



United States Department of Agriculture
Risk Management Agency

March 2010

2010 COMMODITY INSURANCE FACT SHEET

Tobacco

Massachusetts

Crop Insured

The tobacco policy covers the following tobacco types in Massachusetts:

- Types 51, 52—Cigar Binder
- Type 61—Cigar Wrapper

Counties Available

Tobacco is insurable in Franklin, Hampden, and Hampshire counties. Tobacco in other counties may be insurable if specific criteria are met.

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 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) April 30, 2011.

Reporting Requirements

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

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

Important Dates

Sales Closing..... March 15, 2010
 Final Planting Date—Type 61..... June 10, 2010
 Final Planting Date—Types 51, 52..... June 30, 2010
 Acreage Report Date..... July 15, 2010
 End of Insurance..... April 30, 2011

Price Elections

TYPE		PRICE ELECTION
51-52	Cigar Binder	\$6.50
61	Cigar Wrapper	\$23.00

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— 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

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.

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 cigar binder type and assumes 60-percent coverage level, price election of \$6.50, approved yield of 1,800 pounds per acre, and basic units.

1,800	Producer's approved yield
<u>x .60</u>	Coverage level
1,080	Pounds per acre guarantee
<u>- 580</u>	Pounds per acre harvested
500	Pounds per acre loss
<u>x 6.50</u>	Price election
\$3,250	Indemnity per acre
<u>- 200</u>	Estimated premium per acre
\$3,050	Net indemnity per acre

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