United States Department of Agriculture

Federal Crop Insurance Corporation

FCIC-20400U-1 (06-2023) Private Product 508(h)

DAIRY REVENUE PROTECTION INSURANCE STANDARDS HANDBOOK

2024 and Succeeding Crop Years

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM PRODUCTION AND CONSERVATION
RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133

TITLE: DAIRY REVENUE PROTECTION INSURANCE STANDARDS HANDBOOK	NUMBER: FCIC-20400U-1 OPI: Product Administration & Standards Division
EFFECTIVE DATE: 2024 and Succeeding Crop Years	ISSUE DATE: June 29, 2023
SUBJECT: Provides the procedures and instructions for administering the Dairy Revenue Protection Plan of Insurance	APPROVED: */s/ John W. Underwood for* **Deputy Administrator for Product Management**

REASON FOR ISSUANCE

This handbook provides procedures and instructions for administering the Dairy Revenue Protection Plan of Insurance.

SUMMARY OF CHANGES

Listed below are the changes to the 2024 FCIC 20400U Dairy Revenue Protection Insurance Standards Handbook with significant content change. All changes, and additions are highlighted. Minor changes and corrections are not included in this listing. Three asterisks (***) used throughout the handbook indicate where major deletions occurred.

Reference	Description of Change	Directive
Para. 23 B 2	Clarified the QCE must be received by the AIP's information technology system by 9:00 AM Central Time.	20400U-1
Exhibit 4 B	Added Endorsement Number, Effective Date, and replaced milk revenue with livestock commodity so the form may be used with other livestock programs.	20400U
Exhibit 4 E	Updated required statement to conform with DSSH with regards to sending the due process/ineligibility notification letters to both the transferee and transferor.	20400U

RISK MANAGEMENT AGENCY EXTERNAL HANDBOOK STANDARDS

CONTROL CHART

	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Page(s)	Date	Directive Number
Current Index	1-3	1-2	1-21	22-55	06-2023	FCIC-20400U-1

FILING INSTRUCTIONS

This handbook replaces FCIC-20400U, Dairy Revenue Protection Insurance Standards Handbook, dated May 27, 2022. This handbook is effective upon approval for the 2024 crop year and until obsoleted.

EXTERNAL HANDBOOK STANDARDS

TABLE OF CONTENTS

PART 1: GENERAL INFORMATION AND RESPONSIBILITIES

1   General Information

A.   Purpose and Objective

This handbook provides procedures for administering the DRP plan of insurance in accordance with the DRP Insurance Policy.

B.   Source of Authority

The DRP is a privately developed product submitted and approved by the FCIC Board of Directors in accordance with section 508(h) of the Federal Crop Insurance Act (the Act).

If there is a conflict between this handbook and the GSH or other FCIC approved handbook, this handbook controls. If there is a conflict between this handbook and the policy, the policy controls.

C.   Program Duration

DRP is available beginning with the 2019 crop year.

D.   AIP Option to Offer

In accordance with Section II. (a) (3) of the LPRA, AIPs are not required to offer DRP to producers. Accordingly, each AIP must determine whether it will offer the DRP in the approved pilot area. AIPs that elect to offer the DRP must offer it to all eligible producers in the approved pilot area and must administer the program according to the policies approved and issued by FCIC, procedures in this handbook and the provisions of Section II. (a) (3) of the LPRA.

E.   Title VI of the Civil Rights Act of 1964

The USDA prohibits discrimination against its customers. Title VI of the Civil Rights Act of 1964 provides that "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." Therefore, programs and activities that receive federal financial assistance must operate in a non-discriminatory manner. Also, a recipient of RMA funding may not retaliate against any person because he or she opposed an unlawful practice or policy, or made charges, testified or participated in a complaint under Title VI.

It is the AIPs' responsibility to ensure that standards, procedures, methods and instructions, as authorized by FCIC in the sale and service of crop insurance contracts, are implemented in a manner compliant with Title VI. Information regarding Title VI of the Civil Rights Act of 1964 and the program discrimination complaint process is available on the USDA public website at www.ascr.usda.gov. For more information on the RMA Non-Discrimination Statement see the DSSH.

F.   Related Handbooks

The following table provides handbooks related to this handbook.

Handbook	Relation/Purpose
GSH	This handbook provides the official FCIC-approved standards for policies administered by AIPs under the General Administrative Regulations, Common Crop Insurance Policy Regulations Basic Provisions. The duties and responsibilities identified in the GSH apply to DRP. The GSH Para. 852 Assignment of Indemnity is amended as follows: The second sentence in opening paragraph "The assignment(s) applies for all acreage of the crop covered by the policy" is replaced with "The assignment(s) applies for all liability remaining on the livestock covered by the policy at the time the assignment is accepted by the AIP and any additional liability added for the crop year. An assignment is not executed for a single, specific QCE (e.g., not by practice/type)." The duties and responsibilities identified for Landlord-Tenant are not applicable to DRP.
DSSH	This handbook provides the official FCIC approved form standards and procedures for use in the sale and service of any eligible federal crop insurance policy; required statements and disclosures; and the standards for submission and review of non-reinsured supplemental policies in accordance with the SRA. The duties and responsibilities identified in the DSSH apply to the DRP for applicable forms and procedures not identified below or in Exhibit 3 of this Handbook. Landlord-Tenant standards outlined in the DSSH are not applicable to DRP. The DSSH Exhibit 28 Assignment of Indemnity is amended as follows: The second sentence in opening paragraph "The assignment(s) applies for all acreage of the crop covered by the policy" is replaced with "The assignment(s) applies for all liability remaining on the livestock covered by the policy at the time the assignment is accepted by the AIP and any additional liability added for the crop year. An assignment is not executed for a single, specific QCE (e.g., not by practice/type)."
ITS	This handbook provides the official FCIC standards and instructions for use in administering the Ineligible Tracking System, identifying and notifying ineligible persons, and implementing RMA and AIP reinstatement.

2 Responsibilities

A. AIP Responsibilities

AIPs must use standards, procedures, methods and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any program issues or concerns to the PASD of RMA.

B. Insured's Responsibilities

To be eligible for DRP, the insured must comply with all terms and conditions of the DRP policy.

3-20 Reserved

PART 2: INSURABILITY

21   DRP Insurability Requirements

    A.   Application

        (1)   DRP is a continuous policy and will remain in effect for each crop year following the acceptance of the original application until canceled by the insured or AIP in accordance with the terms of the policy.

        (2)   The original application can be submitted at any time during the crop year. It must be completed by the insured and received by the agent not later than the SCD for which coverage is requested under a QCE.

        (3)   It is recommended that the producer complete the initial application before electing coverage on the QCE to ensure the producer is eligible to participate in the DRP program. Early completion of an application also confirms whether the producer is compliant with the conservation provisions and, if applicable, qualifies as a beginning farmer or rancher, or veteran farmer or rancher. These determinations may impact the producer's coverage decisions. According to GSH Para. 303, if the BFR/VFR application is received before any QCEs are purchased, then the BFR/VFR benefits would be applicable for all QCEs for the current crop year. If the BFR/VFR application is received after any QCEs are purchased, then the BFR/VFR benefits would not be applicable for the current crop year but would be applicable for the next crop year, provided the AIP accepts the BFR/VFR application.

        (4)   In the event of a possible loss, this policy requires the insured to submit the milk marketing records. To further confirm a producer's eligibility for DRP coverage, it is recommended that the agent review the applicant's records when the producer completes the application to verify the entity, tax id and other application data, and to confirm the producer is retaining records needed later in the coverage cycle.

        (5)   Finally, a dairy producer can only apply for a DRP policy through one AIP during a single crop year. An existing DRP insured can transfer to a different AIP by the DRP cancellation date and begin the next crop year with a new AIP. For example, an insured has 2023 DRP coverage with AIP A that overlaps into the 2024 crop year. The insured transfers to AIP C for 2024. The first 2024 QCE the insured purchases with AIP C is for the same months as the last 2023 quarter insured with AIP A.

              NOTE: Because the DRP policy allows an insured to purchase up to five quarters of coverage at one time, it is possible for an insured's coverage to overlap into the next crop year/reinsurance year. In the case of a transfer, the insured could have individual 3-month quarters that are insured with two AIPs, but each AIP insures that quarter for a different crop year.

        (6)   The producer may not have any other FCIC reinsured livestock price policy covering the same class of livestock to be marketed during any month of the quarterly insurance period.

B.   Application Completion Instructions

AIPs can use existing application-related forms for DRP. The elements required on application related forms for DRP are similar to such forms for other policies. The crop information items required on the application for DRP are effective crop year, state, county, crop, and plan of insurance. Coverage level, price, etc. are not required on the application; these elements are part of the QCE form.

(1)   Instructions for crop information to be entered on the application:

(a)   Effective crop year is the twelve-month period, beginning July 1 and ending the following June 30, which is designated by the calendar year in which it ends.

(b)   State where the milk storage tank of the dairy operation is physically located. Only one application is required per state and all the milk produced within a state covered under this policy. A separate application is required to insure milk produced in another state.

(c)   County is any county, parish, or other political subdivision of a state shown on the accepted application where the milk storage tank of the dairy operation is physically located. If the dairy operation spans multiple counties within the state, then the application county will be the county elected by the insured as indicated on the application. Only one application is required per state and all the milk produced within a state is covered under this policy. A separate policy is required to insure milk produced in another state.

(d)   Crop is Milk.

(e)   Plan of insurance is Dairy Revenue Protection.

C.   Offset of Premium Prior to Billing Date

If the producer is entitled to an indemnity under the DRP policy or any other agricultural commodity policy insured with the AIP and it is:

(1)   Prior to the premium billing date or for any endorsement that has not ended, the producer may request the premium and administrative fees to be offset from any indemnity or prevented planting payment due the producer; or

(2)   On or after the premium billing date, or for any endorsement that has ended, the producer's premium and administrative fees will be offset from any indemnity or prevented planting payment due to the producer.

22   Written Agreements

Written agreements are not allowed under DRP.

A.   Quarterly Coverage Endorsement

The QCE is required to obtain DRP coverage. A QCE must be submitted on the AIP's form within the sales period for each quarterly insurance period in which the insured elects coverage. There can be multiple QCEs for the same quarterly insurance period, but they cannot cover the same pounds of milk.

See Exhibit 6 for form standards and form completion instructions.

B.   Sales Closing Date and Sales Period

(1)   The SCD is each day, in the specified sales timeframe, during which coverage is available for purchase.

(2)   The sales period begins when a daily set of coverage prices and rates are posted on the RMA website and ends at 9:00 AM Central Time the earlier of Sunday or the following business day in which the insured can purchase quarterly endorsements. The QCE must be received by the AIP's information technology system by 9:00 AM Central Time, the end of the sales period.

