



United States Department of Agriculture
Risk Management Agency

January 2007

2007 COMMODITY INSURANCE FACT SHEET

Cotton Extra Long Staple New Mexico

Crop Insured

Lint cotton produced from varieties that are recognized as Extra Long Staple (ELS) and American Upland (AUP) if ELS cotton is destroyed by an insured cause and acreage is replanted to AUP cotton. ELS cotton is also known as Pima cotton, American-Egyptian cotton, and American Pima cotton.

Causes of Loss

Adverse weather conditions¹
Failure of irrigation water supply²
Fire
Insects³
Plant disease³
Wildlife

¹Natural perils such as hail, frost, freeze, wind, drought, and excess moisture. ²If caused by an insured peril. ³But not damage due to insufficient or improper application of recommended control measures.

Insurance Period

Coverage usually begins when the insured crop is planted and ends the earliest of: (1) destruction of the crop, (2) harvest of the crop, (3) abandonment of the crop, (4) final adjustment of a claim, (5) January 31.

Reporting Requirements

You must report all acreage of your cotton, both insured and uninsured, to your agent by the date shown below.

Important Dates

Sales Closing/Cancellation Date.....March 15
Final Planting.....April 30
Acreage Reporting.....July 15

Counties Available

Dona Ana, Eddy, and Luna counties in New Mexico.

Definitions

Production Guarantee— Pounds guaranteed per acre determined by multiplying your average yield (based on your records) times the coverage level percentage you select.

Price Election— Price used to calculate your premium or indemnity. Prices are posted on the RMA Web site at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 85 percent of your average yield and are subsidized as shown below. For example, an average yield of 800 pounds per acre results in a guarantee of 600 pounds per acre at the 75-percent coverage level.

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 (CAT) coverage is fixed at 50 percent of average yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you except for an administrative fee of \$100, regardless of the acreage.

Duties in the Event of Damage or Loss

(1) Protect the crop from further damage by providing sufficient care; (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.

Insurance Units

Your insurable acreage is grouped into a unit based on your selection of one of the following unit arrangements.

Basic Unit: A basic insurance unit includes all of your ELS cotton acreage in the county by share arrangement. For example, the ELS cotton acreage on your own farm (including land cash rented) would be one basic unit, while other land on shares with someone else would be a second basic unit. Premiums are reduced 10 percent for a basic unit.

Optional Units: If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

Loss Example

This example is based on actual production history (APH) yield of 800 pounds per acre, 75-percent coverage level, non-irrigated practice, and one basic unit.

800	Pounds per acre average APH yield
<u>x .75</u>	Coverage level
600	Pounds per acre guarantee
<u>- 200</u>	Pounds per acre actually produced
400	Pounds per acre loss
<u>x .53</u>	Price election
\$212	Indemnity per acre
<u>- \$12</u>	Estimated premium per acre (varies)
\$200	Net indemnity per acre

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