



United States Department of Agriculture
Risk Management Agency

January 2007

2007 COMMODITY INSURANCE FACT SHEET

Burley Tobacco

North Carolina

Crop Insured

Burley tobacco (Type 031) insurance is available in all traditional burley counties. Coverage in other counties may also be available by individual written agreement if certain criteria are met, including records for at least three years of tobacco production history.

As a result of the termination of the tobacco quota program in 2004, tobacco insurance guarantees are no longer based on marketing quotas and farm yields previously established by the Farm Service Agency (FSA). Insurance guarantees are now based on your own actual yields or county transitional yields if you have less than four years of burley yields. FSA records of acreage and production are considered acceptable for use in calculating your approved yield for crop insurance purposes.

Counties Available

Alleghany, Ashe, Avery, Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Mitchell, Swain, Transylvania, Watauga, Yancey.

Burley acreage may also be insured in other counties if specific criteria are met. Contact a crop insurance agent for more details.

Causes of Loss

Adverse weather conditions¹
Failure of irrigation water supply²
Fire
Insects³
Plant disease³
Wildlife

¹Natural perils such as hail, excess precipitation, drought, wind, etc.

²If caused by an insurable peril during the insurance period.

³If proper applications of disease or pest control measures are applied.

Insurance Period

Coverage begins at the time of transplanting and ends at the earliest of: 1) total destruction of the crop, 2) weighing-in at point of delivery, 3) final adjustment of a claim, 4) removal of the tobacco from the field where grown (except for curing, grading, packing, or immediate delivery to a buying point, or 5) February 28, 2008.

Important Dates

Sales Closing Date..... March 15, 2007
Final Planting Date..... June 15, 2007
Acreage Report Date..... July 15, 2007

Price Election

TYPE	PRICE ELECTION
Type 31 — Burley	\$1.62

Price elections are posted on the RMA Web site at:
<http://www3.rma.usda.gov/apps/pricesinquiry/>

Definitions

Approved APH Yield— An approved production history (APH) actual yield is based on your actual yields or the county average yield (transitional or “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.

Production Report— You must provide a report of your previous year’s tobacco acreage and production to your agent. This report is due by the production reporting date (before April 30, 2007).

Coverage Levels and Premium Subsidies

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

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

Catastrophic (CAT) coverage is fixed at 50 percent of your approved yield and 55 percent of the price election. CAT is 100-percent subsidized with no premium cost to you except for a \$100 administrative fee, regardless of acreage.

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.

Insurance Units

Basic Unit: All insurable acreage of burley tobacco, in which you have a share, on land identified by a single FSA farm serial number at the time the insurance attaches.

Late Planting

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

1. One percent per day for each acre or portion thereof planted during the 1st through the 10th day immediately following the FPD;
2. Two percent per day for each acre or portion thereof planted during the 11th through the 15th day after the FPD.

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

Prevented Planting

Prevented planting provisions do not apply to burley tobacco.

Loss Example

For 2007, 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).

For example, assume a 65-percent coverage level, an approved APH yield of 1800 pounds per acre, a price election of \$1.62, and basic units.

1,800	Approved APH yield
x .65	Coverage level
1,170	Pounds guarantee basis
x \$1.62	Price election
\$1,895	Dollar per acre guarantee
- \$895	Value of production
\$1,000	Dollar per acre loss
- 90	Estimated premium per acre
\$910	Net indemnity per acre

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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