UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Cost of Production Insurance
PILOT COTTON CROP PROVISIONS

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.

Allowable income – In addition to the definition contained in the Basic Provisions, allowable income will also include but is not limited to (1) the value of or any income you receive from the cottonseed and (2) the amount of any loan deficiency payment (LDP) received or requested and (3) for any appraised mature harvestable production and eligible harvested unsold production for which an LDP has not been received or requested, the applicable LDP on the date of final loss adjustment. In the event your LDP is subject to any payment limitation, we will include the amount of the LDP that would have been available without such payment limitation as other allowable income. However, disaster, emergency, direct, and counter-cyclical payments will not be included.

Cotton – Varieties identified as American Upland Cotton.

Expected gross income – In lieu of section 1 (Definitions) of the Basic Provisions, expected gross income (per acre) is determined by multiplying the approved yield per acre by the applicable conversion factor for non-irrigated skip-row cotton patterns, and multiplying the result by the expected market price times your share.

Expected market price – In lieu of section 1 (Definitions) of the Basic Provisions, the expected market price is the higher of the applicable county FSA loan rate, the FCIC issued established, or additional price election, whichever is applicable, or a contract price if requested and approved by us on or before to the sales closing date. If a contract price is approved for less production than the total approved APH yield, the expected market price will be a weighted average of the contract price and the other applicable price. The applicable price will be increased to reflect the expected value of the cottonseed.

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

Harvest – In lieu of section 1 (Definitions) of the Basic Provisions, harvest is 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.

Late planting period – In lieu of section 1 (Definitions) of the Basic Provisions, the late planting period for cotton begins the day after the final planting date and ends 15 days after the final planting date.

Loan deficiency payments – A commodity payment program authorized by the Food Security Act of 1985 that makes direct payments, equivalent to marketing loan gains, to wheat, feed grain, upland cotton, rice, or oilseed producers who agree not to obtain non-recourse loans, even though they are eligible. Loan deficiency payments are available under the Farm Security and Rural Investment Act of 2002.

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

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 the 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.

Price per pound – The price per pound received for sold production and the contract price for any harvested unsold production that has been contracted. For appraised mature harvestable production and harvested unsold production which has not been contracted, the price per pound will be the price quotation for the applicable growth area for cotton of like quality contained in the Daily Spot Quotations published by the USDA Agricultural Marketing Service on the date the last bale is classed or the date of final loss adjustment if there is no harvested production. If the date the last bale is classed is not available, the price quotation will be determined on the date the last bale is delivered to the warehouse, as shown on the producer's account summary obtained from the gin. The price per pound for immature appraised production and appraised mature production that is not harvestable will be the expected market price, and no LDP will be included in allowable income. If the price for sold or contracted production is not representative of prices offered by buyers in the area in which you normally market your crop, we will determine the price per pound by using the price per pound such buyers offered for like production on the date of sale or contract.

Skip-row – A planting pattern that:

(a) Consists of alternating rows of cotton and fallow land or land planted to another crop the previous fall; and
(b) 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 (Contract Changes) of the Basic Provisions, the contract change date is November 30 preceding the cancellation date.

3. Cancellation and Termination Dates.

In accordance with section 3 (Life of Policy, Cancellation, and Termination) of the Basic Provisions, the cancellation and termination dates are:

State and County	Cancellation and Termination Dates
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof;	January 31
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagon, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke counties, Texas, and all Texas counties lying south and east thereof to and including Terrell, Crocket, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas;	February 28
All other Texas counties and all other states.	March 15

4. Insured Crop.

In accordance with section 9 (Insured Crop) of the Basic Provisions, the crop insured will be all the cotton in the United States for which COP premium rates are provided in the actuarial documents:

(a) In which you have a share; and

(b) That is not (unless allowed by the Special Provisions):

  (1) Colored cotton;

  (2) Planted into an established grass or legume;

  (3) Interplanted with another spring planted crop;

  (4) Grown on acreage from which a hay crop, including a harvested small grain hay crop regardless of the percentage of small grain plants that reached the headed stage, 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.

