



Quality Watch

By Gary Trimmer

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MMPA Fire, Windstorm or Bovine Tuberculosis Depopulation Milk Production Income Loss Program Changes Effective June 1, 2008

The MMPA Board of Directors approved changes to the Fire, Windstorm or Bovine Tuberculosis Depopulation Milk Production Income Loss Program at their April board meeting. The major change to the program places a benefit limit of \$50,000 per occurrence.

The Board reached their decision after a thorough review conducted by management to determine if insurance coverage for MMPA to insure losses to the program was economically feasible. The review revealed there was no cost-effective insurance coverage available for MMPA. Due to the increased size of dairy operations, MMPA's exposure through the program has increased significantly over the years.

It is important to note that even at the \$50,000 maximum benefit, over 80 percent of MMPA members would still have 100 percent coverage for 30 days. We recommend that larger members should evaluate the potential to secure some type of business interruption insurance. This type of coverage should be available and would likely be made less expensive by considering the MMPA program as a \$50,000 deductible.

The new program will continue to pay MMPA members for 30 days loss of milk production less any milk shipped within the 30 days after the date of incident. A member is eligible for 25 percent calculated

value upon Board approval, with the balance of 75 percent being paid when the member begins shipping milk again if they do so within one year of the incident. The value of the loss will be calculated based on 30 days production prior to the incident at the member's milk price in the month of the incident. Now, however, the benefit is subject to a maximum of \$50,000. Benefits will only be paid for milk production loss due to damage to milking barn, parlor, milk house and/or lactating cows directly from fire, windstorm, or Bovine Tuberculosis depopulation. Losses from damage to cattle housing or lightning or other cattle death loss will not be covered.

The revised MMPA policy is as follows:

Fire, Windstorm Or Bovine Tuberculosis Depopulation Milk Production Income Loss Program

Effective June 1, 2008

Program Overview

There are many risks that can threaten your dairy operation. As a member of MMPA you are eligible to receive an extra measure of protection against the loss of milk production income from fire, windstorm or Bovine Tuberculosis depopulation.

Benefits Provided

A continuing MMPA member

is eligible for payments of up to 100 percent, subject to a maximum benefit of \$50,000, of his normal milk production income for 30 days after the date of incident causing a milk production loss due to damage to milking facilities and/or loss of lactating cows directly from fire, windstorm or Bovine Tuberculosis depopulation. To qualify for the maximum benefit, you must return to the market as a MMPA member within one year from the date of loss.

A member who does not return to the MMPA market after the fire, windstorm or Bovine Tuberculosis depopulation within one year from the date of loss is eligible for payment of 25 percent, subject to a maximum benefit of \$50,000, of his normal milk production income for 30 days after the loss incident.

Determining Benefits

Payments under this program are based on the amount of milk the member would have sold if the fire,

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windstorm or Bovine Tuberculosis depopulation had not occurred. Payments are figured on the basis of the amount of milk the member actually sold for the 30 days immediately preceding the date of loss. Milk values are based on the actual producer price of the month of disaster. The benefit paid will be less any value of milk shipped during the 30-day period after the loss incident.

The benefit is limited to a maximum of \$50,000 per any one occurrence.

Applying for Payment

To file a milk production income loss claim, you must notify your membership representative or the Novi office within 30 days of the date of loss. You will be required to complete a claim form providing detailed information regarding the loss, including details on salvage milk sales. Pictures documenting the damage must be included with the claim.

Other Information

MMPA recommends that you review this milk production income loss program with your insurance agent to determine how it coordinates with loss of income and extra expense coverage available to your dairy operation in the insurance marketplace.



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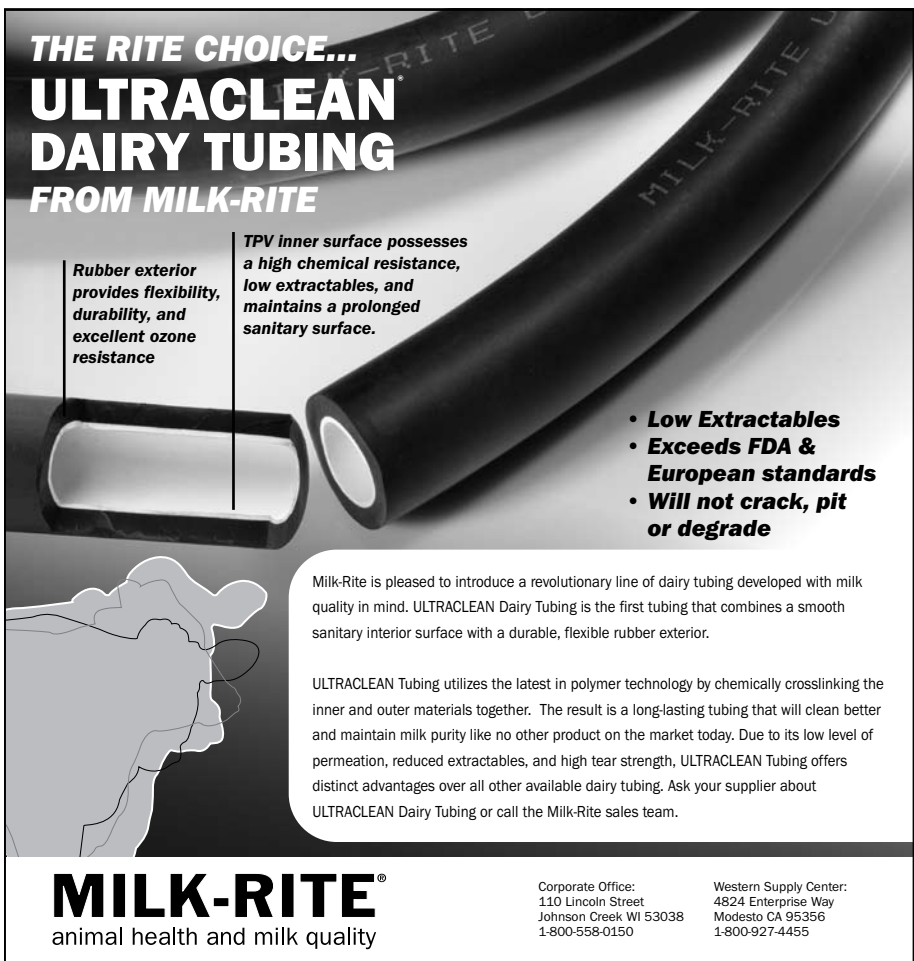
MMPA Constantine BTU

March 2008

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