DAIRY REVENUE PROTECTION

The Risk Management Agency's Dairy Revenue Protection (DRP) Pilot Insurance Program provides coverage against losses in milk revenue caused by natural occurrences in market prices and yields.

How Does It Work?

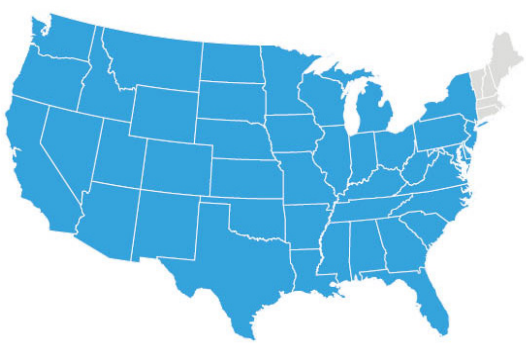
Dairy Revenue Protection policies are based on three-month periods called Quarterly Insurance Periods. Dairy producers can choose multiple endorsements within each coverage period where the coverage and pricing options can vary, but the endorsements cannot cover the same pounds of milk.

DRP coverage is based on futures prices for milk and dairy commodities and the amount of covered milk production the dairy producer chooses. Because milk production varies with each region, DRP is an area-based program with covered milk production based on the state or region where the producer is located.

AVAILABILITY

Dairy Revenue Protection is available in all states within the FMH writing area.

FMH COVERAGE AREA



Farmers Mutual Hail Insurance Company of Iowa

DRP DAIRY REVENUE PROTECTION

The product description provided is for informative purposes only. Please refer to your agent and policy provisions for complete details. Products underwritten by Farmers Mutual Hail Insurance Company of Iowa and its affiliates, West Des Moines, Iowa. Not all affiliates are mutual companies. Policies may be issued by FMH Ag Risk Insurance Company or an FMH affiliate in some states. Farmers Mutual Hail and its affiliates are equal opportunity providers and prohibit discrimination in all programs and activities. Coverage not available in all states.

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CAUSES OF LOSS

DRP insurance covers losses caused by natural occurrences in market prices and yields. The indemnity is based on the difference between the final revenue guarantee and actual milk revenue, times the actual share and protection factor.

It's important to note that DRP does not cover the death of your dairy cattle, other loss or destruction of your dairy cattle, or any other loss or damage.

PRICING OPTIONS

Dairy producers can select from two revenue pricing options for DRP coverage.

Component Pricing Option

Revenue protection based on the component milk prices for butterfat, protein, and other solids as a basis for determining coverage and indemnities. With this option, you can select the test percentages to best match your operation.

Class Pricing Option

Revenue protection based on a combination of Class III and Class IV milk prices as a basis for determining coverage and indemnities.

COVERAGE LEVELS

DRP coverage levels range from 80 to 95 percent under both pricing options, offered in five percent increments. Percentages are based on your expected quarterly revenue, and a premium subsidy is available based on the coverage level you select.

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

SECURING COVERAGE

After submitting an application to your FMH agent, you can secure coverage by adding quarterly coverage endorsements to your policy which includes:

- Which quarter(s) to insure
- Value of milk covered
- Amount of milk to protect
- Coverage level (80-95%)
- Protection factor (100 to 150%)

The sales closing period for DRP is daily. Endorsements can be added each day when the coverage prices and rates are published on the Risk Management Agency's (RMA) website by 4:30pm CST up until the following business day at 9:00am CST.

If expected milk and dairy commodity prices are not available on the RMA website, then DRP will not be offered for sale in that insurance period. DRP coverage is not sold on days certain USDA dairy reports are released.

POINTS TO REMEMBER

- DRP is an area-based program with covered milk production based on the state or region where the producer is located.
- DRP coverage can be purchased on a daily basis, except for the report release days or holidays it's not available.
- Producers have the option to choose multiple Quarterly Coverage Endorsements (QCEs) with different pricing and coverage options for each.
- Dairy producers have the choice to insure up to 95% of their milk production on the day market prices peak or hedge their risks by buying multiple QCEs over time.

INDEMNITY

After all DRP data for the quarterly insurance period is released, FMH will send out a Notice of Probable Loss within 10 days, as applicable. Because coverage is based on the averages for a specific state or region, a producer might have decreased milk production but not receive an indemnity.

BASIC DEFINITIONS

Quarterly Coverage Endorsement

The Quarterly Coverage Endorsements (QCEs) are used to make producer elections such as coverage level, price option, and covered milk production. Producers may purchase coverage for up to five quarters with multiple endorsements for the same quarterly insurance period.

Quarterly Insurance Period

A Quarterly Insurance Period is a three-month period during which a QCE can be purchased for a particular crop year. For example, the insurance period for the January 10 sales closing date includes these quarters:

- April-June
- July-September
- October-December
- January-March
- April-June

Final Revenue Guarantee

The final revenue guarantee is based on expected yield multiplied by expected price along with the coverage level selected.