



HUDSON  
INSURANCE GROUP®

# STACKED INCOME PROTECTION

## UPLAND COTTON - OVERVIEW

The **Stacked Income Protection Plan (STAX)** is a federally-reinsured insurance policy that provides protection against loss of revenue due to an area level production loss, a price decline, or a combination of both. STAX may be purchased as a stand-alone policy or as a companion policy to an individual (YP) or revenue (RP, RP-HPE, or ARPI) plan of insurance. Producers may choose from a variety of coverage levels and protection factors to personalize their policy. An indemnity is based on the expected crop value for the area.

### Sales Closing

An addendum to the MPCI application must be completed and signed no later than the applicable sales closing date.

STAX is a continuous policy that covers planted acreage of the crop. Insurance attaches annually when planting begins.

### Coverage Limitations

- Available for Upland Cotton only
- Ends at 70% and cannot overlap coverage from a companion policy
- Cannot have STAX and Supplemental Coverage Option on same cotton acres
- No prevented planting, late planting or replanting coverage available

### PREMIUM SUBSIDY

80% (for all plan types and area loss triggers)

### COVERAGE LEVELS

Between 70% and 90%  
(in 5% increments)

### PROTECTION FACTORS

Between 80% and 120%  
(in 1% increments)

### RMA Program Reminders

- STAX allows producers to elect a zero percent coverage range by practice
- Written Agreements are allowed for new breaking, unrated insurance option, strip-mined land, unrated P/T, unrated land or county without actuarial information available
- STAX coverage is available for cottonseed through an optional endorsement

## By the Numbers

PREMIUM			WHAT IF?	
COMMODITY	COTTON	COTTON		
PLAN	STAX-RP	STAX-RPHPE		
ACRES	100	100		
SHARE	100%	100%		
TYPE	NO TYPE SPECIFIED	NO TYPE SPECIFIED		
PRACTICE	IRRIGATED	IRRIGATED		
OPTIONS	—	—		
AREA LOSS TRIGGER	90%	90%		
COVERAGE RANGE	20%	20%		
PROTECTION FACTOR	120%	120%		
PLANT PRICE	\$ 0.74	\$ 0.74		
VOLITILITY FACTOR	0.15	0.15		
AREA YIELD	724.0 LBS	724.0 LBS		
AREA REVENUE	\$ 535.76	\$ 535.76		
LIABILITY/ACRE	\$ 129	\$ 129		
PREMIUM/ACRE	\$ 11.91	\$ 10.47		
TOTAL GUARANTEE	0.00 LBS	0.00 LBS		
TOTAL LIABILITY	\$ 12,858	\$ 12,858		
BASE PREMIUM	\$ 5,953	\$ 5,236		
GROWER PREMIUM	\$ 1,191	\$ 1,047		

\* To create premium estimate scenarios as shown above, utilize the “Estimator” tool in Hudson’s eHarvest™ processing system.

LOSS/INDEMNITY			WHAT IF?	
An indemnity is calculated following the release of Final Area Yields by the FCIC, typically the summer of the subsequent year. If an indemnity is due for STAX, the loss will be paid within 30 days following the release of the Final Area Yield.				
PLAN	STAX-RP	STAX-RPHPE		
SHARE	100%	100%		
ACRES	100	100		
DISCOVERY PRICE	\$ 0.74	\$ 0.74		
EXPECTED YIELD	724 LBS	724 LBS		
COVERAGE RANGE	0.2	0.2		
PRICE ELECTION	1.2	1.2		
HARVEST PRICE	\$ 0.76	\$ 0.76		
DAOI	\$ 132.06	\$ 128.58		
* LOSS GUARANTEE	\$ 13,206.00	\$ 12,858.00		
* PAYMENT FACTOR	0.545	0.545		
* INDEMNITY	\$ 7,197.27	\$ 7,007.61		

- \* STAX-RP Dollar Amount of Insurance (DAOI) = Greater of Harvest Price and Discovery Price x Expected Yield x Coverage Range x Price Election
- \* STAX-RPHPE DAOI = Discovery Price x Expected Yield x Coverage Range x Price Election
- \* Loss Guarantee = DAOI x Acres x Share
- \* Payment Factor is not a calculable field, but can be retrieved from the RMA ADM tables.
- \* Indemnity = Payment Factor x Loss Guarantee

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