C.   Other Insurance

(1)   The DRP policy allows the insured to have other livestock policies covering milk for the same crop year.

(2)   Only one policy can have endorsements in effect for the quarterly insurance period.

(3)   If you cannot demonstrate that you did not intend to have more than one policy or endorsement in effect, you may be subject to the consequences authorized under this policy, the Act, or any other applicable statute. If you can demonstrate that you did not intend to have more than one policy in effect (For example, an application to transfer your policy or written notification to an insurance provider that states you want to purchase, or transfer, insurance and you want any other policies for the crop canceled would demonstrate you did not intend to have duplicate policies), and:

(a)   Both are for DRP policies, the policy with the earliest date of application will be in force and the other policy will be void, unless both policies are with:

(i)   The same insurance provider and the insurance provider agrees otherwise; or

(ii)   Different insurance providers and both insurance providers agree otherwise.

(b)   One policy is DRP and the other is a livestock policy insuring the same milk for the quarterly insurance period, the policy with the earliest date of endorsement for the quarterly insurance period will be in force and the other endorsement will be void.

C.   **Other Insurance (Continued)**

   (c)   If you do and if the duplication was intentional, you may be subject to the sanctions authorized under this policy, the Act, 7 CFR part 400, subpart R, or any other applicable statute.

D.   **Quarterly Insurance Periods**

   (1)   The quarterly insurance period refers to the quarter or three-month period selected for coverage. A producer can purchase up to five quarters into the future on any SCD. There are eight unique quarterly insurance periods available during a crop year. Throughout a crop year, there are always five quarterly insurance periods available for quoting premium and obtaining coverage with the exception of June 16 - 30, when only four quarterly insurance periods are available. For example, the eight quarters available during the 2023 crop year begin with Oct - Dec 2022 and end with July - Sep 2024.

   (2)   The available quarterly insurance periods can be viewed in the actuarial documents.

   (3)   The applicable crop year is determined by the effective date of the QCE.

   (4)   It is possible to have multiple QCEs providing coverage for the same quarterly insurance period with different crop years, potentially insured under different AIPs if the insured transfers their policy between crop years.

   (5)   The table below shows the quarterly insurance period for 801-808, with green signifying when sales are available and red signifying when sales are not available.

Calendar Year	2022	2023	2023	2023	2023	2024	2024	2024
Sales Dates	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep
July 1 - Sep 15	801	802	803	804	805	806	807	808
Sep 16 - Dec 15	801	802	803	804	805	806	807	808
Dec 16 - Mar 15	801	802	803	804	805	806	807	808
Mar 16 - June 15	801	802	803	804	805	806	807	808
June 16 - June 30	801	802	803	804	805	806	807	808

E.   **Type – Pricing Options**

   (1)   The DRP offers two pricing options. The class pricing option and the component pricing option. These pricing options are designed to allow producers to customize their price elections to more accurately reflect their price risk.

   (2)   The class pricing option uses a combination of class III and class IV milk prices based on insured's declared class price weighting factor.

   (3)   The component pricing option uses a combination of butterfat, protein, other solids and nonfat solid values based on the insured's declared butterfat test, declared protein test and declared component price weighting factor.

    E.   Type – Pricing Options (Continued)

       (4)   The insured may purchase separate QCEs for the same quarterly insurance period, including those purchased in two different crop years, and each QCE may have different elections, including switching between the class pricing option and the component pricing option on each of the QCEs purchased.

    F.   Class Pricing Option

       (1)   The insured reviews the expected class III and class IV milk prices published in the actuarial documents for the applicable quarterly insurance period(s) to be covered by a QCE.

       (2)   The insured declares their class price weighting factor to determine the percentage of class III milk price used as a basis of the total price per cwt. The percentage of class IV milk price used as a basis of the total price per cwt is 1 minus the declared class price weighting factor. This allows the insured to establish coverage for prices to mirror their expected milk utilization.

          Example: The cells highlighted in yellow are the insured's decisions necessary to determine the price used to calculate coverage.

Class	Expected Price	Weight Measure	Weight Value	Weighted Price
Class III	$17.25	Declared Class Price Weighting Factor	0.50	$8.6250
Class IV	$16.25	1 minus Declared Class Price Weighting Factor	0.50	$8.1250

          Total Calculated Class Price per cwt $16.7500

       (3)   The insured may purchase separate QCEs for the same quarterly insurance period, including those purchased in two different crop years, and each QCE may have different elections.

    G.   Component Pricing Option

       (1)   The insured reviews the expected values per pound for butterfat, protein, other solids and nonfat solids published in the actuarial documents for the applicable quarterly insurance period(s) to be covered by a QCE.

       (2)   The insured declares their butterfat test pounds, protein test pounds and the component price weighting factor. The declared butterfat test elected can be no less than 3.25 pounds and no more than 5.5 pounds, in 0.05-pound increments. The declared protein test elected can be no less than 2.75 pounds and no more than 4.5 pounds, in 0.05-pound increments.

G.   Component Pricing Option (Continued)

(3)   The declared component price weighting factor is a percentage value, chosen by the insured, to be used for determining the actual and expected component pricing milk revenue.

(4)   The declared component price weighting factor is the percentage of protein and other solids price used to determine your liability. The difference between 100% and component price weighting factor is the percentage of the nonfat solids price used to determine the liability.

(5)   In the event a protein price or other solids price is not published but a nonfat solids price is published, the components of butterfat, protein and other solids will not be available for purchase on that day but the butterfat and nonfat solids will be available for purchase. In that case, declared component price weighting factor must equal 0.00.

(6)   Likewise, if the nonfat solids price is not published but the protein price and other solids price are published, the components of butterfat and nonfat solids will not be available for purchase that day, but the butterfat, protein and other solids will be available for purchase. In that case, declared component price weighting factor must equal 1.00.

(7)   The other solids test is fixed at 5.7 pounds per 100 pounds of milk. The nonfat solids test is determined by adding the declared protein test to the 5.7 other solids test.

Example: Protein 4.00 + Other Solids 5.7 = 9.70 Nonfat Solids.

(8)   The expected value per hundredweight is obtained from the actuarial documents for the applicable quarterly insurance period selected. These elections allow the insured to establish coverage for prices to mirror their expected milk components.

G.   Component Pricing Option (Continued)

(9)   The insured may purchase separate QCEs for the same quarterly insurance period, including those purchased in two different crop years, and each QCE may have different elections.

Example: The cells highlighted in yellow are the insured's decisions necessary to determine the price used to calculate coverage.

Component	Expected Price	Declared Test Pounds	Calculated Value/Cwt
Butterfat	$2.50	4.80	$12.0000
Protein	$1.70	4.00	$6.8000
Other Solids	$0.31	5.7	$1.7670

Total Value per cwt $20.5670

Component	Expected Price	Declared Test Pounds	Calculated Value/Cwt
Nonfat Solids	$0.80	9.70	$7.7600
Butterfat	$2.50	4.80	$12.0000

Total Value per cwt $19.7600

Component Value	Value	Weight Measure	Weight Value	Weighted Price
Total Value Butterfat, Protein and Other Solids	$20.5670	Declared Component Price Weighting Factor	0.50	$10.2835
Total Value Butterfat and Nonfat Solids	$19.7600	1 minus Declared Component Price Weighting Factor	0.50	$9.8800

Total Calculated Component Price per cwt $20.1635

24   Establishing Liability and Premium Calculation

A.   Declared Covered Milk Production

The declared covered milk production is the pounds of milk production chosen by the insured to establish the basis of coverage for the quarterly insurance period for each QCE. The insured may choose different amounts of declared covered milk production for each type and practice indicated on the QCE. There can be multiple QCEs for the same quarterly insurance period, but they cannot cover the same milk.

B.   **Coverage Level**

The coverage level is the coverage level percentage chosen by the insured between 80 percent and 95 percent, in 5 percent increments, used to determine the DRP expected and final revenue guarantee. The insured may choose a different coverage level for each type and practice indicated on the QCE.

C.   **Protection Factor**

The protection factor is a numeric value chosen by the insured for each type and practice between 1.00 and 1.50, in 0.05 increments. The protection factor is used to calculate the policy protection and impacts both the premium and indemnity proportionally. The insured may choose a different protection factor for each type and practice indicated on the QCE.

D.   **Declared Share**

The declared share is the percentage interest in the insured milk as an owner at the time insurance attaches.

E.   **Name of Other Person(s) Sharing in the Milk**

If the insured has less than 100 percent interest in the milk, the insured may list the name of each person with an ownership share in the milk on the QCE.

F.   **Expected Milk Production Per Cow**

Expected milk production per cow is the expected milk production in pounds per cow as shown in the actuarial documents for the quarterly insurance period and for the pooled production region in which the dairy operation is insured.

G.   **Example Liability and Premium Calculation for a Class Pricing Option (Type 831)**

Producer Declarations	Data
Declared covered milk production	1,000,000 pounds
State	Wisconsin
Declared share	100%
Expected milk production per cow	6,000 pounds per cow per quarter
Coverage level	95%
Protection factor	1.10
Subsidy rate	44%

Producer Elections/Expected	Data
Declared class price weighting factor	50%
Expected class III milk price	$18 per hundredweight
Expected class IV milk price	$17 per hundredweight

G.   Example Liability and Premium Calculation for a Class Pricing Option (Type 831) (Continued)

Step 1. Determine the liability used to calculate the premium

The liability used to calculate the premium is based on the information provided on the application and QCE.

Formula: ((expected class III price × declared class price weighting factor) + (expected class IV price × (1-declared class price weighting factor))) × declared covered milk production ÷ 100 × coverage level × declared share × protection factor.

$182,875 = (($18 × 0.5) + ($17 × (1-0.5))) × 1,000,000 ÷ 100 × 0.95 × 1.0000 × 1.10

Step 2. Determine the premium

The premium rate is based on the simulated losses under the class pricing option. For this example, the premium rate is $0.024 per dollar of liability.

Gross Premium $4389 = $182,875 × $0.024
Subsidy $1931 = $4389 × .44
Producer premium $2458 = $4389 - $1931

H.   Example Liability and Premium Calculation for a Component Pricing Option (Type 832)

Producer Declarations	Data
Declared covered milk production	1,000,000 pounds
State	Wisconsin
Declared share	100%
Expected milk production per cow	6,000 pounds per cow per quarter
Coverage level	95%
Protection factor	1.10
Subsidy rate	44%

Producer Elections/Expected	Data
Declared component price weighting factor	50%
Declared butterfat test	3.85
Expected butterfat price	$2.70
Declared protein test	3.15
Expected protein price	$1.90
Other solids test	5.70
Expected other solids price	$0.15
Expected nonfat solids price	$0.85

H.   Example Liability and Premium Calculation for a Component Pricing Option (Type 832) (Continued)

Step 1. Determine the liability used to calculate the premium

The liability used to calculate the premium is based on the information provided on the application and QCE.

