



United States Department of Agriculture  
Risk Management Agency

April 2005

## 2005 COMMODITY INSURANCE FACT SHEET

# Tobacco - Burley

## Virginia

### Crop Insured

For the 2005 crop, crop insurance for burley tobacco (Type 31) will be governed by RMA Bulletin MGR-05-001, dated 2/1/2005. Revised crop provisions will be forthcoming for future years.

**QUOTA BUY-OUT**— The termination of the quota poundage program will significantly change the way burley tobacco is insured for 2005.

- Previous marketing quotas and farm yields that were established by the Farm Service Agency (FSA) will no longer be used to determine your insurance guarantee.
- An approved yield will be determined for each farm serial number based on your actual yields following standard procedures for actual production history (APH) and MGR-05-001.
- FSA records of acreage and production are acceptable for use in calculating approved yields.
- Production reports for prior years that you intend to use to support your approved yield must be submitted by June 1, 2005.

### Counties Available

Burley tobacco insurance is available in the following counties: Appomattox, Bedford, Bland, Buchanan, Buckingham, Campbell, Charlotte, Cumberland, Dickenson, Grayson, Lee, Prince Edward, Russell, Scott, Smyth, Tazewell, Washington, Wise, Wythe.

### Causes of Loss

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

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

### Insurance Period

Coverage begins at the time of transplanting and ends at 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. February 28 immediately following harvest.

### Important Dates

Sales Closing Date..... March 15, 2005  
 Final Planting Date..... \*June 20, 2005  
 Acreage Report Date..... July 15, 2005

\* Grayson County final planting date is June 15.

### Price Election

TYPE	PRICE ELECTION
Type 31 — Burley	\$1.50

### Definitions

**Approved Yield**— A yield used to determine your guarantee, based on your actual yields (including claim forms, FSA records), county average yields (T-Yields), or a combination of both.

**Effective Poundage Marketing Quota**— For 2005, this will be the pounds obtained by multiplying the approved yield per acre by the lower of the reported or insured burley tobacco acreage on the unit.

**Production Report**— Beginning in 2006, a report of your previous year's tobacco crop acreage and production must be submitted to your agent. This report will be due by the production reporting date (that is, before April 30, 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

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.

## Insurance Units

**Basic Unit:** All insurable acreage of burley tobacco, in which you have a share, on land identified by a single FSA farm serial number at the time the insurance attaches.

## 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 for each acre or portion thereof planted during the 1<sup>st</sup> through the 10<sup>th</sup> day immediately following the FPD;
2. Two percent per day for each acre or portion thereof planted during the 11<sup>th</sup> through the 15<sup>th</sup> day after the FPD.

The premium per acre for late planted acreage will be the same as for timely planted acreage.

## Prevented Planting

Prevented planting provisions do not apply to burley tobacco.

## Loss Example

This example is for burley tobacco and assumes 65-percent coverage level, approved APH yield of 2,000 pounds per acre, and price election of \$1.50.

2,000	approved yield
<u>x .65</u>	coverage level
1,300	pounds per acre guarantee
<u>- 600</u>	pounds per acre produced
700	pounds per acre loss
<u>x \$1.50</u>	price election
\$1,050	indemnity per acre
<u>- \$50</u>	estimated premium per acre
<b>\$1,000</b>	<b>net indemnity per acre</b>

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