

2027 Dairy Revenue Protection



Course Navigation

- Use the Next button to advance through the screens
- A menu on the left shows your progress and completed sections
- To ensure you receive credit, please allow the audio on each slide to finish before advancing
- There are knowledge checks where you will have a minute to complete
- If you experience any technical issues
 - reply to the email containing the course link
 - include the details of the issue

Training Disclaimer

Materials presented may not cover all changes and/or updates. For all changes, refer to the current years:

- Policy Provisions
- Commodity Exchange Endorsement
- Individual Livestock Endorsements
- Handbook
- Bulletins
- Application
- Substantial Beneficial Interest (SBI) Form

Confidentiality Notice

- This document is the confidential property of NAU Country. Neither this document, nor the information contained within is to be distributed - in whole or in part - by any means without prior authorization, including but not limited to printed, magnetic, electronic or verbal forms
- QBE and the links logo are registered service mark of QBE Insurance Group Limited. NAU and NAU Country are registered service marks of NAU Country Insurance Company
- NAU Country Insurance Company is an Equal Opportunity Provider

About Us

NAU Country

- Experienced team delivering fast, straightforward solutions for complex crop insurance challenges.
- Our proprietary technology streamlines delivery so agents stay efficient and personal.
- Rated “A” (Excellent) by AM Best, providing the financial strength that supports customer security.

QBE Insurance Group

- QBE acquired NAU Country in July 2010 to diversify products and strengthen its U.S. position.
- QBE Insurance companies are rated “A” (Excellent) by A.M. Best and “AA-” by Standard and Poor’s. For more information, visit www.qbe.com.

Corporate Contacts

Account Relations:

- 855.307.8655
- AccountRelations@NAUCountry.com

Accounting:

- 800.942.6557
- 763.486.1711
- 763.486.1667 (Fax)
- AccountingBilling@NAUCountry.com
- Commissions@NAUCountry.com
- AccountingPayableClaims@NAUCountry.com

Underwriting:

- livestock@naucountry.com
- drp_uw@naucountry.com

Claims:

- livestock.claims@naucountry.com
- nau-drp_claims@naucountry.com

- 800.942.6557
- 763.427.6473 (Fax)

Document Submission:

- Upload to EWP using Documents>Upload Documents
- Utilize EASYSsign

Agenda

- RMA Requirements
- Introduction to DRP
- Class Pricing Option
- Component Pricing Option
- Application/Quarterly Coverage Endorsement
- Premium & Billing
- Indemnity & NOL
- Miscellaneous
- Underwriting Reminders



RMA Requirements



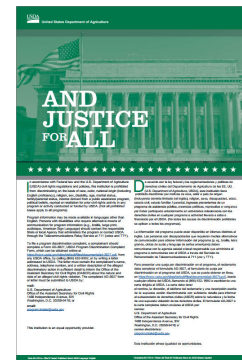
Non-Discrimination

Available without regard to:

- Race
- Color
- National Origin
- Religion
- Sex
- Disability
- Age
- Marital Status
- Familial Status/Parental Status
- Individual's income derived from a public assistance program
- Political Beliefs
- Retaliation for prior civil rights activity
- Receipt of Public Assistance

Non-Discrimination Statement

- New Non-Discrimination statement for 2025
- Required on websites, crop insurance forms, and advertisements promoting RMA products, including but not limited to:
 - Newspaper ads
 - Newsletters
 - Information / fact sheets or handouts
 - Radio or television advertisements
- If space is limited, RMA has given approval to print a shorter statement, by using only the phrase “This Agency is an Equal Opportunity Provider”
- “And Justice For All” posters must be prominently displayed in your office
 - Version AD-475-A, March 2025 is the only version RMA considers in compliance
 - Contact your Marketing Representative if you need the 2025 version to hang in your office



Civil Rights Awareness

- Persons with Disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET center at (202)720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800)877-8339. Additionally, program information may be made available in languages other than English. Instructions for filing a Civil Rights complaint are included in the information on the corresponding page within your manual
- To file a program discrimination complaint, complete the USDA Program Discrimination Complaint form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866)632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Ave, SW, Washington, D.C. 20250-9410; (2) fax: (202)690-7442; or email: program.intake@usda.gov.
- Complaints must be filed within 180 days of alleged incident

Fraud/Waste/Abuse and Data Mining

- RMA uses **data mining** to identify unusual claim or production patterns
- Producers flagged through data mining are subject to **AIP review**
- Reviews may include:
 - **3-year APH review**
 - **Policy review**
 - **Claim review** (if applicable)
- NAU Country is required to complete these reviews when notified by RMA

Reporting Fraud/Waste/Abuse

USDA Office of Inspector General (OIG)

You may report suspected violations related to USDA programs **confidentially or anonymously**

- **Reportable issues include:**
 - Fraud, waste, or abuse
 - Bribery or theft
 - False statements or misrepresentation
 - Conflicts of interest
 - Misuse of USDA funds or programs
- **Phone**
 - **800-424-9121**
 - **202-690-1622** (Washington, DC)
- **Online**
www.usda.gov/oig/hotline

Referral Misrepresentation Fraud Waste Abuse

Pursuant Appendix IV, Section IV of the Standard Reinsurance Agreement (SRA), referral of suspected misrepresentation, fraud, waste and abuse must be reported to the RMA.

Section IV. Reporting Suspected Misrepresentation, Fraud, Waste, and Abuse

In all cases where the Company or its affiliates reasonably suspect misrepresentation, fraud, waste, or abuse, the Company shall:

- a) Immediately report such cases to FCIC;*
- b) Not take any action until the Company and FCIC have agreed to the appropriate course, except as necessary to preserve the timely adjustment of the claim or as otherwise authorized by FCIC procedures;*
- c) Take any action required by FCIC and, upon completion, forward all information and documents in the possession of the Company regarding the required action to the appropriate FCIC compliance office for the area; and*
- d) If the Company does not find adequate evidence to support a conclusion that a misrepresentation, fraud or waste and abuse has occurred, maintain all documents, in accordance with Section IV(g) of the Agreement, relating to the suspected misrepresentation, fraud, waste, or abuse, and any action taken.*

This applies to NAU staff (including contract adjusters), Agents, and Insureds

Backdating: Prohibited

- Agents backdating policy documents that have time-sensitive deadlines is becoming a recurring problem
- This is a violation that must and has been reported to the RMA as potential misrepresentation, fraud, waste, or abuse
- This could result in premium overstatements, lost commissions for agents, and voided policies for our insureds

Do NOT Alter NAU Country Printed Forms!

Policy information for policy navigation when uploading

These fields are automatically pulled from EWP
Do Not alter or remove

Preliminary SOI
Multiple Peril Crop Insurance

Created By: MPTTMAN
Created: 02/08/2025

 **NAU Country**
A QBE Insurance Company

Insured Name:		Policy #:		Crop Year: 2025											
Agency Code:		Agency Name:													
Line # Unit #	Crop Plan	Prac/Type TMA/Other	Section/Twp/Range Field Location ID	Acres Plant Date	Appd. Yld/Rev.	Acres Guarantee	Guarantee or Amt. of Cov.	Price	Int	Liability	Area Class	Gross Premium	Premium Subsidy	Insured Premium	
8 0001-0056	WHEAT RP	CONT CROP W	00-1-N0-W	303.87 9/12/2024	53 39.8	\$238.80	12,094 \$72,564.16	\$6.00	1,0000	\$72,564 \$239/Acre		\$27,213	\$14,967	\$12,246	
Option(s): BUQLTAWOYAYCYE					Rate Yld	Landlord/Tenant		Other Person(s) Sharing in crop							
Yield Limit 9-YA - 60% TYield Adjusted					46										
					Associated Legals			Acreage Type	Other	Insurability					
065 Hughes					Farm Name:			2025 Prod:	Yield & Desc. Prod Type						
246 0001-0510	WHEAT RP	CONT CROP W	00-1-N0-W	227.01 9/21/2024	54 40.5	\$243.00	9,194 \$55,163.43	\$6.00	1,0000	\$55,163 \$243/Acre		\$13,963	\$10,752	\$3,211	
Option(s): EUQLTAWOYAYCYE					Rate Yld	Landlord/Tenant		Other Person(s) Sharing in crop							
Yield Limit 14-Default Yield Limitation For Trended Databases					53										
					Associated Legals			Acreage Type	Other	Insurability					
119 Sully					Farm Name:			2025 Prod:	Yield & Desc. Prod Type						

System-generated footer must be printed on forms

Conflict of Interest

- **Conflict of Interest (COI) - Agent**
 - Signed annually by agent before premium attaches to the policy, returned to NAU Country
 - Dates vary by policy type
 - Livestock, Nursery, and some CA crops are early
 - For most crops, signature is required before the Acreage Report is signed
 - Email notice that online completion is open for the new reinsurance year is sent out in May (complete right away, and revise, if necessary, later)
 - Revisions required within 15 days of any new relationship creating a Conflict of Interest
 - If RMA has already selected a policy for a COI review based on an existing disclosure, the review will be completed regardless of an intervening change in the COI disclosure
 - **Submit COI through the NAU Country Agent Portal**
 - Available May 2026 for the 2027 Reinsurance year
 - Conflict of Interest link is under Quick Links (halfway down the right side of the main screen)

Your Duty to Disclose Conflicts

- The current Standard Reinsurance Agreement (SRA) requires NAU Country Insurance Company to notify all its employees and affiliates, including, but not limited to, agents, agencies, and loss adjusters, in writing of their duty to disclose to us, and in turn FCIC, any business, financial, legal or familial relationship with a policyholder, or a person with a substantial interest in the policyholder, in accordance with Appendix I of the SRA.

Conflict of Interest Reminders

- Read the COI form questions carefully
- You must report any policy that your tax ID# is listed on, including in the Substantial Beneficial Interest (SBI)
- PRF and other area plan policies must be reported for COI
- You must revise your COI within 15 days of identifying a “new” conflict
- You must report any MPCl or Livestock policy, even with zero acres if still an active policy
- “Conflict Entity” on the COI form means the insured name on a policy being reported. You must report by policy name and number (if available) all policies constituting a COI for you.
- You must fully complete a COI disclosure if you are an active agent for MPCl or Livestock, even if you do not write any MPCl or Livestock policies
- All AIPs are required to report to RMA all individuals with COI failure to disclose violations
- **Failure to properly report Conflicts of Interest will result in reporting to RMA.** Agents are expected to take COI reporting seriously. Contact your **Marketing Representative** with questions on what must be reported and **Account Relations** for assistance updating your COI disclosure.

Most Common Agent COI Mistakes

- If Spousal policy, answer question #1 (I have an interest in a policy), not #2 (I have a relative that has an interest in a policy)

Questions

- | | | |
|--|--------------------------|-------------------------------------|
| 1. Do you have a share in a crop insured under any eligible crop insurance contract insured by the AIP? ⓘ | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Do any of your relatives have a substantial beneficial interest in any eligible crop insurance contract insured by the AIP? ⓘ | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- You have to report a policy even if no acres are reported
- You have to report any Livestock policies
- You have to report being an SBI on any MPCl, Livestock, or Dairy policy
- You have to report relatives even if they are with another agent who writes with NAU Country
- You have to report if you are an active MPCl agent even if you have no MPCl policies
- Remember to disclose all policies where you are a Power of Attorney (POA). Keep a list!

Non-Disclosure Statement (NDS)

- NDS Annual Certification form must be signed at agency set up and each calendar year between January 1 and March 15
- The forms notification email is sent in January and will direct the agency owner/officer to the Agent Portal to complete the Non-Disclosure form
- Agency Non-Disclosure Statement – Once from each agency at set up
- Individual Non-Disclosure Statement – Must be kept on file at the Agency, signed one time by each person in the agency or contracted with the agency before obtaining access to MPCl protected information unless requested by NAU Country

Controlled Business

Certifies compensation from policies sold to the agent or **immediate family** does not exceed **30%** (or state limit)

Applies to **total compensation**

Not AIP or plan specific

Penalties may include:

- Civil fines up to **\$10,000 or amount gained**
- Disqualification up to **5 years**

Affiliate Certification:

- Email issued by RMA after final settlement
- Due back to **Account Relations in December**
- Completed via **Agent Portal**
- Maintain on file at agency

Individual Certification

- Required **annually**
- Maintain on file at agency
- **Do not submit unless requested**
- **Timing Note:** Completed **after** the reinsurance year ends (e.g., 2025 RY → Oct–Dec 2027)

Covenant Not to Sue

- Covenant Not to Sue form is a one-time form that needs to be signed by all agents
- It does not list a specific Reinsurance Year, per MGR-10-012.1
- Must be signed before any Sales or Service for the 2027 reinsurance year, if not previously submitted

Anti-Rebating

- Individual certification of applicant/insured and agent at time liability is established
- Agent signing applicable form when liability is established is certifying there is no rebating
- Statement is found on NAU Country acreage report and other forms

“I certify, for the crop year indicated, that I have not directly or indirectly received, accepted, or been paid, offered, promised, or given any benefit, including money, goods, or services for which payment is usually made, rebate, discount, abatement, credit, or reduction of premium, or any other valuable consideration, as an inducement to procure insurance or in exchange for purchasing this insurance policy after it has been procured. I understand that this prohibition does not include payment of administrative fees, performance-based discounts and any other payment approved by FCIC that are authorized under sections 508(a)(9)(B) and 508(d)(3) of the Federal Crop Insurance Act (Act) (7 U.S.C. §§ 1508(a)(9)(B) and 1508(d)(3)). I understand that a false certification or failure to completely and accurately report any information on this form may subject me, and any person with a substantial beneficial interest in me, to sanctions, including but not limited to, criminal and civil penalties and administrative sanctions in accordance with section 515(h) of the Act (7 U.S.C. §1515(h)) and all other applicable federal statutes.”

Service Fees/Procurement Integrity

- Service Fees
 - The SRA prohibits charging service fees
 - Agents are prohibited from assessing service fees or additional charges on eligible crop insurance contracts reinsured and subsidized under the SRA except as authorized by the Act or approved by FCIC in writing
- Procurement Integrity
 - The SRA prohibits the following with any FCIC official
 - Discussions of employment or business opportunity
 - Offer of or to give anything of value, including meals

Policyholder Bill of Rights

- In a prior crop year there was an industry issue centered around AIPs cancelling crop insurance contracts without the insureds' consent (other than for reasons in the policy)
- From that came several RMA bulletins
 - MGR-24-003, 003.1 and 003.2
- RMA then posted the Bill of Rights and an FAQ on their website (see link and Notes below)
- Please become familiar with both documents
- www.rma.usda.gov/Topics/Policyholder-Bill-of-Rights

Limited English Proficient (LEP)

- A Limited English Proficient (LEP) individual is someone who does not primarily speak English and has a limited ability to read, write, speak, or understand English.
- If an LEP individual requests a **policy or other essential document** in a language other than English, NAU Country will request the translated document from RMA and provide it to the insured.
- If **oral translation** is needed, the AIP will contact the Regional Office LEP Coordinator or use an accredited translation service. NAU Country staff who are fluent in the individual's language may also assist.
- Agents should contact **Pam Gothier** at the NAU Country Ramsey, MN office for any LEP-related assistance.

Outreach and Accessibility

NAU Country is committed to providing access to crop insurance programs for **underserved and minority producers** and complies with **RMA Civil Rights requirements**.

