

United States
Department of
Agriculture



Federal Crop
Insurance
Corporation



Product
Development
Division

FCIC-25090 (05-1999)
FCIC-25090-1 (07-1999)
FCIC-25090-2 (2-2000)

AUP & ELS COTTON LOSS ADJUSTMENT STANDARDS HANDBOOK 2000 and Succeeding Crop Years

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

FEDERAL CROP INSURANCE HANDBOOK	NUMBER: 25090 (05-1999) 25090-1 (07-1999) 25090-2 (2-2000)
SUBJECT: AUP & ELS COTTON LOSS ADJUSTMENT STANDARDS HANDBOOK 2000 AND SUCCEEDING CROP YEARS	DATE: February 28, 2000
	OPI: Product Development Division
	APPROVED: <i>A.E. Waggoner</i> <i>for Tim B. Witt</i> Deputy Administrator, Research and Development

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THESE CROPS FOR THE 2000 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR 2000 AND SUCCEEDING CROP YEARS, ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

SUMMARY OF CHANGES/CONTROL CHART

Major Changes: See changes or additions in text which have been redlined. Three stars (***) identify information that has been removed.

Changes for Crop Year 2000 (FCIC-25090-2) issued February 2000:

- (1) Removed reference to Harvest Incentive Endorsement (Section 3B).
- (2) Clarified Section 6D(5)(a)(b) and (d) Appraising Damaged and Undamaged Bolls for AUP Cotton and Section 6D(6)(b) Appraising Damaged and Undamaged Bolls for ELS Cotton.
- (3) Appraisal Worksheet Entries and Completion Procedures (Section 8B):

Revised items 10 and 12 to include using the stand reduction method for planted acreage with no emerged seed.
- (3) Claim Form Entries and Completion Procedures (Section 9B):
 - (a) Adds procedure for Gleaned Acreage (page 54).
 - (b) Adds exhibit reference to Quality Factor (item K, page 55).
 - (c) Clarifies note regarding stalk inspections (page 55 and 56).

AUP & ELS COTTON LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (Continued)

- (d) Adds note to Uninsured Causes (item M, page 55 and 56) regarding loss of production in the non-Bt cotton refuge areas due to insect damage resulting from compliance with “refuge” insect control requirements.
 - (e) Adds to Per Acre Guarantee a note to see the LAM for late planting procedures (item Q, page 56).
 - (f) Revises Narrative item “i” and adds the requirement to document the name and address of charitable organization if gleaned acreage is applicable in item “w” (pages 57 and 58).
 - (g) Removed reference to calendar date in item 18 “b” and “c” (pages 59 and 60).
 - (h) Revises Value Per Pound (item H₁), Local Market Price (item H₂) and Quality Factor (item I) to refer to the Cotton Quality Adjustment Worksheet.
 - (i) Revises Local Market Price (item H₂) to record 85 percent of price quotation “B.”
 - (j) Revises the AUP and ELS Production Worksheet Examples (pages 64 and 65) to reflect the 85 percent cotton quality adjustment examples from Exhibit 5.
- (3) Exhibit 5 - Using the Cotton Classification System for Quality Adjustment
- (a) **INTERNET ACCESS.** Adds additional procedure to access the Daily Spot Cotton Quotations for previous days.
 - (b) Revises 75 percent of Price “B” to 85 percent of Price “B” as stated in the Special Provisions for AUP and ELS cotton. Examples have also been revised to reflect this change.
- (4) Exhibit 6 - Cotton Quality Adjustment Worksheet Instructions
- Revises the AUP and ELS Cotton Quality Adjustment Worksheets into one worksheet titled the Cotton Quality Adjustment Worksheet. The worksheet and instructions were revised to reflect the change from 75 percent of Price “B” to 85 percent of Price “B.”
- (5) Removes Exhibit 7 - Harvest Incentive Endorsement.

AUP & ELS COTTON LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (Continued)

Control Chart For: AUP & ELS Cotton Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2	1-4	1-2		07-1999	FCIC-25090-1
			25-28		05-1999	FCIC-25090
			31-32		05-1999	FCIC-25090
			53-56		05-1999	FCIC-25090
			57-66		07-1999	FCIC-25090-1
				89-92	05-1999	FCIC-25090
				97-98	05-1999	FCIC-25090
				101-104	05-1999	FCIC-25090
				111-122	05-1999	FCIC-25090
			Insert	1-4	1-4	1-2
25-28	97-98	02-2000				FCIC-25090-2
31-32	101-104	02-2000				FCIC-25090-2
53-66	111-114	02-2000				FCIC-25090-2
Current Index	1-4	1-4	1-2		02-2000	FCIC-25090-2
			3-24		05-1999	FCIC-25090
			25-28		02-2000	FCIC-25090-2
			29-30		05-1999	FCIC-25090
			31-32		02-2000	FCIC-25090-2
			33-36		05-1999	FCIC-25090
			37-38		07-1999	FCIC-25090-1
			39-40		05-1999	FCIC-25090
			41-42		07-1999	FCIC-25090-1
			43-44		05-1999	FCIC-25090
			45-48		07-1999	FCIC-25090-1
			49-52		05-1999	FCIC-25090
			53-66		02-2000	FCIC-25090-2
				67-88	05-1999	FCIC-25090
				89-92	02-2000	FCIC-25090-2
				93-96	05-1999	FCIC-25090
				97-98	02-2000	FCIC-25090-2
				99-100	05-1999	FCIC-25090
	101-104	02-2000	FCIC-25090-2			
	105-110	05-1999	FCIC-25090			
	111-114	02-2000	FCIC-25090-2			

AUP & ELS COTTON LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (Continued)

AUP & ELS COTTON LOSS ADJUSTMENT HANDBOOK

TABLE OF CONTENTS

	<u>PAGE</u>
1. INTRODUCTION	1
2. SPECIAL INSTRUCTIONS	1
A. DISTRIBUTION	1
B. TERMS, ABBREVIATIONS, AND DEFINITIONS	1
3. INSURANCE CONTRACT INFORMATION	2
A. INSURABILITY	2
B. PROVISIONS NOT APPLICABLE TO CAT COVERAGE	2
C. UNIT DIVISION	3
D. QUALITY ADJUSTMENT	3
E. AUP AND ELS INSTRUCTION DESIGNATIONS	3
4. REPLANTING PAYMENT PROCEDURES	3
5. AUP AND ELS COTTON APPRAISALS	3
A. GENERAL INFORMATION	3
B. SELECTING REPRESENTATIVE SAMPLES FOR APPRAISALS	3
C. MEASURING ROW WIDTH FOR SAMPLE SELECTION	4
D. STAGES OF GROWTH	5
6. APPRAISAL METHODS	14
A. GENERAL INFORMATION	14
B. STAND REDUCTION METHOD	14
C. HAIL DAMAGE METHOD	17
D. BOLL COUNT METHOD	25
7. APPRAISAL DEVIATIONS AND MODIFICATIONS	30
A. DEVIATIONS	30
B. MODIFICATIONS	30

AUP & ELS COTTON LOSS ADJUSTMENT HANDBOOK

TABLE OF CONTENTS (Continued)

8. APPRAISAL WORKSHEET ENTRIES AND COMPLETION PROCEDURES	30
A. GENERAL INFORMATION	30
B. WORKSHEET ENTRIES AND COMPLETION INFORMATION	30
STAND REDUCTION METHOD	31
HAIL DAMAGE METHOD - VEGETATIVE STAGE DAMAGE	32
BOLL COUNT METHOD - REPRODUCTIVE STAGES	33
HAIL DAMAGE METHOD - REPRODUCTIVE STAGE DAMAGE	33
APPRAISAL WORKSHEET EXAMPLES	41
9. CLAIM FORM ENTRIES AND COMPLETION PROCEDURES	49
A. GENERAL INFORMATION	49
B. FORM ENTRIES AND COMPLETION INFORMATION	50
SECTION I - ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS	52
SECTION II - HARVESTED PRODUCTION	59
CLAIM FORM EXAMPLES	64
10. REFERENCE MATERIAL	67
TABLE A MINIMUM REPRESENTATIVE SAMPLE REQUIREMENTS	67
TABLE B SINGLE ROW LENGTH FOR EACH SAMPLE	67
TABLE C AUP “PICKER” TYPE (Vegetative Stages - Plants Partially Destroyed)	68
TABLE D AUP “STRIPPER” TYPE (Vegetative Stages - Plants Partially Destroyed)	68
TABLE E AUP “PICKER” TYPE (Reproductive Stages - Plants Partially Destroyed - California and Arizona ONLY)	69
TABLE F AUP “PICKER” TYPE (Reproductive Stages - Plants Partially Destroyed - ALL states EXCEPT California and Arizona)	69
TABLE G AUP “STRIPPER” TYPE (Reproductive Stages - Plants Partially Destroyed)	70
TABLE H AUP “PICKER” TYPE (Reproductive Stages - Limbs Destroyed Percent of Loss - California and Arizona ONLY)	70
TABLE I AUP “PICKER” TYPE (Reproductive Stages - Limbs Destroyed Percent of Loss - Original Stand 40 Plants or Less in 10 Feet - All States EXCEPT California and Arizona)	71
TABLE J AUP “PICKER” TYPE (Reproductive Stages - Limbs Destroyed Percent of Loss - Original Stand Exceeds 40 Plants in 10 Feet - All States EXCEPT California and Arizona)	71
TABLE K AUP “STRIPPER” TYPE (Reproductive Stages - Limbs Destroyed Percent of Loss)	72
TABLE L AUP BOLL FACTORS	72

AUP & ELS COTTON LOSS ADJUSTMENT HANDBOOK

TABLE OF CONTENTS (Continued)

TABLE M	ELS TYPE - (ALL Stages - Plants Partially Destroyed)	73
TABLE N	ELS TYPE - (Reproductive Stages - Limbs Destroyed Percent of Loss)	74
TABLE O	ELS BOLL FACTORS	74

EXHIBITS

EXHIBIT 1	DEFINITIONS	75
EXHIBIT 2	INSURABILITY OF NONIRRIGATED COTTON GROWN UNDER A CONSERVATION TILLAGE PRACTICE	77
EXHIBIT 3	FSA RULES FOR SKIP-ROW PLANTING PATTERNS	79
EXHIBIT 4	YIELD CONVERSION FACTORS FOR SKIP-ROW PLANTING PATTERNS	83
EXHIBIT 5	USING THE COTTON CLASSIFICATION SYSTEM FOR QUALITY ADJUSTMENT	89
EXHIBIT 6	COTTON QUALITY ADJUSTMENT WORKSHEET INSTRUCTIONS	111

AUP & ELS COTTON LOSS ADJUSTMENT HANDBOOK

TABLE OF CONTENTS (Continued)

THIS PAGE INTENTIONALLY LEFT BLANK

1. INTRODUCTION

This handbook identifies the crop-specific procedural requirements for adjusting Multiple Peril Crop Insurance (MPCI) losses in a uniform and timely manner. These procedures, which include crop appraisal methods and claims completion instructions, supplement the general (not crop-specific) procedures, forms, and manuals for loss adjustment identified in the Loss Adjustment Manual (LAM).