Formula: [(declared butterfat test × expected butterfat price + declared protein test × expected protein price + 5.7 × expected other solids price) × declared component price weighting factor + (declared butterfat test × × expected butterfat price + (declared protein test + 5.7) × expected nonfat solids price) × (1-declared component price weighting factor)] × declared covered milk production ÷ 100 × your coverage level × declared share × protection factor.

$183,672 = [(3.85 × $2.70 + 3.15 × $1.90 + 5.7 × $0.15) × .5 + (3.85 × $2.70 + (3.15 + 5.7) × $0.85) × (1-0.5)] × 1,000,000 ÷ 100 × 0.95 × 1.0000 × 1.10

Step 2. Determine the premium

The premium rate is based on the simulated losses under the component pricing option. For this example, the premium rate is $0.027 per dollar of liability.

Gross Premium $4959 = $183,672 × $0.027
Subsidy $2182 = $4959 × .44
Producer premium $2777 = $4959 - $2182

25   Notice of Probable Loss

The notice of probable loss is used to notify the insured of a probable loss. In the case of a probable loss on insured milk, the AIP will send the insured a notice of probable loss approximately ten days after all DRP data applicable for the quarterly insurance period are released.

To receive an indemnity, the insured must submit a claim to the AIP on AIP's form and include all required documents, including the milk production worksheet, within sixty days (60) days following the date the notice of probable loss is issued. The insured should return the notice of probable loss to the AIP along with the milk production worksheet and the milk marketing records. See Exhibit 7 for the notice of probable loss form standards and instructions.

26   Milk Production Worksheet

A.   Milk Production Worksheet

The milk production worksheet is due in the event of loss. The milk production worksheet must be accompanied by milk marketing records corresponding to the quarter insured from the insured dairy operation's milk cooperative or milk handler that provides records of the actual milk deliveries and, if applicable, the component levels in the milk sold. See exhibit 8 for the milk production worksheet form standards and instructions.

B.   Acceptable Records

(1)   Acceptable records are milk marketing records that provide the following information from the producer payroll report. This report is a supporting statement which shall show:

(a)   The name, address, and payroll number or similar identifier of the producer;

(b)   The monthly or daily aggregated to monthly total pounds received from that producer; and if the component pricing option is elected; and

(c)   The total pounds of butterfat and protein contained in the producer's milk.

(2)   In the event of a natural disaster that prevents the insured from marketing milk, the insured may use the milk marketing records as of the date of the disaster to estimate the milk marketings for the insurance period, provided they give the AIP written notice within 72 hours of the disaster. If the event occurred prior to the start of the insurance period, the insured may use milk marketing records from previous insurance periods to estimate the milk marketings for the affected insurance period. Any indemnity paid using the estimated milk marketings in this paragraph will be limited to the amount of the insured's premium owed for the insurance period.

(a)   The AIP should use the records for the most recent quarterly insurance period prior to the date of the disaster to estimate milk marketings.

(b)   If the producer has marketings during the quarterly insurance period of the disaster that would result in an indemnity greater than the insured's premium owed for the insurance period, then the procedures in paragraph 2 are not applicable and the marketing records would be used to determine the indemnity.

27   Calculating a Loss

A.   Causes of Loss

The causes of loss covered by this policy provides insurance only for the difference between the final revenue guarantee and actual milk revenue, times the actual share and protection factor, caused by natural occurrences in market prices and yields in the pooled production region. This Policy does not insure against the death or other loss or destruction of the dairy cattle, or against any other loss or damage of any kind whatsoever.

B.   Indemnity Calculation Example for Class Pricing Option (Type 831)

Using the example in Para. 24G as a basis of coverage.

Actuals

Actual class III milk price	$15 per hundredweight
Actual class IV milk price	$16 per hundredweight
Actual milk production per cow	6,120 pounds per cow per quarter
Milk marketings	900,000 pounds

Step 1. Determine covered milk production

Verify with RMA if there is any declared covered milk production insured with another AIP for the same quarterly insurance period. Verify the producer's actual milk marketings as indicated on their milk production worksheet is sufficient to justify the declared covered milk production. Check if the milk marketings was equal to or greater than 85% of the declared covered milk production for all QCEs in effect for the quarterly insurance period:

This calculation is total milk marketings greater than or equal to 85% times the declared covered milk production.

1,000,000 × 0.85 = 850,000. 900,000 > 850,000. Covered milk production = 1,000,000.

Step 2. Calculate the final class pricing milk revenue

Formula: ((expected class III price × declared class price weighting factor) + (expected class IV price × (1-declared class price weighting factor))) × covered milk production ÷ 100.

$175,000 = (($18 × 0.5) + ($17 × (1-0.5))) × 1,000,000 ÷ 100

Step 3. Calculate final revenue guarantee for the class pricing option

Formula: expected class pricing milk revenue × coverage level.

$166,250 = $175,000 × 0.95

Step 4. Calculate the yield adjustment factor

Formula: Actual milk production per cow ÷ expected milk production per cow.

1.0200 = 6,120 ÷ 6,000

B.   Indemnity Calculation Example for Class Pricing Option (Type 831) (Continued)

Step 5. Calculate the class pricing actual milk revenue

Formula: ((actual class III price × declared class price weighting factor) + (actual class IV price × (1-declared class price weighting factor))) × covered milk production × yield adjustment factor ÷ 100.

$158,100 = (($15 × 0.5) + ($16 × (1-0.5))) × 1,000,000 × 1.0200 ÷ 100

Step 6. Calculate the indemnity on class pricing policy

If the final revenue guarantee is less than the actual milk revenue, then no indemnity is due. If the final revenue guarantee is greater than the actual milk revenue an indemnity is due.

In this example – (final revenue guarantee - actual milk revenue) × actual share × declared protection factor. $8,965 = ($166,250 - $158,100) × 1.0000 × 1.10

C.   Indemnity Calculation Example for Component Pricing Option (832)

Using the example in Para. 24H as a basis of coverage.

Actuals

Actual butterfat test	3.85
Actual butterfat price	$2.25
Actual protein test	3.15
Actual protein price	$1.70
Other solids test	5.70

Actual other solids price	$0.12
Actual nonfat solids price	$0.75
Actual milk production per cow	6,120 Pounds per cow per quarter
Milk Marketings	900,000 pounds

Step 1. Determine covered milk production

Verify with RMA to determine if there is any declared covered milk production insured with another AIP for the same quarterly insurance period. Verify the producer's actual milk marketings as indicated on their milk production worksheet is sufficient to justify the declared covered milk production. Check if the milk marketings was equal to or greater than 85% of the declared covered milk production for all QCE in effect for the quarterly insurance period:

C.   Indemnity Calculation Example for Component Pricing Option (832) (Continued)

This calculation is total milk marketings greater than or equal to 85% times the declared covered milk production.

1,000,000 times .85 equals 850,000. 900,000 greater than 850,000. Covered milk production equals 1,000,000.

Step 2. Determine if the actual butterfat test and the actual protein test are greater than 90% of the declared component values.

Declared butterfat test 3.85, and the lower limit for actual is $3.85 \times .90 = 3.47$. The actual is greater than 90% of the declared test value so the final butterfat test is 3.85. 90% of the declared protein test $3.15 \times .90 = 2.84$; the actual test value is greater than 90% of the declared so the final protein test is 3.15.

Step 3. Calculate the final component pricing milk revenue

Formula: [(final butterfat test × expected butterfat price + final protein test × expected protein price + 5.7 × expected other solids price) × declared component price weighting factor + (final butterfat test × expected butterfat price + (final protein test + 5.7) × expected nonfat solids price) × (1-declared component price weighting factor)] × declared covered milk production ÷ 100.

$175,763 = [(3.85 \times \$2.70 + 3.15 \times \$1.90 + 5.7 \times \$0.15) \times .5 + (3.85 \times \$2.70 + (3.15 + 5.7) \times \$0.85) \times (1\text{-}0.5)] \times 1,000,000 \div 100$

Step 4. Calculate final revenue guarantee for the component pricing option

Formula: final component pricing milk revenue × coverage level.

$166,975 = \$175,763 \times 0.95$

Step 5. Calculate the yield adjustment factor

Formula: Actual milk production per cow ÷ expected milk production per cow.

$1.0200 = 6,120 \div 6,000$

C.   Indemnity Calculation Example for Component Pricing Option (832) (Continued)

Step 6. Calculate the actual milk revenue for the component pricing option

Formula: [(final butterfat test × actual butterfat price + final protein test × actual protein price + 5.7 × actual other solids price) × declared component price weighting factor + (final butterfat test × actual butterfat price + (final protein test + 5.7) × actual nonfat solids price) × (1-declared component price weighting factor)] × declared covered milk production × yield adjustment factor ÷ 100.

$153,008 = [(3.85 × $2.25 + 3.15 × $1.70 + 5.7 × $0.12) × .5 + (3.85 × $2.25 + (3.15 + 5.7) × $0.75) × (1-0.5)] × 1,000,000 × 1.0200 ÷ 100

Step 7. Calculate the indemnity on component pricing policy

If the final revenue guarantee is less than the actual milk revenue, then no indemnity is due. If the final revenue guarantee is greater than the actual milk revenue an indemnity is due. In this example – (final revenue guarantee - actual milk revenue) × actual share × protection factor.

$15,364 = ($166,975 - $153,008) × 1.0000 × 1.10

D.   Adjustments to Revenue Guarantee when Calculating an Indemnity

(1)   Marketings Less than 85% Declared Covered Milk Production

(a)   In the event the milk marketings during the quarterly insurance period are less than 85 percent of the declared covered milk production summed over all QCEs for the quarterly insurance period, then the covered milk production for this quarterly insurance period shall equal the milk marketings divided by 85%.

(b)   For example, two separate QCEs are purchased at different points in time for a single quarterly insurance period, endorsement A has 1,500,000 pounds of declared covered milk production and endorsement B has 500,000 pounds of declared covered milk production for a total of 2,000,000 pounds. The milk marketings are 1,200,000 pounds of milk for the quarter. The total covered milk production for all QCEs shall be 1,200,000 pounds divided by .85 which equals 1,411,765 pounds.

D.   Adjustments to Revenue Guarantee when Calculating an Indemnity (Continued)

(c)   The covered milk production for each QCE will be determined by total covered milk production multiplied by declared covered milk production divided by total declared covered milk production.

For example, endorsement A, 1,411,765 pounds total covered milk production multiplied by (1,500,000 divided by 2,000,000) equals 1,058,824 pounds covered milk production for this endorsement.

Endorsement B, 1,411,765 pounds total covered milk production multiplied by (500,000 divided by 2,000,000) equals 352,941 pounds covered milk production for this endorsement.