Agents should:

- Be aware of USDA **Outreach and Advocacy** programs available in their communities
www.outreach.usda.gov
- Use **USDA Census data** to help ensure programs are reaching all producers
www.agcensus.usda.gov
- Maintain a plan to **accommodate insureds with disabilities**, which may include meeting outside the office when necessary

Agent Record Retention

- Access to Records and Operations
 - Agent records shall be retained until three (3) years after the last day on which records may be submitted through automated systems in accordance with Appendix III
 - This is in effect a 7-year record retention requirement for all documents
 - Retain Indefinitely any document that establishes the current coverage (applications, policy changes, POA's, written agreements, endorsements, etc.)
 - i.e., An insured signed an application in 2014 and because coverage is continuous, they have not submitted another application or change form. The 2014 application will be needed in an audit, even though it is past the 7-year record retention requirement.
 - Producers still have a three (3) year record requirement from calendar year of certification
 - All records can be maintained in electronic format (scanned)
- Tips for Agent Electronic Record Retention
 - Have sufficient IT infrastructure to quickly manage current / archived data
 - Develop a document life cycle plan and written retention and destruction policy, stick to it and keep written records of compliance
 - Electronic communications may have to be produced, so choose your words wisely

Agent Training Requirements

Classroom Instruction consisting of:

- 3 Hours the initial year by plan for new livestock agent certification that includes passing score of 70% for a competency exam
- 2 Hours structured training for experienced agents on updates or changes for succeeding years

Competency Exam

- Taken every 3 years
- Passing score of 70% or higher



Training Certificates on Agent Portal

- You will receive an email notification when your training certificate is posted
- Log into the Agent Portal → Training → Training Certificates
- Certificates display year, agent name, class date, class type, and class name
- Filters allow you to sort by year, agent, or class
- Note:** Agents must still apply for license renewal with the state.

Year	Name	Class Name	Certificate
2019	Patrick Umberger	2018 SPRING MPCI UPDATE - 4	
2018	Patrick Umberger	2018 NURSERY TRAINING	
2018	Patrick Umberger	2018 SPRING ADJUSTER UPDATE - DAYS 1 & 3	
2018	Patrick Umberger	2018 SPRING ADJUSTER UPDATE	
2018	Patrick Umberger	2018 LIVESTOCK GROSS MARGIN	

Ethics Training Resources

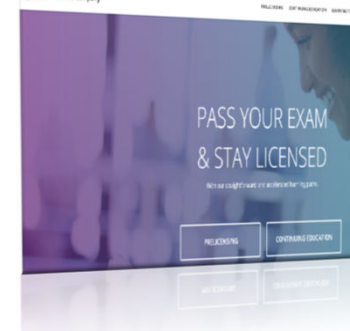
Ethics Training Online:
www.webce.com



Ethics Training Online:
www.bmfce.com



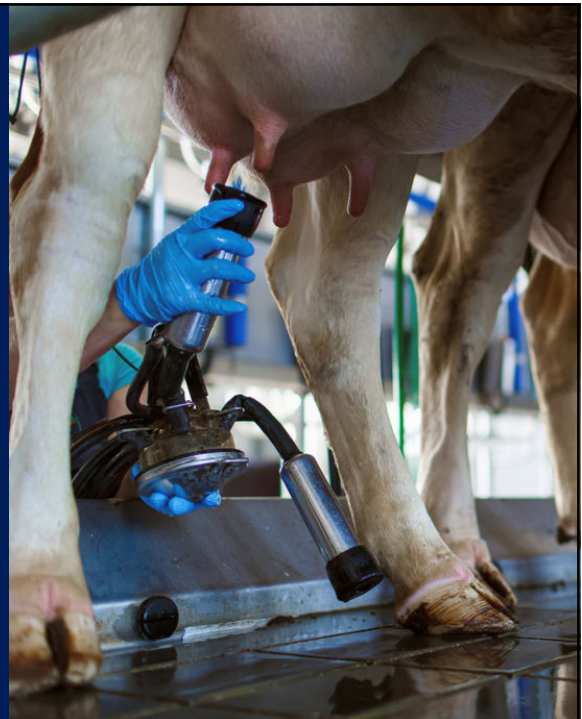
Ethics Training Online:
www.adbanker.com



Agent License Requirements

- State Insurance Licensing Requirements
 - Agents must secure and maintain a valid state insurance license
 - Agents must secure a non-resident license if they write business outside of their resident state
 - Agents must be properly state licensed to service federal insurance policies within the state the livestock is located *at the time insurance attaches*
- In addition, the company requires:
 - Proof of errors and omissions coverage
 - Conflict of Interest Form completed and on file annually

Introduction to Dairy Revenue Protection DRP



Disclaimer

Materials presented do not cover all changes and/or updates. For all official changes, refer to the current years:

- [DRP Policy \(27-DRP\)](#)
- [2027 DRP Insurance Standards Handbook](#)
- [2027 DRP Commodity Exchange Endorsement \(27-DRP-CEE\)](#)
- [Bulletins](#)

Always use current forms:

- [Applications](#)
- [Quarterly Coverage Endorsement](#)
- [Substantial Beneficial Interest \(SBI\) Form](#)

Livestock plan information on RMA's website for DRP

Policy & Procedure
Appendix III-M-13 Handbook Index
Bulletins and Memos +
Crop Loss Adjustment Standards
Crop Policies
Crop Underwriting Standards
Final Agency Determinations
General Handbooks
General Policies +
Reinsurance Agreements +

Livestock Insurance Plans

Buying a livestock insurance policy is one risk management option. Producers should always carefully consider how a policy will work in conjunction with their other risk management strategies to insure the best possible outcome.

[Livestock Archive](#) | [Livestock Sales Calendar](#)

Dairy Revenue Protection

Dairy Revenue provides protection against a decline in revenue (yield and/or price) on the milk produced from dairy cows on a quarterly basis.

- [2027 DRP Policy \(27-DRP\)](#)
- [2027 DRP Insurance Standards Handbook](#)
- [2027 DRP Commodity Exchange Endorsement \(27-DRP-CEE\)](#)
- [2021 DRP Frequently Asked Questions](#)
- [DRP Summary of Business National Statistics](#)
- [DRP Summary of Business State Statistics](#)
- [Fact Sheet](#)

DRP Basics

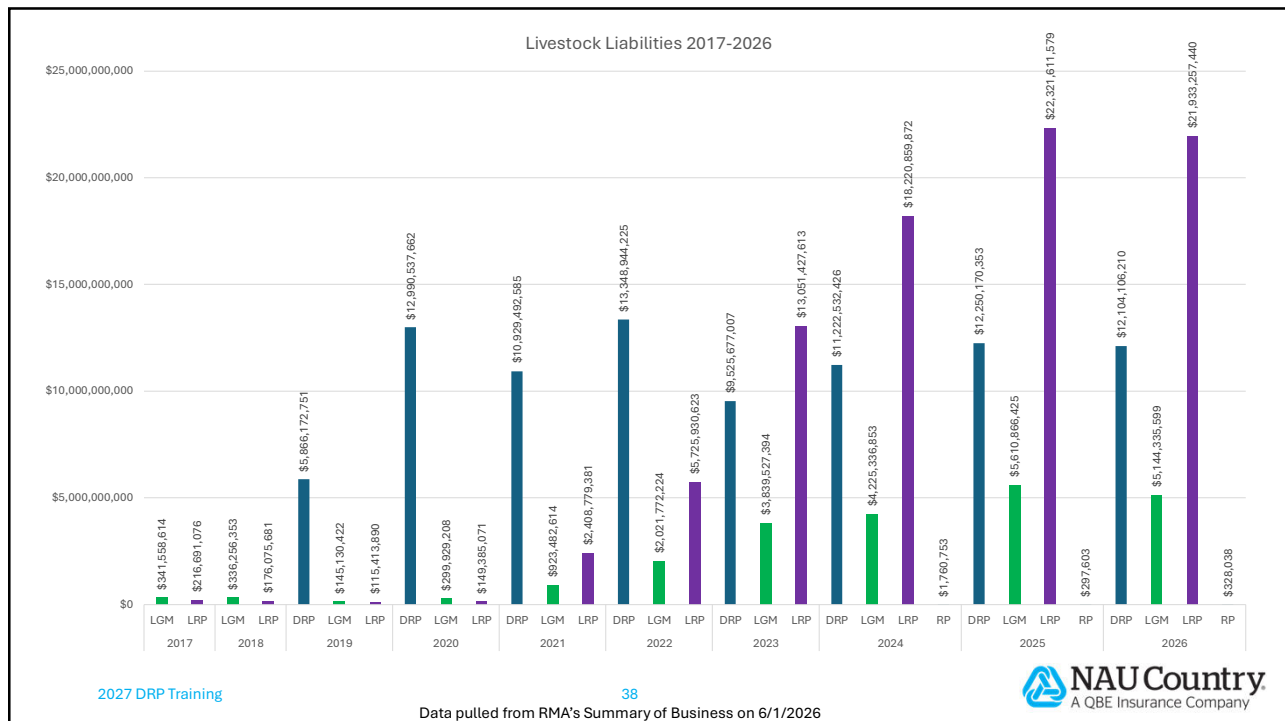
What is Dairy Revenue Protection?

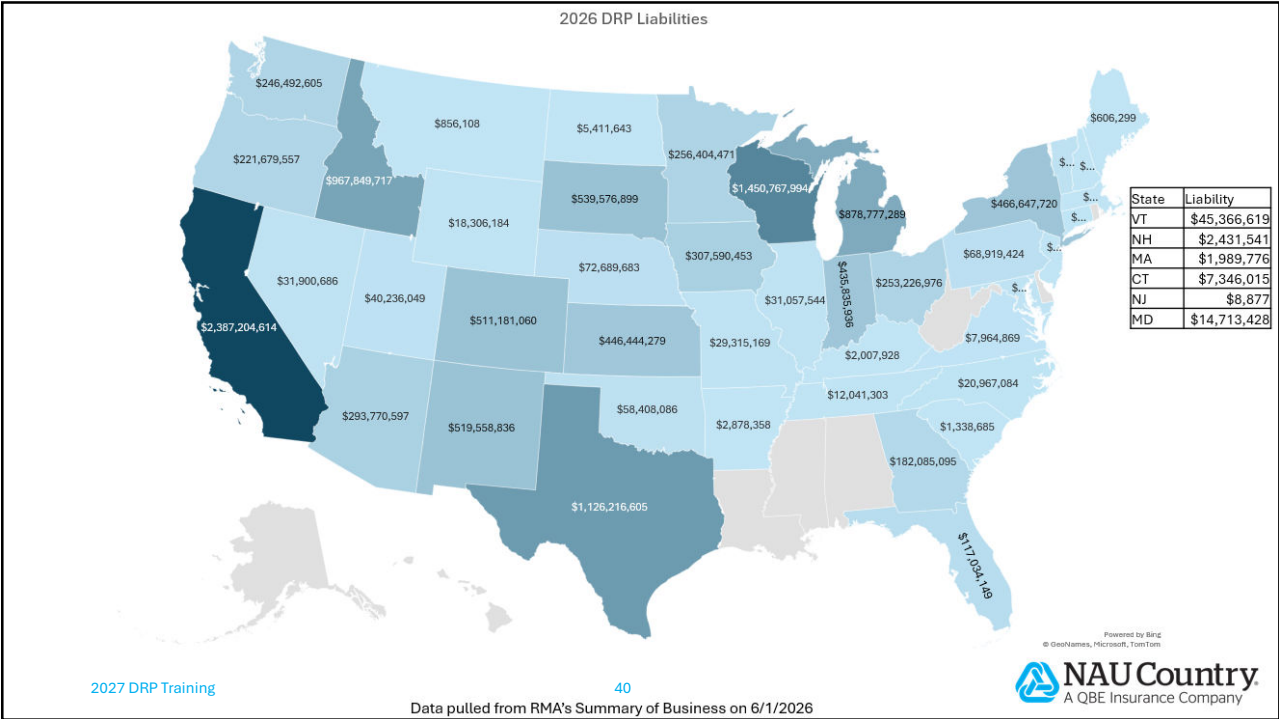
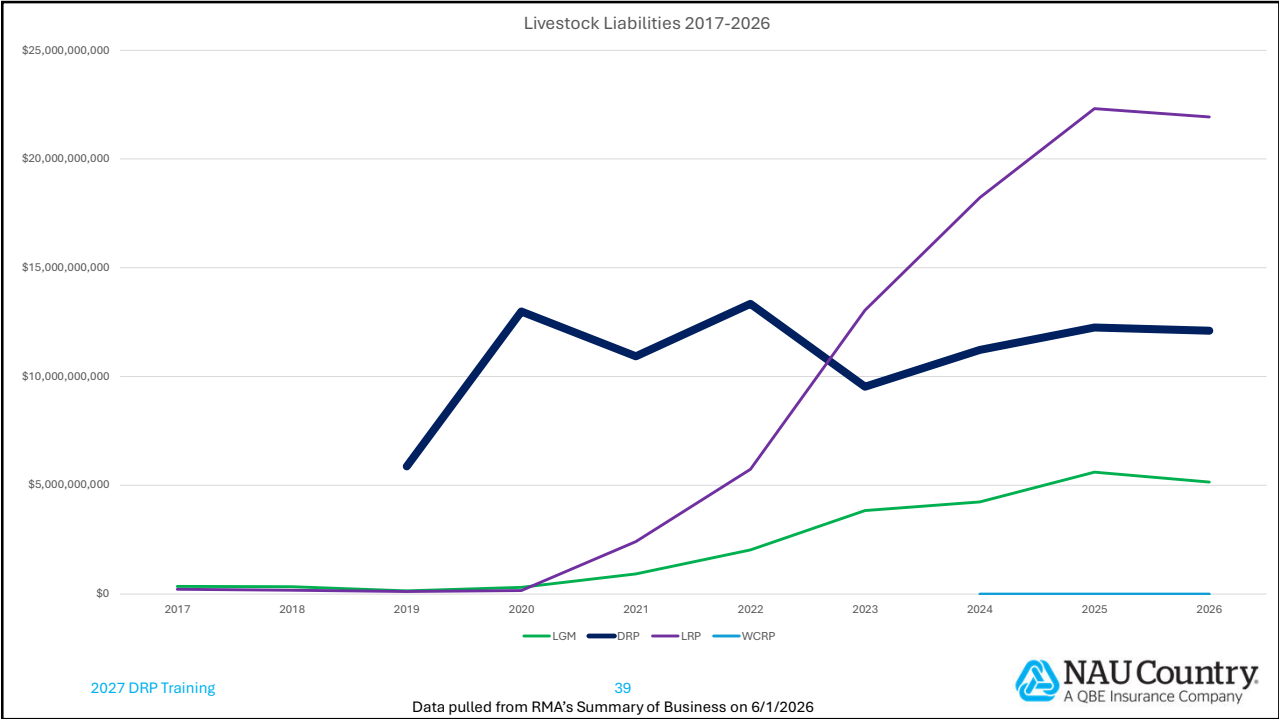
- Dairy Revenue Protection (Dairy-RP) provides protection against an unexpected decline in revenue (**price** and/or **yield**) on the milk produced from dairy cows. In sum, the policy covers the difference between your final revenue guarantee and actual milk revenue during each quarter of the year (the same general concept as crop revenue plans).
- **Price** - If Actual CME Class III & IV milk price and/or CME component prices are below Expected prices, a loss may occur (Dependent on the coverage level selected and amount of price decline)
- **Yield** - If Actual state milk production per cow is below Expected state milk production per cow, indemnities will be adjusted by the difference

DRP Common Question

- **Question:** Does this cover any other loss such as death of the dairy cattle?
- **Answer:** 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 whatsoever.

- **Question:** In Dairy Revenue Protection (DRP), what do the Class III and Class IV milk prices represent, and how do they relate to the types of dairy products produced?
- **Answer:** Within Dairy Revenue Protection, milk pricing is tied to different classes that reflect how the milk is ultimately used. Understanding these distinctions is important, because changes in demand for these end products directly influence the prices used to determine revenue coverage under a DRP policy. The two most relevant classes for DRP:
 - Class III milk is primarily used in cheese production
 - Class IV milk is used to produce butter and nonfat dry milk powder.





Added Definitions

- **Brokerage Record** - Any document, statement, confirmation, or electronic record maintained or obtained from a broker or other registered intermediary, that reflects transactions in commodity futures or options contracts, including but not limited to trade confirmations, account statements, position reports, and order records, for any account in which you or any person with a substantial beneficial interest in you holds a direct or beneficial interest.
- **Cancellation** - When the policy is no longer in effect as of the cancellation date.
- **FAA** – Federal Arbitration Act found at 9 U.S.C. § 1 et seq.

Added Definitions

- **Off-Exchange Contract** - Any bilateral agreement, whether written or oral, between you or any person with a substantial beneficial interest in you and a counterparty, that is not executed on or cleared through a regulated commodity exchange, under which one or more payments are contingent upon or derived from the price of insured or related commodities, the value of commodity futures or options, or the amount of any potential or realized indemnity under this policy. The term includes, but is not limited to, over-the-counter put or call options, forward contracts with embedded optionality, swap agreements, and any arrangement that replicates or approximates the payoff structure of an exchange-traded option.
- **Termination** - When the policy is no longer in effect as of the date specified in the policy.

Revised Definition

- Sales Period - The period of time that begins when a daily set of coverage prices and rates are posted on RMA's website and ends at 9:00 AM Central Time the following calendar day.

DRP Sales Period

DRP Pol Sec 1
DRP ISH
Para 23 B, Exh 2



Removed weekend sales

Friday sales close at **9 a.m. Central** Saturday morning



Removed holiday sales

All sales close at **9 a.m. Central** the next calendar day

Clarified Definitions

- Cancellation Date - The calendar date specified in the actuarial documents on which coverage will automatically renew unless canceled in writing by either you or us or terminated or voided in accordance with the policy terms.

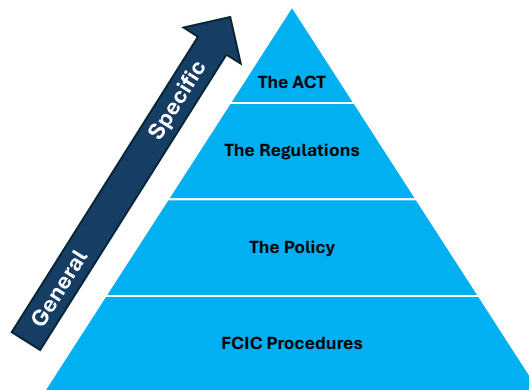
Base County Dates	
Cancellation Date	06/30/2027
Premium Billing Date	03/01/2027
Termination Date	09/30/2028
Contract Change Date	04/30/2027

Revised Definitions

- Beginning Farmer or Rancher - An individual who has not actively operated and managed a farm or ranch in any State, with an insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than 10 crop years. An individual's insurable interest in any crop year may be excluded at the request of the individual if the interest was held by the individual while:
 - (1) under the age of 18;
 - (2) in full-time military service of the United States; or
 - (3) in post-secondary education. A person other than an individual may be eligible for beginning farmer or rancher benefits if there is at least one individual substantial beneficial interest holder and all individual substantial beneficial interest holders qualify as a beginning farmer or rancher.

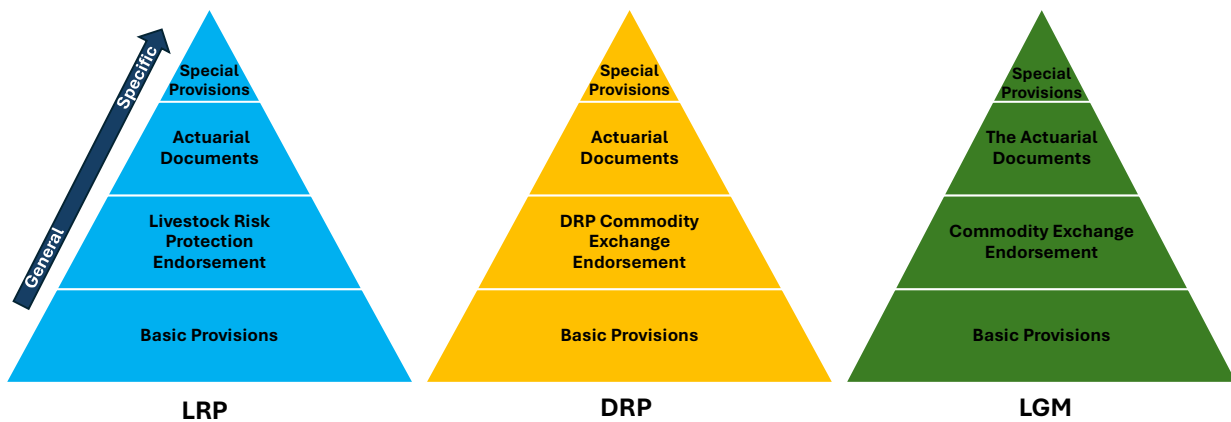
Policy Preambles

Clarifies order of precedence consistent with the Removal of Regulatory Overreach and Federal Crop Insurance Policy Provisions final rule (91 FR 16151) that is also found in MPCl policies



Order of Precedence

If a conflict exists within the policy, the order of precedence is:



When a New Application is Required

POLICIES:
DRP Sec 2(i)(4)

- **Removed:**

“...including but not limited to indebtedness, suspension, debarment, disqualification, cancellation by you or us, or violation of the controlled substance provisions of the Food Security Act of 1985...”

- **Revised to read:**

“If cancellation, voidance, or termination of insurance coverage occurs for any reason, a new application must be filed for any future coverage.

Insurance coverage will not be provided if you are ineligible under the contract or under any Federal statute or regulation.”

Transfer of Coverage Right to Indemnity TOC

POLICIES:
DRP Sec 12

HANDBOOKS:
DRP Exh 3

Insured must submit TOC by the later of:

- Within 30 days of the transfer of their share, **OR**
 - End of the quarterly insurance period (**DRP**)
 - Last day of the last month of the insurance period in which they have target marketings (**LGM**)

Missed the deadline for an endorsement?

- TOC denied, insured still owes premium

Transferee not eligible for livestock insurance?

- TOC is denied
- If approved and found ineligible, approval will be **rescinded**
- Original insured still responsible for premium

Contract Changes

POLICIES:
DRP Sec 20

- Minor reorganization
- Varies by policy, but changes are allowable after the contract change date for:
 - Policy Revisions
 - Amounts of Insurance
 - Premium Rates
 - Program Dates
- Can be viewed on RMA's website not later than Contract Change Date
 - When specified in the policy; and
 - To correct clear errors

Cancelling Dormant Policies

POLICIES:
DRP Sec 2(k)

HANDBOOKS:
DRP Para 21 D(4) *

2026: “We **may** cancel your policy if no premium is earned for three consecutive years.”

2027: “Your policy **will be** canceled if no premium is earned for three consecutive years.”

- Cancellation mandatory, not discretionary
- Earliest impact is June 2027 for policies with no premium earned in 2025, 2026, and 2027 RY – meaning they will cancel on roll to 2028 RY

** DRP ISH includes language that requires policyholder notification; this was early draft language retained in error*

Concurrent Coverage Overview

POLICIES
DRP Sec 17

HANDBOOKS:
DRP Para 28 D

Eliminates blanket prohibition on overlapping coverage

DRP and LGM Dairy for same calendar quarter

Safeguards:

- Prohibition mechanisms compare total marketings to total coverage purchased
- Indemnities prorated based on cumulative records
- Same AIP requirement allows cross plan verifications

DRP Prorating with LGM Dairy

POLICIES:
DRP Sec 17
LGM Dairy Sec 1, 17

HANDBOOKS:
DRP Para 28 D
LGM Dairy Para 21 B and F, Exh 2

LGM Dairy coverage counted when determining the DRP Total Producer Declared Production (*declared covered milk production*)

Section 2: Covered Milk Production	
Covered Milk Production =	Covered Milk Production
Round(Min (Total Producer Declared Production , Total Milk Marketings/ 0.85) * Declared Covered Milk Production / Total Producer Declared Production,0)	Total Producer Declared Production
	Total Milk Marketings
	Declared Covered Milk Production

LGM Dairy Prorating with DRP

LGM Dairy ISH
Para 21 F(2)

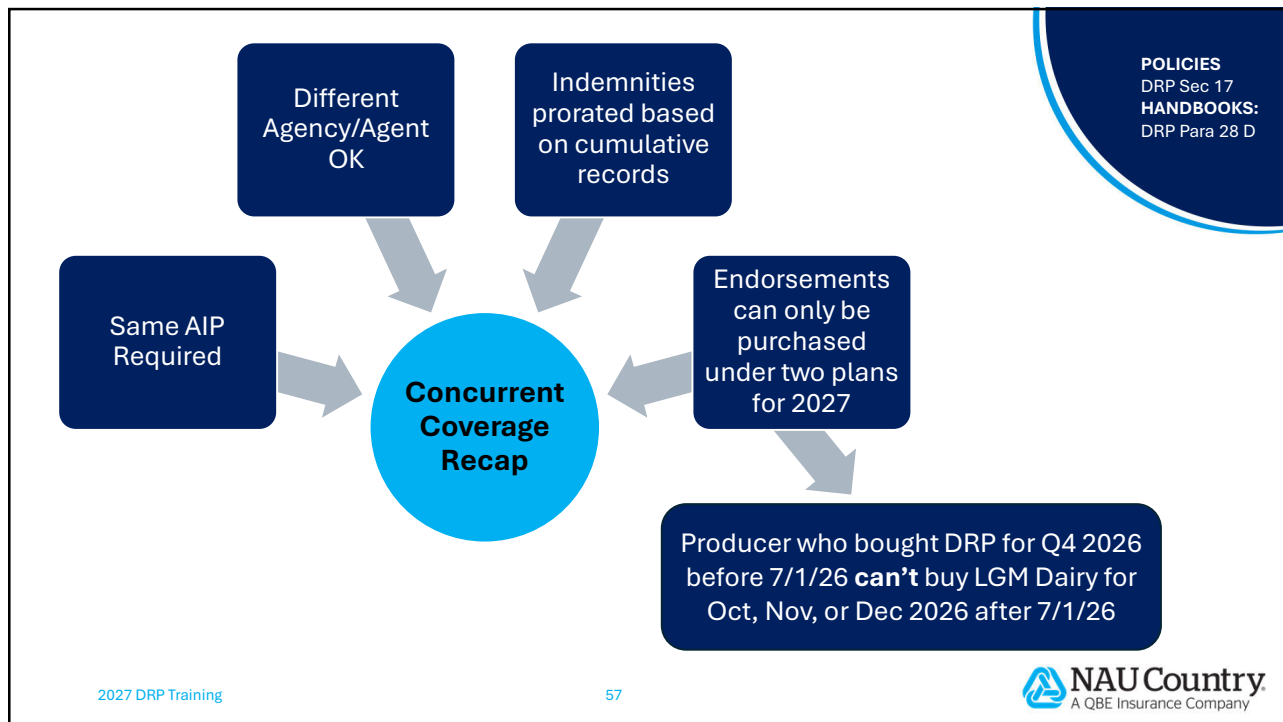
One-third of DRP milk production counted towards the LGM Dairy Cumulative Target Marketings

Section 5: Market Factor and Calculation		
Total Target Market Amount	=	$\sum_{X=2}^{11} (\text{Month X Target Market Amount})$
		Total Target Market Amount
		Month X Target Market Amount
For X where X is months 2 through 11: Month X Market Factor	=	$\text{Round}(\frac{\text{Round}(\text{MIN}(\text{Month X Cumulative Target Market Amount}, \text{Month X Actual Market Amount} / 0.85)), 3)}{\text{Month X Cumulative Target Market Amount}}, 3)$
		Month X Market Factor
		Month X Actual Market Amount
		Month X Cumulative Target Market Amount
Market Factor	=	$\text{ROUND}(\frac{\text{SUM}(\text{ROUND}(\text{Month X Market Factor} * \text{Month X Target Market Amount}, 3))}{\text{Total Target Market Amount}}, 3)$
		Market Factor
		Month X Market Factor
		Total Target Market Amount
Section 6: Indemnity Calculation		
Indemnity Amount	=	$\text{MAX}((\text{Gross Margin Guarantee Amount} - \text{Total Actual Gross Margin Amount}) * \text{Market Factor}, 0)$
		Indemnity Amount
		Gross Margin Guarantee Amount

DRP Prorated Indemnities

DRP Pol Sec 7
DRP ISH Para 28 D

- Updated for concurrent DRP and LGM Dairy
- Records **across plans are** used to determine if milk marketings $\geq 85\%$ of **the sum of:**
 - Declared covered milk production over **all** QCEs for a quarterly insurance period (QIP) **and**
 - Any milk production insured under LGM Dairy for the 3 months that fall within that QIP
- Examples expanded to reflect the new sum of milk production across plans



Mediation, Arbitration, Appeal, Reconsideration, Administration and Judicial Review

- Entire section replaced due to removal of Regulatory Overreach and Federal Crop Insurance Policy Provisions Final Rule (91 FR 16151)
- For 2027, refer to policies for mediation, et al, and not to GSH
- Handbooks will point to policy instead of GSH due to new GSH not being released until 6/30.
- 2028 Handbooks will point to GSH

POLICIES:
DRP Sec 19
HANDBOOKS:
DRP Para 51 B(4)

2027 DRP Training 58 NAU Country
A QBE Insurance Company

DRP Product Overview

- No Limits to amounts of milk insured
- Available in all 50 States
- 2 Options
 - Class
 - Component
- Continuous and will remain in effect until cancelled
- Coverage Level
 - 80-95% Percent Coverage
 - 5% Increments
- Subsidy

Subsidy Factors Selection Criteria				
Year: 2027	Commodity: Milk (0830)		State: Iowa (19)	
Data: Released	Plan: Dairy Revenue Protection (83)		County: All Counties (998)	
Subsidy Factors				
Coverage Level	0.80	0.85	0.90	0.95
Subsidy Factor	0.550	0.490	0.440	0.440

DRP Key Aspects

- Market Driven
 - DRP milk values are Market Based, not determined by the producer's milk check
 - Milk checks are required to verify production quantity, but not to verify the price received for sale of the milk
- Quarterly Coverage
 - Sold up to 5 quarters (the last sales period only permits 4 quarters)
 - Quarters are shown as a Practice within the actuarials
- The farmer chooses how much milk production to cover during the quarter
 - Farmer can choose from 1-5 (or 4)
 - Indexed using state- level milk production
- Note: One AIP per crop year, an insured COULD have coverage with 2 AIPs for a short window in the event of an AIP switch on July 1

Daily Sales

- Daily price file will be published between 2:15 p.m. – 4:30 p.m.
- If a daily file is not posted by 4:30 p.m. there will be no sales that day



Crop Year Calendar

April

May

June

July

August

September

October

November

December

January

February

March

- Contract Change Date **April 30**
- Cancellation date is **June 30**;
 - Producers may cancel the policy after the initial crop year by providing written notice to the AIP on or before **June 30**
 - Cancellation during a crop year to submit an application for another DRP policy with another AIP within the same crop year is not allowed
 - Unless otherwise provided in the DRP basic provisions, AIPs are only allowed to cancel a DRP policy with express written consent from FCIC
- Crop Year Calendar
 - 12 months (Begins **July 1**- Ends **June 30**)
 - Farmer may cancel application by June 30 or AIP may terminate in accordance with the policy terms

Declared Covered Milk Production

- The pounds of milk production chosen by the insured to establish the basis of coverage for the quarterly insurance period for each Quarterly Coverage Endorsement (QCE)
- The insured may choose different amounts of declared covered milk production for each type (Class / Component) and practice indicated on the quarterly coverage endorsement
 - There can be multiple quarterly coverage endorsements for the same quarterly insurance period, but they cannot cover the same milk
- No proof of ability to produce this quantity is required up front, but will be required before an indemnity is paid
 - Must produce 85% of declared production
- DRP covers both Grade A and Grade B milk

Cancellation/Termination Date

- **Cancellation Date** - The calendar date specified in the actuarial documents on which coverage will automatically renew unless canceled in writing by either you or us or terminated or voided in accordance with the policy terms.
- **Termination Date** - The calendar date contained in the actuarial documents upon which your insurance ceases to be in effect because of nonpayment of any amount due us under the policy, including premium.
- A 2027 policy with a cancellation date of June 30, 2027, would have a termination date of January 31, 2029



Decision #1 Class or Component Coverage?

CLASS 831

- Blend of the value of CME III and CME IV Milk Price
 - CME = Chicago Mercantile Exchange
 - Producer decides the blend for example the insured could have 30% Class III and 70% Class IV


CLASS I	CLASS II	CLASS III	CLASS IV
Milk used for beverage purposes	Milk used for "soft" mfg. products and aseptic fluid production	Milk used for "hard" cheeses	Milk used for butter and dry milk products
e.g., whole and reduced fat milk, skim milk, flavored milk, eggnog, fluid buttermilk	e.g., cream, ice cream, cottage cheese, yogurt, sour cream, dips, cream cheese products, aerosol and whipping cream	e.g., hard American cheeses, hard Italian cheeses	e.g., butter and butter-based spread, whole milk powder, nonfat dry milk
Poured	Spooned	Cut with a knife	Spread with a knife mixed with water or fluid

Component 832

- Comprised of:
 - Butterfat (Milk fat)
 - Protein
 - Nonfat Solids
 - Other Solids Test

Values for the components are posted in the Actuarial Tables within the AIB

An example of the values are shown here

 **United States Department of Agriculture**

Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service Dairy Program Market Information Branch

[Email us with accessibility issues regarding this report.](#)

[CLS-0325](#) April 2, 2025

March 2025 Highlights

Class II Price was \$20.12 per hundredweight for the month of March 2025. The price per hundredweight decreased \$0.96 from the previous month. **Class III Price** was \$18.62 per hundredweight for the month of March 2025. The price per hundredweight decreased \$1.56 from the previous month. **Class IV Price** was \$18.21 per hundredweight for the month of March 2025. The price per hundredweight decreased \$1.69 from the previous month.

Announcement of Class and Component Prices for March 2025	
Class II Price:	\$20.12 (per hundredweight)
Class II Butterfat Price:	\$2.6312 (per pound)
Class II Skim Milk Price ¹ :	\$11.31 (per hundredweight)
Class III Price:	\$18.62 (per hundredweight)
Class III Skim Milk Price:	\$9.78 (per hundredweight)
Class IV Price:	\$18.21 (per hundredweight)
Class IV Skim Milk Price:	\$9.35 (per hundredweight)
Butterfat Price:	\$2.6242 (per pound)
Nonfat Solids Price:	\$1.0393 (per pound)
Protein Price:	\$2.4606 (per pound)
Other Solids Price:	\$0.3647 (per pound)
Somatic Cell Adjustment Rate:	0.00091 (per 1,000 somatic cell count)
Product Price Averages:	
Butter	\$2.3385 (per pound)
Nonfat Dry Milk	\$1.2176 (per pound)
Cheese	\$1.8215 (per pound)
40-Pound Blocks	\$1.8420 (per pound)
500-Pound Barrels ²	\$1.7732 (per pound)

Component 832

Insured chooses

- Butterfat test pounds
 - Pounds of milkfat contained in 100 lbs. of milk
 - No less than 4.0 lbs., no more than 6.0 lbs., in 0.05 lbs. increments
- Protein test pound
 - Pounds of milk protein contained in 100 lbs. of milk
 - No less than 3.2 lbs., no more than 4.5 lbs., in 0.05 lbs. increments
- Nonfat solids test pounds
 - Determined by adding the declared protein test to the 5.8 pounds other solids test

Policy has fixed amounts in:

- Other solids test
 - Pounds of other solids contained in 100 pounds of milk
 - Fixed at 5.8 lbs. per 100 lbs. of milk

Decision #2 Amount of Milk/Which Quarters

- At any day during in each of the 5 ranges shown, coverage is allowed to be placed in any or all of the corresponding green boxes (quarters) in the same row.
- It is allowable to select CLASS and/or COMPONENT in each of the green boxes (quarters)
- You must be able to support your insured amounts through milk marketings

Calendar Year	2025	2026	2026	2026	2026	2027	2027	2027
Sales Dates	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Jul 1 - Sep 15	801	802	803	804	805	806	807	808
Sep 16 - Dec 15	801	802	803	804	805	806	807	808
Dec 16 - Mar 15	801	802	803	804	805	806	807	808
Mar 16 - Jun 15	801	802	803	804	805	806	807	808
Jun 16 - Jun 30	801	802	803	804	805	806	807	808

Dates				
Selection Criteria				
Year: 2027	Commodity: Milk (0830)		State: Illinois (17)	
Data: Released	Plan: Dairy Revenue Protection (83)		County: All Counties (998)	

Types / Practices	T/P 01	T/P 02	T/P 03	T/P 04
Type	Class Price Option 831	Class Price Option 831	Class Price Option 831	Class Price Option 831
Practice	Oct - Dec/Yr1 - Qtr4 801	Jan - Mar/Yr2 - Qtr1 802	Apr - Jun/Yr2 - Qtr2 803	Jul - Sep/Yr2 - Qtr3 804
Commodity Type	Class Price Option 831	Class Price Option 831	Class Price Option 831	Class Price Option 831
Class	No Class Specified 997	No Class Specified 997	No Class Specified 997	No Class Specified 997
Sub Class	No Subclass Specified 997	No Subclass Specified 997	No Subclass Specified 997	No Subclass Specified 997
Intended Use	No Intended Use Specified 997	No Intended Use Specified 997	No Intended Use Specified 997	No Intended Use Specified 997
Irrigation Practice	No Irrigation Practice Specified 997	No Irrigation Practice Specified 997	No Irrigation Practice Specified 997	No Irrigation Practice Specified 997
Cropping Practice	No Cropping Practice Specified 997	No Cropping Practice Specified 997	No Cropping Practice Specified 997	No Cropping Practice Specified 997
Organic Practice	No Organic Practice Specified 997	No Organic Practice Specified 997	No Organic Practice Specified 997	No Organic Practice Specified 997
Interval	Oct - Dec/Yr1 - Qtr4 101	Jan - Mar/Yr2 - Qtr1 102	Apr - Jun/Yr2 - Qtr2 103	Jul - Sep/Yr2 - Qtr3 104
Base County Dates				
Cancellation Date	06/30/2027	06/30/2027	06/30/2027	06/30/2027
Premium Billing Date	03/01/2027	06/01/2027	09/01/2027	12/01/2027
End Of Insurance Date	12/31/2026	03/31/2027	06/30/2027	09/30/2027
Termination Date	01/31/2029	01/31/2029	01/31/2029	01/31/2029
Contract Change Date	04/30/2027	04/30/2027	04/30/2027	04/30/2027
Sales Period Begin Date	07/01/2026	07/01/2026	07/01/2026	07/01/2026
Sales Period End Date	09/15/2026	12/15/2026	03/15/2027	06/15/2027

Actuarial Information Browser (AIB)



Decision #2 Amount of Milk to Cover



- Which Quarters?
- Choose coverage level for each type and practice indicated on the quarterly endorsement (multiple type/practice is allowable)
- Quarter 1 Example:
 - Enter declared covered milk production in either Pounds or Hundred weight:

PRICING OPTION	POUNDS	HUNDRED WEIGHT
CLASS	2,000,000	20,000 CWT
COMPONENT	1,000,000	10,000 CWT



Decision #3 Level of Coverage

- 70-95% coverage available in 5% increments if published on the AIB
- May choose a different coverage level for each *type* and *practice* indicated on the quarterly endorsement

CLASS	Declared Covered Milk Production (in pounds)	2,000,000 or 20,000 cwt.
	Expected Class Pricing Milk Revenue	\$335,000 (\$16.75/cwt x 20,000cwt)
	Coverage Level	95% 
	Expected Revenue Guarantee	#318,250 (\$335,000 x 95%)
COMPONENT	Declared Covered Milk Production (in pounds)	1,000,000 or 10,000 cwt.
	Expected Component Pricing Milk Revenue	\$172,350 (\$17.235 x 10,000cwt)
	Coverage Level	95% 
	Expected Revenue Guarantee	\$168,733 (\$172,350 x 95%)

Decision #4 Protection Factor

- Allows producer to customize a policy to account for variability between their farm and the state milk production
 - For example, open lot dairy when most of state is confinement
- 1.0 to 1.5 in 0.05 increments
- Impacts both premium and indemnity proportionately
- May choose a different factor for each type and practice indicated on the Quarterly Coverage Endorsement.

Timing

After an application is approved, farmers may buy each day after prices are made available

Sales Period

- **Sales Period Begin Date** – A date contained in the actuarial documents citing the **first** date coverage for a specific quarterly insurance period becomes available to be offered for the crop year
- **Sales End Date** – A date contained in the actuarial documents citing the **last** date coverage for a specified quarterly insurance period will be available to be offered for the crop year
 - Normally 15 days prior to the **START** of the next quarter (Jan-March end is on 12/15)

Day of Sales

- Sales open when coverage prices and rates are validated and published
- Approximately 2:00 PM CST and ends at 9:00 AM CST the following **calendar** day
 - Prices/rates published on Friday afternoon end at 9:00 AM CST on **Sunday**
- If expected milk and dairy commodity prices are not available on the RMA website by 4:30 PM, the Dairy Revenue Protection will not be offered for sale for the insurance period

Change for 2027

Receiving QCE Forms

- The AIP will accept a signed QCE if received by the AIP's information technology system after the end of the sales period, provided the following are met
 - The QCE was signed by the agent and the insured during the sales period, and proof of the time of signature is provided- This means the signature certification page if done electronically
 - The information from the QCE was keyed into the AIP's information technology system, and the AIP received the QCE's data by the end of the sales period
 - The AIP receives a copy of the completed, signed QCE no later than 10:30 a.m. (CST) immediately following the end of the sales period (Proof of time of signature must be digitally time-stamped)

Receiving QCE Forms

The AIP may accept the QCE if:

- The QCE is received by the AIP's information technology system after 10:30 a.m. (CST) immediately following the end of the sales period, provided all criteria in the previous slide has been met
- The AIP receives a copy of the completed, signed QCE no later than 12:00 noon (CST) immediately following the end of the sales period
- A valid reason for the delay will be required
 - Example of valid reason: The NAU Country system experienced an interruption of service, and you are unable to upload the form

If the QCE form is not received by the end of the sales closing period, it must be received no later than 10:30 a.m. (CST) and have digitally stamped proof of time of signature by both the agent and insured. No exceptions are allowed beyond 12:00 noon (CST), and coverage will be removed

Quarterly Insurance Period

- The three-month period, corresponding to five of the eight quarters for which coverage is available under the Quarterly Coverage Endorsement
- Quarters can overlap into the next crop year
- Coverage begins the 1st day of the Quarter and ends the last day of the Quarter
 - 802 begins January 1 and ends March 31

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Dec 16 - Mar 15	801	802	803	804	805	806	807	808
Mar 16 - Jun 15	801	802	803	804	805	806	807	808
Jun 16 - Jun 30	801	802	803	804	805	806	807	808

CME Milk Futures Quote Example

CLASS III MILK FUTURES - QUOTES

VENUE: GLOBEX

AUTO-REFRESH IS OFF Last Updated 12 May 2026 12:37:54 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
JUN 2026 DCM6	opt		17.27	+0.09 (+0.52%)	17.18	17.22	17.31	17.11	450	12:27:10 CT 12 May 2026

CLASS IV MILK FUTURES - QUOTES

VENUE: GLOBEX

AUTO-REFRESH IS OFF Last Updated 12 May 2026 12:39:07 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
JUN 2026 GDKM6	opt		22.07	-0.09 (-0.41%)	22.16	22.07	22.07	22.07	5	12:00:06 CT 12 May 2026

Pricing

- Class and or Component prices are averaged for 3 months of the quarter for an example



Yield Adjustment Factor

- Applies to both Class and Component pricing options
- Developed from NASS numbers to adjust indemnity up or down based on state milk production
- Yield adjustment factor – The factor determined by dividing actual milk production per cow by expected milk production per cow
- The Actual / Expected Milk Production per cow for each base state is calculated as the ratio of quarterly milk production to quarterly milk cows as published in the NASS *Milk Production Report* for the Insurance Period. The Actual Milk Production per Cow will generally be available three to four weeks after the end of the Insurance Period.

Yield Adjustment Factor

State or Pooled
Production Region's
Actual Milk
Production per Cow

5,100 pounds



State or Pooled
Production Region's
Expected Milk
Production per Cow

5,000 pounds

1.02

Yield Adjustment Factors
below 1.00 will **INCREASE**
Indemnities

Yield Adjustment Factors
above 1.00 will **Decrease**
Indemnities

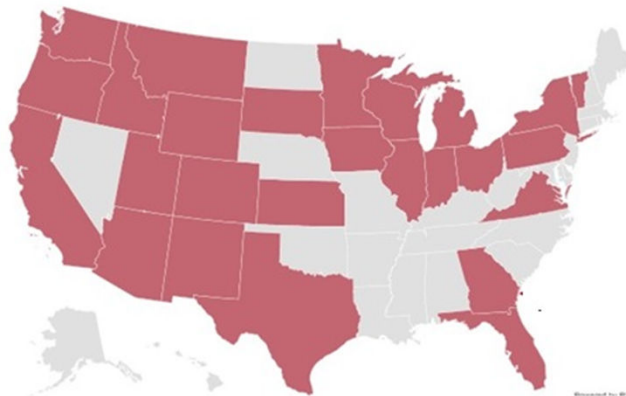
Yield Adjustment Factor will move the Actual Milk Revenue up or down based on Actual Milk Yields in the State or Pooled Production Region relative to the Expected Milk Yields

Pooled Regions

- Top 24 states in milk production use their own state level production/ yield numbers for the index
- For smaller states, yield/production numbers are pooled with other nearby states
- If NASS does not publish the information needed to determine state milk per cow or other required data for your pooled production region, actual milk production per cow will be set equal to expected milk production per cow

National Agriculture Statistics Service (NASS)

- These are the top 26 states used in State level NASS milk production data. Remaining states used pooled data from a group of states, shown in the CEE.



