

Dairy Revenue Protection Insurance

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This fall RMA made a new dairy insurance program available to producers. Dairy Revenue Protection (Dairy-RP) provides protection against an unexpected decline in revenue (yield and/or price) on the milk produced from dairy cows. The policy covers the difference between your final revenue guarantee and actual milk revenue during each quarter of the year. My last article described the general provisions of this insurance. Here are answers to some specific questions about this insurance coverage.

There are two pricing options available: the **Class Pricing Option** and the **Component 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. 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 endorsements provided it is not covering the same milk.
- What is the crop year for the policy? The crop year is July 1 through June 30. 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.
- 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. You may choose different coverage levels and protection factors for every endorsement purchased.
- How do I buy Dairy-RP coverage? 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. The Dairy-RP is available for purchase every business day when the coverage prices and rates are validated and published on RMA's website.
- 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.

The link to a webinar about this program can be found at the UVM Agricultural Risk web site:

<https://www.uvm.edu/extension/agriculture/ag-risk-management> and for more information, visit the RMA website at <https://www.rma.usda.gov/>. You and your crop insurance agent can work through a series of examples to help you decide the best options for your farm.

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