Cotton

Missouri

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; and
- It is planted for harvest as cotton lint under the Common Crop Insurance Policy.

Cotton is not insurable if it:

- Is colored cotton lint;
- Is planted into a grass or legume, unless allowed by written agreement;
- Is interplanted with another spring planted crop, unless allowed by written agreement; or
- Follows a cover crop that does not meet the criteria outlined in the Insurance Availability section of the special provisions.

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

- A perennial hay crop was harvested; or
- 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.

Contact a crop insurance agent for more details.

Counties Available

Cotton is insurable in Butler, Dunklin, Mississippi, New Madrid, Pemiscot, Scott, and Stoddard counties. Coverage in other counties may also be available by individual written agreement if certain criteria are met. Contact a crop insurance agent for more details.

Causes of Loss

- Adverse weather conditions;
- Earthquake;
- 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;
- 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;
- Volcanic eruption;
- Wildlife; or
- For revenue protection, a change in the harvest price from the projected price, unless 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 with 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.
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Important Dates

Sales Closing Date……………...March 15, 2018
Cancellation Date…………..…..…March 15, 2018
Final Planting Date………..……... May 20, 2018
Acreage Report Date………..……...July 15, 2018
Premium Billing………………..August 15, 2018
End of Insurance…………….December 31, 2018

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

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. If you choose the 75-percent 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 the Yield Protection Plan.

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	0.80	0.80	0.80	0.80	0.80	0.80	0.71	0.56
	Enterprise Unit by Practice	0.80	0.80	0.80	0.80	0.80	0.77	0.68	0.53

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 the Yield Protection Plan only.

Price Elections

Prices are calculated in accordance with the Commodity Exchange Price Provisions. Missouri 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 October 1 through October 31. 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 crop insurance agent or for more information see prodwebnlb.rma.usda.gov/apps/PriceDiscovery/. 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. Premium discounts may apply.

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 (EU) - Generally, all insured crop acreage in a county. Separate EUs for irrigated and non-irrigated acreage are allowed in counties where irrigated and non-irrigated practices are insurable and EUs are available. Premium discounts may apply.

Whole Farm Unit - Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts may apply. Not available with the Yield Protection Plan.

Insurance Plans

Common Crop Insurance Policy Basic Provisions

Yield Protection Plan - 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 - 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.

Area Risk Protection Insurance (ARPI) Basic Provisions - may not be available in every county. Some of the information on this fact sheet does not apply. For more information see www.rma.usda.gov/pubs/rme/fctsht.html.

Stacked Income Protection Plan - provides protection against loss of revenue due to an area level production loss, a price decline, or combination of both. For more information, see www.rma.usda.gov/pubs/rme/fctsht.html.

Trend-Adjusted APH Yield Option

The Trend-Adjusted APH Yield Option, adjusts yields in APH databases to reflect increases in yields through time in the county. Trend adjustments are made on each eligible yield within a qualifying APH database based on the county's historical yield trend, which is provided in the county actuarial documents. The approved APH yield is calculated using trend-adjusted yields, as well as any other applicable yields, within the APH database. It may not be available for all practices, and the factor may vary by practice. This option is not available under CAT Coverage or ARPI plans of insurance. Not available in all counties.

Coverage Level by Practice

If you produce a crop on both irrigated and non-irrigated land, you can choose a different coverage level for each production practice. The election is available for additional coverage policies only when the actuarial documents provide separate coverage by irrigated and non-irrigated practices. Even if you have an additional coverage level policy, purchasing the CAT endorsement is not allowed as one of the separate coverage levels.

Supplemental Coverage Option (SCO)

SCO is a new crop insurance option that provides additional coverage for a portion of your underlying crop insurance policy deductible. The amount of SCO coverage depends on the liability, coverage level, and approved yield of your underlying policy. For more information visit the SCO fact sheet at www.rma.usda.gov/pubs/rme/fctsht.html.

APH Yield Exclusion

The Yield Exclusion option, when elected, allows you to exclude yields from your actual production history when the actuarial documents provide that the county average yield for that crop year is at least 50 percent below the 10 previous consecutive crop years' average yield. A crop year that has been determined eligible for exclusion in a county is also eligible for exclusion in contiguous counties. Producers who have either CAT or buy-up insurance policies can use this program. For more information visit the APH Yield Exclusion fact sheet at www.rma.usda.gov/pubs/rme/fctsht.html.

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. 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 $0.74, a harvest price of $0.68, and basic unit coverage.

Yield Protection

400	APH yield pounds/acre
x 0.75	Coverage level
300	Pound guarantee
x $0.74	Projected price
$222.00	Insurance guarantee
100	Pounds per acre produced
x $0.74	Projected Price
$74.00	Value of production
$222.00	Insurance guarantee
- $74.00	Value of production
$148.00	**Gross indemnity**

Revenue Protection

400	APH yield pounds/acre
x 0.75	Coverage level
300	Pound guarantee
x $0.74	Price used to determine value
$222.00	Insurance guarantee
100	Pounds per acre produced
x $0.68	Harvested Price
$68.00	Value of production
$222.00	Insurance guarantee
- $68.00	Value of production
$154.00	**Gross indemnity**

The price used to determine value in the revenue protection example above is the higher of projected price or the 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 crop insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at www.rma.usda.gov/tools/agent.html.

Contact US

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