Pooled Production Regions 1 & 2

State	Region Group/State	Pooled Region	Pooled Region Number
Kentucky	Group	Appalachian	1
North Carolina	Group	Appalachian	1
Tennessee	Group	Appalachian	1
Virginia	State	Appalachian	1
West Virginia	Group	Appalachian	1
Illinois	State	Corn Belt	2
Indiana	State	Corn Belt	2
Iowa	State	Corn Belt	2
Missouri	Group	Corn Belt	2
Ohio	State	Corn Belt	2

Pooled Production Region 3 & 4

State	Region Group/State	Pooled Region	Pooled Region Number
Alabama	Group	Southeast	3
Arkansas	Group	Southeast	3
Florida	State	Southeast	3
Georgia	State	Southeast	3
Louisiana	Group	Southeast	3
Mississippi	Group	Southeast	3
South Carolina	Group	Southeast	3
Michigan	State	Lake States	4
Minnesota	State	Lake States	4
Wisconsin	State	Lake States	4

Pooled Production Regions 5

State	Region Group/State	Pooled Region	Pooled Region Number
Arizona	State	Mountain	5
Colorado	State	Mountain	5
Idaho	State	Mountain	5
Montana	Group	Mountain	5
Nevada	Group	Mountain	5
New Mexico	State	Mountain	5
Utah	State	Mountain	5
Wyoming	Group	Mountain	5

Pooled Production Regions 6

State	Region Group/State	Pooled Region	Pooled Region Number
Connecticut	Group	Northeast	6
Delaware	Group	Northeast	6
Maine	Group	Northeast	6
Maryland	Group	Northeast	6
Massachusetts	Group	Northeast	6
New Hampshire	Group	Northeast	6
New Jersey	Group	Northeast	6
New York	State	Northeast	6
Pennsylvania	State	Northeast	6
Rhode Island	Group	Northeast	6
Vermont	State	Northeast	6

Pooled Production Regions 7- 9

State	Region Group/State	Pooled Region	Pooled Region Number
Kansas	State	Northern Plains	7
Nebraska	Group	Northern Plains	7
North Dakota	State	Northern Plains	7
South Dakota	State	Northern Plains	7
Alaska	Group	Pacific	8
California	State	Pacific	8
Hawaii	Group	Pacific	8
Oregon	State	Pacific	8
Washington	State	Pacific	8
Oklahoma	Group	Southern Plains	9
Texas	State	Southern Plains	9

Class Pricing Option



Class Pricing Option

- The insured chooses a weighted average mix of Class III or Class IV Milk Futures
 - Insured declares their Class III price weighting factor from 0% -100% in 5% increments
 - The insured can choose All of one Class or any combination split between the two
 - The default class IV weighting factor is 1.00 minus the declared class III weighting factor
- The expected Class III and Class IV milk prices will be published in the actuarial documents on each day that sales are offered
- Class Price weighting factor is not subject to verification against marketing records at loss time, only the total pounds marketed

Expected Class III Milk Price/cwt - \$17.25	Declared Class III Weighting Factor - 50%	\$8.625
Expected Class IV Milk Price/cwt - \$16.25	Declared Class IV Weighting Factor - 50%	\$8.125
Expected Class Price/cwt(blended)		\$16.75

Class Pricing Option Alternative

- When a Class III or Class IV milk price is not published, producers are allowed to purchase the Class Price Option by defaulting to the milk price of the published class
- Accomplished by adding the definition of *Class price weighting factor restricted value* to the DRP policy
- If the Class III price is not published but the Class IV price is published, the declared class price weighting factor must equal 0%, meaning the policy will default to the Class IV milk price (i.e. it will be *restricted* to the available class)
- If the Class IV price is not published but the Class III price is published, the declared class price weighting factor must equal 100%, meaning the policy will default to the Class III milk price (i.e. it will be *restricted* to the available class)

Expected Class Pricing Premium Calculation

Example Inputs

Covered Milk	2,000,000lbs (20,000 cwt)
Expected Class Price	\$16.75
Coverage Level	95%
Protection Factor	1.25
Share	1.00

Premium Calculation

Expected Class Revenue	20,000cwt x \$16.75 = \$335,000
Revenue Guarantee	\$335,000 x 95% = \$318,250
Liability	\$318,250 x 1.00 x 1.25 = \$397,813
Total Premium	\$397,813 x 0.0178(rate) = \$7,081
Premium Subsidy	\$7,081 x 44% = \$3,116
Producer Premium	\$7,081 - \$3,116 = \$3,965

Ex. Class Pricing Final Revenue Guarantee

Actual Milk Marketings from insured (Pounds)	1,900,000
Covered Milk entered in lbs	2,000,000
Final Class Pricing Milk Revenue	\$335,000
Coverage Level	95%
Final Revenue Guarantee	\$318,250
Protection Factor	1.25
Actual Share	1.000
Expected Milk Production per Cow	6,042 (Assigned from actual milk filling - NASS data)

$$((\$17.25 \times 50\%) \times (16.25 \times 50\%)) \times 2,000,000 / 1.000$$

Milk marketings are within 85% of Declared Milk Marketings, so **no** adjustment needed

Example - Class Yield Adjustment Factor

Actual Milk Production Per Cow Divided **by** the Expected Milk Production per Cow, all from the AIB

Actual Milk Production Per Cow	6,000
Expected Milk Production per Cow	6,042

$$6,000 / 6,042 = .99 \text{ Yield Adjustment Factor}$$

Yield Adjustment
Factor below 1.00

Indemnities



Yield Adjustment
Factor above 1.00

Indemnities



Actual Class Pricing Milk Revenue

Previous Inputs	Values
Class III Price	\$14.00/cwt
Class IV Price	\$13.00/cwt
Weighted Actual Price(blended)	\$13.50/cwt
Covered Milk	2,000,000lbs
Yield Adjustment Factor(YAF)	0.99

Actual Class Pricing Milk Revenue = Weighted Actual Price × Covered Milk × YAF ÷ 100

$$\$13.50 \times 2,000,000\text{lbs} \times 0.99 \div 100 = 267,300$$

\$267,300 Actual Class Pricing Milk Revenue

Class Pricing Option Final Indemnity

Inputs for the Indemnity Calculation

Final Revenue Guarantee	\$318,250
Actual Milk Revenue	\$267,300
Actual Share	1.00
Protection Factor	1.25

(Final Revenue Guarantee – Actual Milk Revenue) × Actual Share × Protection Factor

Calculation: $(\$318,250 - \$267,300) \times 1.000 \times 1.25 = \$63,688$ Total Indemnity

Component Pricing Option



Component Pricing Option

Overview

Uses Component values to determine milk revenue based on:

- Butterfat
- Protein
- Other Solids
- Nonfat Solids

Expected prices come from the AIB for the selected quarter(s)

Producer Elections

Producer must declare:

- Butter test pounds
- Protein Test pounds
- Component price weighting factor

These elections determine expected revenue and coverage

Test Pound Requirements

Butterfat test:

- Minimum: 4.00 lbs
- Maximum: 6.00 lbs
- Increments: .05 lbs

Protein test:

- Minimum: 3.20 lbs
- Maximum: 4.5 lbs
- Increments: .05 lbs

Component Price Weighting Factor

- Selected by the producer as a percentage
- Determines how milk revenue is calculated:
 - % applied to protein + other solids
 - Remaining % applied to nonfat solids
- Used to calculate both expected & actual revenue

Special Pricing Situations

If protein solids are not published:

Only butterfat + nonfat solids available



Weighting factor must = 0.00

If nonfat solids are not published:

Only butterfat + protein + other solids available



Weighting factor must = 1.00

Other Solids & Nonfat Solids

- Other solids are fixed at:
 - 5.8 lbs per 100lbs of milk
- Nonfat solids =
 - Protein + Other solids
- Example
 - Protein 4.00
 - Other solids: 5.8
 - Nonfat solids = 9.8

Coverage

Establishing Coverage Value

- Expected value per cwt come from the AIB
- Coverage reflects the producer's
 - Declared tests
 - Selected weighting factor
- Designed to match actual milk component

Multiple Coverage Elections

- Producers may purchase:
 - Multiple QCEs for the same quarter
- Each QCE can have:
 - Different elections (tests & weighting factors)
- Applies even across different crop years

Component Values Examples

- Protein Method
 - Butterfat: $\$2.65 \times 4.8 = \12.72
 - Protein: $\$2.75 \times 4.00 = \11.00
 - Other Solids: $\$0.25 \times 5.80 = \1.45
 - Total Value = $\$25.17/\text{cwt}$
- Weighted Component Price: $\$25.17 \times 0.50 = \12.585

- Nonfat Method
 - Nonfat Solids: $\$1.15 \times 9.8 = \11.27
 - Butterfat: $\$2.65 \times 4.80 = \12.72
 - Total Value = $\$23.99/\text{cwt}$
- Weighted Component Price: $\$23.99 \times 0.50 = \11.995

Total Component Price = \$24.58/cwt

Expected Value / Pound		Declared Test Pounds	Calculated Value/ cwt
Butterfat	\$2.50	4.80	\$12.0000
Protein	\$1.70	4.00	\$ 6.8000
Other Solids	\$0.31	5.8	\$ 1.7670
Total Value Butterfat, Protein, Other Solids			\$20.5670
Declared Component Price Weighting Factor			.50
Value Butterfat, Protein and Other solids of Total Price			\$10.2835
Nonfat Solids	0.80	9.70	\$7.7600
Butterfat Value			\$12.0000
Total Value Butterfat and Nonfat Solids			\$19.7600
1 minus Component Price Weighting Factor			.50
Value Butterfat and Nonfat Solids of Total Price			\$9.8800
\$10.2835 + \$9.8800 = Total Component Price/ cwt			\$20.1635

2027 DRP Training

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Component Options- Allowable Pounds per 100

- The cells highlighted in yellow are the decisions necessary to determine the price used to calculate coverage
- Insureds choose their weighting choice between the top half and bottom half of the chart
- If the insured does not wish to utilize the nonfat solids, or the nonfat solids is not published that day, they put 1.00 as the price weighting factor in the top of the chart



Expected Value / Pound		Declared Test Pounds	Calculated Value/ cwt
Butterfat	\$2.50	4.80	\$12.0000
Protein	\$1.70	4.00	\$ 6.8000
Other Solids	\$0.31	5.8	\$ 1.7670
Total Value Butterfat, Protein, Other Solids			\$20.5670
Declared Component Price Weighting Factor			0 -.50
Value Butterfat, Protein and Other solids of Total Price			\$10.2835
Nonfat Solids	0.80	9.70	\$7.7600
Butterfat Value			\$12.0000
Total Value Butterfat and Nonfat Solids			\$19.7600
1 minus Component Price Weighting Factor			1 -.50
Value Butterfat and Nonfat Solids of Total Price			\$9.8800
\$10.2835 + \$9.8800 = Total Component Price/ cwt			\$20.1635

2027 DRP Training

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Component Options continued...

If a protein price or other solids price is not published/offered, the insured can purchase the nonfat solids and butterfat combo, as shown in the bottom half of the chart, in which case the Declared Component Weighting Factor must be 0.00



Butterfat / Protein Adjustments to Indemnity

- Actual Butterfat / Protein test levels for the milk sold during a quarter, as indicated on the milk production worksheet, must not be less than 90% of the declared butterfat/protein test
 - This is verified at loss time
- If the Butterfat / Protein test levels are less than 90%, the final will be actual test value divided by 90%

Butterfat / Protein adjustment example

Butterfat:

- Declared butterfat test is 5 lbs
- Average butterfat test during the quarter must equal/exceed 4.5 lbs.
 - (5 lbs. X 0.9 = 4.5 lbs.)
- If the actual average is only 3.8 lbs., the final butterfat test will be 4.22 lbs
 - (3.8 lbs. divided by 0.9 = 4.22 lbs.)

Protein:

- Declared protein test is 4 lbs
- Average protein test during the quarter must equal/exceed 3.6 lbs
 - (4 lbs. X 0.9 = 3.6 lbs.)
- If the actual average is 3.8 lbs., the final protein test will be 4 lbs.
 - 4 lbs. X 0.9 = 3.6 lbs.
- The actual of 3.8 lbs. is greater than the 90% requirement

Component Pricing Option Example

Component	Expected Value (per Pound)	Test (pounds/cwt.)	Calculated Value (per cwt.)
Butterfat	\$ 2.70	4.85*	\$ 13.0950
Protein	\$ 1.90	3.25*	\$ 6.1750
Other Solids	\$ 0.15	5.80**	\$ 0.8700
Total Component Value Per cwt.			\$20.1400

* Elected by the insured

** Not elected by the insured, this value is given per the policy

Component Option Coverage

Declared Covered Milk Production (Pounds)	1,000,000 or (10,000 cwt)
Expected Revenue-Component Pricing	\$201,400 (\$20.140 x 10,000 cwt)
Coverage Level	95%
Expected Revenue Guarantee	\$191,330 (\$201,400 x 95%)
Protection Factor (PF)	1.00
Declared Share	1.000
Liability	\$191,330 (\$191,330 x 1.000(Share) x 1.(PF))
Total Premium	\$4,898 (\$191,330 x 0.0256 "example rate")
Premium Subsidy	\$2,155 (\$4,898 x 44% subsidy)
Producer Premium	\$2,743 (\$4,898 - \$2,155)
Expected Milk Production per Cow	5,000 (Assigned from actuarial filing)

Component Option Indemnity Calculation

Final Revenue Guarantee	\$191,330
Actual Milk Revenue	\$149,955
Revenue Shortfall	\$41,375
Actual Share	100%
Protection Factor	1.00
Indemnity	\$41,375

Indemnity is the Greater of
Zero
or
(Final Revenue Guarantee – Actual Milk Revenue) x Actual Share x Protection Factor

$$(\$191,330 - \$149,955) \times 100\% \times 1.00 = \mathbf{41,375}$$

Application / Quarterly Coverage Endorsement (QCE)



Application Submission

- Submission permitted any time after training and testing (and other requirements)
 - Must be completed by the agent, NAU does not key any coverage
- Must be received by the agent no later than the SCD (which are daily) for which coverage is requested under a quarterly coverage endorsement
 - Early completion is highly advisable to confirm conservation compliance and beginning farmer or rancher (if applicable)
 - Agent may want to review records to verify:
 - Entity, Tax ID, and to confirm the producer is retaining records needed later in the event of a possible loss
 - **Agents have 10 business days to submit Applications to NAU Country if no QCE is attached**
 - **If the Application also contains a QCE both must be received by the AIP by 9 a.m. Central time at the end of the sales period ...**

Application State & County

- The producer is bound to an AIP upon application
- After acceptance of the application, you may not cancel this policy for the initial crop year
 - You may cancel this policy after the initial crop year by providing written notice to us on or before June 30
 - We may cancel this policy with express written consent from FCIC unless provided for in these Basic Provisions
 - **Cancellation during a crop year is not allowed**
- One application is needed per state
 - All the milk produced within a state is covered under this policy
 - One county must be elected on the application
- Enter the county where the milk storage tank of the dairy operation is physically located
- If dairy operation spans multiple counties, insured will need to pick one

Errors in Offers of Insurance

New 2027

- Paragraph 25 added language to address clear and obvious errors in offers of insurance:
 - If RMA is notified there has been a clear and obvious error made in any offers of insurance, such as but not limited to premiums announced that are significantly lower than those for any previous offer, and the error is discovered after acceptance of the QCE endorsement by the RMA system:
 - AIP's must inform insureds with properly and timely executed QCE's that are affected within 5 business days. If not provided by electronic means, the date the notice is mailed must be within 5 business days of when the AIP was notified of the error.
 - Insureds must notify the AIP within 5 business days of receiving the notice and confirm they wish to maintain coverage under the corrected terms. If corrections do not affect the information on the QCE, AIP's may accept any communication from the insured as notice the insured wishes to retain previously purchased coverage.
- **Example:** The AIP's signed QCE form contains expected prices but not premium. If originally issued actuarial records result in incorrect premium, but expected prices are unaffected by the error, the QCE form does not contain any errors and does not need to be executed again. If any information on the QCE is affected by the error, the QCE must be executed again with corrected information within 5 business days after the insured receives the notice of error, even if the information affected is not a substantive field on the QCE form.