(2)   Declared Butterfat Test or Protein Test less than 90% of Actual Test

(a)   If the insured elected the component pricing option, then the actual butterfat test and actual protein test component levels for milk sold during the quarterly insurance period as indicated on the milk production worksheet must not be less than 90 percent of the declared butterfat test or declared protein test.

(b)   The final butterfat test and final protein test used to calculate the final component pricing milk revenue and the actual component pricing milk revenue for indemnity calculation purposes is determined as follows: If either actual component test is less than 90 percent, then, as applicable, the final butterfat test and/or final protein test will be the actual determined test value percent divided by .90. For example, if the declared butterfat test is 5.00 pounds, the insured's average butterfat test during the quarter must exceed 4.50 pounds. If the actual butterfat test is 3.80 pounds, the final butterfat test will be 4.22 pounds.

(c)   The declared butterfat test minimum of 3.25 pounds and the declared protein test minimum of 2.75 pounds are not applicable to indemnity calculations.

(d)   For either actual component test that is at least 90 percent of the declared, then, as applicable, the final butterfat test and/or final protein test will equal the declared butterfat test or declared protein test. For example, if the declared protein test is 4.00 pounds, and the insured's actual protein test during the quarter is 3.80 pounds, the final protein test will be 4.00 pounds.

(3)   Actual Share

The percentage interest in the insured milk at the time of sale unless the actual share is greater than the declared share, then the actual share will equal to the declared share.

E.   Two AIPs insuring milk for the same Quarterly Insurance Period

(1)   The DRP policy makes available for purchase eight quarters during the crop year. An insured can only have one policy in effect for a crop year.

(2)   Current crop year practices 805, 806, 807 and 808 have the same quarterly insurance periods as practices 801, 802, 803 and 804 respectively, in the subsequent crop year. These quarterly insurance periods provide coverage across two crop years.

(3)   If insured transfers their policy by the cancellation date to another AIP, it is possible to have coverage for the same quarterly insurance period with two AIPs. AIPs are to verify with RMA the total declared covered milk production for each AIP. This will provide each AIP the information needed to determine the covered milk production and calculate their respective indemnities based on the marketing records provided by the insured.

28   Final Proof of Loss

The final proof of loss is completed by the AIP and provided to the insured after the claim has been processed. See Exhibit 9 for the final proof of loss form standards and instructions.

29   CME Holiday Schedule

A.   DRP coverage and rates will not be published on days the CME dairy complex is closed.

These days are:

(1)   New Year's Day

(2)   Birthday of Dr. Martin Luther King, Jr.

(3)   Presidents' Day

(4)   Good Friday

(5)   Memorial Day

(6)   Juneteenth National Independence Day

(7)   Independence Day

(8)   Labor Day

(9)   Thanksgiving Day

(10)   Friday after Thanksgiving Day

(11)   Christmas Day

B.   Modifications when a holiday falls on a weekend day

(1)   If a holiday falls on a Saturday, CME dairy complex will be closed on the preceding Friday.

(2)   If a holiday falls on a Sunday, CME dairy complex will be closed the following Monday.

C.   CME holiday schedule for a specific calendar year

CME holiday schedule for a specific year can be found here: www.cmegroup.com/tools-information/holiday-calendar.html.

30-69   (Reserved)

EXHIBITS

Exhibit 1   **Acronyms and Abbreviations**

Approved Acronym/Abbreviation	Term
ACT	The Federal Crop Insurance Act (7 U.S.C. 1501 - 1524).
AIP	Approved Insurance Provider
CME	Chicago Mercantile Exchange
DRP	Dairy Revenue Protection
DSSH	Document and Supplemental Standards Handbook
FCIC	Federal Crop Insurance Corporation
GSH	General Standards Handbook
ITS	Ineligible Tracking System Handbook
LPRA	Livestock Price Reinsurance Agreement
Para.	Paragraph
PASD	Product Administration and Standards Division
PASS	Policy Acceptance and Storage System
QCE	Quarterly Coverage Endorsement
RMA	Risk Management Agency
SBI	Substantial Beneficial Interest
SCD	Sales Closing Date
SP	Special Provisions
Subpara.	Subparagraph
USDA	United States Department of Agriculture

Exhibit 2   Definitions

The following are definitions of terms used in this handbook.

Actual butterfat price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Actual butterfat test: The amount of butterfat determined in accordance with section 7(e) of the DRP Insurance Policy.

Actual class III milk price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Actual class IV milk price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Actual class pricing milk revenue: The value determined by summing the actual class III milk price, P^{III}, multiplied by the declared class price weighting factor, W, and the actual class IV milk price, P^{IV}, multiplied by one minus the declared class price weighting factor, 1-W; then multiplying that sum by the covered milk production, Q, times the yield adjustment factor, Y, divided by 100. That is, $(P^{III} \times W + P^{IV} \times (1 - W)) \times Q \times Y \div 100$.

Actual component pricing milk revenue: The value determined by summing the actual butterfat price, P^B, multiplied by the final butterfat test, Q^B, the actual protein price, P^P, multiplied by the final protein test, Q^P, the actual other solids price, P^{OS}, multiplied by the other solids test, Q^{OS}, multiplied by the declared component price weighting factor, W, plus the actual butterfat price, P^B, multiplied by the final butterfat test, Q^B, plus the actual nonfat solids price, P^N, multiplied by the final protein test, Q^P, plus 5.7, multiplied by one minus the declared component price weighting factor, 1-W; then multiplying that sum by the covered milk production, Q; times the yield adjustment factor, Y, divided by 100. That is, $[(P^B \times Q^B + P^P \times Q^P + P^{OS} \times Q^{OS}) \times W + (P^B \times Q^B + P^N \times (Q^P + 5.7)) \times (1 - W)] \times Q \times Y \div 100$.

Actual milk production per cow: The pounds determined in accordance with the DRP-CEE as shown in the actuarial documents.

Actual milk revenue: The milk revenue calculated for the quarterly insurance period used for determining indemnities under this policy.
(1) If the insured elects the class pricing option for the pricing method election, then actual milk revenue equals the actual class pricing milk revenue.
(2) If the insured elects the component pricing option for the pricing method election, then actual milk revenue equals the actual component pricing milk revenue.

Actual nonfat solids price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Actual other solids price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Actual protein price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Exhibit 2   Definitions (Continued)

Actual protein test: The amount of protein determined in accordance with section 7(e) of the DRP Insurance Policy.

Actual share: The percentage interest in the insured milk at the time of sale unless the actual share is greater than the declared share, then the actual share will equal to the declared share.

Actuarial documents: The information for the crop year which is available for public inspection in the agent's office and published on RMA's website which shows available crop insurance policies, coverage levels, information needed to determine amounts of insurance, prices, premium adjustment percentages, practices, particular types of the insurable crop, and other related information regarding crop insurance in the county.

AMS: Agricultural Marketing Service of the USDA or a successor agency.

Application: The form required to be completed by the insured, containing all the information required in section 2 of the Dairy Revenue Policy and accepted by the AIP before insurance coverage will commence. Only one application is required per state and all the milk produced within a state is covered under this policy. A separate application is required to insure milk produced in another state.

Assignment of indemnity: A transfer of policy rights, made on our form, and effective when approved in writing, whereby you assign your right to an indemnity payment only to creditors or other persons to whom you have a financial debt or other pecuniary obligation.

Beginning farmer or rancher: An individual who has not actively operated and managed a farm or ranch in any state, with an insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than five crop years, as determined in accordance with FCIC procedures. Any crop year's insurable interest may, by election, be excluded if earned while under the age of 18, while in full-time military service of the United States, or while in post-secondary education, in accordance with FCIC procedures. A person other than an individual may be eligible for beginning farmer or rancher benefits if there is at least one individual SBI holder and all individual SBI holders qualify as a beginning farmer or rancher.

Business day: Monday through Friday unless the CME Dairy markets are closed for a scheduled holiday. In the case the CME Dairy markets are closed for a scheduled holiday the next business day will be based on the next day the CME Dairy markets reopens for trades.

Cancellation date: The calendar date specified in the actuarial documents on which coverage will automatically renew unless canceled in writing by either the insured or the AIP or terminated in accordance with the policy terms.

Class price weighting factor restricted value: A limitation determined in accordance with Section 3(c)(1)(i)(A) of the DRP Policy.

Class pricing option: A pricing method election made by the insured. If the insured elects this pricing option, the coverage and indemnities will be determined using the class III and class IV milk prices.

CME group: The Chicago Mercantile Exchange Group.

Exhibit 2   Definitions (Continued)

Component pricing option: A pricing method election made by the insured. If the insured elects this option, the coverage and indemnities will be determined using component milk prices for butterfat, protein, other solids, and nonfat solids.

Component price weighting factor restricted value: A limitation determined in accordance with Section 3(c)(1)(ii)(D) of the DRP Policy.

Contract change date: The calendar date contained in the actuarial documents, by which changes to the policy, if any, will be made available in accordance with section 20 of the DRP Insurance Policy.

County: Any county, parish, or other political subdivision of a state shown on the accepted application where the milk storage tank of the dairy operation is physically located. If the dairy operation spans multiple counties within the state, then the application county will be the county elected by the insured as indicated on the application.

Coverage: The insurance provided by this policy against insured loss of revenue as shown on the summary of coverage.

Coverage level: The coverage level percentage chosen by the insured, used to determine the revenue guarantee.

Covered milk production: The amount of milk production determined in accordance with section 7(d) of the DRP Insurance Policy.

Crop year: The twelve-month period, beginning July 1 and ending the following June 30, which is designated by the calendar year in which it ends.

Dairy operation: A business commercially producing and marketing milk, produced from cows, as a single unit located in the United States. The dairy operation to be insured must be contained within one pooled production region.

Days: Calendar days.

Declared butterfat test: The pounds of milkfat contained in 100 pounds of milk, as declared by the insured in accordance with section 3(c)(1)(ii)(A) of the DRP Insurance Policy.

Declared class price weighting factor: A percentage value, chosen by the insured in accordance with Section 3(c)(1)(i), to be used for determining the actual and expected class pricing milk revenue. The declared class price weighting factor is the percentage of the Class III price used to determine the liability and is subtracted from 100% to arrive at the percentage of the Class IV price used to determine the liability. This value may be restricted in accordance with Section 3(c)(1)(i)(A) of the DRP Policy.

Exhibit 2   **Definitions (Continued)**

Declared component price weighting factor: A percentage value, chosen by the insured in accordance with Section 3(c)(1)(ii)(C) and (D), to be used for determining the actual and expected component pricing milk revenue. The declared component price weighting factor is the percentage of protein and other solids price used to determine the liability. The difference between 100% and component price weighting factor is the percentage of the nonfat solids price used to determine the liability. This value may be restricted in accordance with Section 3(c)(1)(ii)(D) of the DRP Policy.

