

## REVENUE ASSURANCE COTTON CROP PROVISIONS

This risk management tool will be reinsured under the authority provided by the Federal Crop Insurance Act as amended. If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Special Provisions; (2) these Crop Provisions; and (3) the Basic Provisions with (1) controlling (2), etc.

### 1. Definitions

**Cotton** - Varieties identified as American Upland Cotton.

**Fall harvest price** - The price used to value production to count. For cotton the fall harvest price is the simple average of the final daily settlement prices in November per pound for the harvest year's NYCE December cotton futures rounded to the nearest whole cent. The fall harvest price for cotton will be released on or before December 10.

**Fall harvest price option** - A coverage option that allows you to use the greater of the projected harvest price or the fall harvest price to determine your per acre revenue guarantee. For basic, optional, and enterprise units, this option applies to all insurable acres of a crop in the county. For the whole-farm unit, this option will apply to all insurable acres of the applicable crops in the county. This option must be selected by the sales closing date and is continuous unless canceled by the crop sales closing date.

**Growth area** - A geographic area designated by the Secretary of Agriculture for the purpose of reporting cotton prices.

**Harvest** - The removal of the seed cotton from the open cotton boll, or the severance of the open cotton boll from the stalk by either manual or mechanical means.

**Mature cotton** - Cotton that can be harvested either manually or mechanically.

**NYCE** - New York Cotton Exchange.

**Per-acre revenue guarantee** - In lieu of the definition contained in the basic provisions, the per acre revenue guarantee is the coverage level percent times your approved yield multiplied by the applicable cotton yield conversion factor for non-irrigated skip row planting patterns, times the projected harvest price. If you choose the fall harvest price option the per-acre revenue guarantee equals the coverage level percent, times the approved yield, multiplied by the applicable cotton yield conversion factor for non-irrigated skip row planting patterns times the greater of the projected harvest price or the fall harvest price. For basic and optional units, the per-acre revenue guarantee may vary by unit. For an enterprise unit, the per-acre revenue guarantee is a weighted average and will be the same for all insured acres of the crop in the county. For the whole farm unit, the per-acre revenue guarantee is a weighted average and will be the same for all insured acres in the county.

**Planted acreage** - In addition to the definition contained in the Basic Provisions, cotton must be planted in rows, unless otherwise provided by the Special Provisions or actuarial documents. The yield conversion factor normally applied to non-irrigated skip-row cotton acreage will not be used if the land between the rows of cotton is planted to any other spring planted crop.

**Prevented planting guarantee** - The prevented planting guarantee for such acreage will be the selected percentage of the per-acre revenue guarantee for timely planted acres as set forth in section 11.

**Projected harvest price** - The price used to determine the expected per-acre revenue and calculate premium. For cotton the Projected Harvest price is the January 15 to February 14 harvest year's average daily settlement price per pound for the NYCE December cotton futures contract rounded to the nearest whole cent. The Projected Harvest Price will be released by February 20 of the harvest year.

**Skip-row** - A planting pattern that:

- (1) Consists of alternating rows of cotton and fallow land or land planted to another crop the previous fall; and
- (2) Qualifies as a skip-row planting pattern as defined by the Farm Service Agency (FSA) or a successor agency.

### 2. Contract Changes

In accordance with Section 5 of the Basic Provisions, the contract change date is November 30 preceding the cancellation date.

### 3. Cancellation and Termination Dates

The cancellation and termination dates are:

<u>State</u>	<u>Cancellation Date</u>	<u>Termination Date</u>
Arizona, Arkansas, Louisiana	February 28	February 28
New Mexico, Oklahoma	March 15	March 15

### 4. Annual Premium

In addition to the provisions of section 8 of the Basic Provisions, your per-acre premium on a unit is determined using the premium calculator. Your per-acre premiums will differ by crop and unit structure.

