United States Department of Agriculture
Risk Management Agency

February 2013

2013 COMMODITY INSURANCE FACT SHEET

Cotton

North Carolina and Virginia

Crop Insured

The crop insured will be all Upland Cotton grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and is planted for harvest as lint or seed. Cotton may be covered with yield protection or revenue protection. Insurance coverage for Cotton Seed is available with the Cotton Seed Endorsement. Consult your agent for more information.

1) **Yield Protection Plan:** provides protection against production losses.
2) **Revenue Protection Plan:** provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
3) **Revenue Protection** with **Harvest Price Exclusion Plan:** provides protection against loss. Revenue caused by price decrease, low yield or a combination of both based on the projected price only.

Note: Beginning in 2013, Trend-Adjusted APH Yield Option is available for cotton. 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 that is provided in the county actuarial documents. The approved APH yield is calculated using trend-adjusted yields, and 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 with CAT, Group Risk Protection, and Group Risk Income Protection insurance plans.

Other Plans of Insurance

Group Risk Plan (GRP) provides protection against widespread loss of production based on county average yields.

Group Risk Income Protection (GRIP) is similar to GRP but factors in price to place the coverage in revenue terms. A projected price and harvest price is determined from the futures market.

GRP and GRIP are area based coverage plans and do not provide protection for losses on an individual farm basis. Available only in certain North Carolina counties, consult your agent.

Causes of Loss

Adverse weather conditions [1]
Failure of irrigation water supply[2]
Fire
Insects[3]
Plant disease[3]
Wildlife

[1]Natural perils such as hail, freeze, frost, drought, wind, and excess precipitation.
[2]If caused by an insured peril during the insurance period.
[3]Except for insufficient or improper application of control measures.

Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the crop is planted, and will end at the earliest of:

1) Total destruction of the crop;
2) Harvest of the unit;
3) Final adjustment of a loss;
4) Abandonment of the crop; or
5) December 31.

Reporting Requirements

You must file a report of planted acreage to your crop insurance agent by the acreage reporting date established for your county. Since acreage reporting dates vary by crop and county, consult your agent or for more information see: http://www.rma.usda.gov/tools/

Important Dates

North Carolina:
Sales Closing Date.................................February 28
Final Planting Date[1] .... May 15 or May 20
Acreage Reporting Date.................................July 15
Virginia:
Sales Closing Date..................................... March 15
Final Planting Date...May 15
Acreage Reporting Date.................................July 15

[1] Contact a crop insurance agent for specific dates in your county.

2) Notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period); and
3) Leave representative samples intact for each field of the damaged unit.

Coverage Levels and Premium Subsidies

The premium subsidy percentages and available coverage levels are shown below. Your share of the premium will be 100 percent minus the subsidy amount.

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

Catastrophic Risk Protection (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of $300.

Price Elections

Commodity Exchange Price Provisions (CEPP) contains information necessary to derive the projected price and the harvest price for the insured crop. The projected price is used to calculate the premium, replant payment and any prevented planting payment. The harvest price will be used to value production-to-count under the Revenue Protection Plan and the Revenue Protection with Harvest Price Exclusion plans. The CEPP includes the price discovery period, release dates, board of trade used, and additional pricing information. Talk to 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 cotton acreage in the county by crop by share arrangement. Premiums are reduced 10-percent for a basic unit.

Optional Unit: If a basic unit consists of two or more FSA farm serial numbers and certain record keeping requirements are met, you may qualify for optional units. The 10-percent premium discount will not apply.

Enterprise Unit: Generally, all the insured acreage of the crop in a county. Premium discounts and additional subsidy apply.

Whole Farm Unit: Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts and additional subsidy apply. Does not apply to Yield Protection Plan.

Late and Prevented Planting

These provisions provide protection on acreage planted after the final planting date or that cannot be planted. Please consult a crop insurance agent for details.

Loss Example

Assume cotton with an approved yield of 800 pounds per acre, 75 percent coverage level, $1.15 projected price, $1.05 harvest price and 200 pounds produced.

Yield Protection		Revenue Protection
800	APH Yield per acre	800
x .75	Coverage Level	x .75
600	Acre Guarantee	600
x $1.15	Projected Price	x $1.15
$690.00	Insurance Guarantee	$690.00
200	Bushels Produced	200
x $1.15	Harvest Price	x $1.05
$230.00	Production-to-Count Value	$210.00
$690.00	Insurance Guarantee*	$690.00
-$230.00	Production-to-Count Value	- $210.00
$460.00	**Indemnity/Acre**	**$480.00**

*For Revenue Protection, the insurance guarantee is equal to the production guarantee multiplied by the greater of the projected price or the harvest price. In example, Revenue Protection harvest guarantee increased to $690.00 (600 bushels per acre guarantee x $1.15 projected price).

Regional Contact

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