



United States Department of Agriculture
Risk Management Agency

February 2013

2013 COMMODITY INSURANCE FACT SHEET

Tobacco (Burley, Fire Cured and Dark Air) Kentucky and Tennessee

Crop Insured

The tobacco policy covers the following tobacco types in Kentucky and Tennessee:

- Type 31—Burley
- Types 22 and 23—Fire Cured
- Types 35 and 36—Dark Air

Counties Available

See your Crop Insurance Agent for a listing of eligible counties.

Causes of Loss

Adverse Weather Conditions

Insects¹ Earthquake

Plant Disease² Volcanic Eruption

Wildlife Fire

All specified causes of loss must be due to a naturally occurring event.
¹But not damage due to insufficient or improper application of pest or disease control measures.

²Failure of the irrigation water supply if applicable, due to an unavoidable cause of loss occurring within the insurance period

Important Dates

Sales ClosingMarch 15

Cancellation DateMarch 15

Final Planting Date.....June 20

Acreage Report DateJuly 15

Insurance Period

Coverage begins at transplanting and ends at the earlier of:

1. Total destruction of the tobacco on the unit,
2. Removal of the tobacco from the unit where grown, except for curing, grading and packing,
3. Abandonment of the crop on the unit,
4. Final adjustment of the loss on the unit, or
5. The calendar date for the end of the insurance period.

Reporting Requirement

You must timely report to your agent all acres of the crop in the county in which you have a share.

Definitions

Approved APH Yield—An approved actual production history (APH) yield is based on your actual yields or the county average yield (transitional or T-yield) and is used to determine the guarantee.

Production Guarantee - Number of pounds guaranteed per acre is determined by multiplying your approved yield by the coverage level percentage that you select.

Coverage Levels & Premium Subsidies

Coverage options range from 50 to 75 percent of your approved APH yield and are subsidized as follows:

Percent						
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55

Catastrophic (CAT) coverage is 50 percent of your APH yield at 55 percent of the price election. CAT is fully subsidized and there is no premium cost except for a \$300 administrative fee, regardless of acreage

Insurance Units

Basic Unit - A basic unit is all insurable acreage of an insurable type of tobacco in the county in which you have a share on the date of planting for the crop year and that is identified by a single FSA farm serial number at the time insurance first attaches under these provisions for the crop year.

Quality Adjustment (Burley Tobacco, only)

In lieu of section 12(f) of the Tobacco Crop Provision, to qualify for a quality deficiency, the tobacco must be graded by a tobacco grader who is employed by the Agricultural Marketing Service who assigns a grade in accordance with USDA Official Standard Grades.

Rotation Requirement

Tobacco will not be insurable on any acreage planted to tobacco in the 2 previous crop years.

Duties in the Event of Damage or Loss

- If crop damage occurs, give notice within 72 hours of initial discovery of damage.
- Protect the crop from further damage if possible by providing sufficient care.
- If representative samples are required of any unharvested acreage, the strips must be at least 5 feet wide (at least two rows), extending the entire length of the field. Samples must not be harvested or destroyed until after a field inspection is made.

Late Planting

For any insured acreage initially planted after the final planting date (FPD), the production guarantee will be reduced as follows:

1. One percent per day if planted during the 1st through the 10th day immediately following the FPD;
2. Two percent per day if planted during the 11th through the 15th day after the FPD.

The premium amount for late planted acreage will be the same as for timely planted acreage.

Prevented Planting

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

Loss Example

This example is for burley tobacco, assume 100 percent share, 1660 production guarantee (APH yield of 2213 pounds/acre x the 75 percent coverage level), you plant 1 acre, price election of \$1.60/ pound, and production to count is 500 pounds.

$$\begin{array}{r} 1.0 \text{ acres} \\ \times 1,660.00 \text{ production guarantee} \\ \hline 1,660.00 \text{ pounds} \end{array}$$

$$\begin{array}{r} 1,660.00 \\ \times \$1.60 \text{ price election} \\ \hline \$2,656.00 \text{ production guarantee} \end{array}$$

$$\begin{array}{r} 500 \text{ pounds production} \\ \times \$1.60 \text{ price election} \\ \hline 800.00 \text{ value of production} \end{array}$$

$$\begin{array}{r} \$ 2,656.00 \text{ value of production} \\ - 800.00 \text{ value of production} \\ \hline \$ 1,856.00 \end{array}$$

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