2. SPECIAL INSTRUCTIONS

This handbook remains in effect until superseded by reissuance of **either** the entire handbook **or** selected portions (through slipsheets or bulletins). If slipsheets have been issued for a handbook, the original handbook as amended by slipsheet pages shall constitute the handbook. A bulletin can supersede either the original handbook or subsequent slipsheets.

A. DISTRIBUTION

The following is the minimum distribution of forms completed by the adjuster for the loss adjustment inspection:

One legible copy to insured. The original and all remaining copies as instructed by the insurance provider.

NOTE: It is the insurance providers' responsibility to maintain original insurance documents relative to policyholder servicing as designated in their approved plan of operations.

B. TERMS, ABBREVIATIONS, AND DEFINITIONS

- (1) Terms, abbreviations, and definitions **general** (not crop specific) to loss adjustment are identified in the LAM.
- (2) Terms, abbreviations, and definitions **specific** to **AUP** and **ELS** cotton loss adjustment and this handbook, which are not defined in this section, are defined either as they appear in the text or **EXHIBIT 1**.
- (3) Abbreviations:

AMS	Agricultural Marketing Service
AUP	American Upland Cotton
ELS	Extra Long Staple Cotton
UNR	Ultra-Narrow-Row
UNRC	Ultra-Narrow-Row Cotton

3. INSURANCE CONTRACT INFORMATION

The insurance provider is to determine that the insured has complied with all policy provisions of the insurance contract. **AUP** and **ELS** cotton crop provisions which are to be considered in this determination include (but are not limited to):

A. INSURABILITY

- (1) The crop insured will be all the cotton lint in the county for which premium rates are provided by the actuarial documents:
 - (a) In which the insured has a share; and
 - (b) That is not (unless allowed by the Special Provisions or by a written agreement):
 - 1 Colored cotton lint (**AUP only**);
 - 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 fifty percent (50%) of the small grain plants reach the heading stage.

NOTE: See **EXHIBIT 2** for Insurability of Nonirrigated Cotton Grown Under A Conservation Tillage Practice.

- (2) In addition to insurable acreage of the Basic Provisions, the acreage insured will be **ONLY** the land occupied by the rows of cotton when a skip-row planting pattern is utilized.
- (3) 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 the insurance provider agrees that replanting it is not practical. Refer to the LAM for replanting provision issues.

B. PROVISIONS NOT APPLICABLE TO CAT COVERAGE

- (1) Optional units.
- (2) Written Agreements.
- (3) Hail and Fire Exclusion provisions (also not applicable to limited coverage).
- (4) High Risk Land Exclusion.

D. BOLL COUNT METHOD

Use this method when plants have reached the Mature Stage, for any type of damage, including hail. Mature Stage is when **ALL** bolls are “set” that will contribute to the ultimate yield.

(1) Scheduling Appraisals

Delay the appraisal at least **7** days for **AUP** cotton and at least **14** days for **ELS** cotton after the date of hail damage in the Mature Stage. No delay is required if the cotton is in the Fully Mature Stage (open bolls).

(2) Row Width and Sampling

There are two methods of measuring a representative sample area based on how the cotton is planted and the row width.

(a) First, determine how the cotton is planted:

- 1 two narrow rows planted in a single bed of normal row width; or
- 2 single rows; or
- 3 with a drill or other narrow row planting methods for UNRC.

(b) Second, determine row width:

- 1 Measure the row width using the instructions in section 5C.
- 2 Select, from the chart below, the applicable representative sample method based on how the cotton is planted and the average row width measured.

IF the AUP or ELS cotton is planted...	THEN consider as...	AND select each representative sample as...
as two narrow rows, in a single bed of normal row width	one row	1/100 of an acre for the row width.
as single rows, with row spacings 16 inches or more apart (including drilled rows or other narrow row planting methods for UNRC)	separate rows	1/100 of an acre for the row width.
with a drill or other narrow row planting methods for UNRC with row spacings less than 16 inches apart	UNRC	one square yard.

(c) Select the required number of representative samples using the instructions in section 5B.

- (3) 1/100 of an Acre Sample Method - Number of Bolls Remaining
- (a) Select the single row length for the row width measured for each representative sample from section 10, **TABLE B**.
 - (b) Using a measuring tape marked in tenths, measure a row or combinations of rows comprising 1/100 acre for the average row width.
 - (c) Account for damaged and undamaged bolls using the instructions in Appraising Damaged and Undamaged Bolls for **AUP** in section 6D(5) and for **ELS** in section 6D(6).
- (4) One Square Yard Sample Method - Number of Bolls Remaining
- (a) Measure one square yard for each representative sample.
 - (b) Account for damaged and undamaged bolls using the instructions in Appraising Damaged and Undamaged Bolls for **AUP** in section 6D(5) and for **ELS** in section 6D(6).
- (5) Appraising Damaged and Undamaged Bolls for **AUP** Cotton

The number of bolls required to produce a pound of lint cotton will vary according to their size. Only after bolls have opened can their ultimate size be determined.

- (a) Measure across the top (diameter or from burr tip to burr tip) of the **OPEN** bolls to determine the **predominant boll size** for each representative sample. Apply the **predominant boll size** from the chart in item 6D(5)(d). See **EXCEPTIONS** in item 6D(5)(g).
- (b) Count the number of **undamaged** bolls. Include, in the count:
 - 1 immature green and unopened bolls **ONLY** if they will contribute lint cotton in a **timely** manner to the ultimate yield at the time of harvest (using the **predominant boll size** of **GREATER** than 1½ inches but **LESS** than 2 inches **only**); and
 - 2 **ONLY** bolls that, when mechanically harvested by the intended method of harvest (a picker or a stripper), will contribute lint cotton to the ultimate yield at the time of harvest.
- (c) Account for **undamaged locks** from **damaged bolls** using the Boll Count Computations in section 6D(7).
- (d) Select, from the chart below, the **number of bolls per pound factor** (item 56 of the appraisal worksheet) based on the **predominant boll size** and how the cotton is planted.

IF the predominant OPEN boll size (diameter) is...	THEN count the number of bolls per pound of lint cotton as...	AND use the number of bolls per pound factor (item 56 of the appraisal worksheet) for cotton...	
		row-planted, drilled or other narrow row planting methods for UNRC with row spacings 16 inches or more apart of...	drilled or other narrow row planting methods for UNRC with row spacings less than 16 inches apart of...
Greater than 2½ in.	200 bolls	2.0	.04
2 in. thru 2½ in.	250 bolls	2.5	.05
Greater than 1½ in. but less than 2 in. (and immature green and unopened bolls)	350 bolls	3.5	.07
1 inch thru 1½ in.	450 bolls	4.5	.09
Less than 1 inch	550 bolls	5.5	.11

- (e) If the **predominant** boll size is the same for **all** representative samples, record the number of bolls counted for each sample in Part I - Sample Determinations, Number of Bolls Remaining column of the appraisal worksheet.
- (f) Compute the pounds per acre appraisal using the instruction for the Boll Count Method - Reproductive Stage in section 8.
- (g) **EXCEPTIONS:**

- 1 If the **predominant** boll size is **not the same** for **two or more** representative samples, calculate each representative sample separately (in the "Remarks" section of the appraisal worksheet) by:

Determining the total pounds of **all** samples and dividing by the number of samples taken, rounding the results to whole pounds. Record in the Pounds Per Acre column of the appraisal worksheet.

EXAMPLE:

Sample 1: 87 bolls ÷ 2.5 factor = 34.8 = 35 lbs.
 Sample 2: 64 bolls ÷ 3.5 factor = 18.3 = 18 lbs.
 Sample 3: 54 bolls ÷ 4.5 factor = 12.0 = 12 lbs.
 Total = 65 lbs.

Appraisal = 65 lbs. ÷ 3 samples = 21.7 = 22 lbs.

- 2 If **adverse weather conditions** cause a wide variation of boll sizes within the representative samples (e.g., the predominant boll size in the sample is less than 1 inch, with a 5.5 boll size factor, and there are also a smaller number of bolls with a 2.5 boll size factor). Using only the predominant factor results in a false appraisal, therefore, compute each boll size factor separately within a representative sample.

Determine the total pounds of **all sizes within the sample**. Add the pounds of **all samples** and divide by the number of samples taken, round the results to whole pounds. Record in the Pounds Per Acre column of the appraisal worksheet.

EXAMPLE:

Sample 1: 68 bolls ÷ 2.5 factor = 27.2 = 27 lbs.
120 bolls ÷ 5.5 factor = 21.8 = 22 lbs.
Total = 49 lbs.

Sample 2: 79 bolls ÷ 2.5 factor = 31.6 = 32 lbs.
175 bolls ÷ 5.5 factor = 31.8 = 32 lbs.
Total = 64 lbs.

Sample 3: 60 bolls ÷ 2.5 factor = 24.0 = 24 lbs.
145 bolls ÷ 5.5 factor = 26.4 = 26 lbs.
Total = 50 lbs.

Total of ALL Samples = 49 + 64 + 50 = 163 lbs.
Appraisal = 163 ÷ 3 samples = 54.3 lbs. = 54 lbs.

- (6) Appraising Damaged and Undamaged Bolls for **ELS** cotton
- (a) Account for **damaged and undamaged bolls** using the Boll Count Computations in section 6D(7).
- (b) Include in the Boll Count Computations:
- 1 immature green and unopened bolls, **ONLY** if they will **timely** contribute lint cotton to the ultimate yield at the time of harvest; and
 - 2 **ONLY** bolls that, when mechanically harvested by the intended method of harvesting (a picker or a stripper), will contribute lint cotton to the ultimate yield at the time of harvest.
- (c) Record the results for each selected representative sample in Part I - Sample Determinations, Number of Bolls Remaining on the appraisal worksheet.
- (d) Select, from the chart below, the number of bolls per pound **factor** for the number of bolls per pound of lint cotton based on how the **ELS** cotton is planted.

