



United States Department of Agriculture
Risk Management Agency

December 2010

2011 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
Fire⁴
Insects³
Plant disease³
Wildlife

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

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

³Only if effective control measures do not exist for such infestation.

⁴If due to natural causes.

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, 2011
Final Planting Date.....June 1, 2011
Acreage Report Date July 15, 2011
Premium Billing November 1, 2011
End of Insurance December 31, 2011

Coverage Levels and Premium Subsidies

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

Coverage Level		0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85
Subsidy Factors	Enterprise Unit	0.80	0.80	0.80	0.80	0.80	0.77	0.68	0.53
	Basic Unit	0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38
	Optional unit	0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38
	Whole Farm Unit ¹	0.80	0.80	0.80	0.80	0.80	0.80	0.71	0.56

¹Not available for Yield Protection Plan

Catastrophic Coverage

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. Available for Yield Protection Plan only.

Price Elections

Prices are calculated in accordance with the Commodity Exchange Price Provisions. Kansas cotton prices are based on the December futures market price for cotton. The projected price discovery period is February 1 through February 28. The harvest price discovery period is November 1 through November 30. These prices will be released no later than three business days following the end of the price discovery period. Depending on the insurance plan, these prices will be used for compensation per pound in case of loss. Contact your agent or for more information see: <http://www.rma.usda.gov/tools/pricediscovery.html>

Insurance Units

Basic Unit: A basic unit includes all of your insurable corn 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. The 10-percent premium discount will not apply.

Enterprise Unit: Generally, all insured crop acreage in a county. Premium discounts apply.

Whole Farm Unit: Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts apply (Not available under the Yield Protection Plan).

Plans of Insurance

Common Crop Insurance Policy

Crops previously covered under APH, CRC, IP, and RA have both Yield Protection and Revenue Protection under the new Common Crop Insurance Policy Basic Provisions (11br).

- **Yield Protection Plan** is a plan of insurance that only provides protection against a production loss and is available only for crops for which revenue protection is available.
- **Revenue Protection Plan** is plan of insurance that provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
- **Harvest price exclusion** - Revenue protection with the use of the harvest price excluded when determining your revenue protection guarantee. This election is continuous unless canceled by the cancellation date.

Replant Provisions

No replant payment is available.

Late and Prevented Planting

These provisions provide protection on insurable acreage that is prevented from planting the insured crop by an insured cause of loss or that cannot be planted at all. 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. The late planting period begins the day after the final planting date and ends 15 days after the final planting date. Please consult a crop insurance agent for details.

Cottonseed (Pilot) Endorsement

You must elect this Endorsement in writing on or before the sales closing date. This endorsement operates in all counties where coverage is offered for lint production. You must insure the cottonseed associated with all cotton lint insured in the county. Each cottonseed production guarantee will be included within the unit from which the cotton lint production guarantee was used to establish liability. You may elect this endorsement in conjunction with either yield protection or revenue protection as elected under the Cotton Crop Provisions; however, the cottonseed guarantee will be for yield only.

Loss Example

Under yield protection a loss occurs when the pounds of cotton produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. Under revenue protection a loss occurs when the value of production to count is less than the revenue protection guarantee due to a production loss and/or a loss of revenue.

This example assumes a 400 pounds per acre APH yield, 75-percent coverage level, \$.54 projected price, \$.45 harvest price, and basic unit coverage.

<u>Yield Protection</u>		<u>Revenue Protection</u>
400	APH yield pounds/acre	400
<u>x .75</u>	Coverage level	<u>x .75</u>
300	Pounds guarantee	300
x <u>\$.54</u>	Projected price	x <u>\$.54</u>
\$162.00	Insurance guarantee	\$162.00
100	Pounds per acre produced	100
x <u>\$.54</u>	Price used to determine value	x <u>\$.45</u>
\$54.00	Value of production	\$45.00
\$162.00	Insurance guarantee	\$162.00
- <u>\$54.00</u>	Value of production	- <u>\$45.00</u>
\$108.00	Gross indemnity*	\$117.00

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

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