



United States Department of Agriculture
Risk Management Agency

February 2010

2010 COMMODITY INSURANCE FACT SHEET

Burley Tobacco

Indiana Ohio

Crop Insured

The crop insured will be all the burley tobacco in the county planted on insurable acreage, for which premium rates are provided, in which you have a share, and intended for harvest. Burley tobacco (Type 031) is insured as a category B actual production history (APH) crop (insurance plan code 90).

The Crop Insurance Handbook (CIH) contains the procedures for burley tobacco in Section 6 J(20). Tobacco Crop Provisions are effective for the 2010 crop year. 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:

- (a) Total destruction of the tobacco on the unit;
- (b) Removal of the tobacco from the unit where grown, except for curing, grading, and packing;
- (c) Abandonment of the crop on the unit;
- (d) Final adjustment of the loss on the unit; or
- (e) February 28, immediately following planting.

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 APH yield is based on your actual yields or the county's transitional yield ("T" yield) and is used to determine the guarantee.

Planted acreage - In addition to the definition contained in the Basic Provisions, land in which tobacco seedlings, including hydroponic plants, have been transplanted by hand or machine from the tobacco bed to the field.

Coverage Levels and Premium Subsidies

Crop insurance premiums are subsidized as shown.

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

For example, if you select the 75-percent coverage level, your coverage will be 75 percent of your approved APH yield, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium. Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

Price Elections

The price election is the 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:

\$1.75 per pound

*No additional price set for the 2010 crop year.

Late and Prevented Planting

The late planting period begins the day after the final planting date for tobacco and ends 15 days after the final planting date. In lieu of late planting provisions in the Basic Provisions regarding acreage initially planted after the final planting date, insurance will be provided for acreage planted to the insured crop after the final planting date as follows:

(a) The production guarantee (per acre) for acreage planted during the late planting period will be reduced by:

- (1) One percent per day for the 1st through the 10th day; and
- (2) Two percent per day for the 11th through the 15th day;

(b) The premium amount for insurable acreage planted to the insured crop after the final planting date will be the same as that for timely planted acreage. If the amount of premium you are required to pay (gross premium less our subsidy) for acreage planted after

the final planting date exceeds the liability on such acreage, coverage for those acres will not be provided (no premium will be due and no indemnity will be paid for such acreage).

Prevented planting coverage will be 35 percent of the production guarantee for timely planted acreage. Additional prevented planting coverage levels are not available for tobacco.

Loss Example

Losses are determined on a unit basis. An indemnity occurs when the production to count falls below the production guarantee. This example assumes 65 percent coverage level, a 100 percent price election of \$1.75, and an approved APH yield of 3,000 pounds per acre with a 100 percent share. The unit makes 500 pounds production to count.

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

3,000	Pounds approved APH
x .65	Coverage level
1,950	Pounds per acre guarantee
x 2	Acres
3,900	Pounds unit guarantee
x \$1.75	Price election
6,825	Value of production guarantee
- 875	Value of production to count
\$5,950	Unit indemnity
x 1.0	Share
\$5,950	Final indemnity

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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