

SUMMARY OF CHANGES FOR THE ELS COTTON CROP PROVISIONS (12-0022)

The following is a brief description of changes to the crop provisions that will be effective for the 2012 crop year. Please refer to the crop provisions for more complete information.

- The paragraph immediately preceding section 1 that referred to the order of priority in the event of conflict has been removed. This information is contained in the Basic Provisions.
- Section 10(c) – Revised to remove the phrase “production (pounds) to count” and replace it with the phrase “production to count (in pounds)” in order to keep the term “production to count” intact.
- Section 10(d) – Revised to 1) remove reference to the Daily Spot Cotton Quotations and replace with reference to the National Average Loan Rate published by FSA; 2) make ELS cotton consistent with Upland cotton; and 3) change the percentage of Price B from 75 percent to 85 percent.
- Section 10(f) – Revised to 1) remove the phrase “Any AUP cotton” and replace it with the phrase “Mature AUP cotton;” 2) remove reference to the Daily Spot Cotton Quotations and replace with reference to the Upland Cotton National Average Loan Rate determined by FSA and the Extra Long Staple Cotton National Average Loan Rate determined by FSA; 3) remove reference to the date the last bale from the unit is classed; and 4) remove reference to the price quotation being unavailable.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
ELS COTTON CROP PROVISIONS



1. Definitions

Cotton – Varieties identified as Extra Long Staple (ELS) cotton and American Upland (AUP) cotton if ELS cotton is destroyed by an insured cause and acreage is replanted to AUP cotton.

ELS cotton - Extra Long Staple cotton (also called Pima cotton, American-Egyptian cotton, and American Pima cotton).

Harvest – The removal of the seed cotton from the open cotton boll, or the severance of the open cotton boll from the stalk by either manual or mechanical means.

Mature ELS cotton – ELS cotton that can be harvested either manually or mechanically.

Planted acreage – In addition to the definition contained in the Basic Provisions, cotton must be planted in rows, unless otherwise provided by the Special Provisions, actuarial documents, or by written agreement. The yield conversion factor normally applied to non-irrigated skip-row cotton acreage will not be used if the land between the rows of cotton is planted to any other spring planted crop.

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

Replanting – Performing the cultural practices necessary to replace the ELS cotton seed, and replacing the seed with either ELS or AUP cotton seed in the insured acreage with the expectation of growing a successful crop.

Skip-row – A planting pattern that:

- (1) Consists of alternating rows of cotton and fallow land or land planted to another crop the previous fall; and
- (2) Qualifies as a skip-row planting pattern as defined by the Farm Service Agency (FSA) or a successor agency.

2. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

In addition to the requirements of section 3 of the Basic Provisions, you may select only one price election for all the cotton in the county insured under this policy.

3. Contract Changes

The contract change date is November 30 preceding the cancellation date (see the provisions of section 4 of the Basic Provisions).

4. Cancellation and Termination Dates

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are:

<u>States</u>	<u>Cancellation and Termination Dates</u>
New Mexico	March 15
All other states	February 28

5. Insured Crop

In accordance with section 8 of the Basic Provisions, the crop insured will be all the cotton lint in the county for

which premium rates are provided by the actuarial documents:

- (a) In which you have a share; and
- (b) That is not (unless allowed by the Special Provisions or by a written agreement):
 - (1) Planted into an established grass or legume;
 - (2) Interplanted with another spring planted crop;
 - (3) Grown on acreage from which a hay crop was harvested in the same calendar year unless the acreage is irrigated; or
 - (4) Grown on acreage on which a small grain crop reached the heading stage in the same calendar year unless the acreage is irrigated or adequate measures are taken to terminate the small grain crop prior to heading and less than fifty percent (50%) of the small grain plants reach the heading stage.

6. Insurable Acreage

In addition to the provisions of section 9 of the Basic Provisions:

- (a) The acreage insured will be only the land occupied by the rows of cotton when a skip-row planting pattern is utilized; and
- (b) Any acreage of the insured crop damaged before the final planting date, to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant.

7. Insurance Period

- (a) In lieu of section 11(b)(2) of the Basic Provisions, insurance will end upon the removal of the cotton from the field.
- (b) In accordance with the provisions of section 11 of the Basic Provisions, the calendar date for the end of the insurance period is January 31 immediately following planting.

