

## Davis Regional Office — Davis, CA

Revised February 2014

# 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. Contract a crop insurance agent for more details.

### Causes of Loss

You are protected against the following:

- Adverse weather conditions;
- Failure of irrigation water supply, if caused by an insured peril during the insurance year;
- Fire;
- Insects or plant disease, but not damage due to insufficient or improper application of control measures; or
- Wildlife.

### Insurance Period

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

- Removal of the cotton from the field;
- Total destruction of the crop on a unit;
- Abandonment of the crop;
- Final adjustment of a loss on a unit; or
- January 31.

### Important Dates

Sales Closing/Cancellation.....	February 28, 2014
Final Planting.....	May 15, 2014
Acreage/Production Reporting... ..	January 15, 2014
Premium Billing.....	August 15, 2014
Termination.....	February 28, 2015

### 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.

### 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. 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. Coverage levels range from 50 to 85 percent of your approved yield. Crop insurance premiums are subsidized as shown in the following table. For example, if you choose the 65-percent coverage level, your premium share would be 41 percent of the base premium.

Item	Percent							
	50	55	60	65	70	75	80	85
Coverage Level	50	55	60	65	70	75	80	85
Premium Subsidy	67	64	64	59	59	55	48	38
Your Premium Share	33	36	36	41	41	45		

Catastrophic Risk Protection (CAT) coverage is fixed at 50 percent of your approved yield and 55 percent of the price election. CAT is 100-percent subsidized with no premium cost to you. There is, however, an administrative fee of \$300 per crop per county, regardless of the acreage.

### Endorsement

**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.

### 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.

### 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

Assume an APH yield of 1,500 pounds per acre, 75-percent coverage level on 100 acres of cotton,

selected price of \$0.81 per pound, one basic unit, and 100-percent share.

1500	Pounds per acre approved yield
<u>x 0.75</u>	Coverage level
1125	Pounds per acre guarantee
<u>- 500</u>	Pounds per acre actually produced
625	Pounds per acre loss
<u>x \$0.81</u>	Projected price
<b>\$ 506.25</b>	<b>Indemnity per acre paid to insured</b>

Price used above is for 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 at all USDA service centers and on the RMA website at: [www3.rma.usda.gov/apps/agents/](http://www3.rma.usda.gov/apps/agents/).

### Contact Us

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