- (a) Basic unit: The annual premium for a basic unit equals the per-acre premium, times the number of insured acres in the unit, times your share.
- (b) Optional unit: The annual premium for an optional unit equals the per-acre premium, times an optional unit surcharge factor, times the number of insured acres in the optional unit, times your share. The optional unit surcharge factor is 1.10.
- (c) Enterprise unit: The annual premium for an enterprise unit equals the per-acre premium, times the number of insured acres in the unit, times your share. The per-acre premium decreases as the number of legally defined sections on which you have insured acreage increases up to a maximum of 10 sections.
- (d) Whole-farm unit: The annual premium for a whole-farm unit equals the per-acre premium, times the number of insured acres in the unit, times your share. The insured per-acre premium decreases as the number of legally defined sections on which you have insured acreage increases up to a maximum of 10 sections. The per-acre premium also depends on the proportions of insured crop acres on the unit. For example, if the unit contains corn, soybeans, and cotton, the per-acre premium will depend on the ratio of corn to soybean insured acres, the ratio of corn to cotton insured acres,

and the ratio of soybean to cotton insured acres.

#### 5. Insured Crop

In accordance with section 9 of the Basic Provisions, the crop insured will be all the cotton lint in the county for which premium rates are provided by the premium calculator.

- (a) In which you have a share; and
- (b) That is not (unless allowed by the Special Provisions):
  - (1) Colored cotton lint;
  - (2) Planted into an established grass or legume;
  - (3) Interplanted with another spring planted crop;
  - (4) Grown on acreage from which a hay crop was harvested in the same calendar year unless the acreage is irrigated; or
  - (5) Grown on acreage on which a small grain crop reached the heading stage in the same calendar year unless the acreage is irrigated or adequate measures are taken to terminate the small grain crop prior to heading and less than 50 percent of the small grain plants reach the heading stage.

#### 6. Insurable Acreage

In addition to the provisions of section 10 of the Basic Provisions:

- (a) The acreage insured will be only the land occupied by the rows of cotton when a skip-row planting pattern is utilized; and
- (b) Any acreage of the insured crop damaged before the final planting date, to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant.

#### 7. Insurance Period

- (a) In lieu of section 12 of the Basic Provisions, insurance will end upon the removal of the cotton from the field.
- (b) In accordance with the provisions under section 12 of the Basic Provisions, the calendar date for the end of the insurance period is the date immediately following planting as follows:
  - (1) January 31 in Arizona, New Mexico and Oklahoma;
  - (2) December 31 in Arkansas and Louisiana.

#### 8. Causes of Loss

In accordance with the provisions of section 13 of the Basic Provisions, insurance is provided only against the following causes of loss which occur within the insurance period:

- (a) Adverse weather conditions;
- (b) Fire;
- (c) Insects, but not damage due to insufficient or improper application of pest control measures;
- (d) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (e) Wildlife;
- (f) Earthquake;
- (g) Volcanic eruption; or
- (h) Failure of the irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period; or
- (i) A decline in the fall harvest price below the projected harvest price.

#### 9. Duties in the Event of Damage or Loss

- (a) In addition to your duties under section 15 of the Basic Provisions, in the event of damage or loss:
  - (1) The cotton stalks must remain intact for our inspection; and

- (2) If you initially discover damage to the insured crop within 15 days of harvest, or during harvest, you must leave representative samples of the unharvested crop in the field for our inspection. The samples must be at least 10 feet wide and extend the entire length of each field in the unit.

- (b) The stalks must not be destroyed, and required samples must not be harvested, until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed and written notice of probable loss given to us.

#### 10. Final Settlement of Claim

- (a) We will determine your loss on a unit basis. In the event you are unable to provide separate acceptable production records:
  - (1) For any optional unit, we will combine all optional units for which such production records were not provided; or
  - (2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.

- (b) In the event of loss or damage covered by this policy, we will settle your claim using the following procedures:

- (1) Basic and Optional units: We will settle your claim on each basic or optional unit by:
  - (i) Multiplying the unit's per-acre revenue guarantee by the number of insured acres in the unit;
  - (ii) Multiplying the fall harvest price by the production to count for each unit (see sections 10(c) through (e));
  - (iii) Subtracting the result of section 10(b)(1)(ii) from the result of section 10(b)(1)(i); and
  - (iv) Multiplying the results of section 10(b)(1)(iii) by your share.

