



United States Department of Agriculture  
Risk Management Agency

January 2009

## 2009 COMMODITY INSURANCE FACT SHEET

# Tobacco

## Maryland

### Crop Insured

The tobacco production guarantee policy covers Maryland-type tobacco (type 32) grown in Maryland.

### Counties Available

Tobacco is insurable in Anne Arundel, Calvert, Charles, Prince George's, and St. Mary's counties. Tobacco may be insurable in other counties if specific criteria are met.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire  
Insects<sup>3</sup>  
Plant disease<sup>3</sup>  
Wildlife

<sup>1</sup>Natural perils such as hail, excess precipitation, drought, wind, etc.  
<sup>2</sup>If caused by an insurable peril during the insurance period  
<sup>3</sup>If proper applications of disease or pest control measures are applied.

### Insurance Period

Coverage begins at 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) May 15, 2010.

### Reporting Requirements

**Acreage Report**— An acreage report is due to your agent no later than July 15 for all your tobacco acreage in the county, by type.

**Production Report**— A production report for the previous crop year is due to your agent before April 30, 2009. A yield will be assigned if this information is not timely provided.

### Important Dates

Sales Closing..... March 15, 2009  
Final Planting Date..... June 25, 2009  
Acreage Report Date..... July 15, 2009  
End of Insurance..... May 15, 2010

### Price Elections

TYPE	PRICE ELECTION
32 Maryland	\$1.50

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

### Coverage Levels and Premium Subsidies

Coverage level options range from 50 to 75 percent of your approved yield and 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 an administrative fee of \$300, regardless of the acreage.

### Definitions

**Approved Yield**—The average yield per acre based upon your actual production history (APH) and used to determine your production guarantee.

**Production Guarantee**— Number of pounds guaranteed per acre determined by multiplying your approved yield times the coverage level percentage you select.

## 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

Your insurable acreage is grouped into a unit based on your selection of one of the following unit arrangements.

**Basic Units:** A basic insurance unit includes all of your tobacco acreage, by type, in the county in which you have 100-percent share. For example, the tobacco acreage on your own farm (including any cash-rented land) would all be one basic unit. If you also grew tobacco on shares with another entity, that acreage would be a separate basic unit. Premiums are reduced 10 percent if you insure under basic units.

**Optional Units:** If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

## 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 1<sup>st</sup> through the 10<sup>th</sup> day immediately following the FPD;
2. Two percent per day if planted during the 11<sup>th</sup> through the 15<sup>th</sup> day after the FPD.

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

## Prevented Planting

Prevented planting provisions do not apply.

## Loss Example

This example is for Maryland type tobacco and assumes 65 percent coverage level, price election of \$1.50, approved yield of 1,500 pounds per acre, and basic units.

1,500	Producer's approved yield
<u>x .65</u>	Coverage level
975	Pounds per acre guarantee
<u>- 400</u>	Pounds per acre harvested
575	Pounds per acre loss
<u>x 1.50</u>	Price election
\$863	Indemnity per acre
<u>- 22</u>	Estimated premium per acre
<b>\$841</b>	<b>Net indemnity per acre</b>

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