

Topeka Regional Office — Topeka, KS

Revised March 2014

Cotton

Kansas

Crop Insured

Cotton is insurable if:

- It is all the cotton lint grown in the county on insurable acreage;
- Premium rates are provided;
- You have a share; or
- It is planted for harvest as cotton lint under the Common Crop Insurance Policy.

Cotton is not insurable, if it is a non-irrigated crop on acreage where:

- It is colored cotton lint;
- Planted into a grass or legume, unless excepted by the Natural Resources Conservation Service cover crop guidelines;
- Interplanted with another spring planted crop;
- A perennial hay crop was harvested;
- A crop (other than a cover crop) has reached the headed or budded stage prior to termination, regardless of the percentage of plants that reach the headed or budded stage. Termination means growth has ended; or
- It follows a cover crop that does not meet the criteria outlined in the Insurance Availability section of the Special Provisions.

Contact a crop insurance agent for more details.

Counties Available

Cotton is insurable in 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 counties. 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.

Causes of Loss

You are protected against the following:

- Adverse weather conditions;
- Fire;
- Insects, but not damage due to insufficient or improper application of pest control measures;
- Plant disease, but not damage due to insufficient or improper application of disease control measures;
- Wildlife;
- Earthquake;
- Volcanic eruption;
- Failure of the irrigation water supply due to a cause of loss specified in sections 8(a) through (g) that also occurs during the insurance period; or
- For revenue protection, a change in the harvest price from the projected price, unless Federal Crop Insurance Corporation can prove the price change was the direct result of an uninsured cause of loss specified in section 12(a) of the Basic Provisions.

Insurance Period

Insurance coverage begins on the later of:

- Date your application is accepted; or
- Date when the cotton is planted.

Insurance coverage ends at the earliest occurrence of one of the following:

- Total destruction of the crop;
- Removal of the cotton from the field;
- Final adjustment of a loss;
- Abandonment of the crop; or
- December 31.

Important Dates

Sales Closing Date.....March 15, 2014
Cancellation Date.....March 15, 2014
Final Planting Date.....June 1, 2014

Acreage Report Date.....July 15, 2014
Premium Billing.....August 15, 2014
End of Insurance.....December 31, 2014

Reporting Requirements

Acreage Report: You must give a report to your crop insurance agent of all your cotton acreage in the county by the acreage reporting date.

Coverage Levels and Premium Subsidies

Cotton may be insured at the coverage levels shown in the table. Crop insurance premiums are subsidized as shown.

Coverage Level		0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85
Subsidy Factors	Enterprise Unit	0.800	0.800	0.800	0.800	0.800	0.770	0.680	0.530
	Basic Unit	0.670	0.640	0.640	0.590	0.590	0.550	0.480	0.380
	Optional unit	0.670	0.640	0.640	0.590	0.590	0.550	0.480	0.380
	Whole Farm Unit	0.800	0.800	0.800	0.800	0.800	0.800	0.710	0.560

If you select the 0.75 coverage level and enterprise units, your coverage will be 75 percent of your approved actual production history (APH) yield, the premium subsidy is 77 percent, and your premium share is 23 percent of the base premium. For coverage levels above the Catastrophic Risk Protection (CAT) level, in addition to premium costs, administrative fees are \$30 per crop per county. Whole farm unit is not available for Yield Protection Plan.

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 is an administrative fee of \$300 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: www.rma.usda.gov/tools/pricediscovery.html.

The contract price is only available for certified organic cotton. See the Contract Price Addendum for details.

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. 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 with the Yield Protection Plan).

Insurance Plans

Common Crop Insurance Policy Basic Provisions

Yield Protection Plan is an insurance plan that only provides protection against a production loss and is available only for crops for which revenue protection is available.

Revenue Protection Plan is an insurance plan that provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.

Harvest Price Exclusion provides 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.

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.

Replant Provisions

No replant payment is available.

Late Planting

These provisions provide protection on acreage that is planted after the final planting date. The late planting period begins the day after the final planting date and ends 15 days after the final planting date.

Prevented Planting

These provisions provide protection on acreage that cannot be planted. Your prevented planting coverage will be 50 percent of your production guarantee for timely planted acreage. If you have additional coverage and pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents. If you have additional coverage and pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents. In lieu of Section 17(f)(5)(ii) of the Common Crop Insurance Basic Provisions, haying or grazing a cover crop will not impact eligibility for a prevented planting payment provided such action did not contribute to the acreage being prevented from planting.

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.

Assume a 400 pounds per acre APH yield, 75 percent coverage level, 100 percent of the price, a Projected price of \$0.93, a Harvest price of \$0.71, and basic unit coverage.

Yield Protection

400	APH yield pounds/acre
x <u>0.75</u>	Coverage level
300	Pound guarantee
x <u>\$0.83</u>	Projected price
\$249.00	Insurance guarantee
100	Pounds per acre produced
x <u>\$0.93</u>	Projected Price
\$93.00	Value of production
\$249.00	Insurance guarantee
- <u>\$93.00</u>	Value of production
\$156.00	Gross indemnity

Revenue Protection

400	APH yield pounds/acre
x <u>0.75</u>	Coverage level
300	Pound guarantee
x <u>\$0.83</u>	Price used to determine value
\$249.00	Insurance guarantee
100	Pounds per acre produced
x <u>\$0.77</u>	Harvested Price
\$77.00	Value of production

\$249.00	Insurance guarantee
- <u>\$77.00</u>	Value of production
\$172.00	Gross indemnity

Price used to determine value in the revenue protection example above is higher of projected price or harvest price. Figures shown per acre. Guarantees and losses are paid by unit. See policy provisions or ask your crop insurance agent for more information.

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 at all USDA service centers and on the RMA web site at:

www3.rma.usda.gov/apps/agents/

Contact Us

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