



United States Department of Agriculture
Risk Management Agency

June 2012

2012 COMMODITY INSURANCE FACT SHEET

Cotton

Arizona

Crop Insured

All the acres of upland cotton lint planted in a county must be insured. However, insuring one type of cotton does not require insuring all types. You may decide to insure all pima cotton acreage and none of the upland acreage. Colored cotton lint is not insurable unless allowed by the special provisions or by written agreement.

Counties Available

Cotton is insurable in Cochise, Graham, Greenlee, La Paz, Maricopa, Mohave, Pima, Pinal and Yuma counties. Cotton may be insurable in other counties by written agreement if specific criteria are met. Contact an agent for more details.

Causes of Loss

Adverse weather conditions¹
Failure of irrigation water supply²
Fire
Insects³
Plant disease³
Wildlife⁴

¹Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.

²If caused by an insured peril during the insurance period.

³But not damage due to insufficient or improper application of control measures.

⁴Unless wildlife control measures have not been taken.

Important Dates

Sales ClosingFebruary 28
Final Planting.....*May 15
Acreage Report Due July 15

*Dates may vary by county; consult a local crop insurance agent for details.

Insurance Period

Coverage usually begins when the crop is planted and ends at the earliest of:

- 1) Removal of the cotton from the field;

- 2) Total destruction of the crop on a unit;
- 3) Abandonment of the crop;
- 4) Final adjustment of a loss on a unit; or
- 5) January 31

Coverage Levels and Premium Subsidies

Individual insurance amounts are based on your production history. Your approved average yield is calculated from 4 to 10 years of production records you provide to an insurance agent. You can choose a coverage level ranging from 50 to 85 percent of your approved average yield and 50 to 100 percent of a price announced by USDA,. You can also choose Catastrophic Risk Protection (CAT) coverage based on 50 percent of your approved yield and 55 percent of the price.

Yield and revenue protection are available in select areas. Please see a crop insurance agent to discuss the availability in your area and which program would be best for your operation.

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.

Definitions

Approved Yield— Your actual production history (APH) yield, approved by the insurance company, used to determine the production guarantee. The APH yield is based on up to 10 years of actual and/or assigned yields.

Harvest Price— A price determined in accordance with the Commodity Exchange Price Provisions and used to value production for revenue protection

Projected Price — The price used to calculate your premium or indemnity. Only one price may be selected for all your cotton in a county. Please see a crop insurance agent for actual prices available.

Production Guarantee (per acre)— Number of pounds determined by multiplying your approved yield by the coverage level percentage you choose.

Revenue Protection— An insurance plan that provides protection against loss of revenue due to production loss, price decline or increase, or a combination of the two.

Yield Protection— An insurance plan that provides protection against a loss of production only.

Optional Cottonseed Endorsement

The Cottonseed Pilot Endorsement offers yield coverage for cottonseed as an optional endorsement applicable to cotton policies at coverage levels other than CAT. It is designed to integrate seamlessly with the cotton lint program rules and procedures. The cottonseed guarantee is set as a ratio of the cotton lint guarantee on the policy. Please contact a crop insurance agent for more details.

Loss Example

A claim can be filed whenever production falls short of the guarantee you select. The amount of a loss is determined by multiplying the production shortfall by the pre-selected price.

Yield Protection Example

Based on an APH yield of 1500 pounds per acre, 75-percent coverage level on 100 acres of cotton, selected price of \$.59 per pound, one basic unit, and 100-percent share.

1500	Pounds per acre average yield (APH)
x .75	Coverage level
1125	Pounds per acre guarantee
- 500	Pounds per acre actually produced
625	Pounds per acre loss
x \$.59	Price *
\$ 368.75	Indemnity paid to insured

* Price used above is an example only. Contact a crop insurance agent for current information.

Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site at: <http://www3.rma.usda.gov/apps/agents/>

Regional Contact

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