



DAIRY RISK PROTECTION

DAIRY REVENUE PROTECTION & DAIRY MARGIN COVERAGE

The Dairy Revenue Protection (DRP) and Dairy Margin Coverage (DMC) programs are risk management tools designed to help dairy producers protect their operations from market uncertainty. DRP provides protection against unexpected declines in milk revenue caused by changes in milk prices or production, while DMC helps safeguard producers when the margin between milk prices and feed costs falls below selected coverage levels. Every dairy operation has unique goals, production levels, and risk tolerance, so producers are encouraged to learn more about both programs and carefully evaluate which option, or combination of options, best fits their operation. Working with trusted advisors and reviewing available coverage opportunities can help ensure the right protection is in place for long-term success.

What is Dairy Revenue Protection (DRP)?

Dairy Revenue Protection (Dairy-RP) is designed to insure against unexpected declines in the quarterly revenue from milk sales relative to a guaranteed coverage level. 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. The covered milk production is indexed to the state or region where the dairy producer is located.

Pricing Options

Dairy-RP offers two Revenue pricing options:

- The Class Pricing Option uses 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. Under this option you may select the butterfat test percentage and protein test percentage to establish your insured milk price.

Coverage Levels & Premium Subsidies

You may cover 80 percent to 95 percent of your expected quarterly revenue in five percent increments. A premium subsidy is available and is based on the coverage level you selected

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

Key Features

- Quarterly coverage and payments
- Coverage for all milk marketed
- Protection from both price and production risks
- Coverage based on futures prices - set your coverage in advance

What is the first step?

You must buy Dairy-RP insurance through an authorized crop insurance agent. You can find a crop insurance agent using the [Agent Locator tool](https://www.fsa.usda.gov/resources/income-support/dairy-margin-coverage-program-dmc) on the Risk Management Agency (RMA) website.

What is Dairy Margin Coverage (DMC)?

The DMC Program, administered by the Farm Service Agency (FSA), is a voluntary risk management tool for dairy producers. It offers financial assistance when the margin between the all-milk price and average feed cost falls below a coverage level chosen by the producer.

By participating in DMC, dairy farmers can protect themselves against declines in milk prices and increases in feed costs, thereby ensuring more predictable and stable income. The program includes both catastrophic coverage and additional, higher levels of coverage for an annual premium.

Eligibility

Eligible applicants include dairy operations in the United States that produce and commercially market milk from cows. Producers must provide production records and be in compliance with conservation regulations.

Program Highlights

- Coverage Levels: Producers can select coverage levels ranging from \$4.00 to \$9.50 per hundredweight (cwt) of milk, in \$0.50 increments.
- Premium Rates: Vary based on the coverage level and the production history of the dairy operation. Discounts are available for small-scale producers and those opting for higher coverage levels.
- Production History: Based on the highest milk production in 2021, 2022, 2023 for existing dairy operations or the first year of monthly milk marketing statements for new dairy operations.
- Payments: Calculated monthly when the actual dairy production margin falls below the selected coverage level. Payments help offset the difference between the margin and the selected coverage level.

Key Features

- Monthly margin protection
- Flexible coverage
- Protection when margins are low

What is the first step?

To enroll in the Dairy Margin Coverage Program, dairy producers must complete and submit an application to their [local FSA office](https://www.fsa.usda.gov/resources/income-support/dairy-margin-coverage-program-dmc) during the specified enrollment period.

Sources:
<https://www.usda.gov/sites/default/files/guidance-documents/RMA.Dairy%20Revenue%20Protection.pdf>
<https://www.fsa.usda.gov/resources/income-support/dairy-margin-coverage-program-dmc>
<https://www.rma.usda.gov/about-crop-insurance/frequently-asked-questions/dairy-revenue-protection>

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