



United States Department of Agriculture
Risk Management Agency

August 2010

2010 COMMODITY INSURANCE FACT SHEET

Cotton

Kansas

Crop Insured

The crop insured will be all the cotton lint grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and planted for harvest as cotton lint. Contact your crop insurance agent for more details.

Counties Available

Cotton is insurable in 27 counties throughout Kansas: Barber, Butler, Clark, Comanche, Cowley, Edwards, Ford, Grant, Gray, Harper, Harvey, Haskell, Kingman, Kiowa, McPherson, Marion, Meade, Morton, Pratt, Reno, Rice, Sedgwick, Seward, Stafford, Stanton, Stevens, and Sumner.

Coverage in other counties may also be available by individual written agreement if certain criteria are met, including records for at least three years of production history.

Special Provisions of Insurance

Insurance shall not attach on any acreage that is non-irrigated and from which a hay crop was harvested, including a harvested small grain hay crop, regardless of the percentage of small grain plants that reached the headed stage.

Coverage for cotton grown using an organic farming practice is available.

Causes of Loss

Adverse weather conditions¹
Failure of irrigation water supply²
Fire³
Insects³
Plant disease⁴
Wildlife

¹Such as hail, freeze, excess wind, excess rain, drought, and tornado.

²If caused by an insured cause of loss within the insurance period.

³If due to natural causes.

⁴Only if effective control measures do not exist for such infestation.

Insurance Period

Coverage begins when the cotton is planted and ends the earliest of: (1) total destruction of the crop, (2) abandonment of the crop, (3) removal of the cotton from the field, (4) final adjustment of a loss, (5) December 31.

Reporting Requirements

Acreage Report—You must give a report of all your cotton acreage in the county by the acreage reporting date.

Important Dates

Sales Closing/Cancellation Date March 15, 2010
Final Planting Date.....June 1, 2010
Acreage Report Date July 15, 2010
Premium Billing November 1, 2010
End of Insurance December 31, 2010

Coverage Levels and Premium Subsidies

Cotton may be insured at the coverage levels shown in the table below:

| Item | Percent | | | | | | | |
|-------------------------|---------|-----|-----|-----|-----|-----|-----|-----|
| 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 | 52 | 62 |
| Enterprise Unit Factors | .80 | .80 | .80 | .80 | .80 | .77 | .68 | .53 |
| Whole Farm Unit Factors | na | na | na | .80 | .80 | .80 | .71 | .56 |

For example if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the acreage.

Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

Price Elections

Price of compensation per pound in case of loss is \$0.54 per pound in Kansas.

Insurance Units

Basic Unit: A basic unit includes all of your insurable cotton acreage in the county by share arrangement. Premiums are reduced 10 percent for a basic unit.

Optional Unit: If a basic unit consists of two or more sections of land, and certain record keeping requirements are met, you may apply for optional units by section.

Enterprise Unit: Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts apply.

Plans of Insurance

Actual Production History (APH) — Production guarantee based on individual yield history. Optional, basic, and enterprise units are available.

Crop Revenue Coverage (CRC) — APH plus price protection with optional, basic, and enterprise units available.

Replant Provisions

No replant payment is available.

Late and Prevented Planting

Your prevented planting coverage will be 50 percent of your final guarantee for timely planted acreage.

You may increase your prevented planting coverage to a level specified in the actuarial documents by paying an additional premium. These provisions provide protection on acreage that is planted after the final planting date or that cannot be planted at all.

Not available for all plans of insurance. Please consult a crop insurance agent for details.

Loss Example

A loss occurs when the pounds of cotton produced for the unit fall below the production guarantee. This example assumes a 400-pound per acre APH yield, 65-percent coverage level, 100 percent of the established price, and basic unit coverage.

APH Example

$$\begin{array}{r} 400 \text{ pounds per acre APH yield} \\ \times .65 \text{ coverage level} \\ \hline 260 \text{ pound guarantee*} \\ - 100 \text{ pounds per acre actually produced} \\ \hline 160 \text{ pounds per acre lost} \\ \times \$0.54 \text{ price election **} \\ \hline \text{\$86.00 gross indemnity*} \end{array}$$

*Figures shown on a per acre basis; guarantees and losses paid are on a unit basis. See policy provisions.

** Price elections may vary by state.

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