What needs to be indicated on the QCE

- Declared covered milk production
- Coverage level (80-95, in 5% increments)
- Type
 - **Class Pricing**- class price weighting factor between Class III and IV milk
 - 0-100 % in 5% increments
 - **Component Pricing**
 - Declared butterfat test
 - Declared protein test
 - Declared component price weighting factor, 0-100% in 5% increments
- Practice (choose quarter(s))
- Declared Share
- % interest in the insured milk as an owner when insurance attaches
- Selected Protection Factor (1.00 - 1.50 in 0.05 increments)
- Expected Milk Production (in pounds) Per Cow
 - Posted in the actuarial documents for the quarterly insurance period and for the pooled production region in which the dairy operation is insured
 - Pooled production regions are shown in the CEE and are used in states with smaller numbers of dairy

Quarterly Coverage Endorsement
Dairy Revenue Protection



Applicant Information		Reinsurance Year: _____	Agency Information		Policy Information
Name: _____ ID #: _____	In Care Of: _____ ID # Type: <input type="radio"/> SSN <input type="radio"/> EIN <input type="radio"/> RAN	State: _____	Agency Code: _____	Agency Name: _____	Policy Number: _____
Address: _____	City, State, Zip: _____	Person Type: _____	Agent Name: _____	Address: _____	NAU Country Office (Assigned to Agency) <input type="checkbox"/> NAU-CA <input type="checkbox"/> NAU-KS <input type="checkbox"/> NAU-ND <input type="checkbox"/> NAU-FR <input type="checkbox"/> NAU-MN <input type="checkbox"/> NAU-NC <input type="checkbox"/> NAU-IA <input type="checkbox"/> NAU-MT <input type="checkbox"/> NAU-WI
State in which articles of incorporation/organization are held: _____	Phone #: _____ Fax #: _____	Name of Parent or Guardian: _____	City, State, Zip: _____	City, State, Zip: _____	
Email Address: _____	Spouse's Name: _____ Spouse's ID #: _____	Is applicant at least 18 years old? <input type="radio"/> Yes <input type="radio"/> No	Phone #: _____	Fax #: _____	
Spouse's Name: _____ Spouse's ID #: _____			Email Address: _____		

SBI Information: All persons with a substantial beneficial interest in you as defined in the applicable policy provisions

Name	Address	City, State, Zip	Telephone	ID Number	ID Type	Person Type	Share

Please complete a SOCIAL SECURITY NUMBER AND EMPLOYER IDENTIFICATION NUMBER REPORTING form for additional substantial beneficial interest entities when applicable.

End. #	County	Name of Crop	Plan of Insurance	Coverage Level (80% to 95%)	Type (choose and complete only one section):								Quote Information (see Quote Disclaimer on last page)			
					CLASS PRICING				COMPONENT PRICING				Trigger Price:	Expected Revenue:		
Practice (Quarter)	Expected Revenue Guarantee	Protection Factor (1.00 to 1.50)	Options, Elections, or Endorsements	Effective Date	Exp Class III Price/cwt	Decl Class III Price Wgt Fctr	Exp Butterfat Test	Decl Butterfat Test	Exp Other Solids Price/lb	Decl Comp Price Wgt Fctr	Coverage	Gross Premium	Subsidy	Net Premium		
Code (R, N, T)	Name of Other Person(s) Sharing	Declared Share	Expected Milk Production per Cow	Declared Covered Milk Production (lbs)	Exp Class IV Price/cwt	Default Class IV Price Wgt Fctr	Exp Protein Price/lb	Decl Protein Test	Other Solids Test (5.7 lbs.)	Nonfat Solids Price	Coverage per cwt	Gross Premium per cwt	Subsidy per cwt	Net Premium per cwt		

See final page for RMA required statements



Quarterly Coverage Endorsement
Dairy Revenue Protection



Insured's Name: _____		Agency Code: _____		Agency Name: _____		Policy #: _____										
End. #	County	Name of Crop	Plan of Insurance	Coverage Level (80% to 95%)	Type (choose and complete only one section):								Quote Information (see Quote Disclaimer on last page)			
Practice (Quarter)	Expected Revenue Guarantee	Protection Factor (1.00 to 1.50)	Options, Elections, or Endorsements	Effective Date	CLASS PRICING				COMPONENT PRICING				Trigger Price:	Expected Revenue:		
					Exp Class III Price/cwt	Decl Class III Price Wgt Fctr	Exp Butterfat Test	Decl Butterfat Test	Exp Other Solids Price/lb	Decl Comp Price Wgt Fctr	Coverage	Gross Premium	Subsidy	Net Premium		
Code (R, N, T)	Name of Other Person(s) Sharing	Declared Share	Expected Milk Production per Cow	Declared Covered Milk Production (lbs)	Exp Class IV Price/cwt	Default Class IV Price Wgt Fctr	Exp Protein Price/lb	Decl Protein Test	Other Solids Test (5.7 lbs.)	Nonfat Solids Price	Coverage per cwt	Gross Premium per cwt	Subsidy per cwt	Net Premium per cwt		
Total Milk Production:		Total Exp Revenue:		Total Coverage:		Total Gross Premium:		Total Subsidy:		Total Prod Paid (Net) Premium:						

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT) STATEMENT - Agents, Loss Adjusters and Policyholders

The following statements are made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a): The Risk Management Agency (RMA) is authorized by the Federal Crop Insurance Act (7 U.S.C. 1501-1524) or other Acts, and the regulations promulgated thereunder, to solicit the information requested on documents established by RMA or by approved insurance providers (AIPs) that have been approved by the Federal Crop Insurance Corporation (FCIC) to deliver Federal crop insurance. The information is necessary for AIPs and RMA to operate the Federal crop insurance program, determine program eligibility, conduct statistical analysis, and ensure program integrity. Information provided herein may be furnished to other Federal, State, or local agencies, as required or permitted by law, law enforcement agencies, courts or adjudicative bodies, foreign agencies, magistrate, administrative tribunal, AIP's contractors and cooperators, Comprehensive Information Management System (CIMS), congressional offices, or entities under contract with RMA. For insurance agents, certain information may also be disclosed to the public to assist interested individuals in locating agents in a particular area. Disclosure of the information requested is voluntary. However, failure to correctly report the requested information may result in the rejection of this document by the AIP or RMA in accordance with the Standard Reinsurance Agreement between the AIP and FCIC, Federal regulations, or RMA-approved procedures and the denial of program eligibility or benefits derived therefrom. Also, failure to provide true and correct information may result in civil suit or criminal prosecution and the assessment of penalties or pursuit of other remedies.

NON-DISCRIMINATION POLICY STATEMENT

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English. To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at www.usda.gov/about-usda/general-information/staff-offices/office-assistant, usda-ccr@usda.gov, or at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CERTIFICATION STATEMENT

I certify that to the best of my knowledge and belief all of the information on this form is correct. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to violation of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506, 31 U.S.C. §3729, §3730 and any other applicable federal statutes).

INSURED'S CERTIFICATION AGAINST SUBSIDY CAPTURE I certify that I will not offset any insurance provided under this quarterly coverage endorsement through dairy contracts traded on commodity exchanges or with other means for the purpose of subsidy capture, and I acknowledge that if I violate this certification, I may be subject to administrative, civil or criminal sanctions.	AGENT'S CERTIFICATION AGAINST SUBSIDY CAPTURE I certify that I have not advised or assisted in any way with the purchase of any dairy contracts to offset insurance provided under this quarterly coverage endorsement for the purpose of subsidy capture, and I acknowledge that if I violate this certification, I may be subject to administrative, civil or criminal sanctions.
Insured's Name _____ Date ____/____/____	Agent's Name _____ Date ____/____/____
By _____ Insured's Signature _____ Title (if applicable) _____	Agent's Signature _____



Quarterly Coverage Endorsement - Class

End. #	County	Name of Crop	Plan of Insurance	Coverage Level (80% to 95)	Type (choose and complete only one section):							Quote Information (see Quote Disclaimer on last page)			
3	Anoka	MILK	DRP	80%	<input checked="" type="radio"/> CLASS PRICING		<input type="radio"/> COMPONENT PRICING					Trigger Price:		Expected Revenue:	
Practice (Quarter)	Expected Revenue Guarantee	Protection Factor (1.00 to 1.50)	Options, Elections, or Endorsements	Effective Date	Exp Class III Price/cwt	Decl Class III Price Wgt Fctr	Exp Butterfat Price/lb.	Decl Butterfat Test	Exp Other Solids Price/lb.	Decl Comp Price Wgt Fctr	Coverage	Gross Premium	Subsidy	Net Premium	
802	\$159,125	1.3		7/1/2025	\$17.25	50%									
Code (R, N, T)	Name of Other Person(s) Sharing	Declared Share	Expected Milk Production per Cow	Declared Covered Milk Production (lbs.)	Exp Class IV Price/cwt	Default Class IV Price Wgt Fctr	Exp Protein Price/lb.	Decl Protein Test	Other Solids Test (5.7 lbs.)	Nonfat Solids Price	Coverage per cwt	Gross Premium per cwt	Subsidy per cwt	Net Premium per cwt	
N <input type="button" value="v"/>		100	5,300	1,000,000	\$16.25	50%									

See final page for RMA required statements

Quarterly Coverage Endorsement- Component

End. #	County	Name of Crop	Plan of Insurance	Coverage Level (80% to 95)	Type (choose and complete only one section):							Quote Information (see Quote Disclaimer on last page)			
3	Anoka	MILK	DRP	80%	<input type="radio"/> CLASS PRICING		<input checked="" type="radio"/> COMPONENT PRICING					Trigger Price:		Expected Revenue:	
Practice (Quarter)	Expected Revenue Guarantee	Protection Factor (1.00 to 1.50)	Options, Elections, or Endorsements	Effective Date	Exp Class III Price/cwt	Decl Class III Price Wgt Fctr	Exp Butterfat Price/lb.	Decl Butterfat Test	Exp Other Solids Price/lb.	Decl Comp Price Wgt Fctr	Coverage	Gross Premium	Subsidy	Net Premium	
802	\$159,125	1.3		7/1/2025			\$2.7000	4.25	\$0.1500	100%					
Code (R, N, T)	Name of Other Person(s) Sharing	Declared Share	Expected Milk Production per Cow	Declared Covered Milk Production (lbs.)	Exp Class IV Price/cwt	Default Class IV Price Wgt Fctr	Exp Protein Price/lb.	Decl Protein Test	Other Solids Test (5.7 lbs.)	Nonfat Solids Price	Coverage per cwt	Gross Premium per cwt	Subsidy per cwt	Net Premium per cwt	
N <input type="button" value="v"/>		100	5,300	1,000,000			\$1.9000	3.5		\$0.8000					

See final page for RMA required statements

Additional Forms

- Combination Application / Quarterly Coverage Endorsement
- Milk Production Worksheet
- Transfer of Coverage and Right to an Indemnity
- Summary of Coverage / Schedule of Insurance
- Loss Documents:
 - Notice of Probable Loss
 - Final Proof Of Loss

Schedule of Insurance- Example

End#	Type	Practice Type	Effective Date	End Date	Ins Share	Declared Cov Milk Prod	Exp Milk per/ Cow	Class III%	Decl Comp Wgt Factor	Declared Butterfat	Declared Protein	Protection Factor	Price	Cov Level	Trigger Price	Exp Rev Guar	Liability	Total Premium	Subsidy	Producer Premium
2	Class	APR/JUNY2Q2	2/18/2026	6/30/2026	100 %	600,000	6,048	1				1.00	\$17.60	95 %	\$16.72	\$100,320	\$100,320	\$2,513	\$1,106	\$1,407
1	Class	JAN/MARY2Q1	12/10/2025	3/31/2026	100 %	1,175,000	5,902	1				1.00	\$15.61	95 %	\$14.83	\$174,247	\$174,247	\$1,510	\$664	\$846

Premium Summary For Current Crop Year

Commodity	Declared Cov Milk Prod	Total Insured Value	Total Premium	Premium Subsidy	A and O Subsidy	BFR/VFR Subsidy	Producer Premium
Milk	1,775,000	\$274,567	\$4,023	\$1,770	\$0	\$0	\$2,253

Policy Totals	1,775,000	\$274,567	\$4,023	\$1,770	\$0	\$0	\$2,253
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*Note: This amount may increase by 1.15 percent of net book premium if the loss ratio in the State exceeds 120%. However, the amount of premium you are required to pay will not change.

Authority to sign crop insurance documents on behalf of the insured

I grant the person(s) listed below the authority to sign any and all crop insurance documents on my behalf. I understand that by authorizing such persons to sign documents on my behalf I am legally bound by all terms and conditions of such documents and of the crop insurance contract. I also understand that granting the following person(s) the authority to sign on my behalf does not obligate that person(s) to the terms and conditions of my crop insurance contract. I further understand that this authorization may be revoked by me at any time upon written notice, signed and delivered to my Approved Insurance Provider.

