (B) Filing form AD- 1026 prior to the billing date, or successor form, to be properly identified as in compliance with the conservations provisions. Refer to USDA/FSA/NRCS for details on the conservation compliance requirements.

**This fact sheet is a general overview and should not take the place of the Crop Provisions and/or Special Provisions.**

Crop Growers, LLP agents are dedicated to the success of your business through risk management planning. Crop Growers provides a diversified, knowledgeable team of insurance agents who specialize in educating producers on the Federal Crop Insurance program

**CROP GROWERS** 

Your first choice for crop insurance.

One Technology Place, Suite 3

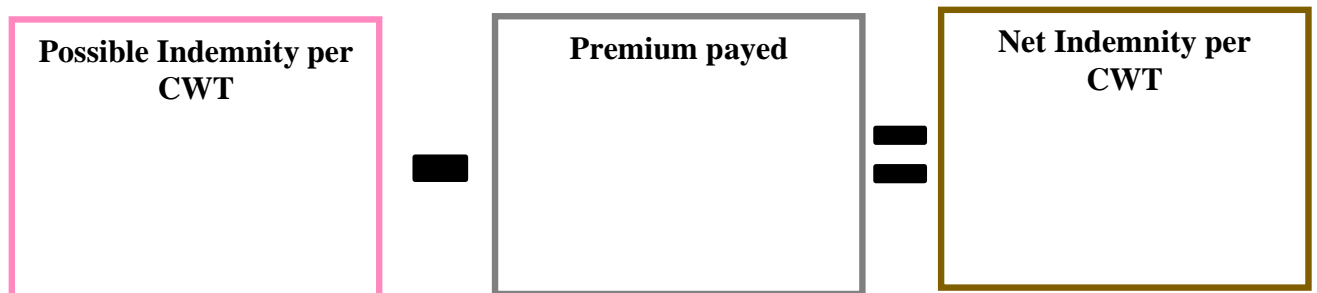
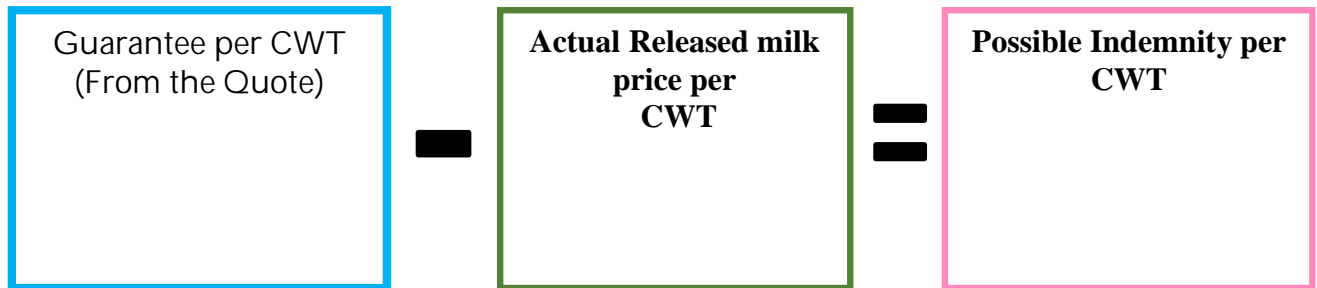
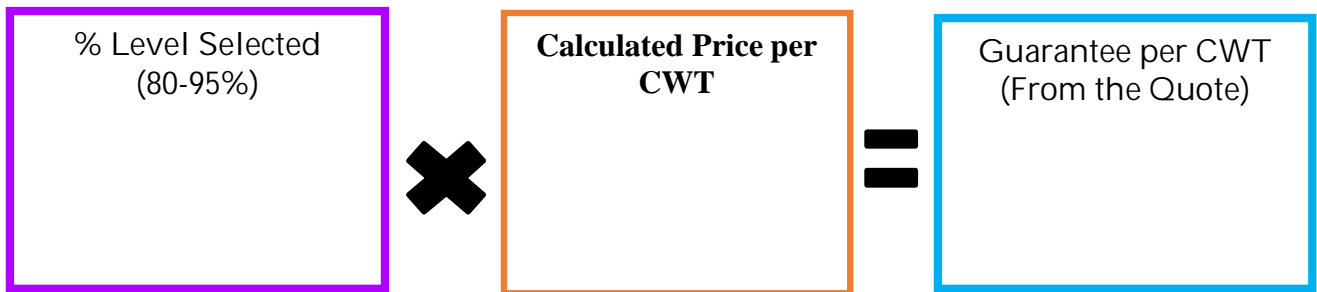
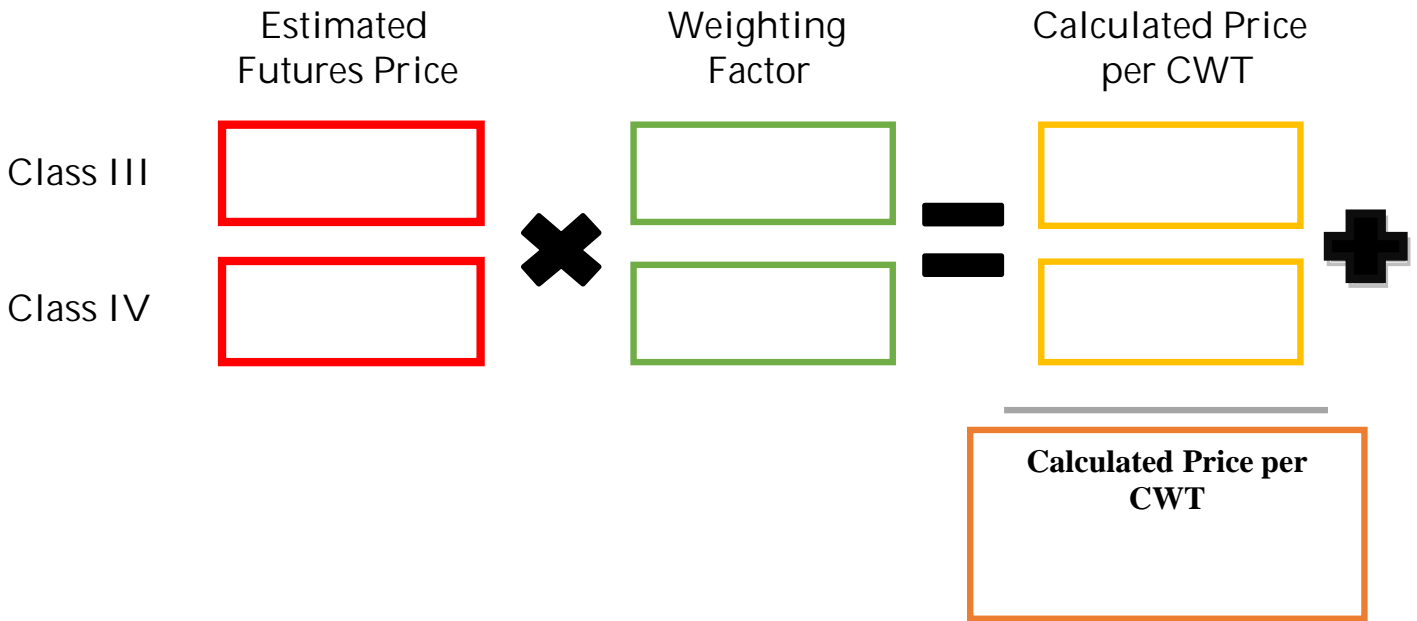
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Crop Growers, LLP is an equal opportunity provider 8/16/2021

