



United States Department of Agriculture  
Risk Management Agency

June 2005

## 2005 COMMODITY INSURANCE FACT SHEET

# Flue-Cured Tobacco

## North Carolina

### Crop Insured

The tobacco production guarantee policy in North Carolina covers flue-cured types 11A, 11B, 12, & 13.

This fact sheet does **not apply** to burley tobacco.

**Note on Quota Buyout** — The termination of the quota poundage program will not change the way these types are insured for 2005. Producer classifications have been published as before and will be used to determine 2005 coverage. Producers will have to report their 2005 acreage and production (see definition of production report in next column).

### Counties Available

Flue-cured tobacco insurance is available in all counties that have historically produced tobacco under the former tobacco quota program. Tobacco may be insured in other counties if specific criteria are met. Contact a crop insurance agent for more details.

### Causes of Loss

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

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

### Insurance Period

Coverage begins at the time of transplanting and ends the earliest of:

1. Total destruction of the crop
2. Weighing-in at point of delivery
3. Final adjustment of a loss
4. Removal of the tobacco from the field where grown (except for curing, grading, packing, or immediate delivery to a buying point)
5. November 30, 2005 (October 31 for Type 13).

### Important Dates

Sales Closing..... February 28, 2005

Dates for final planting and acreage report vary by county. Contact a crop insurance agent for specific dates in your county.

### Price Election

TYPES	PRICE ELECTION
11A, 11B, 12, 13 Flue-Cured	\$1.35

### Definitions

**Producer Classification**— Producer classifications are published on the FCI-32 actuarial classification listing on file with your agent. A classification reflects a producer's approved yield and is based on Farm Service Agency (FSA) production records. For 2005, coverage guarantees for all insureds with published producer classifications on the FCI-32 will be determined as in past years.

**NOTE:** For producers without a classification published on the FCI-32 listing, coverage will be determined according to the guidelines published on the Rules Page of the FCI-32.

**Production Report**— Beginning in 2006, you will be required to provide a report of your previous year's tobacco crop acreage and production to your agent. This report will be due by the production reporting date. For your 2005 tobacco crop, the production report will be due before April 15, 2006.

## Coverage Levels and Premium Subsidies

Coverage level options range from 50 to 75\* percent of your approved yield and are 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

\*Coverage levels of 80/85 percent are available in North Carolina only if you elect enterprise units or if you only qualify for one basic unit. Premium subsidies are 48 percent and 38 percent respectively.

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 a \$100 administrative fee, regardless of acreage.

## 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.
- If you give notice of damage, you must leave all tobacco stalks and stubble intact until inspected.

## Insurance Units

Your insurable acreage is grouped into a unit based on 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 grow 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.

**Enterprise Unit:** An enterprise unit combines all your tobacco acreage in the county, regardless of number of farms or share arrangements into one unit and provides an additional premium discount. There must be two or more separate FSNs to qualify for an enterprise 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 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 flue-cured tobacco and assumes 70-percent coverage level, classification yield of 2,250 pounds per acre, price election of \$1.35, and basic units.

2,250	Producer's average yield
x .70	Coverage level
1,575	Pounds per acre guarantee
= 575	Pounds per acre harvested
1,000	Pounds per acre loss
x \$1.35	Price election
\$1,350	Indemnity per acre
= \$27	Estimated premium per acre
<b>\$1,323</b>	<b>Net indemnity per acre</b>

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