Name	Address	Telephone

Power of Attorney/Authorized Representative

Cnty/Crop/Type	Date	Name	Address
(None)			

DRP Conservation Compliance

- Conservation Compliance rules apply to DRP
- Producers must have an AD-1026 on file with FSA by the premium billing date
- With multiple premium billing dates, if producer is compliant by the applicable premium billing date, they are eligible for premium subsidy

Example:

- Producer obtains coverage for Jan - Mar 2025 and Apr - Jun 2025
- The insured is not conservation compliant on April 25, 2025 billing date and not eligible for premium subsidy
- The insured becomes conservation compliant before the July 25, 2025 billing date and would be eligible for premium subsidy for the premium due on July 25, 2025 and succeeding premium billing dates

Implementation of BFR changes from OBBBA

- BFR Definition and Subsidy updates

Definition:

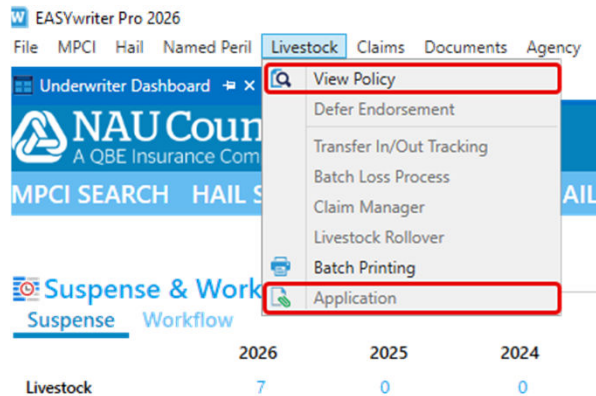
- An individual who must not have actively operated and managed a farm or ranch in any county, in any state, with an insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper **for more than Ten crop years, excluding any crop year the BFR was...**
 - Under the age of 18
 - Full-time duty in the active military service of the United States
 - In a post-secondary education program

BFR Subsidy increased to:

- 15% for years 1-2
- 13% for year 3
- 11% for year 4
- 10% for years 5-10 (unchanged)
- For more information on the BFR program, go to the [Risk Management Agency's website](#)
-

Keying Applications & Coverage in EWP

- Select the 'Livestock' tab in EWP to key Applications and Coverages
 - **Note:** Be sure to select the correct crop year
 - The new crop year starts July 1st
 - EWP is designed to prevent coverage from being added in the wrong crop year
- New applications/transfers will need to be signed by June 30th for the new crop year
 - Policies will roll from one crop year to the next
- Applications can be keyed anytime
 - You do not need to be in an open sales period to key an application
- View Policy will allow you to find a specific policy to make changes or add coverage



Keying a QCE

- Quarterly Coverage Endorsement Forms are located in the Agent Portal
- Please send documents to: documents@naucountry.com prior to the deadline as soon as possible. If there is a keying error that requires a manual fix with RMA, supporting documents (application, QCE, Target Marketing forms) are required.
- Sales can only be keyed during an open sales period, when RMA publishes pricing
- DRP Keying is Monday through Friday around 4:30 p.m. to 9:00 a.m. the following day
 - The signed QCE must be received by the AIP's information technology system by 9:00 a.m. Central at the end of the sales period
 - Proof of time of signature is required for QCE forms received after the sales period
 - For sales that are released on Friday @ 4:30pm agents have until 9:00 a.m. Central that following Sunday to have coverage keyed and received by the AIP

Note: We encourage BFR and Conservation Compliance be established on the policy prior to adding coverage. Attempting to do so after coverage is in place will error the policy and require a manual ticket submission to RMA.

- We also encourage the application be keyed and committed prior to adding coverage to allow a smoother sales experience.

FAQ's

- When is premium due? - The premium billing date is listed in the RMA Information Browser (The month following the end of the sale period)
- How do I quote DRP? – By utilizing NAU's EASYquote
- How long do I have to key coverage?
 - M-F: approximately 4:30 p.m. to 9:00 a.m. the following calendar day
- Sales that are released on Friday:
 - Agents have until 9:00 am that **Saturday** to have coverage keyed
- EWP is preventing me from keying?
 - If you are struggling with keying an endorsement, please contact underwriting at drp_uw@naucountry.com
 - TIPS: Are you in the right crop year? Did RMA publish a price for your practice/ type? Is your training and COI up to date? Did you key an SBI? Did you key the SBI share %?
- My coverage is not clearing PASS?
- If your coverage is not clearing, it is important that you contact underwriting ASAP at (drp_uw@naucountry.com) during the open sales period to get assistance for your policy

Premium & Billing



Premium Billing & Administrative fees

- The Premium billing date for each QCE is the 1st day of the 3rd month following the end of the quarterly insurance period
 - Example:
 - 1st quarter QCE of Jan-March has a premium billing date of June 1st
- There is no Administrative fee on DRP policies

5. Premium

- (a) The premium is earned and payable at the time coverage begins. You will be billed for the premium not earlier than the premium billing date specified in the actuarial documents.
- (b) The premium is shown on your summary of coverage.
- (c) The premium will be based on the information you provide on your application and QCE.
- (d) The premium will be based on your declared share. Premium will not be reduced if your declared share is greater than your actual share.

Indemnity paying premium

Sec 2 BP

(h) Any amount owed to us for any policy authorized under the Act will be offset from any indemnity or prevented planting payment due you for this or any other crop insured with us under the authority of the Act

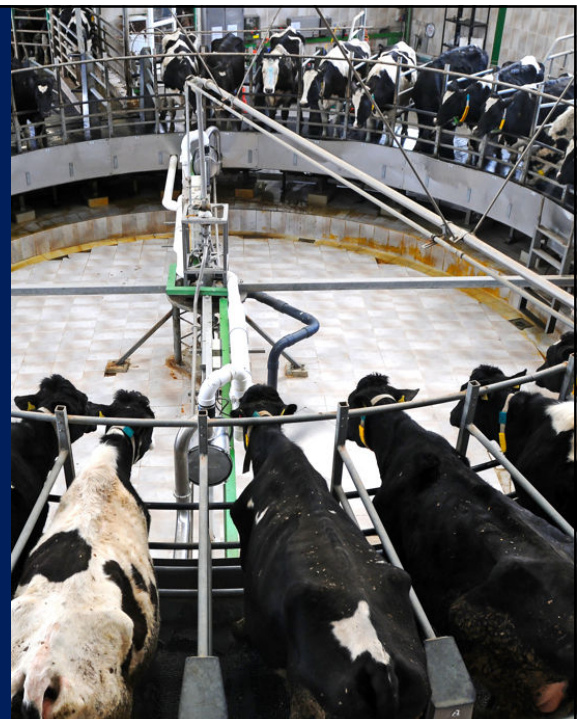
- (1) Even if your claim has not yet been paid, you must still pay the premium and administrative fees on or before the termination date for you to remain eligible for insurance
- (2) If we offset any amount due us from an indemnity or prevented planting payment owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be the date that you submit the claim for indemnity in accordance with section 7 (Determining Indemnities)
- (3) For this agricultural commodity policy and any other agricultural commodity policy insured with us and it is:
 - (i) Prior to the premium billing date or for any endorsement that has not ended, you may request your premium and administrative fees to be offset from any indemnity or prevented planting payment due you; or
 - (ii) On or after the premium billing date, or for any endorsement that has ended your premium and administrative fees will be offset from any indemnity or prevented planting payment due to you

- (i) A delinquent debt for any policy will make you ineligible to obtain a Dairy Revenue Protection policy for any subsequent crop year and result in termination of this policy in accordance with section 2(i)(2). Delinquent debt on this policy will make you ineligible to obtain crop insurance authorized under the Act for any subsequent crop year.

...(2) With respect to termination:

- Termination will be effective on:
 - For a Dairy Revenue Protection policy with unpaid premiums, such policy will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the prior crop year's cancellation date and no insurance will be considered to have attached for the current crop year and no indemnity will be owed;
 - For a Dairy Revenue Protection policy with other amounts due, the cancellation date immediately following the date you have a delinquent debt;
 - For delinquent debt on any other policy that is issued under the authority of the Act, this policy will terminate on the cancellation date that coincides with the ineligibility date for the policy with the delinquent debt or, if there is no coincidental cancellation date, the cancellation date immediately following the date you become ineligible; or
 - For Dairy Revenue Protection policy with a written payment agreement and failure to make any scheduled payment, the cancellation date for the crop year prior to the crop year in which you failed to make the scheduled payment;
- For all policies terminated under sections 2(i)(2)(i)(A), (B), or (D), any indemnities paid subsequent to the termination date must be repaid.

Indemnity / Notice of Loss



Determining Indemnity

- Determine Yield Adjustment Factor
- Determine Actual Class Pricing/Component Pricing Milk Revenue
- Determine Milk Marketings, which is the total amount of milk sold by the dairy during the quarterly insurance period for which the dairy has proof of sale
- Insureds must provide their milk marketing records
- Milk Marketings must be within 85% of the insureds Declared Covered Milk Production
 - If not, covered milk marketings equals milk marketings/85%
 - Premium is not reduced when Declared Production is reduced

Example:

Declared	2,000,000	$1,200,000 / .85 = 1,411,765$ pounds
Actual	1,200,000	

Actual Prices are Received

- DRP data will be released by the 20th of the month following end of quarter

Notice of Probable Loss

- In the case of a payable loss on insured milk, we will send you a notice of probable loss approximately **10 days** after all Dairy Revenue Protection data applicable for the quarterly insurance period are released.
- To receive an indemnity the insured must return the notice of loss to the AIP within 60 days after issuance
- Required documents to send in:
 - Milk Production worksheet
 - Milk Marketing records

Milk Production Worksheet & Milk Marketing Records

- In the event of a loss, the milk production worksheet must accompany the notice of probable loss
 - Provide records from the dairy operation's milk cooperative or milk handler that corresponds to the quarter insured
 - If the insured chose the component pricing option, records must show component levels in the milk sold
- In the event of a loss, milk marketing records must accompany Milk Production Worksheet
 - Must provide the following information from the producer payroll report:
 - Name, address and payroll number or similar identifier of the producer;
 - The monthly or daily and total pounds, and the month and dates such milk was received from the producer;
 - Policy allows monthly (instead of daily) total pounds of milk and milk components to be acceptable records
 - If the component pricing option was elected, the total pounds of butterfat and protein contained in the producer's milk must support the 90% test

Disease or Disaster Events

- Reportable Animal Disease- An animal disease included on the National List of Reportable Animal Diseases as published by the USDA Animal and Plant Health Inspection Service, and available at the website shown below.
- <https://www.aphis.usda.gov/livestock-poultry-disease/surveillance/reportable-diseases>
- In the event of a natural disaster or a reportable animal disease that prevents the producer from marketing milk, provided the insured gives us written notice within 72 hours of the disaster or animal disease being diagnosed:
 - If the event occurred after the start of the insured quarterly insurance period or the milk marketing is reduced but not completely ceased, the insured may use milk marketing records as of the date of the disaster or reportable animal disease to estimate the milk marketing for the affected insurance period
- Milk marketing records must show:
 - The name, address, and payroll number or similar identifier of the producer
 - The monthly or daily aggregated to monthly total pounds received from the producer
 - If the component price option is elected the total pounds of butterfat and protein contained in the producer's milk

Disease or Disaster Events

- If the event occurred prior to the start of the insurance period, and milk marketing ceased completely and has not restarted before the end of the quarterly insurance period, then any quarterly coverage endorsements for the affected quarterly insurance period will be voided and no premium will be owed
- Para 26B(c) was added to explain what types of events will be considered natural disasters
- The event will be considered as natural disaster if caused by natural forces, even if only a single insured is affected, such as due to barn roof collapse due to heavy snow, fire due to lightning strike, etc.
- Events caused by human error, mechanical equipment failure, or other not natural causes are not considered as natural disaster.

Miscellaneous



DRP Ineligibility

- Section 2(b) of the DRP Policy, clarified that neither an application for new DRP policy nor new QCEs on an existing policy will be approved after the date the insured becomes ineligible for crop insurance
- If an insured is ineligible under the policy or under any Federal statute or regulation
 - The application for a new policy will not be approved by the AIP
 - No new QCEs will be approved on an existing policy after the date of ineligibility
 - An existing policy will terminate in accordance with 7 Code of Federal Regulations part 400, subpart U, unless otherwise provided for in the BPs

Subsidy Capture

- **Subsidy Capture-** The practice of exploiting the differences between premium owed by the insured under a quarterly coverage endorsement and the cost of a privately traded livestock contract such as a put option, for the purpose of deriving financial gain to the insured.
 - Unless the producer can demonstrate a clear and inadvertent error, the following practices will be presumed to be a subsidy capture:

If the insured buys a QCE, and also opens a new short put option on the relevant dairy futures contract, such that:

- Put option contract month is within the quarterly insurance period; and
- Put option is sold within 2 days before or 5 trading days after the QCE effective date; and
- At the time the insured sold the put option, the option premium (per cwt) is higher than 80% of the QCE premium after risk subsidy

Subsidy Capture

If the insured buys a QCE, and also sells a call option on the relevant dairy futures contract, such that:

- Call option contract month is within the quarterly insurance period; and
- Call option is sold within 2 trading days before or 5 trading days after the QCE effective date; and
- At the time the insured sold the call option, the option premium is higher than 80% of the QCE premium after risk subsidy; and
- At the time the insured sold the call option subject to the time period in **section 24(a)(2)(ii)**, the insured also opened a new long position in the underlying futures contract, such that these 2 positions jointly created a payoff schedule equivalent to selling a put option

Any private contract not traded on regulated commodity exchanges under which uncertain future indemnities for QCEs are effectively exchanged for a certain dollar amount will be presumed to be a subsidy capture

If you insure any milk under this policy, you and any person with a substantial beneficial interest in you, are prohibited from offsetting any of the coverage provided by this policy for the purpose of subsidy capture, such as through dairy contracts traded on a commodity exchange, and any violation will result in the application of any other available administrative, civil or criminal remedies. (Section 3(l) 2027 DRP Policy)

Brokerage Records

If USDA initiates a review of a potential violation of section 3(l):

- The insured must provide all brokerage records for any crop year in which they obtained coverage under this policy
- Records of transactions made under private contracts not traded on regulated commodity exchanges may also be requested if such transactions are based on, or a function of potential or realized indemnities for QCEs
- The insured must provide the names of all brokers and persons with whom they have private contracts described in section 18(e)(1), if any
- The following terms and conditions apply to all requests for records or assistance under subsection 18(e)(1):
 - Request for brokerage records or records of private transactions must be limited to those dates on which a potential violation might have occurred
 - Request for brokerage records or records of private transactions may be extended to SBIs, and to any entity in which such persons have a substantial beneficial interest
 - If the insured refuses to comply with any requests for records and information, they will be in breach of this policy, indemnity will be denied for all QCEs for the crop year and all premiums will still be owed

Requesting Brokerage Records

- When requesting brokerage records, the AIP must:
- Not request brokerage records unless expressly requested to do so by the RMA.
 - Provide the insured an option to submit the brokerage records in such a way that the agent serving the policy does not have access to those brokerage records or names of the insured's brokers or other applicable persons.
 - Assist RMA in obtaining brokerage records, as specified by RMA, for the insured and their SBI holders, and any entity in which those SBIs have a substantial beneficial interest.
 - Request the full text of any private contract not traded on regulated commodity exchanges under which the insured or their SBI persons directly or through entities in which those SBIs have a substantial beneficial interest promise to pay to the counterparty an amount equal to or calculated based on the indemnities received under any QCEs.
 - Inform RMA if the insured has refused to provide names of their brokers or applicable persons, or has otherwise failed to cooperate with providing the brokerage records. If RMA determines and informs the AIP that the insured has failed to cooperate with the review, the AIP must deny indemnity to the insured for all QCEs for which the notice of probable loss would be sent after the date the RMA determination is made.

Single Payee and Assignees

- Section 13(d):
- If we have received the properly executed assignment of indemnity form:
 - Only one payment will be issued jointly in the names of all assignees and you, unless all assignees and you agree in writing for the payment to be issued to a single payee; and
 - Any assignee will have the right to submit all loss notices and forms as required by the policy if you fail to do so. If you have suffered a loss from an insurable cause and fail to submit a claim for indemnity within the period specified in section 9(b):
 - An assignee may submit the claim for indemnity not later than 15 days after the period for filing a claim has expired
 - No indemnity will be paid if we determine that we do not have the ability accurately adjust the loss for any claim for indemnity. You or any assignee may not dispute the determination. If an assignee submits a notice of loss or claim for indemnity because of your failure to timely do so, the assignee assumes any rights and responsibilities you may have under section 11 to dispute determinations related to the notice of loss or claim for indemnity, except for determinations made in accordance with section 18(d)(2)(ii) which may apply solely to an assignee.