2. **Policy Number:** Insured's assigned policy number.
3. **Unit Number:** Five-digit unit number from the Summary of Coverage after it is verified to be correct (e.g., 00100).
4. **Crop Year:** Crop year, as defined in the policy, for which the claim is filed.
5. **Field Number:** Field identification symbol.
6. **Loc./Farm Number:** FSA Farm Serial Number. If an FSN is not available, enter the location etc., section, township, and range or other appropriate identifier.
7. **Stage of Growth:** Identify the stage of growth on the date of damage. See section 5D(2) for **AUP** cotton or 5D(3) for **ELS** cotton.
8. **No. Acres:** Number of determined acres, to tenths, in the field or subfield being appraised.

STAND REDUCTION METHOD

See Selecting Representative Samples and Stages of Growth section 5, and section 6B for the Stand Reduction Method appraisal instructions.

Part I - Sample Determinations - Stand Reduction

One Square Yard Sample Method - Plants Per Square Yard

9. **Plants Per Square Yard:** Record the number of “**live**” plants counted in each selected representative sample.

Total: Add the number of “**live**” plants counted in **all** samples to determine the **Total Plants Per Square Yard** counted.

Average: Divide the **Total** plants counted by the number of samples taken, rounded to tenths, to determine the **Average Plants Per Square Yard** (bottom line of item 9).

10. **Percent Crop Remaining:** Divide the **Average Plants Per Square Yard** (bottom line of item 9) by **23** (standard plant population for drilled or other planting methods for UNRC), to determine the **Average Percent of Crop Remaining**, rounded to tenths.

If stand reduction is the **ONLY** damage to the unit, sampling is complete at this point. Omit items 13 through 43. Transfer results as a 3-place decimal fraction to **Average Percent Crop Remaining** (item 44) of Part II - Computations - Stand Reduction (**ONLY**) Method for **all** damage that causes stand reduction (from emergence until mature and for hail damage from emergence through VC stage and planted acreage with no emerged seed) and complete items 45 and 46.

NOTE: When hail damage occurs in V1 through R12+ stage for **AUP** or V1 through R16+ stage for **ELS**, transfer results to **Average Percent of Crop Remaining** of Part III (item 47) for damage in the Vegetative Stage, or Part V (item 58) for damage in the Reproductive Stage.

100 Feet of Row Sample Method - Combined Length of Skips

11. **Combined Length of Skips in 100 Ft. of Row:** Record the **Combined Length of Skips in 100 Ft. of Row** (in feet, to tenths) of **all** skips for each selected representative sample.

Total: Add the **Combined Length of Skips in 100 Ft. of Row** for **all** samples to determine the **Total Combined Length of Skips** (in feet, to tenths).

Average: Divide the **Total Combined Length of Skips** for **all** samples by the number of samples taken, (in feet, to tenths) to determine the **Average Combined Length of Skips in 100 Ft. of Row** (bottom line of item 11).

12. **Percent Crop Remaining:** Subtract the **Average Combined Length of Skips in 100 Ft. of Row** (bottom line of item 11) from **100** (length of sample), rounded to tenths, to determine the **Average Percent of Crop Remaining**.

If stand reduction is the **only** damage to the unit, sampling is complete at this point. Omit items 13 through 43. Transfer results as a 3-place decimal fraction to **Average Percent Crop Remaining** (item 44) of Part II - Computations - Stand Reduction (ONLY) Method for **all** damage that causes stand reduction (from emergence until mature, and for hail damage from emergence through VC stage and planted acreage with no emerged seed) and complete items 45 and 46.

NOTE: When hail occurs in the V1 through R12+ stage for **AUP** or V1 through R16+ for **ELS**, transfer results to **Average Percent Crop Remaining** of Part III (item 47) for damage in the Vegetative Stage, or Part V (item 58) for damage in the Reproductive Stage.

HAIL DAMAGE METHOD - VEGETATIVE STAGE DAMAGE

See Selecting Representative Sample and Stages of Growth section 5, and section 6C for additional instructions. If stand reduction has occurred, complete the applicable Stand Reduction Method first to account for **Plants Destroyed**. Next complete **Plant Damage Computations** (items 19 through 26) to account for hail damage to **“live” plants partially destroyed** and transfer results for each representative sample to **Gross Percent Partially Destroyed** (item 13).

Part I - Sample Determinations - Vegetative Stages

13. **Gross Percent Partially Destroyed:** Result of transferring **% Loss** (item 26) for each representative sample in the **Plant Damage Computations** section.

Total: Add the **% Loss** entries for **all** samples, to determine the **Total Gross Percent Partially Destroyed**.

B. Preliminary Acres:

PRELIMINARY: The number of acres, to tenths, (include “E” if estimated), for which consent for other use has been given. Determine actual acreage, to tenths, when the boundaries of the appraised acreage may not be determined later.

FINAL: MAKE NO ENTRY.

C. Final Acres: See the LAM for the definition of acceptable determined acres as used herein.

Determined acres, to tenths (include “E” if estimated), for which consent is given for other use and/or:

- a. Abandoned;
- b. Put to other use without consent;
- c. Damaged solely by uninsured causes;
- d. For which the insured failed to provide acceptable records of production; or
- e. On which the cotton stalks are destroyed prior to inspection.

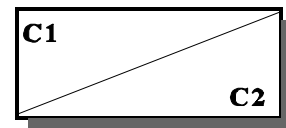
FINAL: Determined acres to tenths.

NOTE: Acreage breakdowns WITHIN a unit may be estimated (enter “E” in front of the acres) if a determination is impractical AND if authorization was received from the insurance provider. Document authorization in the Narrative.

ACCOUNT FOR ALL ACREAGE IN THE UNIT. In the event of over-reported acres, handle in accordance with individual insurance provider’s instructions. In the event of under-reported acres, draw a diagonal line in Column “C” as shown.

C₁ Enter the ACTUAL acres for the field or subfield.

C₂ Enter the REPORTED acres for the field or subfield.



D. Interest or Share: Insured’s interest in the crop to three decimal places as determined at the time of inspection. If shares vary on the same UNIT, use separate line entries.

E. Risk: The correct rate class from the actuarial documents. Verify with the Summary of Coverage and if the rate class is found to be incorrect, revise according to the insurance provider’s instructions. See the LAM.

NOTE: Unrated land is uninsurable without a written agreement.

F. Practice: Three-digit code number, entered exactly as specified on the actuarial documents, for the practice carried out by the insured. If “No Practice Specified,” enter the appropriate 3-digit code number from the actuarial documents.

G. Type/Class/Variety: Three-digit code number, entered exactly as specified on the actuarial documents, for the type grown by the insured. If “No Type Specified,” enter the appropriate 3-digit code number from the actuarial documents.

H. **Stage:**

PRELIMINARY: MAKE NO ENTRY.

FINAL: Stage abbreviation as shown below.

<u>STAGE</u>	<u>EXPLANATION</u>
--------------	--------------------

“P”.....	Acreege abandoned without consent, put to other use without consent, damaged solely by uninsured causes, stalks destroyed without consent, or for which the insured failed to provide records of production which are acceptable to the insurance provider.
----------	---

“H”.....	Harvested.
----------	------------

“UH”.....	Unharvested or put to other use with consent.
-----------	---

PREVENTED PLANTING: See the LAM for proper codes for any eligible prevented planting acreage.

GLEANED ACREAGE: See the LAM for information on gleaning.

I. **Intended or Final Use:** Use of acreage. Use the following “Intended Use” abbreviations.

<u>USE</u>	<u>EXPLANATION</u>
------------	--------------------

“To soybeans,” etc.....	Use made of the acreage.
-------------------------	--------------------------

“WOC”.....	Other use without consent.
------------	----------------------------

“SU”.....	Solely uninsured.
-----------	-------------------

“ABA”.....	Abandoned without consent.
------------	----------------------------

“H”.....	Harvested and a claim can be completed at the time of the stalk inspection.
----------	--

“H-Cut Stalks”.....	Harvested and a claim cannot be completed at the time of the stalk inspection.
---------------------	---

“UH”.....	Unharvested or put to other use with consent.
-----------	---

Verify any “Intended Use” entry. If the final use of the acreage was not as indicated, strike out the original line and initial it. Enter all data on a new line showing the correct “Final Use.”

NOTE: If at the time of a stalk inspection on harvested acreage, production records for net weight or records for quality adjustment **are not available**, instruct the insured to notify their agent when the records do become available so that the claim can be completed.

PREVENTED PLANTING: See the LAM for proper codes for any eligible prevented planting acreage.

GLEANED ACREAGE: See the LAM for information on gleaning.

J. **Appraised Potential:** Per-acre appraisal, in whole pounds, of POTENTIAL production for the acreage appraised. See appraisal methods for additional instructions. **NOTE:** If there is no potential on UH acreage enter "0."

K. **Quality Factor:**

- a. **AUP or ELS: Mature** unharvested appraised production may be adjusted for quality when damaged by insured causes, and a price quotation (value per pound) can be determined from harvested ginned production, from the same unit, that was eligible for quality adjustment. Enter the factor, to four decimal places, of the last bale ginned from the unit as shown in item I of Section II.

AUP ONLY: Colored lint cotton is **not** eligible for quality adjustment.

- b. **ELS ONLY:** Any appraisal of **AUP** cotton on acreage **originally planted to ELS cotton** in the same growing season will be reduced by entering the factor, to four decimal places, of the last **AUP** bale ginned from the unit shown in Section II item I.

NOTE: If price quotations for **AUP** or **ELS** are not yet available (or none of the **AUP** cotton acreage was harvested) the previous season's average prices for both **AUP** and **ELS** will be used. Determine the previous season's average prices from the Annual Price Summary issued by the National Agricultural Statistics Service. Use the season average prices for the state in which the loss occurred. Enter the factor, to four decimal places, determined by dividing the **AUP** price by the **ELS** price. **See EXHIBIT 5 section 6.**

L. **Adjusted Potential:** Multiply Column "J" by Column "K," rounding to the nearest whole pounds.

M. (+) **Uninsured Causes:** EXPLAIN IN THE NARRATIVE.

- a. Hail and Fire Exclusion NOT in effect.

- (1) Enter NOT LESS than the insured's production guarantee per acre in whole pounds, for the line, (Refer to production guarantee definition in **EXHIBIT 1**) for any "P" stage acreage.

