



# DAIRY REVENUE PROTECTION (DRP)

Got milk revenue loss coverage? If not, take a look at this. **Dairy Revenue Protection (DRP)** is designed to insure dairy farmers against unexpected declines in the quarterly revenue from milk sales relative to a guaranteed coverage level. **Protect your dairy from the unexpected with Dairy Revenue Protection.**

## BENEFITS



**Revenue risk coverage** (quantity and price)



Addresses **coverage gaps** in existing products



Addresses basis risk through **flexible pricing options** and production factors



Timely and **market-based risk management**

## QUARTERLY INSURANCE PERIODS



DRP attaches the day a quarterly coverage endorsement is purchased, and multiple quarterly coverage endorsements may be purchased with one application. The quarterly insurance period contains **three-month periods** corresponding to one of **eight unique quarterly insurance periods**.

## FLEXIBILITY COMES IN 5% INCREMENTS

Farmers may cover up to 100% of their milk production by choosing coverage levels of 80-95% of the expected quarterly market revenue in 5% increments.

Coverage level	80%	85%	90%	95%
Premium subsidy	55%	49%	44%	44%

## 2 REVENUE PRICING OPTIONS TO CHOOSE FROM



**Class Pricing Option**  
Uses **Class III, Class IV** milk prices, or a combination of both, as a basis for determining coverage and indemnities.



**Component Pricing Option**  
Uses the component prices for **butterfat, protein and other solids** as a basis for determining coverage and indemnities.

The premium subsidy percent varies with the coverage level percent as indicated.

A different coverage level for each type and practice may be elected and must be indicated on the quarterly coverage endorsement.

## HOW INDEMNITIES ARE CALCULATED

$$\text{Final revenue guarantee} = \text{actual milk revenue} \times \text{actual share} \times \text{protection factor}$$

This loss needs to be caused by natural occurrences in market prices and yields in your state-level or pooled production region.

The expected revenue is based on futures prices for milk and dairy commodities and the amount of covered milk production elected by the dairy producer.

See more benefits at [ProAg.com/DRP](http://ProAg.com/DRP).

# 6 DECIDING FACTORS FOR DAIRY FARMERS TO CONSIDER



1. Select Class or Component pricing option



2. Select a quarterly insurance period



3. Declare milk production



4. Select a coverage level



5. Declare the share percentage



6. Select a protection factor (1.00 – 1.50)

## LOCATION MATTERS

Approved for sale in all counties in **all 50 states**, DRP is an area-based revenue insurance product. The covered milk production is indexed to the state or region where the dairy producer is located.



### WHAT DOES DRP NOT COVER?

- » Death of dairy cattle
- » Other loss or destruction of your dairy cattle
- » Any other loss or damage of any kind whatsoever

### RECENT UPDATES

- » Sales will be suspended during the sales period for situations that arise during the sales period in which market conditions adversely change after the fact.
- » Added flexibility to continue coverage when farmers experience a disaster at their dairy operation.
- » Revised the policy to clarify that the termination date is June 30.
- » Clarified an insured cannot have other livestock insurance on the same milk in the same quarterly insurance period.

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