



United States Department of Agriculture
Risk Management Agency

April 2008

2008 COMMODITY INSURANCE FACT SHEET

Cotton (ELS)

California

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 (ELS Pima) is available for insurance in Fresno, Kern, Kings, Riverside and Tulare counties. Crop may be insurable in other counties may be insurable 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

Producers must apply for coverage with a crop insurance agent on or before February 28 to insure the cotton they intend to plant that year. Insurance coverage begins at planting and ends no later than January 31 of the following year.

Important Dates

- Sales Closing*February 28
- Final Planting.....*April 30
- 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 80 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.

Definitions

APH Yield— Your actual production history (APH) yield used to determine the production guarantee. The APH yield is based on up to 10 years of actual and/or assigned yields.

Price Election— The price used to calculate your premium or indemnity. Only one price election may be selected for all your cotton in a county. Price elections are posted on the RMA Web site at:

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

2008 Price Election: \$1.20 per pound

Production Guarantee— Number of pounds guaranteed that is determined by multiplying your average APH yield times the coverage level percentage you elect times your planted acres

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 1,500 pounds per acre, 75-percent coverage level on 100 acres of cotton, selected price of \$ 1.20 per 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 \$1.20</u>	**Price election
\$ 750	Indemnity paid to insured

**** 2008 price election used for example only**

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Regional Contact for RMA

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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/>