United States Department of Agriculture
Risk Management Agency

March 2007

2007 COMMODITY INSURANCE FACT SHEET

Cotton

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 is available for insurance in the following counties: Colusa, Fresno, Glenn, Imperial, Kern, Kings, Madera, Merced, Riverside, San Bernardino, Tulare and Yolo 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 conditions[1]
Failure of irrigation water supply[2]
Fire[3]
Insects[4]
Plant disease[4]
Wildlife[5]

[1]Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.
[2]If caused by an insured peril during the insurance period.
[3]Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.
[4]But not damage due to insufficient or improper application of control measures.
[5]Unless 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…... ....*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 4-10 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.

Price Election—Used to calculate your premium or indemnity.

Cotton APH:	**$0.53 per pound**
Cotton CRC Spring:	**$.059 per pound**
Cotton CRC Harvest:	**TBD**

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

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 $.52 per pound, and one basic unit, 100-percent share.)

1500	Pounds per acre average yield (APH)
x .75	Coverage level
1125	Pounds per acre guarantee
- 500	Pounds per acre actually produced
625	Pounds per acre loss
x $ .53	**Price election
$ 331.29	**Indemnity paid to insured**

****2007 price election used for example only.**

Where to Purchase Crop Insurance

All multi-peril crop insuraqnce, 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/

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