

# Raleigh Regional Office — Raleigh, NC

Revised February 2018

# Cotton

## North Carolina and Virginia

### Crop Insured

All upland cotton grown in the county on insurable acreage may be insured if:

- Premium rates are provided;
- You have a share; and
- Planted for harvest as lint or seed.

Insurance coverage for cotton seed is available with the Cotton Seed Endorsement.

### Counties Available

See your state's actuarial documents at [webapp.rma.usda.gov/apps/actuarialinformationbrowser/](http://webapp.rma.usda.gov/apps/actuarialinformationbrowser/) for insurable counties. Cotton may be insurable in other counties if specific criteria are met. Contact a crop insurance agent for more details.

### Causes of Loss

You are protected against the following:

- Adverse weather conditions, including natural perils such as hail, frost, freeze, wind, drought, and excess precipitation;
- Failure of irrigation water supply, if caused by an insured peril during the insurance period;
- Fire, if caused by an insured peril during the insurance period;
- Insect damage and plant disease, except for insufficient or improper application of control measures; or
- Wildlife.

### Insurance Period

Coverage begins on the later of the date we accept your application or the date when the crop is planted. Coverage ends with the earliest occurrence of one of the following:

- Removal of cotton from the field;
- Final adjustment of a loss;
- Abandonment of the crop;

- Total destruction of the crop; or
- December 31.

### Important Dates

Sales Closing Date - NC ..... February 28, 2018  
 Sales Closing Date - VA ..... March 15, 2018  
 Final Planting Date ..... May 25, 2018  
 Acreage Reporting Date ..... July 15, 2018

### Reporting Requirements

File a report of planted acreage to your crop insurance agent by the established acreage reporting date.

### Duties in the Event of Damage or Loss

**Notice of Loss** - If a loss occurs you must:

- Protect the crop from further damage by providing sufficient care;
- Notify your crop insurance agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period); and
- Leave representative samples intact for each field of the damaged unit.

### Coverage Levels and Premium Subsidies

The premium subsidy percentages and available coverage levels are shown in the chart on the next page. Your share of the premium is 100 percent minus the subsidy amount.

Item	Percent							
	50	55	60	65	70	75	80	85
Coverage Level	50	55	60	65	70	75	80	85
Premium Subsidy	67	64	64	59	59	55	48	38
Your Premium Share	33	36	36	41	41	45	52	62

Catastrophic Risk Protection (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$300.

## Price Elections

Commodity Exchange Price Provisions (CEPP) contain information necessary to derive the projected price and the harvest price for the insured crop. The CEPP includes the price discovery period, release dates, board of trade used, and other pricing information.

Contact a crop insurance agent or visit [prodwebnlb.rma.usda.gov/apps/PriceDiscovery/](http://prodwebnlb.rma.usda.gov/apps/PriceDiscovery/).

## Coverage Options

You may buy crop insurance coverage under one of the insurance plans offered.

**Area Revenue Protection** covers against loss of revenue due to a county level production loss, price decline, or a combination of both. It also provides revenue protection if the harvest price is greater than the projected price.

### Area Revenue Protection with Harvest Price

**Exclusion** covers loss of revenue due to a county level production loss, price decline, or a combination of both.

**Area Yield Protection** covers loss of yield due to a county level production loss.

**Revenue Protection** provides protection against loss of revenue due to production loss, price decline or increase, or a combination of both.

**Revenue Protection with Harvest Price Exclusion** provides revenue protection based on the projected price only.

**Stacked Income Protection (STAX)** provides protection against loss of revenue due to an area level production loss, a price decline, or combination of both. It can be purchased on its own or with a companion policy.

**Stacked Income Protection (STAX) with Harvest Price Exclusion** is much like STAX but does not use the harvest price to calculate the area loss.

**Yield Protection** provides protection against a production loss.

## Cottonseed (Pilot) Endorsement

This optional endorsement provides coverage for loss of cottonseed yield using a conversion of cotton lint production. Consult a crop insurance agent for more information.

## Late and Prevented Planting

These provisions provide protection on acreage planted after the final planting date or that cannot be planted. Consult a crop insurance agent for details.

## Loss Example

Assume cotton with an approved yield of 800 pounds per acre, 75 percent coverage level, \$0.73 projected price, \$0.68 harvest price, and 200 pounds produced.

<u>Yield Protection</u>		<u>Revenue Protection</u>	
800	Approved yield per acre	800	
x 0.75	Coverage level	x 0.75	
600	Acre guarantee	600	
x \$0.73	Projected price	x \$0.73	
\$438	Insurance guarantee	\$438	
200	Pounds produced	200	
x \$0.73	Harvest price	x \$0.68	
\$146	Production-to-count value	\$136	
\$438	Insurance guarantee	\$438	
- \$146	Production-to-count value	- \$136	
<b>\$292</b>	<b>Indemnity per acre</b>	<b>\$302</b>	

## Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private crop insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at [www.rma.usda.gov/tools/agent.html](http://www.rma.usda.gov/tools/agent.html).

## Contact Us

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