If the result of section 10(b)(1)(iv) is greater than zero, an indemnity equal to that result will be paid to you. If the result of section 10(b)(1)(iv) is less than or equal to zero, no indemnity will be paid.

- (2) Enterprise units: We will settle your claim on an enterprise unit by:
  - (i) Multiplying the enterprise unit's per-acre revenue guarantee by the number of insured acres in the enterprise unit;
  - (ii) Multiplying the fall harvest price by the production to count for the enterprise unit;
  - (iii) Subtracting the result of section 10(b)(2)(ii) from the result of section 10(b)(2)(i); and
  - (iv) Multiplying the result of section 10(b)(2)(iii) by your share.

If the result of section 10(b)(2)(iv) is greater than zero, an indemnity equal to that result will be paid to you. If the result is less than or equal to zero, no indemnity will be paid.

- (3) Whole-farm units: We will settle your claim on a whole-farm unit by:
  - (i) Multiplying the per acre revenue guarantee for each crop by the number of insured acres planted to each crop;
  - (ii) Totaling the results of section 10(b)(3)(i);
  - (iii) Multiplying the fall harvest price for each crop by the production to count for each crop;

- (iv) Totaling the results of section 10(b)(3)(iii);
- (v) Subtracting the result of section 10(b)(3)(iv) from the result of section 10(b)(3)(ii); and
- (vi) Multiplying the result of section 10(b)(3)(v) by your share.

If the result of section 10(b)(3)(vi) is greater than zero, an indemnity equal to that result will be paid to you. If the result is less than or equal to zero, no indemnity will be paid.

- (c) The total production to count in pounds from all insurable acreage on the unit will include:
  - (1) All appraised production as follows:
    - (i) Not less than the amount of production that when multiplied by the fall harvest price equals the revenue guarantee for such acreage:
      - (A) That is abandoned;
      - (B) Put to another use without our consent;
      - (C) Damaged solely by uninsured causes;
      - (D) For which you fail to provide acceptable production records; or
      - (E) On which the cotton stalks are destroyed in violation of section 9;
    - (ii) Production lost due to uninsured causes;
    - (iii) Unharvested production (mature unharvested production of white cotton may be adjusted for quality deficiencies in accordance with section 10(d)); and
    - (iv) Potential production on insured acreage you intend to put to another use or abandon, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:
      - (A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us. (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count); or
      - (B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and
  - (2) All harvested production from the insurable acreage including any mature cotton retrieved from the ground.
- (d) Mature white cotton may be adjusted for quality when production has been damaged by insured causes. Such production to count will be reduced if the price quotation for cotton of like quality (price quotation "A") for the applicable growth area is less than seventy-five percent (75%) of price quotation "B." Price quotation "B" is

defined as the price quotation for the applicable growth area for cotton of the color and leaf grade, staple length, and micronaire reading designated in the Special Provisions for this purpose. Price quotations "A" and "B" will be the price quotations contained in the Daily Spot Cotton Quotations published by the USDA Agricultural Marketing Service on the date the last bale from the unit is classed. If the date the last bale classed is not available, the price quotations will be determined on the date the last bale from the unit is delivered to the warehouse, as shown on the producer's account summary obtained from the gin. If eligible for adjustment, the amount of production to be counted will be determined by multiplying the number of pounds of such production by the factor derived from dividing price quotation "A" by seventy-five percent (75%) of price quotation "B."

- (e) Colored cotton lint will not be eligible for quality adjustment.

#### **11. Prevented Planting**

- (a) In addition to the provisions contained in section 18 of the Basic Provisions, your prevented planting per-acre revenue guarantee will be based on your approved yield without adjustment for skip-row planting patterns.
- (b) Your prevented planting coverage will be 50 percent of your per-acre revenue guarantee for timely planted acreage. You may increase your prevented planting coverage to a level specified in the actuarial documents by paying an additional premium.