5. Insurable Acreage.

In addition to the provisions of section 10 (Insurable Acreage) 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.

6. Insurance Period.

In lieu of section 12(b)(2) of the Basic Provisions, insurance will end upon the removal of the cotton from the field. In accordance with the provisions of section 12 (Insurance Period) of the Basic Provisions, the calendar date for the end of the insurance period is the date immediately following planting as follows:

State and County	Period Ending Dates
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof;	September 30
Arizona, California, New Mexico, Oklahoma, and all other Texas counties;	January 31
All other states.	December 31

7. Causes of Loss.

In accordance with the provisions of section 13 (Causes of Loss) of the Basic Provisions, insurance is provided only against the following causes of loss that occur during the insurance period:

(a) Adverse weather conditions;

(b) Fire;

(c) Earthquake;

(d) Insects, but not damage due to insufficient or improper application of pest control measures;

(e) Plant disease, but not damage due to insufficient or improper application of disease control measures;

(f) Volcanic eruption;

(g) Wildlife, unless control measures have not been taken;

(h) Failure of the irrigation water supply, if applicable, caused by an insured peril that occurs during the insurance period; or

(i) Decline in price.

8. Duties in the Event of Damage or Loss.

(a) In addition to your duties under section 15 (Duties in the Event of Damage or Loss) 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 is given to us.

9. Settlement of Claim.

(a) We will determine your loss on a unit basis.

(b) In the event of loss or damage covered by this policy, we will settle your claim on any unit by:

(1) Multiplying the insured acreage by its respective covered expenses (per acre); and

(2) Subtracting from the result of section 9 (b)(1) the total of the dollar values of harvested and appraised production and any other allowable income;

For example:

You have 100 percent (100%) share in 100 acres and your covered expenses are $400 per acre. You are only able to harvest 40,000 pounds and the price per pound is $.60. Your indemnity would be calculated as follows:

(i) 100 acres x $400 covered expenses per acre = $40,000.

(ii) $40,000 total covered expenses minus $24,000 (40,000 pounds x $.60 per pound) = $16,000 indemnity payment.

(c) The total value of production to count from all insurable acreage on the unit will include:

(1) The value of all appraised production determined as follows:

(i) Not less than your covered expenses per acre for acreage:

(A) That is abandoned;

(B) Put to another use without our consent;

(C) That is 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 8;

(ii) The price per pound multiplied by your share of:

(A) Production lost due to uninsured causes;

(B) Unharvested production. Your covered expenses will be reduced due to any of your decreased expenses, including those for not harvesting. The value of the appraised production will be the amount (if any) that exceeds such reductions;

(C) Potential production on insured acreage that you intend to put to another use or abandon, if you and we agree on the appraised amount of production. Your covered expenses will be reduced due to any of your decreased expenses, including those for not harvesting. The value of the appraised production will be the amount (if any) that exceeds such reductions. Upon such agreement, the insurance period for that acreage will end if you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:

(1) 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

(2) 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.

(2) The value of your share of all harvested production from the insurable acreage, including any mature cotton retrieved from the ground, will be the amount obtained by multiplying your share of the pounds harvested by the price per pound.

(3) Any production that cannot be marketed due to insurable causes will not be considered in the value of production.

(d) The value of other allowable income categories will be your share of the total of such categories as approved by us.

10. Increase in Covered Expenses due to Replanting.

The provisions in section 14 (Increase in Covered Expenses due to Replanting) of the Basic Provisions that increase covered expenses due to replanting are applicable.

11. Prevented Planting.

In addition to the provisions contained in section 18 (Prevented Planting) of the Basic Provisions, your prevented planting covered expenses will be based on a net acre basis for skip-row planting.

12. Written Agreements.

The written agreement provision (section 19) of the Basic Provisions is not applicable.