NOTE: On preliminary inspections, advise the insured to keep the harvested production from any acreage damaged SOLELY by uninsured causes separate from other production.

NOTE: The cotton stalks must **not** be destroyed until the earlier of an inspection or 15 days after harvest is completed **and** a notice of probable loss is given. However, upon authorization from the insurance provider to the adjuster, consent to destroy stalks **without** a stalk inspection may be given to the insured by a phone call or letter. Document date of insurance providers' authorization, your initials and code number in the Narrative.

- (2) For acreage that is damaged PARTLY by uninsured causes, enter the APPRAISED UNINSURED loss of production per acre in WHOLE pounds for any such acreage.

NOTE: Cotton acreage planted with Bt (gene-altered) seed, e.g., Bollgard™, is insurable with no restrictions. Cotton acreage planted in required Bollgard™ “refuge” areas is insurable. However, any loss of production due to insect damage resulting from compliance with “refuge” insect control requirements will be considered an uninsured cause of loss. The difference in production per acre between the Bt seeded acres and the “refuge” (non-Bt) seeded acres due to insect damage will be considered lost due to an uninsured cause. (“Refuge” areas are the acreage on which the required number of acres are planted with non-Bt cotton seed.)

- b. When there is late-planted acreage for **AUP** cotton, the applicable per-acre production guarantee for such acreage is the production guarantee that has been reduced for late-planted acreage.
- c. Refer to the LAM when a Hail and Fire Exclusion is in effect and damage is from hail or fire.
- d. Enter the result of adding uninsured cause appraisals to hail and fire exclusion appraisals.

NOTE: For fire losses, if the insured also has other fire insurance (double coverage), refer to the LAM.

- N. **Potential Counted:** Result of Column “L” plus Column “M.”
- O. **Value Per Pound:** MAKE NO ENTRY.
- P. **Total Potential to Count:** Column “C or C₁” (**actual** acres) times Column “N”, rounded to whole pounds.
- Q. **Per Acre:** Per Acre Guarantee - Enter the per-acre production guarantee from the insured’s policy after verifying that it is correct for the planting pattern established on the final planting date. See **EXHIBIT 3**, paragraph 3. **NOTE:** See the LAM for late planting procedures.
- R. **Total:** Column “C₂” (**reported** acres; “C” if acreage is not under-reported) times Column “Q,” rounded to whole pounds.

16. **Total Acres:**

PRELIMINARY: MAKE NO ENTRY.

FINAL: **Total Actual Acres** (Column “C” or [“C₁” if there are under-reported acres]), to tenths.

NOTE: FOR ITEM 17. WHEN SEPARATE LINE ENTRIES ARE MADE FOR VARYING SHARES, APH YIELDS, PRICE ELECTIONS, ETC., WITHIN THE UNIT, AND TOTALS NEED TO BE KEPT SEPARATE FOR CALCULATING INDEMNITIES, MAKE NO ENTRY AND FOLLOW INSURANCE PROVIDER’S INSTRUCTIONS; OTHERWISE, MAKE THE FOLLOWING ENTRIES.

17. **Totals:**

PRELIMINARY: MAKE NO ENTRY.

FINAL: **Totals** of Column “P” and Column “R.”

NARRATIVE:

If more space is needed, document on a Special Report, and enter “See Special Report.” Attach the Special Report to the Production Worksheet.

- a. If no acreage is released on the unit, enter “No acreage released,” adjuster initials, and date.
- b. If notice of damage was given and “No Inspection,” is necessary, enter the unit number(s), “No Inspection,” date, and adjuster’s initials. The insured’s signature is not required.
- c. Explain any uninsured causes, unusual or controversial cases.
- d. If there is an appraisal in Section I, item “M” for uninsured causes due to a hail/fire exclusion, show the original hail/fire liability per acre and the hail/fire indemnity per acre.
- e. Document the actual appraisal date if an appraisal was performed prior to the adjuster’s signature date on the appraisal worksheet, and the date of the appraisal is not recorded on the appraisal worksheet.
- f. State that there is “No other fire insurance” when fire damages or destroys the insured crop and it is determined that the insured has no other fire insurance. Also see the LAM.
- g. Explain any errors found on the Summary of Coverage.
- h. Explain any commingled production. See the LAM.
- i. Explain any entry for “Production Not to Count” in Section II, item “J,” and/or any production not included in Section II, item “G” (e.g., harvested production from uninsured acreage that can be identified separately from the insured acreage in the unit).

- j. Explain a “NO” checked in item 19.
- k. Explain any .0000 quality adjustment factor entered in Section I item “K,” or Section II item “I.”
- l. Attach a sketch map or aerial photograph to identify the total unit:
 - (1) If consent is or has been given to put part of the unit to another use;
 - (2) If uninsured causes are present; or
 - (3) For unusual or controversial cases.

NOTE: Indicate on aerial photo or sketch map the dispositions of acreage destroyed or put to other use with or without consent.

- m. Explain any difference between inspection and signature dates. For an ABSENTEE insured, enter the date of the inspection AND the date of mailing the TPC Production Worksheet for signature.
- o. When any other adjuster or supervisor accompanied the adjuster on the inspection, enter the code number of the other adjuster or supervisor and date of inspection.
- p. Explain the reason for a “No Indemnity Due” claim. “No Indemnity Due” claims are to be distributed in accordance with the insurance provider’s instructions.
- q. Explain any delayed notices or delayed claims as instructed in the LAM.
- r. Document any authorized estimated acres shown in Section I, item “C” as follows: “Line 3 ‘E’ acres authorized by insurance provider MM/DD/YYYY.”
- s. Document the method and calculations used to determine acres for the unit. See the LAM.
- t. Specify the type of insects or disease when the insured cause of damage or loss is listed as insects or disease. Explain why control measures did not work.
- u. Record the name and phone number of the buyer from whom you obtained price quotation “A” for quality adjustment (see **EXHIBIT 6**, Cotton Quality Adjustment Worksheet instructions for **AUP** and **ELS**).
- v. Document Price B from the **AUP** or **ELS** Cotton Quality Adjustment Worksheet.
- w. Document the name and address of the charitable organization when gleaned acreage is applicable. **See the LAM for more information on gleaning.**
- x. Document any other pertinent information, including any data to support any factors used to calculate the production.

SECTION II - HARVESTED PRODUCTION

GENERAL INFORMATION:

- (1) Include ALL HARVESTED PRODUCTION for ALL ENTITIES sharing in the crop. This includes ALL cotton retrieved from the ground by the use of a “Rudd” (brand name) or any other method.
- (2) There generally will be NO “harvested production” entries in items A₁ through N for preliminary inspections.
- (3) If additional lines are necessary, the data may be entered on a continuation sheet. USE SEPARATE LINES FOR:
 - (a) Separate disposition e.g., bales, remnants, or unginned cotton.
 - (b) Varying determinations of production e.g., prices and factors for quality adjustment.
 - (c) Varying shares; e.g., 50% and 75% shares on the same unit.
- (4) If there is harvested production from more than one insured practice and a separate approved APH yield has been established for each, the harvested production also must be entered on separate lines in items A₁ through N by practice. If production has been commingled, see the LAM.

Verify or make the following entries:

Item

No.

Information Required

18. **Date Harvest/Sale Completed: (Used to determine if there is a delayed notice or a delayed claim. See the LAM.)**

PRELIMINARY: MAKE NO ENTRY.

FINAL:

- a. The earlier of the date that one of the following events occurred:
 - (1) removal of the cotton (e.g., modules) from the field (unit);
 - (2) total destruction of the insured crop on the unit;
 - (3) acreage on the entire unit was put to other use with consent;
 - (4) for the unit, a combination of acreage destroyed, acreage put to other use, or cotton (modules) removed from the field; or
 - (5) the calendar date for the end of the insurance period.
- *** b. If at the time of final inspection (if prior to the end of the insurance period), there is any unharvested insured acreage on the unit that the insured does not intend to harvest; enter “**Incomplete.**”

- *** c. If at the time of final inspection (if prior to the end of the insurance period), **none** of the insured acreage on the unit has been harvested, and the insured does not intend to harvest such acreage; enter “**No Harvest.**”
- d. If the claim involves a Certification Form, enter the date from the Certification Form when the entire unit is put to another use, etc. See the LAM.

19. **Similar Damage:**

PRELIMINARY: MAKE NO ENTRY.

FINAL: Check “Yes” or “No.” Check “Yes” if amount and cause of damage due to insurable causes is similar to the experience of other farms in the area. If “No” is checked, explain in the narrative.

20. **Assignment of Indemnity:** Check “Yes” **only** if an assignment of indemnity is in effect for the crop year; otherwise, check “No.” Refer to the LAM.

21. **Transfer of Right to Indemnity:** Check “Yes” **only** if a transfer of right to indemnity is in effect for the unit for the crop year; otherwise, check “No.” See the LAM.

A₁. **Share:** RECORD ONLY VARYING SHARES on the SAME unit to three decimal places.

A₂. **Field ID:** If only one practice of harvested cotton production is listed in Section I, MAKE NO ENTRY.

If more than one practice of harvested cotton production is listed in Section I, and a separate approved APH yield exists, indicate for each practice the corresponding Field ID (from Section I, item “A”).

B.-E. Name of gin, town, and state where cotton was ginned.

F. **Quota, Non-Quota, Bale No.:** Make separate line entries to show the identification numbers when bales have varying quality adjustment factors, disposition, or share. Combine lines when bales have the same quality adjustment factors, disposition, and share. Enter “Unginned” for cotton that has been harvested but not ginned. For a remnant, enter “REM.”

G. **Production:** Determine the **Net Weight** of all bales, remnants, or unginning cotton on a line basis as follows:

- a. For bales of cotton, the **Net Weight** is the **bonded warehouse weight** in which the cotton is sold, and which is also required for placing cotton into the CCC Loan Support program. **NOTE:** In some areas, gins own the warehouse which provide the bonded warehouse weight and in other areas gins ship the cotton bales to a warehouse which weigh the bales and issue the bonded weight.

EXCEPTION: An exception to using the bonded warehouse weight is that in some areas, a gin may have a purchase contract direct with a mill. In this case, the cotton does **not** go to a warehouse, but direct to a mill. **ONLY** in these situations will gin weights be used. Explain in the narrative that gin weights were used and why and for any other unusual circumstances in which gin weights were used.

- b. For remnants, the **Net Weight** is the gin weight.

