

**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
COTTONSEED (PILOT) ENDORSEMENT**

(This is a continuous endorsement. Refer to Section 2 of the Common Crop Insurance Policy.)

In return for your payment of the premium for the coverage contained herein, this endorsement will be attached to and made part of the Common Crop Insurance Policy and the eligible Crop Provisions, subject to the terms and conditions described herein.

- 1. Applicability**
 - (a) You must have the Common Crop Insurance Policy and an eligible Crop Provisions in force to elect to insure cottonseed under this Endorsement.
 - (b) You must elect this Endorsement in writing on or before the sales closing date for the first crop year that you wish to modify the terms of the Cotton Crop Provisions.
 - (c) This Endorsement operates only in those counties where coverage is offered as specified in the actuarial documents. Except when in conflict with this Endorsement, all provisions of the eligible Crop Provisions apply.
 - (d) You must insure the cottonseed associated with all cotton lint insured in the county.
 - (e) Each cottonseed production guarantee will be included within the unit from which the cotton lint production guarantee was used to establish liability.
 - (f) You may elect this Endorsement in conjunction with either yield protection or revenue protection as elected under the Cotton Crop Provisions.
- 2. Definitions**

Cottonseed endorsement price – The amount contained in the actuarial documents which is the dollar amount per pound at which you may insure cottonseed.

Conversion factor – A value representing the ratio of cottonseed to cotton lint yield published in the Special Provisions that represents our determination of the number of pounds of cottonseed that is associated with your production guarantee for cotton lint.

Cotton lint – The fiber that is separated from the cottonseeds by a cotton gin and that is the commodity insured under the eligible Crop Provisions.

Eligible Crop Provisions – The Cotton Crop Provisions (11-0021) or the ELS Cotton Crop Provisions (12-0022) or successor Crop Provisions.

Production guarantee (per acre) – In lieu of the definition contained in the Basic Provisions, the result of multiplying the cotton lint approved yield by the conversion factor shown in the Special Provisions and by your selected coverage level.
- 3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities**
 - (a) The insurance guarantee under this Endorsement will be for loss of yield of cottonseed as determined in accordance with this Endorsement.
 - (b) This Endorsement may not be elected if you have chosen only the Catastrophic Risk Protection Endorsement. However, if you have additional coverage and elect the High Risk Land Exclusion Option for a portion of the acreage, this Endorsement will apply to all acreage.
- (c) You are not required to file the production report required by section 3(f) of the Basic Provisions.
- (d) The coverage level applicable to this endorsement shall be equal to the coverage level selected for the eligible Crop Provisions.
- (e) The price for determining indemnities for this endorsement shall be equal to 100 percent of the cottonseed endorsement price.
- 4. Report of Acreage**

You are not required to file a separate report of acreage when you elect this Endorsement. Your insurance guarantee for cottonseed will be determined from the accepted acreage report and production reports for cotton lint.
- 5. Annual Premium and Administrative Fees**

The additional premium amount for this coverage will be determined by multiplying your cottonseed production guarantee per acre by the acreage of cotton planted, by the Cottonseed endorsement price, by the premium rate applicable to your approved yield for cotton lint, and by your share at the time coverage begins.
- 6. Duties in the Event of Damage or Loss**

You must comply with all duties contained in the Basic Provisions and in the eligible Crop Provisions.
- 7. Causes of Loss**

All causes of loss specified in the eligible Crop Provisions apply to this Endorsement.
- 8. Settlement of Claim**
 - (a) We will determine your loss separately for each unit specified on your acreage report or that we find to exist in accordance with the Basic Provisions and this Endorsement.
 - (b) In the event of loss or damage covered by this policy, we will settle your claim for cottonseed by:
 - (1) Multiplying the insured acreage by the cottonseed production guarantee per acre;
 - (2) Subtracting the total production to count of cottonseed (see section 8(c)); and
 - (3) Multiplying the result of section 8(b)(2) by the Cottonseed endorsement price if that result is positive or determining the indemnity to be zero otherwise.
 - (c) The total production of cottonseed to be counted will be equal to the total production to count of cotton lint determined in accordance with the terms of the eligible Crop Provisions, but before any quality adjustment that may be authorized by those Provisions, multiplied by the conversion factor.
 - (d) Any indemnity payable under this Endorsement shall be made in addition to any indemnity payable under the eligible Crop Provisions.

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(e) Example

You have one unit with an approved lint yield of 600 lbs. per acre. The conversion factor published in the Special Provisions is 1.40. The Cottonseed endorsement price is \$0.08 per lb. You choose the 75% coverage level. There are 100 acres in the unit. Your share is 100%.

Your approved yield for cottonseed will be 600 lbs. X 1.40 = 840 lbs. per acre.

Your production guarantee (per acre) for cottonseed will be 840 lbs. X 0.75 = 630 lbs.

Your liability for cottonseed will be 630 lbs. X 100 acres x \$0.08 x 1.000 share = \$5,040.

Assume the unit produces only 30,000 lbs. of cotton lint as a result of an insured cause of loss, which is reduced to 25,000 lbs. due to quality adjustment. Your indemnity for cottonseed will be calculated as follows:

630 lbs. X 100 acres = 63,000 lbs.

30,000 lbs. X 1.40 = 42,000 lbs. cottonseed production to count (calculation is based on lint production to count before quality adjustment)

63,000 lbs. – 42,000 lbs. = 21,000 lbs. unit deficiency

21,000 lbs. X \$0.08 X 1.000 share = \$1,680 indemnity.

9. Replanting Payment

Section 13 of the Basic Provisions does not apply to this Endorsement.

10. Prevented Planting

Section 17 of the Basic Provisions applies to this Endorsement. An additional prevented planting payment equal to the cottonseed endorsement price multiplied by the prevented planting coverage applicable to the cotton lint will be made under this endorsement for prevented planting acreage.

11. Written Agreements

Any written agreement applicable to the cotton lint coverage shall be applicable to the coverage under this Endorsement; however, no written agreements may be issued specifically to modify the terms of this Endorsement.
