

DAIRY REVENUE PROTECTED WITH FARM PROGRAM



In 2018, the American Farm Bureau Federation, American Farm Bureau Insurance Services and other collaborators are implementing Dairy Revenue Protection (Diary-RP). Dairy-RP is a concept plan of insurance, developed to allow dairy farmers to purchase risk management protection against declines in revenue from milk sales, unexpected decline in milk production or a combination of the two.

In the United States, there is not a uniform price of milk. In 2016, the variance between mailbox-milk prices ranged from \$14.31 in Michigan to \$17.27 in New England. In Alabama, the average milking cow produced 36 pounds of milk per day while the average milking cow in Colorado produced 71 pounds per day. **A host of external factors can contribute to a wide discrepancy across production regions. Currently, no USDA-sponsored risk management tool exists.**

THE CONCEPT BEHIND DAIRY-RP IS SIMPLE. THE PROGRAM OFFERS:

- ▶ **Simplicity.** Under Dairy-RP, a farmer has only four decisions to make:
 - The value of milk protected.
 - The amount of milk production to cover.
 - The level of coverage.
 - Which quarterly contracts they wish to purchase.
- ▶ **Revenue guarantees—with option to cover the value of a farmer's milk and production.**

The success of federal insurance programs is well documented.

IN 2016, NEARLY 90% of all corn, wheat, soybean, cotton and rice acres were protected by an insurance policy with \$2.2 billion in insurance indemnities made on behalf of the aforementioned industries.

Source: American Farm Bureau Federation

PayneWest Insurance is dedicated to providing solutions for our dairy farmers in the Northwest.

For more information, please contact a PayneWest Dairy Specialist.

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