Declared covered milk production: The pounds of milk production chosen by the insured to insure for that quarter under each QCE.

Declared protein test: The pounds of milk protein contained in 100 pounds of, as declared by the insured in accordance with section 3(c)(1)(ii)(B) of the DRP Insurance Policy.

Declared share: The percentage interest in the insured milk as an owner at the time insurance attaches and indicated on the QCE.

Delinquent debt: Has the same meaning as the term defined in 7 CFR part 400, subpart U.

DRP-CEE: The DRP Commodity Exchange Endorsement applicable for the crop year.

Effective date: The date coverage begins, as shown in the QCE. The effective date will always be the date the prices were published on the RMA website corresponding to the purchase date.

End of quarterly insurance period, date of: The date the insurance coverage provided by the QCE ceases.

Expected butterfat price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Expected class III milk price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Expected class IV milk price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Expected class pricing milk revenue: The value determined by summing the expected class III milk price, $E(P^{III})$, multiplied by the declared class price weighting factor, W, the expected class IV milk price, $E(P^{IV})$, multiplied by one minus the declared class price weighting factor, 1-W; then multiplying that sum by the declared covered milk production, Q; divided by 100. That is, $((E(P^{III}) \times W) + E(P^{IV}) \times (1 - W))) \times Q \div 100$.

Expected component pricing milk revenue: The value determined by summing the expected butterfat price, $E(P^B)$, multiplied by the declared butterfat test, Q^B, the expected protein price, $E(P^P)$, multiplied by the declared protein test, Q^P, and the expected other solids price, $E(P^{OS})$, multiplied by the other solids test, Q^{OS}, multiplied by the declared component price weighting factor, W, plus the expected butterfat price, $E(P^B)$, multiplied by the declared butterfat test, Q^B, plus the expected nonfat solids price, $E(P^N)$, multiplied by the declared protein test, Q^P, plus 5.7, multiplied by one minus the declared component price weighting factor, 1-W; then multiplying that sum by the declared covered milk production, Q; divided by 100. That is, $[(E(P^B) \times Q^B + E(P^P) \times Q^P + E(P^{OS}) \times Q^{OS}) \times W + (E(P^B) \times Q^B + E(P^N) \times (Q^P + 5.7)) \times (1 - W)] \times Q \div 100$.

Exhibit 2   Definitions (Continued)

Expected milk production per cow: The pounds determined in accordance with the DRP-CEE as shown in the actuarial documents.

Expected nonfat solids price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Expected other solids price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Expected protein price: The price determined in accordance with the DRP-CEE as shown in the actuarial documents.

Expected revenue guarantee: The milk revenue calculated for the quarterly insurance period used for determining coverage under this policy, calculated as:
(1)   If the insured elects the class pricing option, then expected revenue guarantee equals the expected class pricing milk revenue times the coverage level.
(2)   If the insured elects the component pricing option, then expected revenue guarantee equals the expected component pricing milk revenue times the coverage level.

FCIC: A wholly owned Government Corporation administered by RMA within USDA.

Final butterfat test: The amount of butterfat determined in accordance with section 7(e) of the DRP Insurance Policy.

Final class pricing milk revenue: The value determined by summing the expected class III milk price, $E(P^{III})$, multiplied by the declared class price weighting factor, W, the expected class IV milk price, $E(P^{IV})$, multiplied by one minus the declared class price weighting factor, 1-W; then multiplying that sum by the covered milk production, Q; divided by 100. That is, $(E(P^{III}) \times W + E(P^{IV}) \times (1 - W)) \times Q \div 100$.

Final component pricing milk revenue: The value determined by summing the expected butterfat price, $E(P^B)$, multiplied by the final butterfat test, Q^B, the expected protein price, $E(P^P)$, multiplied by the final protein test, Q^P, and the expected other solids price, $E(P^{OS})$, multiplied by the other solids test, Q^{OS}, multiplied by the declared component price weighting factor, W, plus the expected butterfat price, P^B, multiplied by the final butterfat test, Q^B, plus the expected nonfat solids price, P^N, multiplied by the final protein test, Q^P, plus 5.7, multiplied by one minus the declared component price weighting factor, 1-W; then multiplying that sum by the covered milk production, Q; divided by 100. That is, $[(P^B \times Q^B + P^P \times Q^P + P^{OS} \times Q^{OS}) \times W + (P^B \times Q^B + P^N \times (Q^P + 5.7)) \times (1 - W)] \times Q \div 100$.

Final protein test: The amount of protein determined in accordance with section 7(e) of the DRP Insurance Policy.

Final revenue guarantee: The milk revenue calculated for the quarterly insurance period used for determining indemnities under this policy, calculated as:
(a) If the class pricing option is elected, then the final revenue guarantee equals the final class pricing milk revenue times the coverage level.
(b) If the component pricing option is elected, then the final revenue guarantee equals the final component pricing milk revenue times the coverage level.

Exhibit 2   Definitions (Continued)

Insured: The named person as shown on the application accepted by the AIP. This term does not extend to any other person having a share or interest in the animals, such as a partnership, landlord, or any other person unless also specifically indicated on the application as the insured.

Liability: The maximum amount payable under this policy for any given QCE. The liability equals the expected revenue guarantee × declared share × protection factor.

Limit movement: The maximum price change based on the CME group current daily price limit for milk or dairy commodity futures.

Limited resource farmer or rancher: Has the same meaning as the term defined by USDA at lrftool.sc.egov.usda.gov/LRP_Definition.aspx or successor website.

Milk: Grade A or Grade B milk produced from any species of domesticated mammal of the family Bovidae commonly grown for production of dairy products, also referred to as dairy cows.

Milk marketings: The total amount of milk sold by the insured dairy operation during the quarterly insurance period and for which the dairy operation has proof of sale.

Milk marketing records: The supporting document that provides the information required in section 3(d) of the DRP Insurance Policy.

Milk production worksheet: A report submitted by the insured on our form showing for each month the milk marketings and, if applicable the butterfat test and protein test during the months insured under this policy for the applicable QCEs in accordance with section 3(d) of the DRP Insurance Policy.

Notice of probable loss: Our notice to the insured of a probable loss on the insured milk.

Offset: The act of deducting one amount from another amount.

Other solids test: The pounds of other milk solids contained in 100 pounds of milk, fixed at 5.7 pounds.

Other solids test: The pounds of other milk solids contained in 100 pounds of milk, fixed at 5.7 pounds.

Person: An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a State or a political subdivision or agency of a State. "Person" does not include the United States Government or any agency thereof.

Policy: The agreement between the insured and the AIP to insure an agricultural commodity consisting of the accepted application, these provisions, the SP, the DRP-CEE, the QCE, the actuarial documents for the insured commodity and the applicable regulations published in 7 CFR chapter IV.

Pooled production region(s): The states within a region, as specified in the DRP-CEE.

Premium: The amount the insured owes the AIP for coverage based on the liability during the quarter in accordance with section 5 of the DRP Insurance Policy.

Exhibit 2   **Definitions (Continued)**

Premium billing date: The earliest date upon which the insured will be billed for the quarterly insurance period selected on QCE. The premium billing date is contained in the actuarial documents.

Protection factor: A numeric value chosen by the insured for each type and practice in accordance with section 3(c)(6)(i) of the DRP Insurance Policy.

Quarter: A three-month time period designated in the actuarial documents.

Quarterly coverage endorsement: An endorsement to the policy necessary to provide coverage that includes information about the quarterly insurance period and coverage options.

Quarterly insurance period: The three-month period, corresponding to up to five of the eight quarters for which coverage is available under the QCE, designated in the summary of coverage to which this policy is applicable. For example: from July 1 to September 15 the practices 801 - 805 are available, from September 16 - December 16 the practices 802 - 806 are available and June 16 - June 30 the practices 805 - 808 are available. See the actuarial documents for additional detail on insurable quarterly insurance periods.

RMA: Risk Management Agency, an agency within USDA.

RMA's website: A website hosted by RMA and located at www.rma.usda.gov/ or a successor website.

Sales closing date: The SCD is each day, in the specified sales timeframe, during which coverage is available for purchase.

Sales period: The period of time that begins when a daily set of coverage prices and rates are posted on the RMA website and ends at 9:00 AM Central Time the earlier of Sunday or the following business day in which the insured can purchase quarterly endorsements.

Sales period begin date: A date contained in the actuarial documents citing the first date coverage for a specific quarterly insurance period becomes available to be offered for the crop year.

Sales period end date: A date contained in the actuarial documents citing the last date coverage for a specified quarterly insurance period will be available to be offered for the crop year.

Share: The lesser of the percentage interest in the insured milk as an owner at the time insurance attaches or at the time of sale. Persons who lease or hold some other interest in the milk other than as an owner are not considered to have a share in the milk.

Special Provisions (SP): The part of the policy that contains specific provisions of insurance for each insured crop that may vary by geographic area.

State: The state shown on the accepted application.

Exhibit 2   Definitions (Continued)

Substantial beneficial interest (SBI): An interest held by any person of at least ten percent in the insured (e.g., there are two partnerships that each have a 50 percent interest in the insured and each partnership is made up of two individuals, each with a 50 percent share in the partnership. In this case, each individual would be considered to have a 25 percent interest in the insured, and both the partnerships and the individuals would have an SBI in the insured. The spouses of the individuals would not be considered to have an SBI unless the spouse was one of the individuals that made up the partnership. However, if each partnership is made up of six individuals with equal interests, then each would only have an 8.33 percent interest in the insured and although the partnership would still have a SBI in the insured, the individuals would not for the purposes of reporting in section 2). The spouse of any individual applicant or individual insured will be presumed to have a SBI in the applicant or insured unless the spouses can prove they are legally separated or otherwise legally separate under the applicable State dissolution of marriage laws. Any child of an individual applicant or individual insured will not be considered to have a SBI in the applicant or insured unless the child has a separate legal interest in such person.

Summary of coverage: Our statement to the insured, based upon the QCE, specifying the quarterly insurance period, coverage options, liability, and the premium.

Termination date: The calendar date contained in the actuarial documents upon which the insurance ceases to be in effect because of nonpayment of any amount due the AIP under the policy, including premium.

Veteran farmer or rancher:
(1) An individual who has served active duty in the United States Army, Navy, Marine Corps, Air Force, or Coast Guard, including the reserve components; was discharged or released under conditions other than dishonorable; and:
    (i)   Has not operated a farm or ranch;
    (ii) Has operated a farm or ranch for not more than 5 years; or
    (iii) First obtained status as a veteran during the most recent 5-year period.
(2) A person, other than an individual, may be eligible for veteran farmer or rancher benefits if all SBI holders qualify as a veteran farmer or rancher in accordance with paragraph (1) of this definition; except in cases in which there is only a married couple, then a veteran or non-veteran spouse is considered a veteran farmer or rancher.

