

Ag Policy Brief #2014-04

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:: Stacked Income Protection Plan :: Information Sheet ::

- Only available for cotton planted acres
- County-Level revenue protection program
- Policy premiums carry an 80% subsidy
- Similar to the Group Risk Income Protection product currently available from RMA, with a harvest price option
- Coverage begins when county revenue loss is 10% and remains in place until county loss exceeds 30% (*unless crop insurance coverage exceeds 70%*)
- Do not have to have insurance policy to be eligible for STAX
- NOT available in 2014
 - One time only "transition" payment will be offered in 2014

Pay-out Calculation:

minus *Expected County-Level Cotton (lint) Revenue*¹
*Actual County-Level Cotton (lint) Revenue*²

¹ Expected County Crop Yield:

maximum of: (a) Group Risk Plan Cotton Lint Yield
 or (b) 5-year Olympic Average County Cotton Lint Yield
times Crop Insurance Cotton Lint Price

² Actual County Crop Yield:

times County Cotton Lint Yield
 Crop Insurance Cotton Lint Price

Cotton Base Acre Transition Payment:

times \$0.83^{A,1} minus \$0.74^{A,2} (which equals \$0.09)
times Payment Factor of 60%^A
times Your Farm's Historical Cotton Program Yield
times Your Farm's Historical Cotton Program Base Acres
minus *Actual County-Level Cotton (lint) Revenue*

An Olympic Average removes the highest and lowest value from the calculation.

^A Already defined in the legislation

¹ Average of the June 2013 World Ag Supply and Demand Estimate (WASDE) projected 2013/14 Market Year Average Cotton Price, \$/lb

² Average of the December 2013 WASDE projected 2013/14 Market Year Average Cotton Price, \$/lb