



United States Department of Agriculture
Risk Management Agency

February 2013

2013 COMMODITY INSURANCE FACT SHEET

Tobacco

Massachusetts

Crop Insured

The tobacco policy covers the following tobacco types in Massachusetts:

- 1) Cigar Binder: Type 51, 52
- 2) Cigar Wrapper: Type 61

Counties Available

Tobacco is insurable in Franklin, Hampden, and Hampshire Counties. Tobacco in other counties may be insurable by written agreement if specific criteria are met. Contact an 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, freeze, frost, drought, wind, and excess precipitation.

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

³Except for insufficient or improper application of control measures.

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.

Important Dates

Sales Closing Date.....March 15, 2013
 Acreage Reporting Date..... July 15, 2013

Duties in the Event of Damage or Loss

- 1) If crop damage occurs, give notice within 72 hours of initial discovery of damage;

- 2) Protect the crop from further damage if possible by providing sufficient care;
- 3) 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; and
- 4) If you give notice of damage, you must leave all tobacco stalks and stubble intact until inspected.

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.

Price Elections

TYPE		PRICE ELECTION
51-52	Cigar Binder	\$6.00
61	Cigar Wrapper	\$25.75

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield and are subsidized as shown in the table below. For example, if you select the 75 percent coverage level, your premium share would be 45 percent of the base premium:

Item	Percent					
	50	55	60	65	70	75
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 Risk Protection (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$300.

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 Farm Service Agency farm number at the time insurance first attaches under these provisions for the crop year. Premiums are reduced 10 percent for a basic unit.

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; and
- 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 based on cigar binder tobacco with an approved yield of 1,800 pounds per acre, 60-percent coverage level, and one basic unit.

1,800	Approved Yield per acre
<u>x .60</u>	Coverage level
1,080	Acre guarantee
<u>- 580</u>	Production-to-Count
500	Loss per acre
<u>x \$6.00</u>	Price election
\$3,000	Indemnity per acre
<u>- \$356</u>	Estimated Premium
\$2,644	Indemnity/Acre

Regional Contact

USDA/Risk Management Agency

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