



United States Department of Agriculture  
Risk Management Agency

February 2009

## 2009 COMMODITY INSURANCE FACT SHEET

# Burley Tobacco

Indiana Ohio

### Crop Insured

Burley tobacco (Type 031) is insured as a category B APH crop (insurance plan code 90). Quota Tobacco Crop Provisions still apply.

As a result of the termination of the tobacco quota program effective for 2005, burley tobacco insurance guarantees are no longer based on marketing quotas and farm yields previously established by the Farm Service Agency. Insurance guarantees are now based on your own actual yields or county transitional yields if you have less than four years of burley tobacco yields.

The Crop Insurance Handbook (CIH) contains the procedures for burley tobacco in Section 6 J(20). Burley Tobacco Special Provisions of Insurance and FCI-35 County Coverage and Rate Tables may also be utilized to further clarify the program regarding burley tobacco.

### Counties Available

See your crop insurance agent for a listing of eligible counties. In counties where premium rates are not provided by an actuarial table, the crop may be insurable by written agreement if specific criteria are met.

### Causes of Loss

Adverse weather conditions  
Earthquake  
Failure of irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period.  
Fire  
Insects\*  
Plant disease\*  
Volcanic eruption  
Wildlife

\*All specified causes of loss must be due to a naturally occurring event. But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Coverage begins when the tobacco is planted (transplanting the tobacco seedlings from the bed to the field) and ends the earliest of: (1) total destruction of the tobacco on the unit; (2) weighing-in at the tobacco warehouse; (3) removal of the tobacco from the unit (except for curing, grading, packing, or immediate delivery to the tobacco warehouse); (4) final adjustment of a loss; or (5) February 28 immediately following the normal harvest period.

### Reporting Requirements

**Acreage Report** - You must report to your insurance provider all acreage of the insured crop in the county in which you have a share, the type, your share at the time of planting, and the date crop was planted.

**Production Report** - For the current crop year, you must submit acceptable burley tobacco production reports, containing acreage and production, for each FSN, by the production reporting date, which is the earlier of either the acreage reporting date or 45 calendar days after the earliest cancellation date for the crop. An assigned yield will apply to carryover insureds that do not timely file a production report.

### Important Dates

Sales Closing.....	March 15
Final Planting.....	June 30
Acreage Report.....	July 15
Cancellation.....	March 15

## Definitions

**Approved APH Yield** - An approved actual production history (APH) yield is based on your actual yields or the county's transitional yield ("T" yield) and is used to determine the guarantee.

**Effective Poundage Marketing Quota** - The pounds obtained by multiplying your approved APH yield per acre by the lower of the reported or insured burley tobacco acreage on the unit.

## Coverage Levels & Premium Subsidies

The quota tobacco policy guarantees a dollar amount based on the approved APH yield and depending on the level of coverage selected, depending on the level of coverage selected. For example, if you select the 75 percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Share	33	36	36	41	41	45

The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the acreage. All other coverage levels require a \$30.00 administrative fee.

## Price Elections

Price at which you are compensated per pound in the event of a loss, based on the percentage of established price you have selected. Price election percentage choices for this crop year are 55 percent to 100 percent of the price shown below.

### Established Price:

\$1.85 per pound

\*No additional price set for the 2009 crop year.

## Late and Prevented Planting

These late planting provisions provide protection on acreage that is planted the day after the final planting date and ends 15 days after the final planting date. Prevented planting provisions are not available on quota tobacco.

## Loss Example

The guarantees for burley tobacco are still expressed in dollars, not pounds, based on the Quota Tobacco Crop Provisions (99-070). An indemnity occurs when the value of your production (production-to-count times the average price received or fair market price for unsold tobacco) falls below your dollar amount of insurance (approved APH yield times coverage level times price election) This example assumes 65 percent coverage level, a 100 percent price election of \$1.85, and an approved APH yield of 2,500 pounds per acre with .667 share.

2,500	Pounds approved APH Yield
x .65	Coverage level
1,625	Pounds per acre guarantee
x 2	Acres
3,250	Pounds unit guarantee
x \$1.85	Price election
\$6,012.50	Unit guarantee
- 1,850.00	1,000 lbs production x \$1.85
\$4,162.50	Unit indemnity
x .667	Share
<b>\$2,776</b>	<b>Final indemnity</b>

**APH yield x coverage level x unit acres x price election - production (multiply total production-to-count by price election) x share**

**Note:** For APH purposes, the production-to-count in pounds used to determine the value of production will be used to calculate the APH yield for the unit. If there is any quality adjustment (QA), the APH will be based on the pounds before applying any QA factor.

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