



United States Department of Agriculture
Risk Management Agency

April 2008

2008 COMMODITY INSURANCE FACT SHEET

Cotton

Arizona

Crop Insured

All the acres of lint cotton planted in a county by an insured grower must be insured. However, insuring one type of cotton does not require insuring all types. A producer may decide to insure all pima cotton acreage and none of the upland acreage. Colored cotton lint is not insurable unless allowed by the special provisions or by individual written agreement.

Counties Available

Cotton is available for insurance in the following counties: Cochise, Graham, Greenlee, La Paz, Maricopa, Mohave, Pima, Pinal and Yuma counties. Crop may be insurable in other counties by written agreement if specific criteria are met. Contact an agent for more details.

Causes of Loss

- Adverse weather conditions¹
- Failure of irrigation water supply²
- Fire³
- Insects⁴
- Plant disease⁴
- Wildlife⁵

¹Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.

²If caused by an insured peril during the insurance period.

³Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.

⁴But not damage due to insufficient or improper application of control measures.

⁵Unless wildlife control measures have not been taken.

Insurance Period

Coverage usually begins when the crop is planted and ends at the earliest of:

- Total destruction of the crop
- Abandonment of the crop
- January 31

Important Dates

Sales Closing *February 28
 Final Planting..... *May 15
 Acreage Report Due..... *July 15

*Dates may vary by county; consult your local crop insurance agent for details.

Coverage Levels and Premium Subsidies

The guarantee is production, measured in pounds of cotton. Individual amounts of insurance are based on a grower's production history. Each grower's approved average yield is calculated from 4 to 10 years of production records provided to an insurance agent. Producers can select a level of coverage ranging from 50 to 85 percent of their approved average yield and 50 to 100 percent of a price announced by USDA, or Catastrophic (CAT) coverage based on 50 percent of their approved yield and 55 percent of the price. Cotton may be insurable in other counties if specific criteria are met.

Price Election: Price used to calculate your premium and indemnity.

Cotton APH: \$.77 lb.

Cotton CRC Spring: \$.91lb.

Cotton CRC Harvest: To be determined

Loss Example

A claim can be filed whenever production falls short of the guarantee selected by the insured. The amount of a loss is determined by multiplying the production shortfall by the pre-selected price.

(Based on actual production history (APH) yield of 1500 pounds per acre, 75-percent coverage level on 100 acres of cotton, selected price of \$.77per pound,, and one basic unit, 100-percent share.)

1500	Pounds per acre average yield (APH)
<u>x .75</u>	Coverage Level
1125	Pounds per acre guarantee
<u>- 500</u>	Pounds per acre actually produced
625	Pounds per acre loss
<u>x \$.77</u>	Price Election
\$ 481	Indemnity paid to insured

Where to Purchase Crop Insurance

All multi-peril crop insurance, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site at:

<http://www3.rma.usda.gov/tools/agents/>

Download Copies from the Web

Visit our online publications/fact sheets page at:
http://www.rma.usda.gov/aboutrma/fields/ca_rso/

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Regional Contact for RMA USDA/Risk Management Agency

Davis Regional Office

430 G Street, # 4168

Davis, CA 95616

Telephone: 530-792-5870

Fax: 530-792-5893

E-mail: rsoca@rma.usda.gov