



United States Department of Agriculture  
Risk Management Agency

July 2004

## 2005 COMMODITY INSURANCE FACT SHEET

# Quota Tobacco

## Kentucky and Tennessee

### Crop Insured

Type 31 tobacco. The tobacco insured will not include any poundage above the effective poundage marketing quota or the insured poundage quota.

### Counties Available

See your crop insurance agent for a listing of eligible counties.

### Causes of Loss

- Adverse weather conditions
- Insects\*
- Plant disease\*
- Fire
- Wildlife
- Earthquake
- Volcanic eruption
- Failure of irrigation water supply if caused by a peril specified above.

All specified causes of loss must be due to a naturally occurring event.  
\*But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Insurance attaches at the time of planting and ends the earliest of:

- Total destruction of the tobacco on the unit;
- Weighing in at the tobacco warehouse;
- Removal of the tobacco from the field (except for curing, grading, packing, or immediate delivery to the tobacco warehouse); or
- The February 28 immediately following the normal harvest season.

### Important Dates

Sales Closing .....March 15, 2005  
 Cancellation.....March 15, 2005  
 Final Planting Date .....June 30, 2005  
 Acreage Report Date ..... July 15, 2005

### Definitions

**Amount of Insurance:** Dollar amount determined by multiplying the insured poundage quota by the current year's support price or the percentage of the current year's support price you select less any adjustments for late planting.

**Insured Poundage Quota:** Lesser of:

- (1) The product (in pounds) obtained by multiplying the effective poundage marketing quota for the land identified by the FSA farm serial number by your selected coverage level; or
- (2) The farm yield or approved yield, as applicable, adjusted for late planting if applicable, multiplied by the number of insured acres and by your selected coverage level.

### Coverage Levels & Premium Subsidies

**Catastrophic Coverage:** 50 percent of your insurable quota and 55 percent of support price.

**Additional Coverage:** 50, 55, 60, 65, 70, and 75 percent of your insurable quota and up to 100 percent of price election.

**Premium Subsidies:** Varies based on coverage level.

### Late and Prevented Planting

These provisions provide protection on acreage that is planted the day after the final planting date and ends 15 days after the final planting date. Prevented planting provisions are not available on quota tobacco.

## LOSS EXAMPLE– TOBACCO

*Example assumes 100 percent share of type 31 quota tobacco in the unit, with an Insured Poundage Quota of 1000 pounds and a support price of \$1.85 per pound. Assumes 600 pounds harvested.*

1000	insured pounds multiplied by your coverage level
x \$ 1.85	support price
\$1850	amount of insurance
600	pounds harvested
x \$ 1.93	average price
\$1158	value of production to count
\$1850	amount of insurance
- \$1158	value of the total production to count
<b>\$ 692</b>	<b>net indemnity to the producer</b>

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