



Plains Cotton Growers, Inc.

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William Murphy, Administrator
USDA Risk Management Agency
Stop 0801, Room 6092-South
1400 Independence Ave., SW
Washington, DC 20250

Dear Mr. Murphy,

I am writing you today to request your assistance with an exceptional situation that exists in Texas, where lingering drought conditions have significantly impacted the efforts of producers to comply with Federal Crop Insurance program rules in regard to the termination of a small grains cover in order to plant and insure non-irrigated cotton on their farms in 2011. In order to avoid confusion, and also the improper denial of insurance coverage on non-irrigated cotton planted after a small grain cover crop, we request that you issue a clarification to all Approved Insurance Providers regarding the applicability of procedures contained in Exhibit 2 of the 2011 AUP Cotton LASH that deal specifically with this issue and that preserves the insurability of non-irrigated cotton under these extraordinary conditions.

It is unfortunate, due to the poor condition of small grain cover crops in our region, that many growers who tried to terminate their small grain cover crop in a timely manner, and according to Texas AgriLife Extension and RMA recommended guidelines, have had difficulty doing so. In many instances, because of its poor condition, the cover crop has managed to produce a minimal number of heads – a situation that under the 2011 Special Provisions of Insurance for Cotton in Texas, Oklahoma and New Mexico could prevent insurance from attaching to the non-irrigated cotton acreage. Since 2002 the AUP Cotton SPOI for Texas, Oklahoma and New Mexico has included language which says that non-irrigated cotton is uninsurable if “*a small grain crop reached the headed stage (regardless of the percent of plants that reached the heading stage)*.” In regard to the current situation, however, we would also note that Exhibit 2 of the current AUP Cotton Loss Adjustment Standards Handbook provides a clear and unequivocal exception to the language included in the Special Provisions when the small grain crop is utilized in a conservation tillage practice.

In researching the history of the language in Exhibit 2 of the AUP Cotton LASH we found that it has existed in virtually the same form since at least the 1999 crop year (the earliest AUP Cotton LASH that is still available on the RMA website). We also found that the last revision to Exhibit 2 occurred for the 2011 crop year with a modification to note that restrictions on the insurability of non-irrigated cotton are now located in the AUP Special Provisions and are no



longer a part of the Upland Cotton Crop provisions under the new Combo policy. Due to its ongoing presence in the AUP Cotton LASH, it is clear that Exhibit 2 is intended as a specific exception to the original Cotton Crop Provision's restriction on insurability of non-irrigated cotton following a small grain crop and, now, as an exception to the language in the AUP Special Provisions of Insurance. We must also conclude from the background information given to AIP's in Exhibit 2 that the Agency's intent is to recognize the possibility of extreme situations such as the one we are dealing with today and prevent the denial of coverage when a grower has put forth appropriate effort to terminate the small grain in a timely manner.

In regard to its applicability in the current situation Exhibit 2 (Insurability of Nonirrigated Cotton Grown Under A Conservation Tillage Practice), Section 1 of the 2011 AUP Cotton LASH says: *"Under some conditions, although herbicide practices are properly applied to terminate the small grain crop, the plants may produce seed heads. This may occur when the small grain is stressed and is not sufficiently translocating the herbicide to cause quick termination."* This is exactly the situation that growers in the PCG membership area are experiencing and leads directly to the applicability of the language in Exhibit 2, Section 2 (Standard Procedures for a Conservation Tillage Practice) of the 2011 AUP Cotton LASH in which the Agency clearly directs Approved Insurance Providers and adjusters that: *"Any small grain crop utilized in a conservation tillage practice **will not be considered headed out** unless fifty percent (50%) or more of the small grain plants have reached the heading stage. If proper herbicide practices are utilized to terminate the small grain crop, this threshold should not be reached. Proper practices include applying recommended amounts of herbicide at a time that, **under normal growing conditions**, will result in the termination of the small grain plants before plants reach the heading stage."*

We respectfully request that you reaffirm to all AIPs the insurability of non-irrigated cotton following a small grain cover crop by any grower that has attempted to terminate the small grain crop in accordance with the above quoted guidelines from the 2011 AUP Cotton LASH. We believe the exception outlined above is appropriate to the current situation and clearly directs the AIP to consider the small grain cover crop as NOT being headed out and, therefore, in compliance with the language in the Special Provisions which dictate the insurability of non-irrigated cotton following a terminated small grain. Since we are quickly approaching Final Planting Dates (May 31, June 5, June 10, June 20) in the Texas, Oklahoma and New Mexico region, we would appreciate your prompt attention to this matter so that AIPs facing these questions will not inadvertently deny coverage for non-irrigated cotton this year.

Respectfully,



Steve Verett,
Executive Vice President

Cc: Rep. Randy Neugebauer
Rep. Mac Thornberry
Rep. Mike Conaway
Rep. Frank Lucas
Sen. John Cornyn
National Cotton Council