

Disaster Benefits

Disaster is often unexpected and devastating but in these hard times when disaster but in those hard times when disaster strikes Family Dairies USA is here to help you. Even if your farm is well insured, can you survive the loss of income while you recover or rebuild from the disaster? Family Dairies USA offers members relief from loss of income during these times. The following is Family Dairies USA disaster benefits program that can make a positive difference during devastating times.

Family Dairies USA will reimburse active, service fee-paying member-producers, who at the time of their loss are marketing milk pursuant to a valid marketing agreement with the Cooperative, for their loss of income from the sale of milk in accordance with the following guidelines:

Notice of Loss: As a condition of payment under this program, producer shall notify the Cooperative at its main office immediately after any occurrence. Claims will not be accepted for consideration by the Board if notification thereof has not been received within sixty (60) days after any occurrence which may give rise to a loss covered hereunder.

Definitions:

(1) **“Normal production”** is the average daily quantity and quality of milk that was produced on the farm and marketed during the pay period when the loss of production occurred, adjusted to reflect seasonal factors and changes from the normal farm operations.

(2) **“Normal market value”** is the price paid to the member-producer for milk by the dairy plant which received the member’s milk during the pay period when the loss of production occurred, less hauling charges and marketing service fees, times the actual loss of production.

(3) **“Actual loss of production”** is the difference between the normal production on the farm and the production that would be realized or realizable if reasonable measures were taken by the member to minimize the loss.

(4) **“Discarded milk”** is milk having been harvested or all measures to harvest milk into bulk tank or storage unit have been taken.

(5) **“Producing cow”** shall be considered any cow that is producing, lactating or is currently in a dry period awaiting lactation period and has previously been a lactating animal.

Benefits:

(1) **Loss of Facilities:** Up to 100% of the “normal market value” of the actual loss of production, but not to exceed one-hundred percent (100%) of the “normal market value” of the “normal production” of milk on the farm for up to thirty (30) days, if fire or wind destroys the dairy barn in which cows are normally housed, or the milking house or milking parlor in which milk is normally cooled and stored.

Where the milk loss cannot be determined from farm and/or outside records, the loss shall be arrived at by multiplying the daily average production of milk marketed from the herd during the seven (7) days immediately preceding the loss. Multiply that result by the net price of milk at test for the month of disaster. Multiply that result by twenty percent (20%) which will represent the payment from this disaster program.

Where the loss has been reduced by rental of a temporary milking facility a producer may be reimbursed an amount of Five dollars (\$5.00) per cow or an amount not to exceed Five-hundred dollars (\$500.00) for a thirty (30) day period.

Where if a producers "primary milking facility" is damaged or destroyed as the result of a fire, and because of damage or destruction a producers grade of milk goes from "A" to "Manufacturing Grade", the producer will be reimbursed for the difference in pay price between these two grades during loss period to a maximum of thirty (30) days.

Producers shall take reasonable measures to minimize loss. Benefits hereunder may be limited or denied where such measures have not been taken.

(2) Loss Due to Snow or Flood: Up to seventy-five percent (75%) of the "normal market value" of the loss which results from deterioration of quality of milk due to delay of regularly scheduled pickup resulting from impassable snow-clogged or flooded public highways not to exceed a maximum of five (5) days production per occurrence. As a condition to payment, producer must have taken reasonable measures, including provisions for emergency storage for one (1) days normal milking on farm where milking is done, to prevent loss.

Producers shall take reasonable measures to minimize loss. Benefits hereunder may be limited or denied where such measures have not been taken.

(3) Loss Due to Nondelivery of Electric Power due to Natural causes:

(a.) Up to seventy-five percent (75%) of "normal market value" of milk discarded for a period not to exceed five (5) days due to failure of the electric power company to deliver electricity to the farm meter.

Producers shall take reasonable measures to minimize loss. Benefits hereunder may be limited or denied where such measures have not been taken.

(4) Loss Due to Lightning:

(a.) Actual loss of income, but not to exceed Two Hundred Dollars (\$200.00) for each "producing" killed by lightning provided the death and cause thereof is verified by an authority recognized by the Board of Directors.

(b.) In the event of loss due to lightning disabling the cooler compressor in the milk house, Family Dairies USA will pay up to seventy-five percent (75%) of the "normal market value" of the "normal production" of milk for no more than one (1) milking, or the milk in the tank at the time of the disaster, whichever is greater. Actual lightning damage shall be verified by an electrician or licensed milk equipment dealer. Payment will not be made for loss due to lack of maintenance of equipment, such as failure to replace fuses or replace or reset breaker. An acid test by a plant fieldman will be required as a condition of payment. Coordination of benefit payments by all parties shall not exceed one hundred percent (100%) of the value of the milk lost.

Producers shall take reasonable measures to minimize loss. Benefits hereunder may be limited or denied where such measures have not been taken.

General Considerations:

(1) Producers shall take reasonable measures to minimize loss. Benefits hereunder may be limited or denied where such measures have not been taken.

(2) The Board of Directors may coordinate benefits paid by other sources for losses described herein. These may be deducted from any amount otherwise payable under this program to the maximum value, except in cases of loss due to lightning.

Coordination of benefits shall not exceed Fifty percent (50%) of the amount otherwise payable under this program.

(3) In the event of a claim based upon loss due to fire under a. (1) of this section the producer shall have the burden of establishing, to a reasonable certainty, that such fire was not due to any willful or negligent act or omission on the part of the producer or attributable to the producer.

(4) Adjustments may be made for production costs by virtue of reduction in production

(5) Adjustments may be made where claims could be made under more than one paragraph relating to benefits.

(6) In the event the cows are condemned to a rendering or slaughter facility by a licensed veterinarian within the five-day period of the fire, those animals so designated shall be considered a total loss.

(7) Benefits shall cease upon sale of cows.

(8) In no event should the benefit amount exceed \$50,000 per farm.

(9) No Benefits shall be paid in the event that the loss claimed is the result of failures attributable to the member's or a third party's use of equipment or services suffering from a catastrophic disaster.

(10) These rules may be amended at any time by the Board of Directors of Family Dairies USA. All payments under these rules of the Disaster Benefits Plan are subject to approval by the Cooperative Board of Directors.

(11) Discretionary action by the Board of Directors shall be a condition of payment.

Please contact your field representative if you feel you qualify for a disaster benefit or have any questions regarding the program.