NOTE: For bales and remnants deduct the weight of bagging and ties unless already deducted at the gin or warehouse.

- c. For small amounts of harvested unginning cotton (not in a module or trailer), determine the **Net Weight** by estimating the gross weight of the unginning cotton, then multiply by the percent of turnout (from the gin) of the last module (or trailer) ginned on the unit = Net Weight (Lbs.) of production.

EXAMPLE: 300 lbs. (gross weight estimate) X .15 (percent of turnout) = 45 lbs.

- d. For harvested unginning cotton in a trailer, determine the **Net Weight** of small amounts by using the tare weight of the cotton in the trailer (Lbs.) X the percent of turnout (from the gin) of the last trailer (or module) ginned on the unit = Net Weight (Lbs.) of production.

EXAMPLE: 1800 lbs. (tare weight) X .20 (percent of turnout) = 360 lbs.

- e. For harvested unginning cotton in a module, determine the **Net Weight** by measuring the module in feet, to tenths, **after receiving approval** from the insurance provider:

Length X Width X Height X Cubic Foot Factor* X Percent of Turnout from the most recent module (or trailer) ginned on the unit = Net Weight (Lbs.) of Production.

*Average number of pounds of seed cotton in a cubic foot. For stripper and picker cotton cultivars harvested with a stripper, use a factor of 8.5. For stripper cotton cultivars harvested with a burr extractor stripper, and **AUP** and **ELS** picker cotton cultivars harvested with a picker, use a factor of 11.

EXAMPLE: 32ft. X 7.5ft. X 5.5ft. = 1320 X 8.5 factor X 15% turnout = 1683 lbs.

NOTE: If no cotton has been ginned nor will be ginned from the unit, use the Average Percent of Turnout, on the date of final inspection, from the gin where the cotton would have been delivered for ginning.

See **Quality Factor** (Section II, Column "I") for quality adjustment procedure for items c, d, and e above. Document, on a Special Report, the calculations used to determine the Net Weight of any unginning cotton in items c, d, or e above. Explain the reason requiring their use and the date of approval from the insurance provider when required.

Quality Adjustment - Refer to **EXHIBIT 5** section 5, for American Upland Cotton Quality Adjustment procedure, and **EXHIBIT 5** section 6, for Extra Long Staple Cotton Quality Adjustment procedure for “H₁” and “H₂” column entries.

H₁. **Value Per Pound:** Record price quotation “A” (value per pound), to four decimal places, for production eligible for quality adjustment from the Cotton Quality Adjustment Worksheet.

H₂. **Local Market Price:** Record 85% of price quotation “B” (local market price), to four decimal places, from the Cotton Quality Adjustment Worksheet.

I. **Quality Factor:** Divide Column “H₁” by Column “H₂,” rounded to four decimal places (or enter the factor from the Cotton Quality Adjustment Worksheet).

NOTE: Harvested UNGINNED cotton damaged by insured causes may be adjusted for quality when a price quotation (value per pound) can be determined from harvested ginned production from the same unit that was eligible for quality adjustment. Enter the factor, to four decimal places, of the last bale ginned from the unit to quality adjust unginning production for items c, d, and e of Section II, Column “G.”

J. **Production Not to Count (lbs.):** Production NOT to count, to nearest whole pound, WHEN ACCEPTABLE RECORDS IDENTIFYING SUCH PRODUCTION ARE AVAILABLE, from harvested acreage which has been assessed an appraisal of not less than the production guarantee per acre, or from other sources (e.g., other units or uninsured acreage) in the same module or trailer, or where stalks were destroyed without consent.

THIS ENTRY MUST NEVER EXCEED PRODUCTION SHOWN ON THE SAME LINE. EXPLAIN ANY “PRODUCTION NOT TO COUNT” IN THE NARRATIVE.

K. **Production to Count (lbs.):**

a. If quality adjustment **does not** apply, subtract Column “J” from Column “G.”

b. If quality adjustment **does** apply, multiply Column “G” times Column “I,” rounding to the nearest whole pounds, then subtract Column “J.”

L.-M. MAKE NO ENTRY.

N. **Production/Value to Count:** Transfer result from Column “K.”

NOTE: FOR ITEMS 22-24. WHEN SEPARATE LINE ENTRIES ARE MADE FOR VARYING SHARES, APH YIELDS, PRICE ELECTIONS, ETC., WITHIN THE UNIT, AND TOTALS NEED TO BE KEPT SEPARATE FOR CALCULATING INDEMNITIES, MAKE NO ENTRY AND FOLLOW INSURANCE PROVIDER’S INSTRUCTIONS; OTHERWISE, MAKE THE FOLLOWING ENTRIES.

22. **Section II Total:**
- PRELIMINARY:** MAKE NO ENTRY.
- FINAL:** Total of Column “N” from Section II.
23. **Section I Total:**
- PRELIMINARY:** MAKE NO ENTRY.
- FINAL:** Total of Column “P” from Section I.
24. **Unit Total:**
- PRELIMINARY:** MAKE NO ENTRY.
- FINAL:** Total of 22 and 23.
25. **Adjuster's Signature, Code #, and Date:** Signature of adjuster, code number, and date signed **after** the insured (or insured’s authorized representative) has signed. For an absentee insured, enter adjuster’s code number **ONLY**. The signature and date will be entered **AFTER** the absentee has signed and returned the TPC Production Worksheet.
- NOTE:** Final indemnity inspections should be signed on bottom line.
26. **Insured’s Signature and Date:** Insured’s (or insured’s authorized representative’s) signature and date. **BEFORE** obtaining insured’s signature, **REVIEW ALL ENTRIES** on the TPC Production Worksheet **WITH THE INSURED**, particularly explaining codes, etc., that may not be readily understood.
- NOTE:** Final indemnity inspections should be signed on bottom line.
27. **Page Numbers:**
- PRELIMINARY:** Page numbers - “1,” “2,” etc., at the time of inspection.
- FINAL:** Page numbers - (Example: Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.).

AUP COTTON EXAMPLE

For Illustration Purposes Only

T-P-C PRODUCTION WORKSHEET

1. Crop/Code # Cotton 0021	2. Unit 00100	3. Legal Description 1 - 2N - 3W	7. Company Any Company					8. Name of Insured I. M. Insured						
4. Date of Damage Jun 8			Jul - Aug		Agency Any Agency					9. Claim # XXXXXXXX		11. Crop Year YYYY		
5. Cause of Damage Hail			Drought							10. Policy # XXXXXXXX				
6. Primary Cause % X			85							14. Date(s) Notice of Loss		1 st MM-DD-YYYY	2 nd MM-DD-YYYY	Final MM-DD-YYYY
12. Additional Units 00200										15. Companion Policy(ies)				
13. Est. Prod. Per Acre 515														

SECTION I - ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS

Actuarial									Potential Yield							Stage Guarantee		
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	
Field ID	Prelim. Acres	Final Acres	Interest or Share	Risk	Practice	Type Class Variety	Stage	Intended or Final Use	Appraised Potential	Quality Factor	Adjusted Potential	(+) Uninsured Causes	Potential Counted	Value Per Pound	Total Potential to Count (C x N x O)	Per Acre	Total (C x Q)	
A		9.8	1.000	R05	003	997	P	SU				420	420		4116	420	4116	
B MM/DD	E 11.0	10.8	1.000	R05	003	997	UH	To Soybeans	70		70		70		756	420	4536	
E		9.2	1.000	R05	003	997	UH	UH	19	.8252	16		16		147	420	3864	
F		45.0	1.000	R05	003	997	H	H-Cut Stalks								420	18,900	
D MM/DD		61.0	1.000	R05	003	997	H	H-Cut Stalks								420	25,620	
16. TOTAL		135.8													5,019	17. TOTALS		57,036

NARRATIVE (If more space is needed, attach a Special Report) Field A damaged by herbicide. See Special Report and sketch map for acreage calculations. Field A measured by wheel. Fields B, D, E, and F acreage determined using MPC1 acreage report. Acreage would measure within 5 percent. Production not to count in Section II from Field A. Price B = .6950

SECTION II - HARVESTED PRODUCTION

18. DATE HARVEST/SALE COMPLETED MM-DD-YYYY	19. IS DAMAGE SIMILAR TO OTHER FARMS IN THE AREA? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	20. ASSIGNMENT OF INDEMNITY? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	21. TRANSFER OF RIGHT TO INDEMNITY? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
---	--	---	--

Stalk Inspection					Adjustments to Harvested Production												
A1	A2	B	C	D	E			F	G	H1	H2	I	J	K	L	M	N
Share Field ID	Row Width	Tractor	Est. Yield	Leaf Quality			Quota (Q), Non-Quota (NQ), or Bale No.	Production	Value Per Pound Local Mkt. Price	Quality Factor (H1 = H2)	Production Not to Count (lbs.)	Production to Count (lbs.)	Value of Production (\$)	Value Not to Count (\$)	Production/ Value to Count		
				G	F	P											
Farmers Gin, Any Town							426-455	14,190				970	13,220				13,220
Farmers Gin, Any Town							708-711	1,894	.4875 .5908	.8252			1,563				1,563
Farmers Gin, Any Town							REM	400					400				400

I certify the information provided above, to the best of my knowledge, to be true and complete and that it will be used to determine my loss, if any, to my insured crops. I understand that this Production Worksheet and supporting papers are subject to audit and approval by the company. I understand that this crop insurance is subsidized and reinsured by the Federal Crop Insurance Corporation, an agency of the United States. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. §§ 1006 and 1014, 7 U.S.C. § 1506, 31 U.S.C. §§ 3729 and 3730 and other federal statutes.

