



# Stacked Income Protection Plan (STAX)

Stacked Income Protection Plan (STAX) is offered to upland cotton producers to provide coverage for a portion of the expected revenue for your area. STAX may be purchased on its own or in conjunction with a Multi-Peril policy. STAX provides coverage for up to 20 percent of the expected area revenue in increments of 0, 5, 10, 15, or 20. Loss payments begin when area revenue falls below 90 percent of its expected level; although a lower loss trigger may be selected. STAX coverage is available for cottonseed through an optional endorsement. STAX premium is subsidized at 80 percent.

The STAX application must be signed and dated no later than the applicable sales closing date. Production Reports and Acreage Reports are also required.

## STAX Example: Lubbock County, Texas – Non-irrigated Cotton

### Step 1. Coverage Range

$$\begin{array}{|c|} \hline 1 \\ \hline \end{array}
 \begin{array}{|c|} \hline 90 \\ \hline \end{array}
 \% - \begin{array}{|c|} \hline 2 \\ \hline \end{array}
 \begin{array}{|c|} \hline 70 \\ \hline \end{array}
 \% = \begin{array}{|c|} \hline 3 \\ \hline \end{array}
 \begin{array}{|c|} \hline 20 \\ \hline \end{array}
 \%$$

STAX Area Loss Trigger (Must be between 90% and 75%) - STAX Area Loss End Percent (Must be between 85% and 70%, equal to or higher than MPC Policy Coverage Level) = STAX Coverage Range (CAN'T BE OVER 20%)

### Step 2. STAX Policy Protection

$$\begin{array}{|c|} \hline 4 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 0.60 \\ \hline \end{array}
 / \text{lb} \text{ or } \begin{array}{|c|} \hline 5 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 0.69 \\ \hline \end{array}
 / \text{lb} \times \begin{array}{|c|} \hline 6 \\ \hline \end{array}
 \begin{array}{|c|} \hline 350.0 \\ \hline \end{array}
 \text{ lbs/ac} = \begin{array}{|c|} \hline 7 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 242 \\ \hline \end{array}
 / \text{ac}$$

Higher of Projected Price or Harvest Price x Expected Area Yield = Expected STAX Value

$$\begin{array}{|c|} \hline 8 \\ \hline \end{array}
 \begin{array}{|c|} \hline 20 \\ \hline \end{array}
 \% \times \begin{array}{|c|} \hline 9 \\ \hline \end{array}
 \begin{array}{|c|} \hline 120 \\ \hline \end{array}
 \% = \begin{array}{|c|} \hline 10 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 58 \\ \hline \end{array}
 / \text{ac}$$

STAX Coverage Range (CAN'T BE OVER 20%) x Protection Factor (80% - 120%) = STAX Policy Protection

### Step 3. Revenue Loss (if any)

$$\begin{array}{|c|} \hline 11 \\ \hline \end{array}
 \begin{array}{|c|} \hline 300.0 \\ \hline \end{array}
 \text{ lbs/ac} \times \begin{array}{|c|} \hline 12 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 0.69 \\ \hline \end{array}
 / \text{lb} = \begin{array}{|c|} \hline 13 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 207 \\ \hline \end{array}
 / \text{ac}$$

Final Area Yield x Harvest Price = Final Area Revenue

$$\begin{array}{|c|} \hline 14 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 242 \\ \hline \end{array}
 / \text{ac} = \begin{array}{|c|} \hline 15 \\ \hline \end{array}
 \begin{array}{|c|} \hline 86 \\ \hline \end{array}
 \%$$

Expected STAX Value / Final Area Revenue = % of Expected Revenue

If % of Expected Revenue is less than STAX Area Loss Trigger (Box 1), go to Step 4. If % of Expected Revenue is STAX Area Loss Trigger (Box 1) or more, no payment is due.

### Step 4. Payment Factor

$$\begin{array}{|c|} \hline 16 \\ \hline \end{array}
 \begin{array}{|c|} \hline 90 \\ \hline \end{array}
 \% - \begin{array}{|c|} \hline 17 \\ \hline \end{array}
 \begin{array}{|c|} \hline 86 \\ \hline \end{array}
 \% = \begin{array}{|c|} \hline 18 \\ \hline \end{array}
 \begin{array}{|c|} \hline 4 \\ \hline \end{array}
 \%$$

STAX Area Loss Trigger (Must be between 90% and 75%) - % of Expected Revenue = Percent Loss

$$\begin{array}{|c|} \hline 19 \\ \hline \end{array}
 \begin{array}{|c|} \hline 20 \\ \hline \end{array}
 \% = \begin{array}{|c|} \hline 20 \\ \hline \end{array}
 \begin{array}{|c|} \hline 0.20 \\ \hline \end{array}$$

STAX Coverage Range (CAN'T BE OVER 20%) = STAX Payment Factor (CAN'T BE OVER 1)

### Step 5. Indemnity

$$\begin{array}{|c|} \hline 21 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 58 \\ \hline \end{array}
 / \text{ac} \times \begin{array}{|c|} \hline 22 \\ \hline \end{array}
 \begin{array}{|c|} \hline 0.20 \\ \hline \end{array}
 = \begin{array}{|c|} \hline 23 \\ \hline \end{array}
 \begin{array}{|c|} \hline \$ 12 \\ \hline \end{array}
 / \text{ac}$$

STAX Policy Protection x STAX Payment Factor (CAN'T BE OVER 1) = Per Acre STAX Payment



**Contact your DCIS Representative for more information.**

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