# Dairy Revenue Protection – Class Price Scenario



For illustration purposes only. Losses will be adjusted per the Loss Adjustment Manual. Your coverage and guarantees may be different based on your actual coverage level, unit structure, production records and history.

# Dairy Revenue Protection – Class Price Scenario

	Estimated Futures Price		Weighting Factor		Calculated Price per CWT
Class III	<input type="text"/>	×	<input type="text"/>	=	<input type="text"/>

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<b>Calculated Price per CWT</b>
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<input type="text"/> % Level Selected (80-95%)	×	<input type="text"/> <b>Calculated Price per CWT</b>	=	<input type="text"/> Guarantee per CWT (From the Quote)
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<input type="text"/> Guarantee per CWT (From the Quote)	-	<input type="text"/> <b>Actual Released milk price per CWT</b>	=	<input type="text"/> <b>Possible Indemnity per CWT</b>
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<input type="text"/> <b>Possible Indemnity per CWT</b>	-	<input type="text"/> <b>Premium paid</b>	=	<input type="text"/> <b>Net Indemnity per CWT</b>
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# Dairy Revenue Protection – Class Price Scenario

	Estimated Futures Price		Weighting Factor		Calculated Price per CWT
Class IV		×		=	

**Calculated Price per  
CWT**

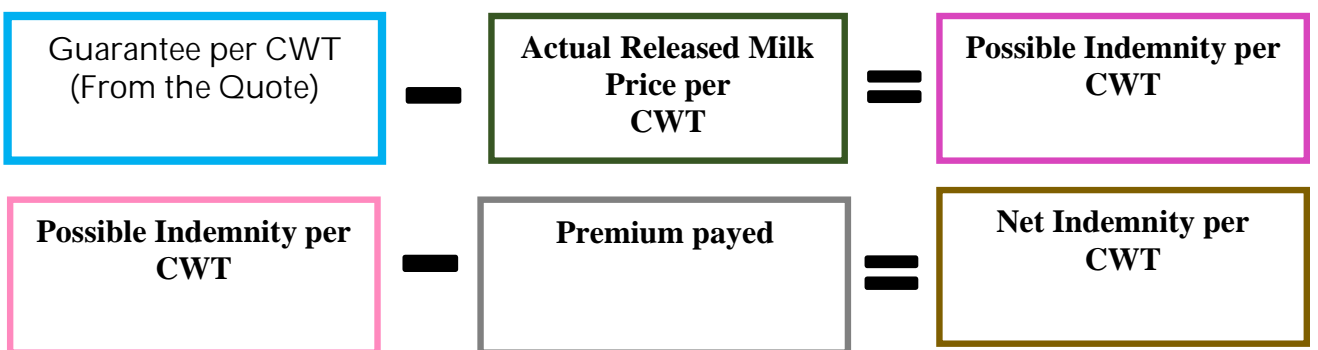
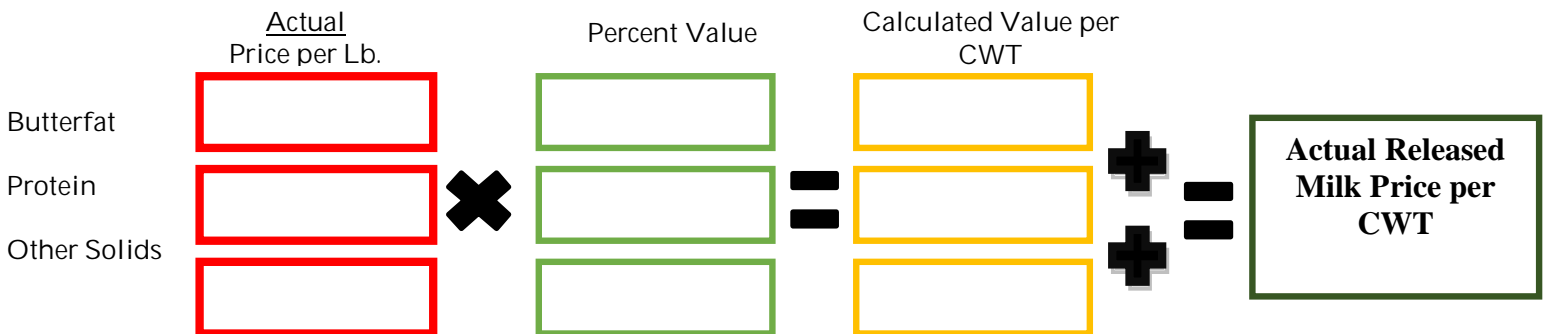
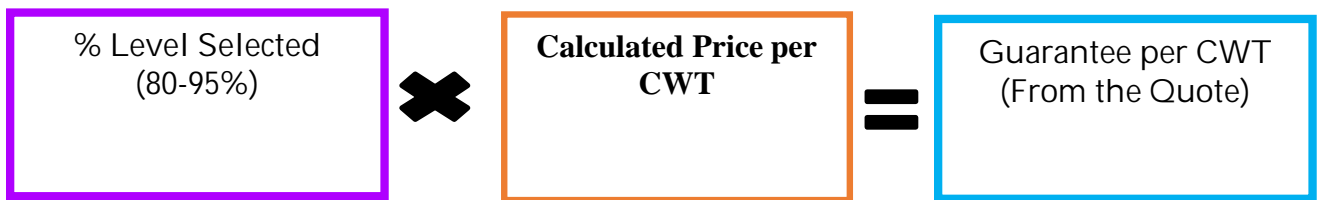
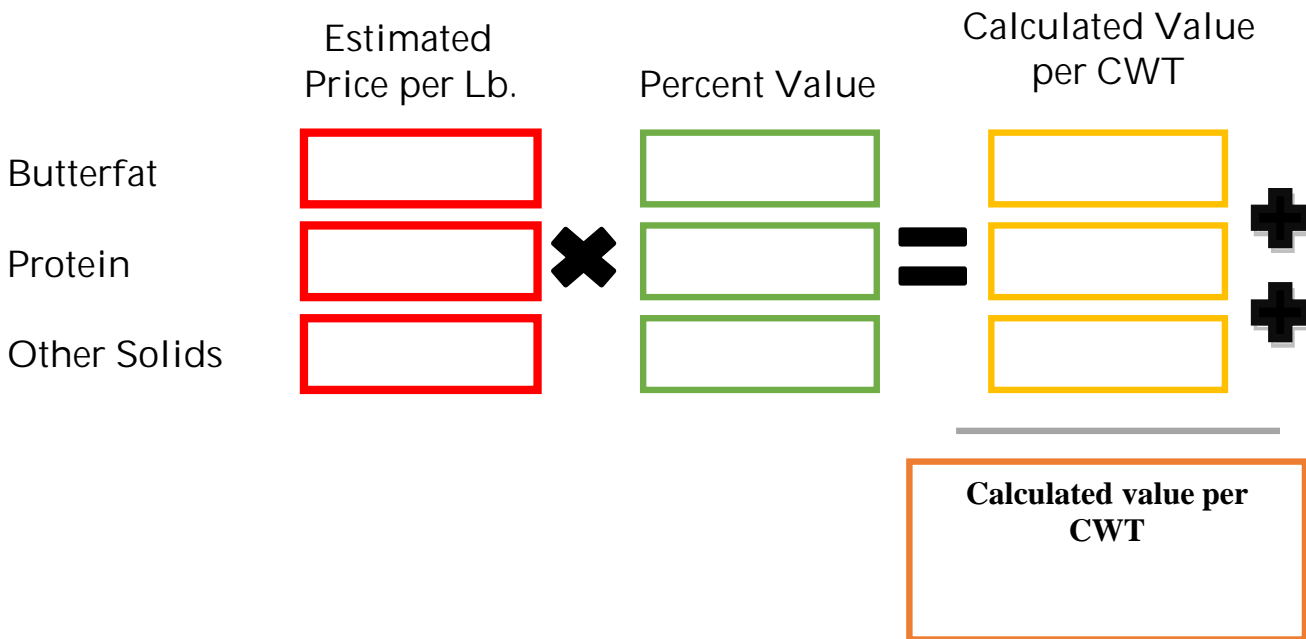
<p style="text-align: center;">% Level Selected (80-95%)</p>	×	<p style="text-align: center;"><b>Calculated Price per CWT</b></p>	=	<p style="text-align: center;">Guarantee per CWT (From the Quote)</p>
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<p style="text-align: center;">Guarantee per CWT (From the Quote)</p>	-	<p style="text-align: center;"><b>Actual Released milk price per CWT</b></p>	=	<p style="text-align: center;"><b>Possible Indemnity per CWT</b></p>
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<p style="text-align: center;"><b>Possible Indemnity per CWT</b></p>	-	<p style="text-align: center;"><b>Premium paid</b></p>	=	<p style="text-align: center;"><b>Net Indemnity per CWT</b></p>
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For illustration purposes only. Losses will be adjusted per the Loss Adjustment Manual. Your coverage and guarantees may be different based on your actual coverage level, unit structure, production records and history.

# Dairy Revenue Protection – Component Price Scenario



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