DRP Compared To Other Dairy Insurance Options

	WFRP	LGM	MPP	Dairy-RP
Commodity Revenue Protection	Yes	No	No	Yes
Margin Protection	No	Yes	Yes	No
Works with other Feed Insurance (e.g., Corn)	Yes	No	N/A	Yes
Regional	N/A	No	No	Yes
Coverage Election	Yes	Yes	Yes	Yes
Customizable (component/class)	No	Low	No	High
Via FCIC	Yes	Yes	No	Yes
Price Triggers Market Based	N/A	Yes	No	Yes
Covers Yield/Production Risk	N/A	No	No	Yes
Basis Risk	Low	High	High	Low
Reporting Requirements	High	Low	Low	Low
Directly Insure Milk Commodity or Indirectly via insuring Cash Flows from Live Animal	Indirect	Indirect	Indirect	Direct
Market Based Pricing	No	Yes	No	Yes

DRP Sales Suspension

- Sales of Dairy RP will be suspended for the next Sales Period if:
 - Unforeseen and extraordinary events occur that interfere with the effective functioning of the milk commodity markets or milk production reports
 - In the event of a limit movement of any milk futures expiring during the Insured Period
 - On calendar days on which USDA releases the Milk Production report, the Cold Storage report or the Dairy Products report
 - Any other days that for any reason Dairy Revenue Protection offer prices are not published in the actuarial documents
- Section (3(k)) authorizes the Secretary of Agriculture, Manager of the Risk Management Agency, or other designated staff of the Risk Management Agency to suspend DRP sales if there has been a news report, announcement, or other event that occurs during or after trading hours and results in market conditions which significantly differ than those used to rate the DRP

Insured Milk under Two AIP

- Eight quarters are available for purchase during a *crop year*
 - Current crop year practices 805, 806, 807, and 808 have the same quarterly insurance periods as practices 801, 802, 803 and 804, in the subsequent crop year respectively
 - These quarterly insurance periods provide coverage across *TWO* crop years
- An insured can only have one policy in effect for a crop year
- If an insured transfers their policy by the cancellation date to another AIP, it is possible to have coverage for the same quarterly insurance period with two AIP's
 - Cannot transfer until after July 1
- Before paying any indemnity, AIPs are to verify with RMA the total declared covered milk production for each AIP
- This will provide each AIP the information needed to determine the covered milk production and calculate their respective indemnities based on the marketing records provided by the insured



Underwriting Reminders

Sales/Submission Reminders

Plan	Sales begin after market close date	Sales close date	Time Endorsement must be received by NAU Country	Transfer date must be completed by
LRP	Wednesday, 7/1/26	Thursday, 7/2/26	8:25 am CT	6/30/26
DRP	Wednesday, 7/1/26	Thursday, 7/2/26	9:00 am CT	6/30/26
LGM – Cattle/Swine	Thursday, 7/2/26	Friday, 7/3/26	8:25 am CT	6/30/26
LGM - Dairy	Thursday, 7/9/26	Friday, 7/10/26	9:00 am CT	6/30/26

▲ New for 2027 crop year: Weekend DRP sales have been removed
Friday sales will now begin when coverage prices are published on Friday
and end at 9:00 am CT on Saturday

Note: DRP and LGM Dairy sales will be suspended on Thursday, July 2, 2026, due to the industry Dairy Products Report. No sales will be published on Friday, July 3, 2026, due to the federal holiday

Underwriting Reminders

Complete all forms

- All RMA-required fields must be fully completed
- Review the application carefully before submitting

Application required

- A completed application is required before writing any SCE/QCE

EWP entry

- Livestock agents must enter applications and endorsements in EWP
- All forms must be submitted on time

Document submission

- Submit all documents through the EWP Upload feature or to documents@naucountry.com
- Do not send documents to livestock inboxes or directly to underwriters

Mid-year transfers

- Mid-year transfers are not allowed
- Submit the application before writing coverage to confirm whether the producer has an active policy with another AIP

2026 GSH – Key Changes

- Paragraph 852A: Language was also added to Assignment of Indemnity Signature Requirements to waive the witness requirement if digitally signed by the creditor (or insured) Also updated in Exhibit 28D of the DSSH

A. Signature Requirements

In addition to the requirements in [Para. 854](#), if an Assignment of Indemnity is:

- (1) digitally signed by the insured **or creditor**, the witness requirement is waived. The AIP still has the option to request proof of debt or other pecuniary obligation before the Assignment of Indemnity is accepted.

2026 GSH – Key Changes

- **Paragraph 852G:** Added language around the Single Payee Agreement
- Also updated in Exhibit 39D of the DSSH

The AOI Single Payee Agreement is effective from the date the AIP accepts the Agreement until any of the following conditions occur:

The Assignment of Indemnity ends	The number of assignees changes	A Transfer of Coverage and Right to an Indemnity occurs after the Single Payee Agreement was executed	The Single Payee Agreement is cancelled	The insured and all assignees want to change the payee in the Single Payee Agreement
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2026 GSH – Key Changes

- **Paragraph 854 & Exhibit 4:** A specific format is no longer required for signatures

854 Signatures

When reviewing signatures on any crop insurance documents, AIPs must verify that the signatory is authorized to sign on behalf of the insured person. A specific format is not mandated for signatures, see [Exh. 4](#) for a non-exhaustive list of examples.

Exhibit 4 Person Types and Documentation

The following chart provides a non-exhaustive list of examples of acceptable signatures and required documentation for person types. More information on signatures can be found in [Para. 854](#).

Person Type	Insured Person	Acceptable Signature Examples	Documentation Needed	Id Number
Individual	John C. Doe	John C. Doe	None	SSN of Individual
Individual Operating As a Business	Northam Land Company c/o John C. Doe	<ul style="list-style-type: none"> • Northam Land Company by John C. Doe, Sole Owner • by John C. Doe, Owner, Northam Land Company • Northam Land Company by John C. Doe, Sole Proprietor • John C. Doe, DBA Northam Land Company 	None	EIN FT. 1 and 3

2026 GSH – Key Changes

- **Exhibit 4:** Removed the unlabeled Trust row & the requirement to have the SSN/EIN/RAN of any person with an SBI for an Irrevocable Trust
 - RMA explained Irrevocable trusts do not have SBIs, beneficiaries of Irrevocable Trusts are not SBIs and should not be reported as SBIs (although they were previously allowed). Therefore, the only requirement for Irrevocable Trusts is to report the EIN of the trust itself.

2026 GSH:	Trust - Irrevocable	Ralph R. Doe, Trust, c/o Richard Roe, Trustee	<ul style="list-style-type: none"> • Ralph R. Doe Trust, by Richard Roe, Trustee • by Richard Roe, Trustee 	Statement advising where authority can be found	EIN for the Trust
2025 GSH:	Trust - Irrevocable	Ralph R. Doe, Trust, c/o Richard Roe, Trustee	<ul style="list-style-type: none"> • Ralph R. Doe Trust, by Richard Roe, Trustee • by Richard Roe, Trustee 	Statement advising where authority can be found	EIN for Trust FL 4

Removed

Footnotes for Exhibit 4:

- (1) If EIN, individual MUST be listed as SBI and SSN/RAN of individual provided.
- (2) All PERSONS insured MUST be listed as SBI and EIN, RAN or SSN provided.
- (3) SSN/RAN of spouse must be listed as an SBI.
- (4) SSN/EIN/RAN of any person with SBI.

Acceptable Signature Types

GSH 854

- A POA or other legally sufficient document is required for any person who is authorized to sign on behalf of the required person
 - NAU Country requires ALL POAs to be notarized, including our own
- Acceptable signatures for crop insurance include the:
 - Signature of the required person (e.g., applicant, insured, or grantor);
 - Signature of the authorized representative (or attorney-in-fact) granted by a POA; and
 - Signature of the authorized representative granted by a legally sufficient document
- Verify all Authorized Representatives, Power of Attorney, and Individuals with Authority to Sign for accuracy

Signatures

- There has been considerable discussion on acceptable signature types over the past several years
- Effective for 2026, Paragraph 854 of the GSH added language emphasizing the importance of ensuring the signatory is authorized to sign on behalf of the person and that RMA is not mandating any specific format for signatures
 - **“When reviewing signatures on any crop insurance documents, AIPs must verify that the signatory is authorized to sign on behalf of the insured person. A specific format is not mandated for signatures, see Exh. 4 for a non-exhaustive list of examples.”**
- The GSH also states that upon request, the insured must be able to provide written documentation from the entity identifying the authorized representative of the entity
- Agents should collect this documentation at time of application and keep on file in their office – it will be required for any review

Digital Signatures

- Must submit a history log to validate the electronic (digital) signature (i.e., DocuSign, Adobe, etc.)
- Digital signatures done via a stylus or iPad are considered an acceptable signature
 - However, NAU still strongly suggests using an electronic signing software as can be found within EWP or with a third party such as DocuSign that generates a log containing verifiable date & time stamps, IP addresses, etc., insuring the timeliness and veracity of that signed document
- **MUST NOT** copy and paste signatures in any format on any platform (i.e., Adobe Acrobat, Microsoft Word, etc.)
- Contact your Underwriter for more information

Documentation and signature requirements

Person Type	Documentation Needed	2026 General Standards Handbook Information	Reference
Joint VENTURES, including Joint Operators and Co-Owners	None if all sign, or POA authorizing signature	The Application must be signed by all parties or by the authorized representative. If an authorized representative signs the Application, a written agreement must be executed by the members of the joint venture giving the representative the authority to sign on behalf of all parties. <u>The agreement is to be maintained by the AIP.</u>	2026 GSH Para. 254C
Partnership (Written Or Oral)	Statement signed by all partners certifying they are members of the partnership or copy of written partnership agreement signed by all partners. <u>The NAU Partnership Agreement form is acceptable.</u>	The Application must be signed by a person authorized to bind the Partnership into contracts. Upon request , the insured must be able to provide written documentation from the Partnership identifying the authorized representative of the Partnership. The <u>partnership agreement</u> must identify the authorized representative who may sign the Application. The authorized representative, identified by the partnership agreement, then assigns signatory authority using the non-substantive signatory statement to another person. The partnership agreement evidences the original agreement between the partnership and its authorized representative, and the non-substantive signatory evidences the assignment of this authority to another person.	2026 GSH Para. 253B 2026 GSH Para. 854C

Documentation and signature requirements

Person Type	Documentation Needed	2026 General Standards Handbook Information	Reference
Corporation (With Stockholders)	Statement where articles of incorporation/organization are filed. Indicate in which State incorporation was filed. Application must be signed by authorized person.	The Application must be signed by a person authorized by the corporation to bind the corporation into contracts. Upon request , the insured must be able to provide written documentation from the corporation identifying the authorized representative of the corporation.	2026 GSH Para. 255
Limited Liability Company (LLC)	Statement indicating which state the Articles of Organization are filed. Application must be signed by authorized person.	The Application must be signed by a person authorized to bind the LLC into contracts. Upon request , the insured must be able to provide written documentation from the LLC identifying the authorized representative of the LLC.	2026 GSH Para. 256
Estate	Statement advising where authority can be found	The Application provides coverage for the share owned by the estate and must be signed by the personal representative of the estate.	2026 GSH Para. 257
Trust - IRREVOCABLE	Statement advising where authority can be found	The Application must be signed by the administrator or fiduciary/trustee appointed to administer the business affairs of the trust.	2026 GSH Para. 258D
Trust - REVOCABLE	Statement advising where authority can be found		

Signature Authority Reminders

GSH 854

- GSH says for spouse or others to sign for insured, they must have POA or other “legally sufficient document”
- Signature statement on Application or Policy Change form serves as “legally sufficient document”
 - Not subject to State’s signature/notarization requirements so insured can utilize signature statement and not have to use a POA
- Spousal policies can use the signature statement versus a POA if you want the spouse to be able to sign on the policy
 - Must have one or the other for a spouse to sign
- Signature Authority Statements are not required for any entity type
 - Designed to be used when the named insured with initial signing authority wants to extend that to another person(s), such as a spouse or another member of a corporation or partnership
 - Other person does not have to be an SBI
 - Landlord can authorize the tenant to sign
 - Person authorized to sign must be identified in signature
 - *Alex Corporation by Frank Leeper, Authorized Signer*

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Power of Attorney

- Insureds may grant a third-party authority to sign crop insurance documents through a legally executed Power of Attorney form (POA)
- A legally executed POA must specify authority to sign for crop insurance purposes. Acceptable POAs may include:
 - NAU Country POA (preferred), with the Application
 - FSA POA that indicates authority to sign for FCIC crop insurance policies
 - Another AIP’s POA form, but completed for an NAU Country insured and policy
 - We cannot accept a POA that references the policy number assigned to the insured entity when with another AIP (e.g., the POA used by the other AIP before the policy transferred to NAU Country)
- POAs must be in the name of the insured entity, i.e. if the policy is set up as an EIN “Miller Farms” the POA cannot be in the name of Julia Miller
- NAU Country legal requires all POAs to be notarized
 - FSA POA must be notarized if not signed in front of an FSA witness
 - If it is signed in front of an FSA witness it does not have to be notarized
 - Non-FSA POAs do not have to be witnessed if notarized (unless otherwise required by State law)

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FSA Power of Attorney Clarification

- The FSA Power of Attorney can be used for FCIC policies as noted below, however, the use of this form **may** be used for private products such as Crop-Hail and Named Peril.
 - ONLY IF** they check box 7, and specify "Private Products by Signature"

This form may also be used to grant authority to an attorney-in-fact to act on the grantor's behalf with respect to FCIC crop insurance policies. Checking any of the FCIC transactions does not have any impact as to the FSA, NRCS or CCC transactions checked above.

C. INSURED CROPS/STATE/COUNTY (Enter "All" or specify each crop, state, county and year(s))	D. CROP INSURANCE TRANSACTIONS (Check applicable actions)
1. ALL	<input checked="" type="checkbox"/> 1. All actions.
2.	<input type="checkbox"/> 2. Making applications for insurance.
3.	<input type="checkbox"/> 3. Reporting crop acreage and production reports.
4.	<input type="checkbox"/> 4. Reporting a notice of damage or loss and making claim for indemnity.
	<input type="checkbox"/> 5. Making transfers and cancellations.
	<input type="checkbox"/> 6. Making contract changes.
	<input checked="" type="checkbox"/> 7. Other (Specify): Private Products by <i>Meagan P. [Signature]</i>

New (green box with arrow pointing to box 7)

- Our NAU POA is applicable for MPCCI, Crop Hail, Supplemental and Livestock policies, as noted in the title of the form shown below. Please be aware of the potential differences in wording on POA forms that are not the NAU version.

Power of Attorney

Multiple Peril Crop Insurance, Named Peril, Crop Hail and Livestock

Additional Signature Authority Reminders

- On the Application, do not combine information between the SBI and Authority to Sign sections. They are completely different and should not be used interchangeably. If extra space is required, document the additional names on a separate piece of paper and attach it to the Application.
- Proactively** gather the required documents which support the individual authorized to sign on behalf of the entity
- If an SBI is not required, document this information as part of the Application
- If an SBI has the entity type that is NOT an Individual or Spousal/Married (i.e., Corporation, LLC, Partnership, Trust, etc.), the SBIs of that entity (name and SSN/EIN) must be listed on the Application

The information listed above will be requested during a compliance review.

UW Signatures Reminders

- **Authorized Signers & POA**
 - Review Authorized Reps, Power of Attorney (POA) and Authorized to sign every year
 - SBI's are not automatically Authorized Rep/Authorized Signers, they must be added to the policy if the insured grants authority to sign
 - Submit POA with the application to NAU
- **Electronic Documentation**
 - For electronic signatures, include Electronic Certification form to be considered complete
- **GSH signature table** is now a guideline

