



United States Department of Agriculture  
Risk Management Agency

June 2012

## 2012 COMMODITY INSURANCE FACT SHEET

# Cotton (ELS)

## Arizona

### Crop Insured

All the acres of extra long staple (ELS) cotton lint planted in a county must be insured. However, insuring one type of cotton does not require insuring all types. For example, you may decide to insure all pima cotton acreage and none of the upland acreage.

### Counties Available

Cotton (ELS) is insurable in Cochise, Graham, La Paz, Maricopa, Pima, Pinal, and Yuma counties. Cotton (ELS) 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 conditions<sup>1</sup>
- Failure of irrigation water supply<sup>2</sup>
- Fire
- Insects<sup>3</sup>
- Plant disease<sup>3</sup>
- Wildlife<sup>4</sup>

<sup>1</sup>Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.

<sup>2</sup>If caused by an insured peril during the insurance period.

<sup>3</sup>But not damage due to insufficient or improper application of control measures.

<sup>4</sup>Unless wildlife control measures have not been taken.

### Important Dates

Sales Closing .....	February 28
Final Planting.....	April 30
Acreage Report Due .....	July 15

### Insurance Period

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

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

### Coverage Levels and Premium Subsidies

The guarantee is production, measured in pounds of cotton. Insurance amounts are based on your production history. Your approved, average yield is calculated from 4 to 10 years of production records you give to your insurance agent. You can select a coverage level from 50 to 85 percent of your approved average yield and 50 to 100 percent of a price announced by USDA. Catastrophic Risk Protection (CAT) coverage is also available and is based on 50 percent of your approved yield and 55 percent of the price.

### Prevented Planting

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

### Definitions

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

**Price Election**— The price used to calculate your premium or indemnity. Only one price election may be selected for all your cotton in a county. Please talk to your crop insurance agent for specific prices available.

**Production Guarantee**— Number of pounds guaranteed that is determined by multiplying your average APH yield times the coverage level percentage you elect times your planted acres.

### 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, with the

cottonseed guarantee 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.

Assume a yield of 1,500 pounds per acre, 75-percent coverage level on 100 acres of cotton, selected price of \$1.50 per pound, one basic unit, and 100-percent share.

1500	Pounds per acre average yield (APH)
<u>x .75</u>	Coverage level
1125	Pounds per acre guarantee
<u>- 500</u>	Pounds per acre actually produced
625	Pounds per acre loss
<u>x \$1.50</u>	Price election*
<b>\$937.50</b>	<b>Indemnity per acre paid</b>

\* Price used above is an example only. Contact a crop insurance agent for more 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

#### USDA/Risk Management Agency

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