8. Causes of Loss

In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss which occur within the insurance period:

- (a) Adverse weather conditions;
- (b) Fire;
- (c) Insects, but not damage due to insufficient or improper application of pest control measures;
- (d) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (e) Wildlife;
- (f) Earthquake;
- (g) Volcanic eruption; or
- (h) Failure of irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period.

9. Duties in the Event of Damage or Loss

- (a) In addition to your duties under section 14 of the Basic Provisions, in the event of damage or loss:

- (1) You must give us notice if you intend to replant any acreage originally planted to ELS cotton to AUP cotton;
 - (2) The cotton stalks must remain intact for our inspection; and
 - (3) If you initially discover damage to any insured crop within 15 days of harvest, or during harvest, you must leave representative samples of the unharvested crop for our inspection. The samples must be at least 10 feet wide and extend the entire length of the field in the unit.
- (b) The stalks must not be destroyed, and required samples must not be harvested, until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed and written notice of probable loss is given to us.

10. Settlement of Claim

- (a) We will determine your loss on a unit basis. In the event you are unable to provide records of production:
- (1) For any optional unit, we will combine all optional units for which acceptable records of production were not provided; or
 - (2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.
- (b) In the event of loss or damage covered by this policy, we will settle your claim on any unit by:
- (1) Multiplying the insured acreage by the production guarantee;
 - (2) Subtracting from this the total production to count;
 - (3) Multiplying the remainder by your price election; and
 - (4) Multiplying this result by your share.
- (c) The total production to count (in pounds) from all insurable acreage on the unit will include:
- (1) All appraised production as follows:
 - (i) Not less than the production guarantee for acreage:
 - (A) That is abandoned;
 - (B) Put to another use without our consent;
 - (C) Damaged solely by uninsured causes;
 - (D) For which you fail to provide records of production that are acceptable to us; or
 - (E) On which the cotton stalks are destroyed in violation of section 9;
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production (mature unharvested production may be adjusted for quality deficiencies in accordance with subsection:
 - (A) 10(d) and (e) if it is mature ELS cotton; or
 - (B) 10(f) if it is AUP cotton insured under these crop provisions; and
 - (iv) Potential production on insured acreage you want to put to another use or you wish to abandon or no longer care for, if you and we agree on the appraised amount of production. Upon such agreement the insurance period for that acreage will end if

you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:

- (A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count.); or
 - (B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and
- (2) All harvested production from the insurable acreage, including any mature cotton retrieved from the ground.
- (d) Mature ELS cotton production may be adjusted for quality when production has been damaged by insured causes. Such production to count will be reduced if Price A is less than 85 percent of Price B.
- (1) Price B is defined as the Extra Long Staple Cotton National Average Loan Rate determined by FSA, or as specified in the Special Provisions.
 - (2) Price A is defined as the loan value per pound for the bale determined in accordance with the FSA Schedule of Premiums and Discounts for the applicable crop year, or as specified in the Special Provisions.
 - (3) If eligible for quality adjustment, the amount of production to be counted will be determined by multiplying the number of pounds of such production by the factor derived from dividing Price A by 85 percent of Price B.
- (e) For ELS cotton to be eligible for quality adjustment as shown in subsection 10(d), ginning must have been completed at a gin using roller equipment.
- (f) Mature AUP cotton harvested or appraised from acreage originally planted to ELS cotton in the same growing season will be reduced by the factor obtained by dividing the price per pound for AUP cotton by the price per pound for ELS cotton. The prices used for AUP and ELS cotton will be calculated using the Upland Cotton National Average Loan Rate determined by FSA and the Extra Long Staple Cotton National Average Loan Rate determined by FSA, or as specified in the Special Provisions.

11. Late Planting

A late planting period is not applicable to ELS cotton. Any ELS cotton that is planted after the final planting date will not be insured unless you were prevented from planting it by the final planting date. Such acreage will be insurable, and the production guarantee and premium for the acreage will be determined in accordance with section 16 of the Basic Provisions.

12. Prevented Planting

- (a) In addition to the provisions contained in section 17 of the Basic Provisions, your prevented planting production guarantee will be based on your approved yield without adjustment for skip-row planting patterns.
- (b) Your prevented planting coverage will be 50 percent of your production guarantee for timely planted acreage. If you have limited or additional levels of coverage, as specified in 7 CFR part 400, subpart T, and pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents.