



United States Department of Agriculture
Risk Management Agency

March 2012

2012 COMMODITY INSURANCE FACT SHEET

Cotton (ELS)

California

Crop Insured

You must insure All your ELS cotton lint planted in a county. However, if you insure one type of cotton you are not required to insure all cotton types. For example, you may decide to insure all your pima cotton acreage and none of your upland acreage.

Counties Available

Cotton (ELS Pima) is insurable in Fresno, Kern, Kings, Merced and Tulare counties. Cotton may be insurable by written agreement if specific criteria are met. Contact an agent for more details.

Causes of Loss

Adverse weather conditions¹
Failure of irrigation water supply²
Fire
Insects³
Plant disease³
Wildlife⁴

¹Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.

²If caused by an insured peril during the insurance period.

³But not damage due to insufficient or improper application of control measures.

⁴Unless 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 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

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. You can choose a coverage level ranging from 50 to 85 percent of your approved average yield and 50 to 100 percent of a price announced by USDA,. You can also choose Catastrophic Risk Protection (CAT) coverage 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 is used to determine your approved average yield. 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 by the coverage level percentage you elect and by your planted acres.

Loss Example

A claim can be filed whenever production falls short of the guarantee you chose. The amount of a loss is determined by multiplying the production shortfall by the pre-selected price. Assume an APH yield of 1,500 pounds per acre, 75-percent coverage level on 100 acres of cotton. You had chosen a 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
\$ 937.50	Indemnity paid to insured

* Price election used above is for example only. Contact a crop insurance agent for current information.

Optional Cottonseed Endorsement

The Cottonseed Pilot Endorsement offers yield coverage for cottonseed as an optional endorsement available only for cotton policies at coverage levels higher 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. Please speak to your crop insurance agent for more details.

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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