



United States Department of Agriculture  
Risk Management Agency

February 2005

## 2005 COMMODITY INSURANCE FACT SHEET

# Cigar Binder Tobacco

## Wisconsin

### Crop Insured

The crop insured will be all the cigar binder tobacco grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, that is planted for harvest.

### Counties Available

Tobacco is insurable in the Wisconsin counties of Columbia, Crawford, Dane, Dodge, Jefferson, La Crosse, Monroe, Richland, Rock, Trempealeau, and Vernon. In counties where premium rates are not published, cigar binder tobacco may be insurable by written agreement.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Insects<sup>4</sup>  
Plant disease<sup>4</sup>  
Wildlife

<sup>1</sup>Including hail, frost, freeze, drought, and excess precipitation. <sup>2</sup>If caused by an insured cause of loss. <sup>3</sup>If due to natural causes. <sup>4</sup>But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the tobacco is planted, and will end at the earliest of: (1) total destruction of the crop, (2) weighing-in at the tobacco warehouse, (3) removal of the tobacco from the field where grown except for curing, grading packing, or immediate delivery to the tobacco warehouse; (4) April 30 or, (5) abandonment of the crop.

### Reporting Requirements

**Acreage Report** — You must give a report of all your tobacco acreage in the county by the acreage reporting date. In addition, you must report any carryover tobacco from previous years on the acreage report.

### Important Dates

Sales Closing/Cancellation Date..... March 15, 2005  
Final Planting Date.....July 10, 2005  
Acreage Reporting Date.....July 15, 2005  
Premium Billing Date..... January 1, 2006  
Production Reporting Date.....April 29, 2006

### Definitions

**Producer Classification** — A classification, found in the FCI-32 Actuarial Listing, used with the FCI-35 Coverage and Rate Table to determine a producer's per acre tobacco yield.

**APH Yield (starting in 2006)** — Actual production history (APH) yield used to determine the production guarantee. The APH yield is based on up to 10 years of actual and/or assigned yields.

**Unit** — The insurable acreage used to determine the production guarantee and any indemnity (loss payment).

**Production Guarantee** — Number of pounds guaranteed per unit. Multiply your producer classification yield per acre x the coverage level percentage you select x number of acres in the unit.

### Coverage Levels and Premium Subsidies

Tobacco may be insured at the coverage levels shown in the table. Crop insurance premiums are subsidized as shown. For example if you select the 75-percent coverage level, your coverage will be 75 percent of your producer classification (PC) yield, the premium subsidy is 55 percent, and your premium share is 45 percent of the base premium. Catastrophic coverage (CAT) is available at 50 percent of your PC yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage.

Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

Item	Percent					
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

### Price Elections (Guaranteed Production Plan)

Price of compensation per pound (lb) in case of loss:  
Established price: \$1.60/lb.

### Insurance Units

**Basic Unit:** A basic unit includes all of your insurable tobacco acreage 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.

### Plans of Insurance

**Tobacco-Guaranteed Production** — Production guarantee based on **individual** yield history as reported to FSA. RMA obtains this data from FSA and uses it to establish the producer classification. This results in a one-year lag in data used (for example, 2003 data wasn't available until mid-2004 for use in establishing producer classifications for 2005). Only basic units are available.

### Important Notice:

Effective for the **2006** crop year, insureds must report 2005 tobacco acres and production in accordance with Section 3 of the Basic Provisions and retain records in accordance with Section 21 of the Basic Provisions. These changes are being made because of the transitioning of current tobacco coverage from a guaranteed production plan to an APH plan.

### Late Planting

This provision provides protection on acreage that is planted after the final planting date. Please consult a crop insurance agent for details.

### Loss Example

A loss occurs when the pounds (lbs.) of tobacco produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This example assumes a producer classification (PC) of 2050 pounds per acre, 65-percent coverage level, 100 percent of the established price, and basic unit coverage.

2050	lbs. per acre PC yield
<u>x .65</u>	coverage level
1333	lb. guarantee*
<u>- 300</u>	lbs. per acre actually produced
1033	lbs. per acre loss
<u>x \$1.60</u>	price election
\$1653	gross indemnity*
<u>- \$31</u>	estimated premium per acre (varies)
<b>\$1622</b>	<b>net indemnity*</b>

\* Figures shown on a per acre basis; guarantees and losses are paid on a unit basis. See policy provisions.

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