



United States Department of Agriculture
Risk Management Agency

February 2005

2005 COMMODITY INSURANCE FACT SHEET

Cotton

North Carolina and Virginia

Crop Insured

Lint cotton produced from varieties that are recognized as American Upland cotton may be insurable. Colored cotton lint is not insurable unless allowed by the special provisions of Insurance or by individual written agreement.

Causes of Loss

Adverse weather conditions¹
Fire
Insects²
Plant disease²
Wildlife

¹Including hail, frost, freeze, drought, and excess precipitation. ²But not damage due to insufficient or improper applications of control measures.

Insurance Period

Coverage begins when the crop is planted and ends at the earliest of: (1) total destruction of the crop, (2) harvest of the cotton from the field, (3) abandonment of the crop, (4) final adjustment of a loss, (5) December 31, following planting.

Reporting Requirements

You must report all acreage of your cotton, both insured and uninsured to your agent.

Important Dates

Sales Closing—NC February 28, 2005
Sales Closing—VA..... March 15, 2005
Final Planting Date..... May 15, 2005
Acreage Report Due June 30, 2005

Definitions

Production Guarantee— Pounds guaranteed per acre determined by multiplying your average yield (based on your records) times the coverage level percentage you select.

Price Election— Price used to calculate your premium or indemnity. Prices are posted on the RMA website at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

Coverage Levels and Premium Subsidies

Your guarantee depends on the coverage level you choose. Coverage levels range from 50 to 85 percent of your average APH yield. For example, an average cotton yield of 800 pounds per acre results in a guarantee of 600 pounds per acre at the 75-percent level. Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium:

Item	Percent							
Coverage Level	50	55	60	65	70	75	80*	85*
Premium Subsidy	67	64	64	59	59	55	48	38

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. CAT coverage costs an administrative fee of \$100 per crop per county, regardless of the acreage.

*where available

Price Election

\$.52 per pound

Duties in the Event of Damage or Loss

(1) Protect the crop from further damage by providing sufficient care; (2) notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period); and (3) leave representative samples intact for each field of the damaged unit.

Insurance Units

Your insurable acreage will be grouped into one or more units in order to establish the approved yield, calculate a guarantee, and determine any indemnity.

Basic Unit: A basic unit includes all of your cotton acreage in the county by share arrangement. Premiums are reduced by 10 percent for a basic unit.

Optional Units: If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may apply for optional units by FSN. The 10-percent discount will not apply.

Late and Prevented Planting

These provisions provide reduced protection on acreage that is planted late or that cannot be planted by the final planting date or within the late planting period. Consult a crop insurance agent for more details.

Loss Example

This example is based on actual production history (APH) yield of 800 pounds per acre, 75-percent coverage level, non-irrigated, and one basic unit.

800	Pounds per acre average APH yield
<u>x .75</u>	Coverage level
600	Pounds per acre guarantee
<u>- 200</u>	Pounds per acre actually produced
400	Pounds per acre loss
<u>x \$.52</u>	Price election
\$208	Gross indemnity per acre
<u>- \$11</u>	Estimated premium per acre (varies by county)
\$197	Net indemnity per acre

Counties Available

North Carolina:

Anson	Beaufort	Bertie	Bladen
Brunswick	Cabarrus	Camden	Carteret
Chatham	Chowan	Cleveland	Columbus
Craven	Cumberland	Currituck	Davidson
Duplin	Edgecombe	Franklin	Gaston
Gates	Granville	Greene	Halifax
Harnett	Hertford	Hoke	Hyde
Iredell	Johnston	Jones	Lee
Lenoir	Lincoln	Moore	Montgomery
Nash	Northampton	Onslow	Pamlico
Pasquotank	Pender	Perquimans	Pitt
Richmond	Robeson	Rowan	Rutherford
Sampson	Scotland	Stanly	Tyrell
Union	Wake	Warren	Washington
Wayne	Wilson		

Virginia:

Accomack	Brunswick	Charles City
Dinwiddie	Henrico	Greensville
Isle of Wight	King and Queen	King William
Northampton	Prince George	Southampton
Surry	Sussex	Suffolk City

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