Dairy Revenue Protection

What is Dairy Revenue Protection?

Dairy Revenue Protection (Dairy-RP) provides protection against an unexpected decline in revenue (yield and/or price) on the milk produced from dairy cows. In sum, the policy covers the difference between your final revenue guarantee and actual milk revenue during each quarter of the year.

How do I buy Dairy-RP?

You must buy Dairy-RP insurance through an authorized crop insurance agent. You can fill out an application at any time. However, insurance does not attach until you buy a quarterly coverage endorsement. You may buy multiple quarterly coverage endorsements with one application. Your insurance coverage starts the first day of the quarter for which the quarterly coverage endorsement was purchased.

How do I find an agent?

Dairy-RP is available for purchase from your local livestock insurance agent. You can find a crop insurance agent using the Agent Locator tool on the Risk Management Agency (RMA) website.

Can I purchase an endorsement with different Approved Insurance Providers (AIP) in the same crop year?

No, quarterly coverage endorsement must be purchased with the same AIP within the same crop year. You may transfer the policy to another AIP at the beginning of a new crop year.

Does this policy cover any other types of loss, such as death of the dairy cattle?

No, this policy does not insure against the death or other loss or destruction of your dairy cattle, or against any other loss or damage of any kind.

Can I participate in Farm Service Agency's Margin Protection Program and Dairy-RP at the same time?

Yes.

Can I participate in the Livestock Gross Margin for Dairy (LGM-Dairy) program and Dairy-RP?

Yes, you may have LGM-Dairy and Dairy-RP policies in effect for the same crop year, but only one policy, either LGM-Dairy or Dairy-RP can have endorsements in effect for the quarterly insurance period. For example: One policy is Dairy RP and the other is a LGM-Dairy 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.

What is the crop year for the policy?

July 1 through June 30.

When is the contract change date for the policy?

The contract change date is April 30. This is the date changes to the policy, if any, can be viewed on RMA’s website for the upcoming crop year.

When is the cancellation date for the policy?

The cancellation date is June 30.

What are the premium subsidy and coverage levels available to me?

Dairy-RP premium subsidy is as follows:

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

Can I buy Catastrophic Risk Protection Endorsement (CAT) coverage on Dairy-RP?

No. Dairy-RP does not have a CAT level of coverage.

As a beginning or veteran farmer/rancher, am I eligible for an additional subsidy under Dairy-RP?

Yes. The subsidy for qualifying beginning or veteran farmers/ranchers provides an additional premium subsidy. For more information on beginning or veteran farmers and ranchers, go to the Risk Management Agency’s website.

Is only Grade A and Grade B milk insurable?

Yes, the policy will only insure Grade A and Grade B milk.

When is the premium due on Dairy-RP?

The premium is payable at the end of the Quarterly Insurance Period.

What is the Quarterly Insurance Period?

The three-month period, corresponding to one of the eight quarters available for purchase during the crop year.

What is the Quarterly Coverage Endorsement?

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

When can I purchase Quarterly Coverage Endorsements for Dairy-RP?

The Quarterly Coverage Endorsements for Dairy-RP are available for purchase during the sales period that begins when the coverage prices and rates are validated and published on RMA’s website and ends the earlier of 9:00 AM Central Time of the following business day or 9:00 AM Central Time on Sunday.

What pricing options are available?

There are two: the Class Pricing Option and the Component Pricing Option.

What is the Class Pricing Option?

The Class Pricing Option uses an insured’s election of a combination of Class III and Class IV milk prices as a basis for determining coverage and indemnities.

What is the Component Pricing Option?

The Component Pricing Option uses the component milk prices for butterfat, protein, and other solids as a basis for determining coverage and indemnities. The insured selects the declared butterfat test and declared protein test and the other solids test is fixed at 5.7 to establish the milk price.

Can I insure both the Component Pricing Option and the Class Pricing Option at the same time?

Yes. You may choose either pricing option on separate quarterly coverage endorsement provided it is not covering the same milk.

Can multiple Quarterly Coverage Endorsements be purchased for the same quarterly insurance period?

Yes. There can be multiple Quarterly Coverage Endorsements in effect for the same quarter. The producer can elect different coverage levels and pricing methods for each Quarterly Coverage Endorsement.

Can I have different protection factors for each quarterly coverage endorsement purchased?

Yes. You can choose a protection factor between 1.00 and 1.5 in 0.05 increments.

How would my indemnity be calculated?

Dairy-RP provides insurance only for the difference between the final revenue guarantee and actual milk revenue multiplied by actual share and protection factor, caused by natural occurrences in market prices and yields in the pooled production region.

What is a pooled production region?

A pooled production region is a group of states used to determine the milk production per cow within a region identified in the Dairy Revenue Protection Commodity Exchange Endorsement.

How is the actual milk revenue calculated for class pricing option?

The actual milk revenue is determined by multiplying the actual Class III and Class IV prices x the declared pricing elections x covered milk production x yield adjustment factor ÷ 100.

How is final revenue guarantee calculated for Component Pricing Option?

For the Component Price Option, the final revenue guarantee is determined by multiplying the expected butterfat, protein, and other solids prices x the final component tests x the declared component price weighting factor + expected butterfat and nonfat solids prices x final component tests x 1 - the declared component price weighting factor x covered milk production ÷ 100 x the coverage level.

How is actual milk revenue calculated for component pricing option?

The actual milk revenue is determined by multiplying the actual butterfat, protein, and other solids prices x the final component tests x the declared component price weighting factor + actual butterfat and nonfat solids prices x final component tests x 1 - the declared component price weighting factor x covered milk production x yield adjustment factor ÷ 100.

How is final revenue guarantee calculated for class pricing option?

The final revenue guarantee is determined by multiplying the expected Class III and Class IV prices x the declared pricing elections x covered milk production ÷ 100.