



United States Department of Agriculture
Risk Management Agency

February 2013

2013 COMMODITY INSURANCE FACT SHEET

Cotton

Arkansas, Louisiana, Mississippi and Tennessee

Crop Insured

The crop insured will be cotton planted for harvest as cotton lint. In counties for which premium rates are not available, cotton may be insurable by written agreement if specific criteria are met.

When a skip-row planting pattern is utilized, the acreage insured will be only the land occupied by the rows of cotton.

Counties Available

See your crop insurance agent for a listing of eligible counties.

Causes of Loss

Adverse weather conditions Volcanic Eruption²
Insects¹
Plant Disease¹
Wildlife
Earthquake
Fire

All specified causes of loss must be due to a naturally occurring event.

¹But not damage due to insufficient or improper application of pest or disease control measures.

²Failure of the irrigation water supply if applicable, due to an unavoidable cause of loss occurring within the insurance period.

Important Dates

Sales Closing(AR,LA,MS).....February 28
Sales Closing(TN)March 15
Cancellation Date(AR,LA,MS)...February 28
Cancellation Date(TN).....March 15
Final Planting Date..(Dates differ by state and county)
Acreage Report Date (ALL).....July 15

Insurance Period

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

1. Total destruction of the crop;
2. Removal of cotton from the field;
3. Final adjustment of a loss;
4. Abandonment of the crop; or
5. December 31, 2013

Reporting Requirement

You must timely report to your agent all acres of the crop in the county in which you have a share.

Definitions

Catastrophic Coverage (CAT) – A plan of insurance established by FCIC that provides coverage comparable to a level for a single crop that is equal to 50 percent of the approved yield indemnified at 55 percent of the established price.

Production Guarantee – The number of pounds determined by multiplying the approved yield per acre determined by any applicable yield conversion factor for non-irrigated skip-row planting patterns, and multiplying the result by the coverage level percentage you elect.

Projected Price – The price for this crop determined in accordance with the Commodity Exchange Price Provisions. The applicable projected price is used for each crop for which revenue protection is available, regardless of whether you elect to obtain revenue protection or yield protection for such crop.

Coverage Levels & Premium Subsidies

Catastrophic Coverage: 50 percent of your average yield and 55 percent of the projected price.

Additional Coverage: 50, 55, 60, 65, 70, 75, 80, 85 percent of your average yield and up to 100 percent of the projected price.

Premium Subsidies: Varies based on coverage level.

Replant Provisions

No replant payment is available

Loss Example

You have 100% share in 50 acres of cotton in the unit with a production guarantee of 525 pounds (per acre) (808 pound approved yield x .65 percent coverage level), your projected price is \$.65, your harvest price is \$.70, and your production to count is 25,000

Yield Protection

50	acres
525	production guarantee
<u>x .65</u>	projected price
\$ 17,062.00	value of production guarantee
\$ 25,000.00	production
<u>x .65</u>	projected price
\$ 16,250.00	value of production guarantee
\$ 17,062.00	
<u>- \$ 16,250.00</u>	
\$ 812.50	indemnity

Revenue Protection

50	acres
525	production guarantee
<u>x .70</u>	harvest price
\$18,375.00	revenue production guarantee
25,000.00	production to count
<u>x .70</u>	harvest price
\$17,500.00	
\$18,375.00	
<u>x \$17,500.00</u>	
\$ 875.00	
\$ 875.00	
<u>x 1,000.00</u>	share
875.00	indemnity

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