25. Adjuster's Signature (1st inspection) I. M. Adjuster	Code # XXXXX	Date MM-DD-YYYY	26. Insured's Signature (1st inspection) I. M. Insured	Date MM-DD-YYYY
(2nd inspection)	Code #	Date	(2nd inspection)	Date
(Final inspection)	Code #	Date	(Final inspection)	Date
I. M. Adjuster	XXXXX	MM-DD-YYYY	I. M. Insured	MM-DD-YYYY

22. SECTION II TOTAL 15,183
23. SECTION I TOTAL 5,019
24. UNIT TOTAL 20,202

ELS COTTON EXAMPLE

For Illustration Purposes Only

T-P-C PRODUCTION WORKSHEET

1. Crop/Code # ELS Cotton 0022	2. Unit 00100	3. Legal Description FSN - 215	7. Company Any Company					8. Name of Insured I. M. Insured			
4. Date of Damage Apr 22	Jul 30	Agency					9. Claim # XXXXXXXX		11. Crop Year YYYY		
5. Cause of Damage Hail	Hail	Any Agency					10. Policy # XXXXXXXX				
6. Primary Cause % X	100						14. Date(s) Notice of Loss MM-DD-YYYY		1 st	2 nd	Final MM-DD-YYYY
12. Additional Units 00200											
13. Est. Prod. Per Acre 795											
15. Companion Policy(ies)											

SECTION I - ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS

Actuarial									Potential Yield							Stage Guarantee			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R		
Field ID	Prelim. Acres	Final Acres	Interest or Share	Risk	Practice	Type Class Variety	Stage	Intended or Final Use	Appraised Potential	Quality Factor	Adjusted Potential	(+) Uninsured Causes	Potential Counted	Value Per Pound	Total Potential to Count (C x N x O)	Per Acre	Total (C x Q)		
A		6.0	1.000	R13	002	997	UH	To Plow	14	.6063	8		8		48	780	4,680		
B		10.5	1.000	R13	002	997	H	H								780	8,190		
C MM/DD		90.5	1.000	R13	002	997	H	H								780	70,590		
16. TOTAL		107.0														48	17. TOTALS		83,460

NARRATIVE (If more space is needed, attach a Special Report) No inspection, insured replanted to AUP cotton, May 1, YYYY No inspection, Aug. 15, YYYY
Line 1 of Section II, AUP cotton, with the same values. Line 2 Section II ELS Price B = .9750. All fields measured by wheel, see attached Special Report for calculations. See attached ELS Cotton Quality Adjustment Worksheet for calculations. See attached Special Report for AUP factor calculations for Line 1 of Section I and Section II.

SECTION II - HARVESTED PRODUCTION

18. DATE HARVEST/SALE COMPLETED MM/DD/YYYY				19. IS DAMAGE SIMILAR TO OTHER FARMS IN THE AREA? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				20. ASSIGNMENT OF INDEMNITY? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				21. TRANSFER OF RIGHT TO INDEMNITY? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Stalk Inspection						Adjustments to Harvested Production											
A1	A2	B	C	D			E	F	G	H1	H2	I	J	K	L	M	N
Share Field ID	Row Width	Tractor	Est. Yield	Leaf Quality			Quota (Q), Non-Quota (NQ), or Bale No.	Production	Value Per Pound Local Mkt. Price	Quality Factor (H1 = H2)	Production Not to Count (lbs.)	Production to Count (lbs.)	Value of Production (\$)	Value Not to Count (\$)	Production/ Value to Count		
				G	F	P											
				Farmers Gin, Any Town				810-822	5,890	6820 9750		.6995		4,120			4,120
				Farmers Gin, Any Town				901-925	12,038	5025 8288		.6063		7,299			7,299
				Farmers Gin, Any Town				1011-1101	45,440					45,440			45,440
22. SECTION II TOTAL																	56,859
23. SECTION I TOTAL																	48
24. UNIT TOTAL																	56,907

I certify the information provided above, to the best of my knowledge, to be true and complete and that it will be used to determine my loss, if any, to my insured crops. I understand that this Production Worksheet and supporting papers are subject to audit and approval by the company. I understand that this crop insurance is subsidized and reinsured by the Federal Crop Insurance Corporation, an agency of the United States. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. §§ 1006 and 1014, 7 U.S.C. § 1506, 31 U.S.C. §§ 3729 and 3730 and other federal statutes.

25. Adjuster's Signature (1st inspection) I. M. Adjuster			Code # XXXXX	Date MM-DD-YYYY	26. Insured's Signature (1st inspection) I. M. Insured			Date MM-DD-YYYY
(2nd inspection)			Code #	Date	(2nd inspection)			Date
(Final inspection)			Code #	Date	(Final inspection)			Date
I. M. Adjuster			XXXXX	MM-DD-YYYY	I. M. Insured			MM-DD-YYYY

27. Page 1 of 1

EXHIBIT 5

USING THE COTTON CLASSIFICATION SYSTEM FOR QUALITY ADJUSTMENT

1. GENERAL INFORMATION

The term “cotton classification” refers to the application of standardized procedures developed by USDA for measuring those physical attributes of raw cotton that affect the quality of the finished product and/or manufacturing efficiency. The USDA classification system currently consists of determinations of color grade, preparation, leaf grade, and extraneous matter (if any); and High Volume Instrument (HVI) measurements for fiber length, micronaire, strength, color, trash, and length uniformity.

At the gin, cotton fibers are separated from the seed, cleaned to remove plant residue and other foreign material, and pressed into bales of about 500 pounds. A sample of at least 4 ounces (114 grams) is taken from each side of the bale by a licensed sampling agent and delivered by the agent or designated hauler to the USDA classing facility serving the area. Gin and warehouse operators serve as licensed sampling agents and perform this function under USDA supervision.

Classification procedures for American Pima cotton, also referred to as Extra Long Staple, are similar to those for American Upland cotton. Different grade standards are used because the color of American Pima cotton is a deeper yellow than that of Upland. Also, the ginning process for American Pima cotton (roller ginned) is not the same as for Upland (saw ginned). The roller gin process results in an appearance that is not as smooth as that of the saw ginned process.

Practically all cotton grown in the United States is classed by the USDA at the request of producers. While classification is not mandatory, growers generally find it essential to marketing their crop and for participation in certain USDA programs.

2. DOCUMENTS USED TO DETERMINE GRADES AND VALUES

Documents used to determine cotton values when mature cotton has been damaged by an insurable cause and qualifies for quality adjustment are the computer punch cards (grade card), the Daily Spot Cotton Quotations issued by the USDA Agricultural Marketing Service and the Annual Price Summary (for **ELS** only) issued by the National Agricultural Statistics Service. The following information is provided to assist crop insurance personnel in understanding and using the documents for quality adjustment.

INTERNET ACCESS. Daily Spot Cotton Quotations are available on the Internet from the USDA AMS Market News Reports for cotton at the following address:

<http://www.ams.usda.gov/cotton/mnncs/index.htm>.

Under the heading Cotton Prices, select Base, 7MKT Average Quotations, Futures Settlement and Differences. The screen will show the Upland Spot Price Quotations for the 7 Growth Areas. Return to Cotton Prices and select the applicable growth area for the point differences. On a daily basis, AMS has the spot quotations for **the previous day** available, e.g., on July 8, 1997, the 07-July-97 quotations were available.

EXHIBIT 5

Daily Spot Cotton Quotations are available on the Internet **for previous days and months** at the following address: <http://www.ams.usda.gov/search/index.htm>. Enter in the query box (e.g., "mp_cn002" without the quotes to find Upland Spot Price Quotations) one of the following:

"mp_cn002" for Upland Spot Price Quotations by marketing area;

"mp_cn003" for Southeast premiums and discounts;

"mp_cn004" for North Delta premiums and discounts;

"mp_cn005" for South Delta premiums and discounts;

"mp_cn006" for East Texas and Oklahoma premiums and discounts;

"mp_cn007" for West Texas premiums and discounts;

"mp_cn008" for Desert Southwest premiums and discounts and American Pima price quotations; or

"mp_cn009" for San Joaquin Valley premiums and discounts and American Pima price quotations.

In the "Where to search" box, use the "Entire Site" command. Click on "Find It" and then click on the appropriate date for the quotation data. **ATTENTION:** If you are unable to find the Daily Spot Cotton Quotations for the appropriate date using the information above, contact Sandra Skelton or Carol Johnson of AMS at area code 901-384-3016.

NOTE: Point differences are quoted with a minus sign or without. If quoted without a minus sign, the point differences are added instead of subtracted.

GRADE CARD INFORMATION. Most classification information is provided to the cotton industry by telecommunications, computer tapes, and diskettes. Large amounts of data for individual bales are provided on computer punch cards (grade cards), which are both eye and machine readable (e.g., a computer-generated printout). At the gins, adjusters may use the following: grade cards, computer printouts that contain all or part of the grade card information, or gin-recorded ledgers that contain the insured's production records and required information for quality adjustment.

The following numbered items explain information provided on the computer punch card (grade card) as number codes.

- (1) **Gin Code Number** - is composed of five digits. The first two digits denote the classing office and the last three digits identify the gin.
- (2) **Gin Bale Number** - is a seven-digit number assigned by the gin. A bar-coded bale identification tag, preprinted with the gin code number and gin bale number, is placed between the two halves of the sample for identification purposes. The classing office scans the bar codes to enter the bale identification into its computer prior to classing the sample.
- (3) **Date Classed** - is the date the bale was classed in the classing office.
- (4) **Module, Trailer, or Single** - is a one digit code which indicates whether the sample was out turned as a single bale or from a bale that was module/trailer averaged. Single bale = 0; Module = 1; Trailer = 2.

EXHIBIT 5

- (5) **Module/Trailer Number** - is a five digit number which identifies the module/trailer number assigned at the gin.
- (6) **Bales in Module/Trailer** - is a two digit number which identifies the number of bales in the module/trailer that were averaged to determine the value of all the bales in the module/trailer.
- (7) **Producer Account** - is reserved for USDA use.
- (8) **Color Grade** - is a number which refers to an official color grade or a below grade color. Color refers to the gradations of whiteness and yellowness in the cotton. There are 25 official color grades for American Upland cotton, plus five categories of below grade color, as shown in the table below.

COLOR GRADES OF AMERICAN UPLAND COTTON

	WHITE	LIGHT SPOTTED	SPOTTED	TINGED	YELLOW STAINED
Good Middling	11*	12	13	--	--
Strict Middling	21*	22	23*	24	25
Middling	31*	32	33*	34*	35
Strict Low Middling	41*	42	43*	44*	--
Low Middling	51*	52	53*	54*	--
Strict Good Ordinary	61*	62	63*	--	--
Good Ordinary	71*	--	--	--	--
Below Grade	81	82	83	84	85

*Physical Standards. All others are descriptive.

Special Condition Codes for American Upland Cotton:

96 - Mixture of Upland and Pima; 97 - Fire Damaged; 98 - Water Damaged

AMERICAN PIMA GRADES - has six official grades 01, 02, 03, 04, 05, 06, all represented by physical standards, plus below grade 07 which is descriptive.

