



United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Cotton

## Arizona

### Crop Insured

All the acres of lint cotton planted in a county by an insured grower must be insured. However, insuring one type of cotton does not require insuring all types. A producer 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 individual written agreement.

### Counties Available

Cotton is available for insurance in the following counties: Cochise, Graham, Greenlee, La Paz, Maricopa, Mohave, Pima, Pinal and Yuma counties. Crop 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.

### Insurance Period

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

- Total destruction of the crop
- Abandonment of the crop
- January 31

### Important Dates

Sales Closing ..... \*February 28  
Final Planting..... \*May 15  
Acreage Report Due ..... \*July 15

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

### Coverage Levels and Premium Subsidies

Individual amounts of insurance are based on a grower's production history. Each grower's approved average yield is calculated from 4 to 10 years of production records provided to an insurance agent. Producers can select a level of coverage ranging from 50 to 85 percent of their approved average yield and 50 to 100 percent of a price announced by USDA, or Catastrophic Risk Protection (CAT) coverage based on 50 percent of their approved yield and 55 percent of the price. Cotton may be insurable in other counties if specific criteria are met.

Yield and revenue protection are available in select areas. Please see your 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 your 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 elect.

**Revenue Protection**— A plan of insurance providing protection against loss of revenue due to production loss, price decline or increase or a combination of the two.

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

## Loss Example

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

## Yield Protection Example

(Based on APH yield of 1500 pounds per acre, 75-percent coverage level on 100 acres of cotton, selected price of \$ .59 per pound, and one basic unit, 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 \$ .59</u>	Price **
<b>\$ 368.75</b>	<b>Indemnity paid to insured</b>

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

## 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 your crop insurance agent for more details.

## Where to Purchase Crop Insurance

All multi-peril crop insurance, including CAT coverage insurance 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/tools/agents/>

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