Void: When the Policy is considered not to have existed for a crop year.

Yield adjustment factor: The factor determined by dividing actual milk production per cow by expected milk production per cow.

Exhibit 3   DRP Application Form Standards

AIPs can use existing application-related forms for DRP. The elements required on application-related forms for DRP are similar to such forms for other policies. The crop information items required on the application for DRP are effective crop year, state, county, crop, and plan of insurance. Coverage level, price, etc., are not required on the application, as these elements are part of the QCE form.

See DSSH, Exhibit 16 for Application form standards.
See DSSH, Exhibit 19 for BFR and VFR Application form standards.
See DSSH, Exhibit 20 for Policy Cancellation form standards.
See DSSH, Exhibit 21 for Policy Transfer/Application form standards.
See DSSH, Exhibit 22 for Policy Change form standards.
See DSSH, Exhibit 23 for Social Security Number and Employer Identification Number Reporting form standards.
See DSSH, Exhibit 26 for Policy Confirmation (Policy Declaration) form standards.
See DSSH, Exhibit 27 for Power of Attorney form standards.
See DSSH, Exhibit 28 for Assignment of Indemnity form standards.

Exhibit 4   Transfer of Coverage and Right to an Indemnity

Use a Transfer of Coverage and Right to an Indemnity to transfer insurance coverage and the right to any subsequent indemnity from one insured person to another person. The transfer is used when a transfer of part or all the ownership/share of the insured livestock commodity occurs before the end of the quarterly insurance period. A transfer is allowed at an individual QCE level. See the GSH for additional coverage transfer procedural details. All items within quotation marks in the subparagraphs below are substantive unless otherwise noted. ***

A.   Transferor Information

(1)   "Transferor's Name"

(2)   "Transferor's Street and/or Mailing Address"

(3)   "City and State"

(4)   "Zip Code"

(5)   "Policy Number"

B.   Crop Information

(1)   "Crop(s)"

(2)   "Crop Year"

(3)   "Endorsement Number"

(4)   "Type"

(5)   "Practice"

(6)   "Effective Date"

(7)   "Is the entire insured livestock commodity and the entire insured share on the listed type and practice being transferred? Yes ☐ No ☐"

(8)   Statement (a) below may be used alone. If both statements are used the form should indicate "Choose one of the boxes."

(a)   "☐ Make check payable jointly to insured and transferee(s). Check will be mailed to the insured's address (unless an assignment of indemnity is on file)"; or

(b)   "☐ Make checks payable to transferee(s) only. Check will be mailed to address shown for the transferee."

C.   Transferee Information

(1)   "Transferee's Name"

(2)   "Transferee's Street and/or Mailing Address"

Exhibit 4   Transfer of Coverage and Right to an Indemnity (Continued)

    C.   Transferee Information (Continued)

      (3)   "City and State"

      (4)   "Zip Code"

      (5)   "Policy Number"

      (6)   "Transferee's Identification Number"

      (7)   "Transferee's Identification Number Type"

      (8)   "Person Type"

      (9)   "Share Transferred"

      (10)   "Effective Date of Transfer"

      (11)   "Nature of Transfer"

    D.   Terms and Conditions

      (1)   "Acceptance by the Approved Insurance Provider of the above-described transfer shall transfer the insured's right to an indemnity to the above-named transferee subject to:"

         (a)   "Receipt by the Approved Insurance Provider of satisfactory evidence that said transfer occurred before the end of the calendar date for the end of insurance period for the type and practice being transferred, as determined by the Approved Insurance Provider."

         (b)   "The terms of the above-identified insurance contract, including any outstanding assignment of indemnity made by the transferor prior to the date of transfer."

      (2)   "The Approved Insurance Provider shall not be liable for any more indemnity than existed before the transfer occurred."

      (3)   "The insurance policy of the transferor covers the share hereby transferred only to the end of the insurance period for the current crop year."

      (4)   "The "Transferee" and the "Transferor" shall be jointly and severally liable for any unpaid premium earned for the current crop year on the livestock commodity and share transferred. The premium for the type and practice is:"

         (a)   "$_____ Total premium on this type and practice"

         (b)   "$_____ Premium on type and practice transferred"

         (c)   "$_____ Premium on retained type and practice"

         (d)   "$_____ Premium paid with transfer"

Exhibit 4   Transfer of Coverage and Right to an Indemnity (Continued)

E.   **Required Statements**

    (1)   This statement must appear above the signature line

"I, [INSERT TRANSFEREE'S NAME], the Transferee, understand that all billing statements will only be issued to [INSERT TRANSFEROR'S NAME], the Transferor. Due process/Ineligibility notification letters will be issued to both the transferee and transferor. Any unpaid premium on the termination date of the policy will make both the transferee and the transferor ineligible for the crop insurance program."

    (2)   Certification Statement. See DSSH, Para. 502. (Substantive).

    (3)   Privacy Act Statement. See DSSH, Para. 501. (Substantive).

    (4)   Nondiscrimination Policy Statement. See DSSH, Para. 503. (Substantive).

F.   **Required Signatures**

    (1)   "Transferor's Printed Name, Signature and Date"

    (2)   "Transferee's Printed Name, Signature and Date"

    (3)   "Agent's Printed Name, Signature, Code Number and Date"

Exhibit 5   Summary of Coverage (Schedule of Insurance)

This form is issued to the insured after the QCE has been accepted and the AIP has calculated the associated premium and liability. The AIP has the election of titling this form either the summary of coverage or the schedule of insurance. An updated summary of coverage or schedule of insurance should be issued each time an additional QCE is executed for the crop year. All items within quotation marks in the subparagraphs below are substantive unless otherwise noted.

  A.   Insured Information

  (1)   "Insured's Name"

  (2)   "Street and/or Mailing Address"

  (3)   "City and State"

  (4)   "Zip Code"

  (5)   "Insured's Telephone Number"

  (6)   "Policy Number"

  (7)   "Identification Number"

  (8)   "Identification Number Type"

  (9)   "Person Type"

  (10)   "SBI's Name"

  (11)   "SBI's Identification Number"

  (12)   "SBI's Identification Number Type"

  (13)   "SBI Person Type"

  Note: If the Policy Confirmation (Declaration) is sent every year to the insured, then items (9) through (13) are non-substantive.

  B.   Crop Information

  (1)   "Plan of Insurance"

  (2)   "State and County"

  (3)   "Effective Crop Year"

  (4)   "Effective Date"

  (5)   "Crop Insured"

  (6)   "Type"

Exhibit 5   **Summary of Coverage (Schedule of Insurance) (Continued)**

    B.   **Crop Information (Continued)**

        (1)   "Practice"

        (2)   "Practice Months and Year" (Non-Substantive)

                Example: Jan - Mar 2023

        (3)   "Declared Covered Milk Production"

        (4)   "Coverage Level"

        (5)   "Expected Revenue Guarantee"

        (6)   "Protection Factor"

        (7)   "Declared Share"

        (8)   "Liability"

        (9)   "Insured's Premium"

        (10)   "Amount of Subsidy Paid by RMA"

    C.   **Agent Information**

        (1)   "Agent's Name"

        (2)   "Agent's Street and/or Mailing Address"

        (3)   "Agent's City and State"

        (4)   "Agent's Zip Code"

        (5)   "Agent's Code Number"

        (6)   "Agent's Telephone Number"

    D.   **Other Information**

        (1)   The AIP shall display the A&O subsidy amount and shall include a footnote stating the following: "*Note: This amount may increase by 1.15 percent of net book premium if the loss ratio in the State exceeds 120%. However, the amount of premium you are required to pay will not change." Alternatively, the actual dollar amount that is the 1.15 of the net book premium may be substituted for the phrase "1.15 percent of net book premium" (Substantive).

        (2)   "Date Issued"

Exhibit 6   DRP Quarterly Coverage Endorsement

The QCE is required to determine the declared covered milk production, coverage level, type, practice, liability, premium, and the declared share at the time insurance attaches. The standards below represent all QCE data elements to establish coverage according to the DRP policy. All items within quotation marks in the subparagraphs below are substantive unless otherwise noted. The calculations on this endorsement are Non-Substantive but if performed, should be performed in accordance with the rules published in the corresponding PASS records.

A.   Insured Information

   Note: For all fields, enter information as listed on application.

   (1)   "Insured's Name"

   (2)   "Insured's Authorized Representative"

   (3)   "Street and/or Mailing Address"

   (4)   "City and State"

   (5)   "Zip Code"

   (6)   "Insured's Telephone Number"

   (7)   "Policy Number"

   (8)   "Identification Number"

   (9)   "Identification Number Type"

   (10)   "Person Type"

   (11)   "Spouse's Name"

   (12)   "Spouse's Identification Number"

B.   Crop Information

   (1)   "Crop Year"

      Note: Enter information as listed on application.

   (2)   "Crop"

      Note: Enter Milk (830)

   (3)   "State and County"

      Note: Enter information as listed on application.

Exhibit 6   **DRP Quarterly Coverage Endorsement (Continued)**

B.   **Crop Information (Continued)**

(4)   "Plan of Insurance"

>   **Note:**   Enter Dairy Revenue Protection (83)

(5)   "Remarks"

>   **Note:**   Enter any applicable remarks.

C.   **Class Pricing Option**

This section is Non-Substantive if Component Pricing Option Elected

(1)   "Type"

>   **Note:**   Enter Class Pricing Option - 831

(2)   "Practice"

>   **Note:**   Enter the selected practice. There are eight practices available for purchase during the crop year. The insured has the option to select a practice up to five quarters out. For example, for crop year 2023:
>   Practice 801: Oct - Dec 2022
>   Practice 802: Jan- Mar 2023
>   Practice 803: Apr - Jun 2023
>   Practice 804: Jul - Sep 2023
>   Practice 805: Oct - Dec 2023
>   Practice 806: Jan - Mar 2024
>   Practice 807: Apr - Jun 2024
>   Practice 808: Jul - Sep 2024
>   From July 1, 2022 to September 15, 2022 the insured can select practices 801 - 805.

(3)   "Effective Date"

>   **Note:**   Enter the effective date which is the date coverage begins. The effective date will always be the date the prices were published on the RMA website corresponding to the purchase date.

(4)   "Expected Class III Price per cwt"

>   **Note:**   Enter the expected class III milk price published in the actuarial documents for the practice for the sales period.

(5)   "Declared Class Price Weighting Factor"

>   **Note:**   Enter the declared class price weighting factor chosen by insured, between 0 percent and 100 percent, in 5 percentage point increments.

C.   **Class Pricing Option (Continued)**

(6)   "Calculated Class III Price per cwt" (Non-Substantive)

     Note: This equals the sum of the expected class III milk price per cwt times the declared class III price weighting factor rounded to 4 decimals.

(7)   "Expected Class IV Price per cwt"

     Note: Enter the expected class IV milk price published in the actuarial documents for the practice for the sales period.

(8)   "1 minus Declared Class Price Weighting Factor" (Non-Substantive)

     Note: Enter the result of 1 minus declared class price weighting factor.

(9)   "Calculated Class IV Price per cwt" (Non-Substantive)

     Note: This equals the sum of the expected class IV milk price per cwt times the default class IV price weighting factor (i.e., 1 minus declared class price weighting factor) rounded to 4 decimals.

(10)   "Total Price per cwt" (Non-Substantive)

     Note: This equals the sum of the calculated class III milk price per cwt and the calculated class IV milk price per cwt rounded to 4 decimals.

(11)   "Declared Covered Milk Production"

     Note: Enter the declared covered milk production in pounds of milk chosen by the insured to insure for the practice.

(12)   "Expected Class Pricing Milk Revenue" (Non-Substantive)

     Note: This equals the total price per cwt multiplied by the declared covered milk production, divided by 100.

(13)   "Coverage Level"

     Note: Enter the coverage level which is the coverage level percentage chosen by the insured between 80 percent and 95 percent, in 5 percent increments.

(14)   "Expected Revenue Guarantee" (Non-Substantive)

     Note: Enter the sum of the expected class pricing milk revenue multiplied by the coverage level.

Exhibit 6 DRP Quarterly Coverage Endorsement (Continued)

D. Class Pricing Option (Continued)

(15) "Protection Factor"

> **Note:** Enter the protection factor chosen by the insured between 1 and 1.5, in 0.05 increments.

(16) "Declared Share"

> **Note:** Enter the share which is the insured's percentage interest in the insured milk as an owner at the time insurance attaches.

(17) "Name of Other Person(s) Sharing in the Crop" (Non-Substantive)

> **Note:** Enter the name(s) of other person(s) sharing in the crop.

(18) "Liability" (Non-Substantive)

> **Note:** Enter the sum of the expected revenue guarantee times the protection factor times the declared share.

(19) "Total Premium" (Non-Substantive)

> **Note:** Enter the calculated total premium.

(20) "Premium Subsidy" (Non-Substantive)

> **Note:** Enter the calculated premium subsidy.

(21) "Producer Premium" (Non-Substantive)

> **Note:** Enter the total premium minus premium subsidy.

(22) "Expected Milk Production per Cow"

> **Note:** Enter the expected milk production per cow in pounds as published by RMA for the practice for the applicable pooled production region.

E. Component Pricing Option

This section is Non-Substantive if Class Pricing Option Elected

(1) "Type"

> **Note:** Enter Class Pricing Option - 831

Exhibit 6   DRP Quarterly Coverage Endorsement (Continued)

F. Component Pricing Option (Continued)

(2)   "Practice"

Note: Enter the selected practice. There are eight practices available for purchase during the crop year. The insured has the option to select a practice up to five quarters out. For example, for crop year 2023:
Practice 801: Oct - Dec 2022
Practice 802: Jan - Mar 2023
Practice 803: Apr - Jun 2023
Practice 804: Jul - Sep 2023
Practice 805: Oct - Dec 2023
Practice 806: Jan - Mar 2024
Practice 807: Apr - Jun 2024
Practice 808: Jul - Sep 2024
From July 1, 2022 to September 15, 2022 the insured can select practices 801 - 805.

(3)   "Effective Date"

Note: Enter the effective date which is the date coverage begins. The effective date will always be the date the prices were published on the RMA website corresponding to the purchase date.

(4)   "Expected Butterfat Price per Pound"

Note: Enter the expected butterfat price per pound published in the actuarial documents for the practice for the sales period.

(5)   "Declared Butterfat Test"

Note: Enter the declared butterfat test which is the pounds of milkfat contained in 100 pounds of the milk, as declared by the insured. The declared butterfat test elected by the insured can be no less than 3.25 pounds and no more than 5.5 pounds, in 0.05-pound increments.

(6)   "Calculated Butterfat Price per cwt" (Non-Substantive)

Note: Enter the expected butterfat price per pound times the declared butterfat test rounded to 4 decimals.

(7)   "Expected Protein Price per Pound"

Note: Enter the expected protein price published in the actuarial documents for the practice for the sales period.

Exhibit 6   **DRP Quarterly Coverage Endorsement (Continued)**

D.   **Component Pricing Option (Continued)**

(8)   "Declared Protein Test"

Note: Enter the declared protein test which is the pounds of milk protein contained in 100 pounds of the milk, as declared by the insured. The declared protein test elected by the insured can be no less than 2.75 pounds and no more than 4.5 pounds, in 0.05-pound increments.

(9)   "Calculated Protein Price per cwt" (Non-Substantive)

Note: Enter the expected protein price per pound times the declared protein test rounded to 4 decimals.

(10)   "Expected Other Solids Price per Pound"

Note: Enter the expected other solids price published in the actuarial documents for the practice for the sales period.

(11)   "Other Solids Test"

Note: Enter 5.7 pounds.

(12)   "Calculated Other Solids Price per cwt" (Non-Substantive)

Note: Enter the expected other solids price per pound times the other solids test rounded to 4 decimals.

(13)   "Declared Component Price Weighting Factor"

Note: Enter the declared component price weighting factor chosen by insured, between 0 percent and 100 percent, in 5 percentage point increments.

(14)   "Nonfat Solids Price"

Note: Enter the expected nonfat solids price published in the actuarial documents for the practice for the sales period.

(15)   "Calculated Nonfat Solids Price per cwt" (Non-Substantive)

Note: Enter the expected nonfat solids price per pound times the nonfat solids test rounded to 4 decimals.

(16)   "1 minus Declared Component Price Weighting Factor" (Non-Substantive)

Note: Enter the result of 1 minus declared component price weighting factor.

Exhibit 6   **DRP Quarterly Coverage Endorsement (Continued)**

D. **Component Pricing Option (Continued)**

(17) "Total Price per cwt" (Non-Substantive)

Note: This value is determined by summing of the calculated butterfat price per cwt, the calculated protein price per cwt and the calculated other solids price per cwt, multiplied by the declared component price weighting factor, plus the calculated nonfat solids price per cwt multiplied by 1 minus the declared component price weighting factor, rounded to 4 decimals.

(18) "Declared Covered Milk Production"

Note: Enter the declared covered milk production in pounds of milk chosen by the insured to insure for the practice.

(19) "Expected Component Pricing Milk Revenue" (Non-Substantive)

Note: Enter the expected component pricing milk revenue which total price per cwt multiplied by the declared covered milk production, divided by 100.

(20) "Coverage Level"

Note: Enter the coverage level which is the coverage level percentage chosen by the insured between 80 percent and 95 percent, in 5 percent increments.

(21) "Expected Revenue Guarantee" (Non-Substantive)

Note: Enter the expected class pricing milk revenue multiplied by the coverage level.

(22) "Protection Factor"

Note: Enter the protection factor chosen by the insured between 1 and 1.5, in 0.05 increments.

(23) "Declared Share"

Note: Enter the share which is the insured's percentage interest in the insured milk as an owner at the time insurance attaches.

(24) "Name of Other Person(s) Sharing in the Crop" (Non-Substantive)

Note: Enter the name(s) of other person(s) sharing in the crop.

Exhibit 6   **DRP Quarterly Coverage Endorsement (Continued)**

D.   **Component Pricing Option (Continued)**

(25)   "Liability" (Non-Substantive)

    Note: Enter the sum of the expected revenue guarantee times the protection factor times the declared share.

(26)   "Total Premium" (Non-Substantive)

    Note: Enter the calculated total premium.

(27)   "Premium Subsidy" (Non-Substantive)

    Note: Enter the calculated premium subsidy.

(28)   "Producer Premium" (Non-Substantive)

    Note: Enter the total premium minus premium subsidy.

(29)   "Expected Milk Production per Cow"

    Note: Enter the expected milk production per cow in pounds as published by RMA for the practice for the applicable pooled production region.

G.   **Required Statements**

(1)   Provide the following question above the Certification Statement:

"I have verified my identification number affixed to this Quarterly Coverage Endorsement is true and accurate. □ Yes □ No. If the affixed identification number is not correct or you have not had an opportunity to verify your identification number, please contact [INSERT AIP CONTACT POINT] and submit a Policy Change."

(2)   USDA Multiple Benefit Certification Statement (Substantive)

(3)   Certification Statement (Substantive)

(4)   Privacy Act Statement (Substantive)

(5)   Nondiscrimination Policy Statement (Substantive)

H.   **Required Signatures**

(1)   "Insured's Printed Name, Signature and Date"

(2)   "Agent's Printed Name, Signature, Date and Code Number"

Exhibit 7   DRP Notice of Probable Loss

The notice of probable loss is used to notify the insured of a probable loss after all DRP data necessary to calculate an indemnity for the selected type and practice are released by RMA. The insured should return the notice of probable loss to the AIP with the milk production worksheet and the milk marketing records. The AIPs may combine the milk production worksheet and the notice of probable loss into one form provided all the "substantive" items are included. These forms may include multiple QCEs in effect for the same practice. The calculations on this form should be performed in accordance with the rules published in the corresponding PASS records. All items within quotation marks in the subparagraphs below are substantive unless otherwise noted.

     A.   **General Information**

          (1)   "Insured's Name"

                Note: Enter information as listed on application.

          (2)   "Insured's Authorized Representative"

                Note: Enter information as listed on application.

          (3)   "Street and/or Mailing Address"

                Note: Enter information as listed on application.

          (4)   "City and State"

                Note: Enter information as listed on application.

          (5)   "Zip Code"

                Note: Enter information as listed on application.

          (6)   "Insured's Telephone Number"

                Note: Enter information as listed on application.

          (7)   "Policy Number"

                Note: Enter information as listed on application.

          (8)   "Claim Number"

                Note: Enter the claim number.

          (9)   "Identification Number"

                Note: Enter information as listed on application.

         (10)   "Identification Number Type"

                Note: Enter information as listed on application.

Exhibit 7   DRP Notice of Probable Loss (Continued)

   A.   **General Information (Continued)**

      (11)   "Person Type"

         Note: Enter information as listed on application.

      (12)   "Spouse's Name"

         Note: Enter information as listed on application.

      (13)   "Spouse's Identification Number"

         Note: Enter information as listed on application.

      (14)   "Assignment of Indemnity Yes ☐ No ☐"

         Note: Check appropriate box.

      (15)   "Transfer of Coverage and Right to an Indemnity Yes ☐ No ☐"

         Note: Check appropriate box.

      (16)   "Date Notice of Probable Loss Issued"

         Note: Enter the date the Notice of Probable Loss was issued.

   B.   **Crop Information**

      (1)   "Effective Crop Year"

         Note: Enter information as listed on application.

      (2)   "Crop"

         Note: Enter information as listed on application.

      (3)   "State and County"

         Note: Enter information as listed on application.

      (4)   "Plan of Insurance"

         Note: Enter information as listed on application.

      (5)   "Type"

         Note: Enter information as listed on QCE.

      (6)   "Practice"

         Note: Enter information as listed on QCE.

Exhibit 7   **DRP Notice of Probable Loss (Continued)**

B.   **Crop Information (Continued)**

(7)   "Coverage Level"

> **Note:**   Enter information as listed on QCE.

(8)   "Declared Covered Milk Production"

> **Note:**   Enter the declared covered milk production reported on the QCE.

(9)   "Expected Milk Production per Cow"

> **Note:**   Enter information as listed on QCE.

(10)   "Actual Milk Production per Cow"

> **Note:**   Enter actual milk production per cow as released by RMA for the practice.

(11)   "Yield Adjustment Factor"

> **Note:**   Enter actual milk production per cow divided by expected milk production per cow.

C.   **Indemnity Calculation**

(1)   "Expected Revenue Guarantee"

> **Note:**   Enter information as listed on summary of coverage.

(2)   "Actual Milk Revenue"

> **Note:**   Enter the actual milk revenue as calculated from information released by RMA for the practice.

(3)   "Protection Factor"

> **Note:**   Enter information as listed on QCE.

(4)   "Declared Share"

> **Note:**   Enter the declared share reported on the QCE.

(5)   "Probable Indemnity"

> **Note:**   Enter the expected revenue guarantee minus actual milk revenue, multiplied by the protection factor times declared share.

Exhibit 7   **DRP Notice of Probable Loss (Continued)**

D.   **Required Statements**

   (1)   Certification Statement (Substantive)

   Note: See DSSH, Para. 502.

   (2)   Privacy Act Statement (Substantive)

   Note: See DSSH, Para. 501.

   (3)   Nondiscrimination Policy Statement (Substantive)

   Note: See DSSH, Para. 503.

   (4)   "I am an agent, employee, or contractor affiliated with federal crop insurance program? YES   NO" (Non-Substantive)

   Note: Include instruction for insured to complete.

E.   **Required Signatures**

   (1)   "Insured's Printed Name, Signature and Date"

   Note: Complete and sign by Insured.

Exhibit 8   **DRP Milk Production Worksheet**

The milk production worksheet with supporting milk marketing records must be completed by the insured and returned to the AIP with the notice of probable loss form. The AIPs may combine the milk production worksheet and the notice of probable loss into one form provided all the "substantive" items are included. These forms may include multiple QCEs in effect for the same practice. All items within quotation marks in the subparagraphs below are substantive unless otherwise noted.

A.   General Information

Note: For all fields, enter information as listed on application unless noted otherwise.

(1)   "Insured's Name"

(2)   "Insured's Authorized Representative"

(3)   "Insured's Street and/or Mailing Address"

(4)   "City and State"

(5)   "Zip Code"

(6)   "Insured's Telephone Number"

(7)   "Policy Number"

(8)   "Claim Number"

Note: Enter the claim number.

(9)   "Identification Number"

(10)   "Identification Number Type"

(11)   "Person Type"

(12)   "Spouse's Name"

(13)   "Spouse's Identification Number"

B.   Crop Information

(1)   "Effective Crop Year"

Note: Enter information as listed on application.

(2)   "Crop"

Note: Enter information as listed on application.

Exhibit 8   **DRP Milk Production Worksheet (Continued)**

B.   Crop Information (Continued)

(3)   "State and County"

Note: Enter information as listed on application.

(4)   "Plan of Insurance"

Note: Enter information as listed on application.

(5)   "Type"

Note: Enter information as listed on QCE.

(6)   "Practice"

Note: Enter information as listed on QCE.

(7)   "Date Notice of Probable Loss Issued"

Note: Enter the date the Notice of Probable Loss was issued.

(8)   "Declared Butterfat Test"

Note: If component pricing option is elected, enter the declared butterfat test listed on each QCE for the quarter with the probable loss. If class pricing option selected leave blank or N/A.

(9)   "Declared Protein Test"

Note: If component pricing option is elected, enter the declared butterfat test listed on each QCE for the quarter with the probable loss. If class pricing option selected leave blank or N/A.

C.   Other Information

(1)   "Provide the Effective Date and the Pounds of Covered Milk Production for all QCEs providing coverage for the quarter with the probable loss."

(2)   "Effective Date"

Note: Enter the effective date for each QCE in effect for the practice. Verify with RMA for additional effective dates of other QCEs in effect from another AIP during the same quarterly insurance period. These can be preprinted on the form.

     C.   **Other Information (Continued)**

         (3)   "Pounds of Covered Milk Production"

            Note: Enter the pounds of declared covered milk production for each QCE in effect for the quarterly insurance period. Verify with RMA for additional pounds of declared covered milk production of other QCEs in effect from another AIP during the same quarterly insurance period. These can be preprinted on the form.

         (4)   "Total Producer Declared Production"

            Note: Enter the sum of all pounds of declared covered milk production from all QCEs in effect for the quarterly insurance period. This can be preprinted by the AIP.

         (5)   "Provide the total pounds of Milk sold for each month in the quarter and if the Type 832 Component Pricing Option was elected, provide the Total Average Butterfat Test and Average Protein Test."

         (6)   "Month"

            Note: Enter the three months/year of the quarterly insurance period. This can be preprinted by the AIP.

         (7)   "Pounds of Milk Sold"

            Note: The insured should enter the total pounds of milk sold for each month of the quarterly insurance period and total the total pounds of milk sold.

         (8)   "Total Milk Marketings"

         (9)   Average Butterfat Test (Substantive for Type 832)

            Note: If component pricing option elected, enter the average butterfat test for all milk sold during the quarterly insurance period. If class pricing option elected, leave blank or preprint N/A.

        (10)   Average Protein Test (Substantive for Type 832)

            Note: If component pricing option elected, enter the average protein test for all milk sold during the quarterly insurance period. If class pricing option elected, leave blank or preprint N/A.

Exhibit 8   DRP Milk Production Worksheet (Continued)

C.   Other Information (Continued)

(11)   "The milk marketing records for the applicable quarter must be submitted with the milk production worksheet which shall show: (1) The name, address, and payroll number or similar identifier of the producer; (2) The monthly or daily aggregated to monthly total pounds received from that producer; and if component pricing option elected, (3) The total pounds of butterfat and protein contained in the producer's milk."

D.   Required Statements

(1)   Certification Statement (Substantive)

> **Note:**   See DSSH, Para. 502.

(2)   Privacy Act Statement (Substantive)

> **Note:**   See DSSH, Para. 501.

(3)   Nondiscrimination Policy Statement (Substantive)

> **Note:**   See DSSH, Para. 503.

E.   Required Signatures

(1)   "Insured's Printed Name, Signature and Date"

> **Note:**   The Insured will complete, sign and date this information.

"The insured must include the following records and return to the AIP with the milk marketing report;
The milk marketing records for the applicable quarterly insurance period must be submitted with the milk production worksheet which shall show: (1) The name, address, and payroll number or similar identifier of the producer; (2) The monthly or daily aggregated to monthly total pounds received from that producer; and if component price option elected, (3) The total pounds of butterfat and protein contained in the producer's milk."

Exhibit 9   **DRP Final Proof Of Loss**

The final proof of loss is issued to the insured once the claim verifications have been determined and the claim has been finalized. This form may include multiple QCEs in effect for the same quarterly insurance period. The calculations on this form should be performed in accordance with the rules published in the corresponding PASS records. All items within quotation marks in the subparagraphs below are substantive unless otherwise noted.

    A.   **General Information**

        Note: For all fields, enter information as listed on application unless noted otherwise.

        (1)   "Insured's Name"

        (2)   "Insured's Authorized Representative"

        (3)   "Street and/or Mailing Address"

        (4)   "City and State"

        (5)   "Zip Code"

        (6)   "Insured's Telephone Number"

        (7)   "Policy Number"

        (8)   "Claim Number"

            Note: Enter the claim number.

        (9)   "Identification Number"

        (10)   "Identification Number Type"

        (11)   "Person Type"

        (12)   "Spouse's Name"

        (13)   "Spouse's Identification Number"

        (14)   "Assignment of Indemnity Yes □ No □"

            Note: Check appropriate box.

        (15)   "Transfer of Coverage and Right to an Indemnity Yes □ No □"

            Note: Check appropriate box.

        (16)   "Date Notice of Probable Loss Issued"

            Note: Enter the date the notice of probable loss was Issued.

Exhibit 9   **DRP Final Proof of Loss (Continued)**

  B.   **Crop Information**

      (1)   "Effective Crop Year"

            Note: Enter information as listed on application.

      (2)   "Crop"

            Note: Enter information as listed on application.

      (3)   "State and County"

            Note: Enter information as listed on application.

      (4)   "Plan of Insurance"

            Note: Enter information as listed on application.

      (5)   "Type"

            Note: Enter information as listed on QCE.

      (6)   "Practice"

            Note: Enter information as listed on QCE.

      (7)   "Coverage Level"

            Note: Enter information as listed on QCE.

      (8)   "Covered Milk Production"

            Note: Enter the covered milk production determined in accordance with section 7(d) of the DRP policy

      (9)   "Expected Milk Production per Cow"

            Note: Enter the expected milk production per cow in pounds as published by RMA for the practice for the applicable pooled production region.

     (10)   "Actual Milk Production per Cow"

            Note: Enter actual milk production per cow as released by RMA for the practice for the applicable pooled production region.

     (11)   "Yield Adjustment Factor"

            Note: Enter the sum of actual milk production per cow divided by expected milk production per cow.

Exhibit 9   **DRP Final Proof of Loss (Continued)**

    C.   **Indemnity Calculation**

        (1)   "Final Revenue Guarantee"

                Note: Enter the final revenue guarantee as calculated based on the information provided on the milk production worksheet and milk marketing records in accordance with Section 7 of the DRP Insurance policy.

        (2)   "Actual Milk Revenue"

                Note: Enter the actual milk revenue as calculated from information released by RMA for the quarterly insurance period and adjusted for any revisions required from the verification of the producer's milk marketings as indicated on their milk production worksheet in accordance with Section 7 of the DRP Insurance policy.

        (3)   "Total" (Non-Substantive)

                Note: Enter the sum of final revenue guarantee minus actual milk revenue.

        (4)   "Protection Factor"

                Note: Enter information as listed on QCE.

        (5)   "Actual Share"

                Note: Enter the lesser of the declared share reported on the QCE or the actual share determined at time of loss.

        (6)   "Indemnity" or "Amount Payable"

                Note: Enter the sum of final revenue guarantee minus actual milk revenue times protection factor times actual share.