



United States Department of Agriculture  
Risk Management Agency

April 2007

## 2007 COMMODITY INSURANCE FACT SHEET

# Cotton - APH

## Alabama, Florida, Georgia, South Carolina

### Crop Insured

The crop insured will be all the cotton grown for lint in the county for which a premium rate is provided by actuarial documents in which you have a share and is not (1) colored cotton lint, or (2) interplanted with another spring crop (see your crop insurance agent for additional details.)

When a skip-row planting pattern is utilized, the acreage insured will be only the land occupied by the rows of cotton.

### Counties Available

More than one insurance plan is offered for cotton in some locations. Contact your crop insurance agent for more details on plans offered in your state and county.

### Causes of Loss

Adverse weather conditions  
Earthquake  
Failure of irrigation water supply<sup>1</sup>  
Fire  
Insects<sup>2</sup>  
Plant disease<sup>3</sup>  
Volcanic eruption  
Wildlife

<sup>1</sup>If caused by an insured peril during the insurance period. <sup>2</sup>But not damage due to insufficient or improper application of pest control measures. <sup>3</sup>But not damage due to insufficient or improper application of disease control measures.

### Insurance Period

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

- 1) Total destruction of the crop;
- 2) Removal from the field;
- 3) Final adjustment of a loss;
- 4) Abandonment of the crop; or
- 5) December 31.

### Reporting Requirements

**Acreage Report**—You must timely report all acres of the crop in which you have a share to your insurance agent by the acreage reporting date.

**Notice of 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; (3) if damage is discovered within 15 days of harvest or during harvest, leave representative samples intact for our inspection; and (4) stalks must not be destroyed and samples must not be harvested until our inspection or 15 days after harvest of the balance of the unit is completed.

### Important Dates

Sales Closing.....February 28  
Final Planting.....(Dates differ by crop and county.  
Contact your crop insurance agent.)  
Acreage Reporting.....Florida: July 10  
Alabama, Georgia, SC: June 30  
Premium Billing.....November 01  
Cancellation/Termination.....February 28

### 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/>

**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.

### Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 85 percent of your average yield. For example, an average yield of 700 pounds per acre would result in a guarantee of 525 pounds per acre at the 75-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 75-percent coverage level, your premium share would be 45 percent of the base premium.

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. There is, however, an administrative fee of \$100 per county, regardless of the acreage.

### Insurance Units

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

**Basic Units:** A basic insurance unit includes all of your insurable cotton acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew cotton on shares with another entity, that acreage would be a separate basic unit. Premiums are reduced 10 percent if you insure under basic units.

**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.

### Late and Prevented Planting

Prevented planting coverage will be 50-percent of your production guarantee for timely planted acreage. Your prevented planting production guarantee will be based on your approved yield without adjustment for skip-row planting patterns. Please consult a crop insurance agent for details on increasing this coverage.

### Replant Provision

A replant payment is not available for cotton.

### Loss Example

This example is based on non-irrigated cotton with an average yield of 700 pounds per acre, 70-percent coverage level, 125 pounds of production to count, a 53 cent per pound price election, 100-percent share and a one acre basic unit.

700	Pounds per acre approved average yield
x .70	Coverage level percentage
490	Pounds per acre guarantee
- 125	Pounds actual production
365	Pounds per acre loss
x \$ .53	Price election
<b>\$193.45</b>	<b>Indemnity per acre</b>

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