United States Department of Agriculture
Risk Management Agency

February 2011

2011 COMMODITY INSURANCE FACT SHEET

Cotton

Arkansas, Louisiana, Mississippi and Tennessee

Crop Insured
The crop insured will be cotton planted for harvest as cotton lint and for which premium rates are provided by an actuarial table. In counties for which premium rates are not available, cotton may be insurable by written agreement if specific criteria are met.
When a skip-row planting pattern is utilized, the acreage insured will be only the land occupied by the rows of cotton.

Counties Available
See your crop insurance agent for a listing of eligible counties.

Causes of Loss
Adverse weather conditions
Earthquake
Failure of the irrigation water supply if applicable, due to an unavoidable cause of loss occurring within the insurance period
Fire
Insects*
Plant disease*
Volcanic eruption
Wildlife

All specified causes of loss must be due to a naturally occurring event.
*But not damage due to insufficient or improper application of pest or disease control measures.

Insurance Period
Coverage usually begins when the crop is planted and ends at the earliest of:
1. Total destruction of the crop;
2. Harvest of the cotton;
3. Final adjustment of a loss;
4. Abandonment of the crop; or
5. December 31, 2011

Reporting Requirement
You must timely report to your agent all acres of the crop in the county in which you have a share.

Important Dates

Sales Closing **(AR, LA, MS)**	February 28, 2011
Sales Closing **(TN)**	March 15, 2011
Cancellation Date **(AR, LA, MS)**	February 28, 2011
Cancellation Date **(TN)**	March 15, 2011
Final Planting Date **(LA, MS)**	May 25, 2011
Final Planting Date **(North AR)**	May 20, 2011*
Final Planting Date **(South AR)**	May 25, 2011*
Final Planting Date **(TN)**	May 20, 2011
Acreage Report Date **(ALL)**	July 15, 2011

* Contact your local crop insurance agent for fnal planting dates for specific counties.

Definitions
Catastrophic Coverage (CAT): A plan of insurance established by FCIC that provides coverage comparable to a level for a single crop that is equal to 50 percent of the approved yield indemnified at 55 percent of the established price.
Production Guarantee - The number of pounds determined by multiplying the approved yield per acre determined by any applicable yield conversion factor for non-irrigated skip-row planting patterns, and multiplying the result by the coverage level percentage you elect.
Projected Price– The price for this crop determined in accordance with the Commodity Exchange Price Provisions. The applicable projected price is used for each crop for which revenue protection is available, regardless of whether you elect to obtain revenue protection or yield protection for such crop.

Coverage Levels and Premium Subsidies
Catastrophic Coverage: 50 percent of your average yield and 55 percent of the projected price.
Additional Coverage: 50, 55, 60, 65, 70, 75, 80, 85 percent of your average yield and up to 100 percent of the projected price.
Premium Subsides: Varies based on coverage level.

Replant Provisions
No replant payment is available.

Loss Example

You have 100-percent share in 50 acres of cotton in the unit with a production guarantee of 525 pounds (per acre) (808 lb approved yield x 65-percent coverage level), your projected price is $.65, your harvest price is $.70, and your production to count is 25,000

- If you elect yield protection

- 50 acres x (525 lb production guarantee x $.65 projected price) = $17,062.50 value of production guarantee
- 25,000 lb production to count x $.65 projected price = $16,250.00 value of production guarantee
- $17,062.50 - $16,250.00 = $812.50
- $812.50 x 1.000 share = $812.50 indemnity

- If you elect revenue protection

- 50 acres x (525 lb production guarantee x $.70 harvest price) = $18,375.00 revenue protection guarantee
- 25,000 lb production to count x $.70 harvest price = $17,500.00 value of production to count
- $18,375.00 - $17,500.00 = $875.00
- $875.00 x 1.000 share = $875.00 indemnity

Download Copies from the Web

Visit our online publications/fact sheets page at:
http://www.rma.usda.gov/aboutrma/fields/ms_rso/