Special Condition Codes for American Pima Cotton:

93 - Mixture of Pima and Upland; 94 - Fire Damaged; 95 - Water Damaged

- (9) **Length (32nds or 100ths)** - Fiber length (staple length) is reported in both 100ths and 32nds of an inch on the grade card (see conversion chart below). The HVI system measures length in 100ths of an inch. Fiber length is the average length of the longer one-half of the fibers (upper half mean length). It is measured by passing a “beard” of parallel fibers through a sensing point. The beard is formed when fibers from a sample of cotton are grasped by a clamp, then combed and brushed to straighten and parallel the fibers.

EXHIBIT 5

Fiber length is largely determined by variety but the cotton plant's exposure to extreme temperatures, water stress, or nutrient deficiencies may shorten the length.

Starred (*) lengths represent the staple length as stated on the Special Provisions for quality adjustment.

American Upland Length Conversion Chart

32nds	Inches	32nds	Inches
24 (below 13/16)	.79 & shorter	36 (1 1/8*)	1.11 - 1.13
26 (13/16)	.80 - .85	37 (1 5/32)	1.14 - 1.17
28 (7/8)	.86 - .89	38 (1 3/16)	1.18 - 1.20
29 (29/32)	.90 - .92	39 (1 7/32)	1.21 - 1.23
30 (15/16*)	.93 - .95	40 (1 1/4)	1.24 - 1.26
31 (31/32)	.96 - .98	41 (1 9/32)	1.27 - 1.29
32 (1")	.99 - 1.01	42 (1 5/16)	1.30 - 1.32
33 (1 1/32*)	1.02 - 1.04	43 (1 11/32)	1.33 - 1.35
34 (1 1/16*)	1.05 - 1.07	44 & longer (1 3/8)	1.36 & longer
35 (1 3/32*)	1.08 - 1.10		

A separate chart is used to convert American Pima fiber length from 32nds to 100ths of an inch.

American Pima Length Conversion Chart

32nds	Inches
40	1.20 & lower
42	1.21 - 1.25
44 (1 3/8*)	1.26 - 1.31
46	1.32 - 1.36
48	1.37 - 1.42
50	1.43 - 1.47
52	1.48 & above

- (10) **Mike** - An airflow instrument is used in the HVI system to measure fiber fineness and maturity. The measurements, commonly referred to as micronaire or "mike" readings, are the same as those that have been provided for many years in cotton classification. Micronaire measurements can be influenced during the growing period by environmental conditions such as moisture, temperature, sunlight, and plant nutrients and extremes in plant or boll population.

NOTE: Micronaire readings are expressed with or without a decimal (e.g., 3.5 or 35).

EXHIBIT 5

5. AMERICAN UPLAND COTTON QUALITY ADJUSTMENT PROCEDURE

Mature **white** cotton may be adjusted for quality when production has been damaged by insured causes and qualifies for quality adjustment. Production will be reduced if the price quotation for cotton of like quality (price quotation “A”) for the applicable growth area is less than 85 percent price quotation “B.”

- A. Price quotation “B” is 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 the county in which the cotton is insured (staple length and micronaire readings vary from county to county).
- B. 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 is 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. ***

NOTE: Colored cotton lint is **NOT** eligible for quality adjustment.

When price quotation “A” for cotton of like quality **cannot** be determined from the Daily Spot Market Quotation sheet, obtained a price quotation from a local buyer within the local producing area, however, if a higher price is available from a buyer within a reasonable distance outside the local producing area, this price is to be used. Price quotation “A” obtained from a buyer **MUST** be quoted for the date stated in item 5B above. Document, in the narrative of the TPC Production Worksheet, the name and phone number of the buyer from whom you obtained the price.

NOTE: Record, on the Cotton Quality Adjustment Worksheet, the bale number in item 12, the bale weight in item 13, and the price quotation “A” (Value per Pound) obtained from the buyer in item 20. Calculate the factor using instructions for item 21.

EXHIBIT 5

EXAMPLES A 1-3 shows selected pages of the Daily Spot Cotton Quotations published by the USDA Agricultural Marketing Service, dated July 7, 1997. Pages are marked in the upper right-hand corner for the applicable growth area point differences. These pages are also marked for the following example, to show how to use the Daily Spot Cotton Quotation sheets for a bale of American Upland cotton eligible for quality adjustment. **The allowable point difference deductions for AUP cotton are: color and leaf grade, staple length, micronaire and extraneous matter.** All price quotations are converted to four decimal places for quality adjustment.

STEP 1: Determine price quotation Price “B” and 85 percent of Price “B.”

EXAMPLE: The unit is located in the East Texas-Oklahoma Growth Area. Using the East Texas-Oklahoma Growth Area, color grade 41 leaf 4, staple length 34, the spot price quotation is 69.50 cents (.6950). The .6950 spot price quotation is adjusted to the price quotation (Price B), defined in the Special Provisions as *Strict Low Middling (41) Leaf 4, 1 1/16 inch staple length (34) and 4.5 micronaire (mike) reading* for the Texas county of Hidalgo.

.6950 = East Texas-Oklahoma Base Spot Price Quotation (See **EXAMPLE A-1**)
- .0000 = deduction (See **EXAMPLE A-2**)
.6950 = Price “B,” color 41 leaf 4, staple length 34, 4.5 mike
X .85
.5908 = 85 percent of Price “B” (“local market price”). Quality adjustment will apply if price quotation Price “A” (“value per pound”) is less.

STEP 2: Determine price quotation Price “A” of each harvested bale.

EXAMPLE: Mature cotton harvested and the following information determined from grade card, computer printout or gin record: bale #125, net bale weight 475 pounds, color grade 71 leaf 6, staple length 31, extraneous matter (bark) level 2, 2.8 mike.

.6950 = East Texas-Oklahoma Base Spot Price Quotation
- .1150 = deductions for color grade 71 leaf 6, staple length 31 (See **EXAMPLE A-2**)
.5800
- .0325 = deductions for extraneous matter (bark) level 2 (See **EXAMPLE A-3**)
.5475
- .0600 = deductions for mike 28 (See **EXAMPLE A-3**)
.4875 = Price “A” (“value per pound”). Price “A” is less than .5908 (85 percent of Price “B”); thus, quality adjustment applies.

STEP 3: Calculating production to count.

Price “A” (“value per pound”) ÷ 85 percent of Price “B” (“local market price”) = Factor (round to 4 decimal places) X Pounds = Production to Count.

.4875 ÷ .5908 = .82515 = .8252 x 475 lbs. = 391.9 = 392 lbs.

**EXHIBIT 5
EXAMPLE A-3**

07-Jul-97
(Continued)

EAST TEXAS-OKLAHOMA

Color	Leaf	Staple								
		26-29	30	31	32	33	34	35	36	37
13 & 23	1-2	-725	-575	-450	-375	-225	-200	-200	-200	-200
	3	-750	-575	-475	-400	-275	-250	-250	-250	-250
	4	-800	-650	-600	-550	-400	-375	-375	-375	-375
	5	-900	-825	-800	-775	-625	-600	-600	-600	-600
	6	-1000	-975	-950	-925	-825	-775	-775	-775	-775
	7	-1150	-1125	-1100	-1075	-925	-900	-900	-900	-900
	33	1-2	-775	-650	-500	-425	-275	-250	-250	-250
3		-775	-650	-500	-425	-275	-250	-250	-250	-250
4		-850	-800	-725	-625	-475	-425	-425	-425	-425
5		-925	-850	-800	-800	-675	-625	-625	-625	-625
6		-1025	-1000	-975	-950	-850	-800	-800	-800	-800
7		-1150	-1125	-1100	-1075	-950	-900	-900	-900	-900
43		1-2	-850	-725	-700	-625	-475	-425	-425	-425
	3	-900	-850	-800	-750	-600	-550	-550	-550	-550
	4	-900	-875	-850	-775	-625	-575	-575	-575	-575
	5	-1075	-1050	-1025	-950	-825	-775	-775	-775	-775
	6	-1125	-1100	-1100	-1075	-900	-875	-875	-875	-875
	7	-1225	-1200	-1200	-1150	-1025	-1000	-1000	-1000	-1000
	53	1-2	-900	-900	-875	-825	-675	-650	-650	-650
3		-900	-900	-875	-825	-675	-650	-650	-650	-650
4		-1025	-1025	-1025	-950	-825	-800	-800	-800	-800
5		-1100	-1100	-1100	-1025	-875	-875	-875	-875	-875
6		-1200	-1200	-1200	-1100	-950	-950	-950	-950	-950
7		-1275	-1275	-1275	-1225	-1075	-1075	-1075	-1075	-1075
63		1-2	-1225	-1200	-1175	-1050	-925	-925	-925	-925
	3	-1225	-1200	-1175	-1050	-925	-925	-925	-925	-925
	4	-1225	-1200	-1175	-1100	-975	-975	-975	-975	-975
	5	-1275	-1275	-1275	-1200	-1075	-1075	-1075	-1075	-1075
	6	-1275	-1275	-1275	-1225	-1075	-1075	-1075	-1075	-1075
	34	1-2	-900	-875	-850	-850	-725	-725	-725	-725
3		-900	-875	-850	-850	-725	-725	-725	-725	-725
4		-1050	-975	-950	-950	-850	-850	-850	-850	-850
5		-1100	-1075	-1050	-1050	-925	-925	-925	-925	-925
6		-1175	-1150	-1100	-1100	-975	-975	-975	-975	-975
44		1-2	-1050	-975	-950	-950	-850	-850	-850	-850
	3	-1100	-1050	-1025	-1025	-925	-925	-925	-925	-925
	4	-1100	-1050	-1025	-1025	-925	-925	-925	-925	-925
	5	-1225	-1175	-1150	-1150	-1025	-1025	-1025	-1025	-1025
	6	-1250	-1200	-1175	-1175	-1050	-1050	-1050	-1050	-1050
54	1-2	-1175	-1125	-1100	-1100	-1000	-1000	-1000	-1000	-1000
	3	-1175	-1125	-1100	-1100	-1000	-1000	-1000	-1000	-1000
	4	-1275	-1225	-1175	-1175	-1075	-1075	-1075	-1075	-1075
	5	-1275	-1225	-1175	-1175	-1075	-1075	-1075	-1075	-1075

Mike	
Range	Diff.
24 & Below	-1325
25-26	-1075
27-29	-600
30-32	-250
33-34	-150
35-36	0
37-42	40
43-49	0
50-52	-275
53 & Above	-425

STEP 2

STEP 1

Strength (grams per tex)	
Range	Diff.
18.5-19.4	-100
19.5-20.4	-100
20.5-21.4	-100
21.5-22.4	-75
22.5-23.4	-75
23.5-25.4	0
25.5-26.4	0
26.5-27.4	0
27.5-28.4	0
28.5-29.4	10
29.5-30.4	20
30.5 & Above	25

Extraneous Matter	
Level	Diff.
Bark	
1	-175
2	-325
Other	
1	-325
2	-500

EXHIBIT 5

6. EXTRA LONG STAPLE COTTON QUALITY ADJUSTMENT PROCEDURE

- A. **For ELS Cotton to be eligible for quality adjustment, ginning must have been completed at a gin using roller equipment.** Qualifying mature **ELS** cotton production, damaged by insured causes, will be reduced if the price quotation for **ELS** cotton of like quality (price quotation “A”) is less than 85 percent of price quotation “B.”
- (1) Price quotation “B” will be the price quotation for **ELS** cotton of the grade, staple length, and micronaire reading designated in the Special Provisions for the county in which the cotton is insured.
 - (2) Price quotations “A” and “B” will be determined from price quotations contained in the Daily Spot Cotton Quotations sheet published by the USDA Agricultural Marketing Service on the date the last bale from the unit is classed. If the date the last bale is 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.

