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Agriculture



Federal Crop  
Insurance  
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Risk  
Management  
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Product  
Administration and  
Standards Division

FCIC 24280  
(11-2011)  
FCIC 24280-1  
(1-2013)

# **COTTONSEED (PILOT) ENDORSEMENT INSURANCE STANDARDS HANDBOOK**

## **2013 and Succeeding Crop Years**



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

<b>TITLE: Cottonseed (Pilot) Endorsement Program Insurance Standards Handbook</b>	<b>NUMBER: 24280 (11-2011) 24280-1 (1-2013)</b>
<b>EFFECTIVE DATE: 2013 and Succeeding Crop Years</b>	<b>ISSUE DATE: January 2, 2013</b>
<b>SUBJECT:</b>  <b>Provides the procedures and instructions for administering the Cottonseed (Pilot) Program Underwriting Standards</b>	<b>Product Administration and Standards Division</b>
	<b>APPROVED: January 2, 2013</b>  <b>/s/ Tim B. Witt</b>  <b>Deputy Administrator, Product Management</b>

**Reason for Amendment**

Part 3, Section 2, Paragraph 36 was amended to add instructions to aid in properly calculating the prevented planting payment (PP) when the remaining eligible PP acres for cotton are less than the total number of PP acres.



## **F. CIH Section 9 Planting Provisions**

Specific changes and additions to Section 9 of the CIH are itemized below:

CIH  
Section  
Reference

9B(2) Late Planting. Provisions applicable to cotton also apply to cottonseed.

9C Prevented Planting. Provisions applicable to cotton also apply to cottonseed.

## **G. CIH Section 10. Units**

Separate units are not authorized for cottonseed. The guarantee for cottonseed will be included within the unit from which the approved yield of cotton lint was used to establish the cottonseed approved yield.

## **H. CIH Section 12 Underwriting Rules for Specific Practices**

Specific changes and additions to Section 12 of the CIH are itemized below:

CIH  
Section  
Reference

12C(4) Skip-Row Planted Cotton and ELS Cotton. The planted acreage for cotton lint applies to cottonseed. Apply the appropriate skip-row conversion factor to the approved yield for cotton lint in accordance with the CIH instructions. Multiply this result by the conversion factor for cottonseed.

## **I. CIH Section 13 Production Reports and APH Databases**

A production report is not required for cottonseed. An APH database is not required. Follow the instructions in Section 13 to obtain a production report for cotton lint and establish a database for cotton lint. Determine the approved yield for cotton lint and multiply that result by the conversion factor to establish the approved yield for cottonseed.

## **J. CIH Section 14 Production Evidence**

A certification of production of cottonseed is not required; therefore, production evidence is not required except in case of loss. Only the production of cotton lint must meet the production evidence requirements.

## **K. CIH Section 15 Category B Crop Procedures**

Apply the procedures to the cotton lint. Determine the approved yield for cotton lint and multiply that result by the conversion factor.

**L. CIH Section 17 APH Yield Adjustment**

Make any YA yield substitutions to the yields for cotton lint.

**M. CIH Section 18 Yield Reductions**

Apply the procedures of Section 18 to the yields of cotton lint.

**N. CIH Section 19 Reviewing and Correcting APH Yields**

Apply the procedures of Section 19 to the yields of cotton lint only.

**O. CIH Exhibit 2C Written Agreement Deadlines and Required Documentation**

Written Agreements to change the terms of the Endorsement are not authorized. A Written Agreement applicable to the cotton lint coverage shall be applicable to the cottonseed coverage also.

**33-35 (Reserved)**

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**Section 2 Prevented Planting Loss Adjustment Standards Handbook**

**36 Additional Information to the Prevented Planting Handbook (FCIC-25370) for Cottonseed Only**

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An additional payment is allowed for prevented planting acreage of cotton lint. Any acreage that qualifies for a payment of prevented planting of cotton lint will receive an additional payment of the same percentage of the cottonseed endorsement guarantee as was applicable to the percentage of the guarantee for the cotton lint. The qualifying prevented planting acres apply to both the cotton lint and the cottonseed. No additional qualifying acres are needed.

When the remaining eligible PP acres for cotton are less than the total number of PP acres, sum the PP payment rate per acre for cotton lint and the PP payment rate per acre for cottonseed. The sum must be used to find the crop(s)/unit(s) having remaining eligible acres with the most similar (closest) PP payment.

Example: (using the 2013 Texas Cottonseed conversion factor of 1.4440)

<b>PP Guarantee for Cotton Lint</b>		<b>Additional PP Guarantee for Cottonseed</b>	
400	Prod. Guar. (APH x Cov. Level)	577.6	Prod. Guar. (APH x Cottonseed conversion Factor x Cov. Level)
\$0.93	Cotton Lint Price	\$0.11	Cottonseed Endorsement Price
50%	PP Coverage Level for Cotton	50%	PP Coverage Level for Cotton
\$186	Per Acre PP Cotton Lint Guar.	\$31.77	Per Acre PP Cottonseed Guar.

**\$217.77 Total PP Guarantee**

\$217.77 is used to find the crop(s)/unit(s) having remaining eligible acres with the most similar (closest) PP payment.

Please see the Prevented Planting Handbook for further information regarding calculating the PP payment for crops prevented from planting under circumstances wherein the insured does not have an adequate base of eligible PP acreage.

### **Section 3 Loss Adjustment Manual Standards Handbook**

#### **37 Supplemental Instructions for the AUP and ELS Cotton Loss Adjustment Standards (FCIC-25090-1 (11-2011))**

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LASH  
Section  
Reference

3 INSURANCE CONTRACT INFORMATION

3A INSURABILITY

Add (4) Cottonseed Endorsement. The insured may elect to insure cottonseed for payment of additional premium. All conditions of insurability for cotton lint apply to cottonseed.

3D QUALITY ADJUSTMENT

Add the following: Quality adjustment does not apply to cottonseed.

3E AUP AND ELS INSTRUCTION DESIGNATIONS

Add the following: Instructions for cottonseed apply for both AUP and ELS cotton.

8 APPRAISAL WORKSHEET ENTRIES AND COMPLETION PROCEDURES

8C FORM ENTRIES AND COMPLETION INFORMATION

There are no special appraisal procedures for Cottonseed.

9D CLAIM PROCESSING FOR COTTONSEED

The adjuster will not complete a separate Production Worksheet for Cottonseed.

Complete the applicable AUP or ELS cotton Production Worksheet using the instructions in the AUP & ELS cotton loss adjustment standards handbook. The adjuster will note in the Narrative of the AUP or ELS Production Worksheet that the insured has the Cottonseed Endorsement, if applicable. The indemnity for Cottonseed will be based on information from the AUP or ELS cotton Production Worksheet.

The AIP will obtain data from the applicable AUP or ELS cotton Production Worksheet in order to calculate the Cottonseed production to count.

These instructions describe what data the AIP will use from the AUP or ELS Cotton Production Worksheet to calculate the Cottonseed production to count that will be sent to RMA.

- (1) Add total of column 34 to total of column 37 from the AUP or ELS Cotton Production Worksheet. These totals are found in item 42 (Totals.)
- (2) The result of (1) above becomes the Section I Total for item 69.
- (3) The total of entries in column 63 will be the entry for item 67. The entry in item 67 is used as the entry for item 68 (Section II Total.)
- (4) Add the second step (item 69) to the third step (item 68) to determine item 70 (Unit Total.) Multiply this figure by the Cottonseed conversion factor. This is the Cottonseed production to count to send to RMA.

**38-39 (Reserved)**

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