NOTE: When price quotation “A” for **ELS** cotton of like quality **cannot** be determined from the Daily Spot Cotton Quotations sheet a price may be obtained from a local buyer within the local producing area, however, if a higher price is available from a buyer within a reasonable distance outside the local producing area, this price is to be used. Price quotation “A” obtained from a buyer **must** be quoted for the date stated in 6A(2) above. Document, in the narrative of the TPC Production Worksheet, the name and phone number of the buyer from whom you obtained the price. Record, on the Cotton Quality Adjustment Worksheet, the bale weight (in item 12) and the price quotation “A” (Value Per Pound) obtained from the buyer (in item 20) and calculate the Factor using the instructions for item 21.

- B. Any **AUP** cotton harvested or appraised from acreage **originally planted to ELS cotton** in the same growing season will be reduced by the **factor** (to four decimal places) obtained by dividing the price quotation per pound of the **AUP** cotton by the price quotation for **ELS** cotton of the grade, staple length, and micronaire reading designated in the Special Provisions for this purpose. Price quotations per pound are determined using (1) and (2) below, or if either price quotation for (1) **AUP** or (2) **ELS** are unavailable for the dates as stated, use item (3) below.
- (1) Determine the price quotation per pound of the **AUP** cotton from the Daily Spot Cotton Quotations published by the USDA Agricultural Marketing Service the day the last bale from the unit is classed. If the date the last bale is classed is not available, the price quotations will be determined the date the last bale from the unit is delivered to the warehouse, as shown on the producer’s account summary.

EXHIBIT 5

- (2) Determine the price quotation per pound for **ELS** cotton from the Daily Spot Cotton Quotations published by the USDA Agricultural Marketing Service on the date the last bale from the unit is classed.

- (3) If either price quotation is unavailable for the dates as stated in (1) or (2) above, the price quotations for the nearest prior date for which price quotation for both the **AUP** and **ELS** cotton are available will be used. If prices are not yet available for the insured crop year, the previous season's average prices will be used. Determine the previous year's season average prices from the Annual Price Summary issued by the National Agricultural Statistics Service. Use the season average prices for the state in which the loss occurred.

EXHIBIT 5

EXAMPLE B1-3 shows selected pages of the Daily Spot Cotton Quotations published by the USDA Agricultural Marketing Service, dated October 7, 1998. These pages are marked, for the following examples, to show how to use the Daily Spot Cotton Quotations Sheets for a bale of Extra Long Staple cotton or American Upland cotton eligible for quality adjustment under the **ELS Cotton Crop Provisions**. **The allowable spot quotations for ELS cotton are: color grade, staple length, and micronaire.** All price quotations are converted to four decimal places for quality adjustment.

STEP 1: Determine price quotation Price “B” and the 85 percent Price “B.”

EXAMPLE: The unit is located in Texas, El Paso county of the Desert Southwest Growth Area. The price quotation (Price “B”) for **ELS** cotton is defined in the Special Provisions as *Grade #4, 1 3/8 inch staple length (44) and 3.5 micronaire (mike) reading.*

.9750 = Spot Price Quotation (See **EXAMPLE B-1**)
- .0000 = deductions
.9750 = Price “B,” grade 4, staple length 44, mike 35
x .85
.8288 = 85 percent of Price “B” (“Local Market Price”). Quality adjustment will apply if price quotation Price “A” (“value per pound”) is less.

STEP 2: Determine the price quotation Price “A” of each harvested bale.

EXAMPLE: Mature **ELS** cotton harvested and the following information determined from gin record: bale #135, net bale weight 490 pounds, grade 5, staple length 46, mike 26. Use the actual price quotation for grade and staple length, and then deduct the points for mike. The deductions for grade and staple length are accounted for in the spot price quotation.

.7325 = price quotation for grade 5, staple length 46 (See **EXAMPLE B-1**)
- .2300 = deductions for mike 26 (See **EXAMPLE B-1**)
.5025 = Price “A” (“Value Per Pound”). Price “A” is less than .8288 (85 percent of Price “B”); thus, quality adjustment applies.

STEP 3: Calculating production to count:

Price “A” (“Value Per Pound”) ÷ 85 percent of Price “B” (“Local Market Price”) = Factor (rounded to 4 decimal places) X Pounds = Production to Count.

.5025 ÷ .8288 = .6063 X 490 lbs. = 297.1 = 297 lbs.

EXHIBIT 6

COTTON QUALITY ADJUSTMENT WORKSHEET INSTRUCTIONS

1. GENERAL INFORMATION

Use this worksheet to calculate the price quotations necessary for the quality adjustment of **AUP** and **ELS** Cotton.

A. The allowable point difference deductions for:

(1) **AUP** cotton are Color and Leaf Grade, Staple Length, Micronaire and Extraneous Matter; and

(2) **ELS** cotton are Grade, Staple Length, and Micronaire.

B. Convert **ALL** price quotations and point difference deductions from the Daily Spot Cotton Quotation (DSCQ) sheet to four decimal places. Combine net bale weights that have the same grades or list each bale separately. Attach worksheets to the **TPC** Production Worksheet.

C. Items 8 thru 11 are used to determine Price Quotation "B" and the 85 percent of Price Quotation "B." Items 16 thru 21 are used to determine Price Quotation "A" of each harvested bale and the factor used to reduce the Net Weight when quality adjustment applies.

2. FORM ENTRIES AND COMPLETION INFORMATION

<u>Item No.</u>	<u>Information Required</u>
1. Insured's Name	Name of the insured.
2. Policy Number	Insured's assigned Policy Number.
3. Unit Number:	Five digit unit number from the Summary of Coverage.
4. County	Name of the county in which the cotton is insured.
5. Date of Quotation	Select the price quotations from the DSCQ sheet on the date the last bale from the unit is classed. If the date of the last bale classed is not available, select the price quotations from the DSCQ on the date the last bale from the unit is delivered to the warehouse as shown on the producers account summary. Record the date of the DSCQ selected.
6. County Price Quotation	The numeric color grade, leaf grade (AUP only), staple length, and micronaire reading designated in the Special Provisions for the county in which the cotton is insured.

EXHIBIT 6

7. **Growth Area** The designated spot market Growth Area (see **EXHIBIT 5**).
8. **Base Spot Price** The Base Spot Price quotation converted to four decimal places, from the DSCQ sheet for the Growth Area listed in Item 7.
9. **Deductions** Record the point difference deductions required to arrive at the County Actuarial Quotation Price “B” for color grade, leaf grade (**AUP only**), staple length, and micronaire shown in Item 6.
10. **Price B** Subtract the point difference deductions from the Base Spot Price quotation to determine Price Quotation “B.”
11. **85% of Price B** Multiply Price “B” by .85 to determine 85 percent of Price “B” (“Local Market Price”). Quality adjustment will apply if Price Quotation “A” (“Value Per Pound”) is less than 85 percent of Price “B.”
12. **Bale Number** Bale number from the grade card, computer printout, or gin record.
13. **Net Weight** Net Weight of the bale for the bale number recorded in Item 12. Net Weight is the Bonded Warehouse Weight in which the cotton is sold, and which is required for placing cotton into the Commodity Credit Corporation Loan Support program less the weight of bagging and ties unless already deducted at the gin or warehouse.
14. **Color/Leaf/
Staple/Mike** Record the numeric color grade, leaf grade (**AUP only**), staple length, and micronaire (mike) from the grade card, computer printout or gin record.
15. **Ex. Matter-Level
(Bark/Other)** **AUP ONLY.** Record the Extraneous Matter as Level 1 or 2 and indicate either as bark or other from the grade card, computer printout or gin record for the bale number listed in Item 12.
16. **Base Spot Price/
Price Quotation** **AUP.** Transfer the Base Spot Price quotation recorded in Item 8.
ELS. Record the actual Price Quotation, to four decimal places, from the DSCQ for the color grade and staple length recorded in item 14. The deductions for grade and staple length are accounted for in the Price Quotation.
17. **Color/Leaf/
Staple Deductions** **AUP ONLY.** Record the point difference deductions determined from the DSCQ for the color grade, leaf grade and staple length recorded in Item 14.
18. **Ex. Matter
Deductions** **AUP ONLY.** Record the point difference deductions determined from the DSCQ for the level of bark or other for Extraneous Matter recorded in Item 15.

EXHIBIT 6

19. **Mike Deductions** Record the point difference deductions determined from the DSCQ for the mike recorded in Item 14.
20. **Price A** Subtract the point difference deductions recorded in Item 17, 18, or 19 from the Base Spot Price/Price Quotation in Item 16 to determine Price Quotation “A” (“Value Per Pound”). If Price “A” is less than 85 percent of Price “B” in Item 11, quality adjustment applies.
21. **Factor** Divide Price Quotation “A” (“Value Per Pound”) in Item 20 by 85 percent of Price “B” (“Local Market Price”) in Item 11, rounded to four decimal places, to determine the Factor used to reduce the Net Weight of the bale of cotton shown Item 13.

Page Numbers Page numbers - (Example: Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.).

Combine net bale weights quality adjusted by the same factor (and share), then record in Production, item G of the Production Worksheet. Transfer Price A to “Value Per Pound” item H₁ and 85 percent of Price B to “Local Market Price” item H₂. Calculate the Quality Factor item I, or enter the factor from the worksheet.

