



United States Department of Agriculture
Risk Management Agency

December 2011

2012 COMMODITY INSURANCE FACT SHEET

Flue-Cured Tobacco

Florida, Georgia, South Carolina

Crop Insured

The crop insured will be all the tobacco in which you have a share, in the county for which a premium rate is provided in the actuarial documents. The policy only insures flue-cured type 13 in South Carolina and flue-cured type 14 in Florida and Georgia.

Counties Available

Please contact your insurance agent for a listing of eligible counties.

Causes of Loss

Adverse weather conditions	Insects ²
Earthquake	Plant disease ³
Failure of irrigation water supply ¹	Volcanic eruption
Fire	Wildlife

¹If caused by an insured peril during the insurance period. ²But not damage due to insufficient or improper application of pest control measures. ³But not damage due to insufficient or improper application of disease control measures.

Insurance Period

Coverage begins at transplanting and ends at the earliest of:

- 1) Total destruction of the crop on the unit;
- 2) Removal of the tobacco from the unit where grown (except for curing, grading, packing, or immediate delivery to the tobacco warehouse);
- 3) Abandonment of the crop on the unit;
- 4) Final adjustment of a loss on the unit; or
- 5) October 31.

Reporting Requirements

Acreage Report—On or before the acreage reporting date, you must report all acres of your crop and you must provide a copy of any written lease agreement with all other persons sharing in the crop identified.

Notice of Loss— (1) Protect the crop from further damage by providing sufficient care; (2) Notify your agent within 72 hours of your initial discovery of damage; (3) Maintain representative samples of unharvested tobacco, if required, which are at least 5 feet wide (at least two rows) and extend the length of the field for each field in the damaged unit; and (4) Leave all tobacco stalks and stubble intact until the earlier of the company’s written consent to destroy them or 30 days after the end of the insurance period.

Production Report—A production report for the previous crop year is due the earlier of the acreage reporting date or 45 days after the cancellation date unless otherwise stated in the special provisions.

Important Dates

Sales Closing.....	February 28
Final Planting:	
Type 13.....	May 15
Type 14.....	April 30
Acreage Reporting:	
Florida, Georgia.....	May 15
South Carolina.....	July 15
Premium Billing.....	August 15
Cancellation/Termination.....	March 15

Definitions

Price Election— The price per pound announced by FCIC each year. Price elections are posted on the RMA Web site at: <http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/>

Production Guarantee— Number of pounds guaranteed determined by multiplying your approved actual production history (APH) yield times the coverage level percentage you elect times your planted acres.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your approved APH yield. For example, an approved APH yield of 2,000 pounds per acre would result in a guarantee of 1,500 pounds per acre at the 75-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. Your share of the premium will be 100 percent minus the subsidy amount. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent. Your premium share is 45 percent of the base premium for basic units (100-55 = 45 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

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. CAT is 100-percent subsidized with no premium cost to you. There is, however, an administrative fee of \$300 per crop per county, regardless of the acreage.

Insurance Unit

A basic unit is all insurable acreage of an insurable type of tobacco in the county in which the insured has a share on the date of planting for the crop year and is identified by a single Farm Service Agency Farm Serial Number (FSN) at the time insurance attaches for the crop year. When a single FSN covers tobacco acreage in more than one county or state or both, one basic unit is allowed and the insurance policy is written in the county issuing the FSN.

Late Planting

For any insured acreage initially planted after the final planting date (FPD), the production guarantee per acre will be reduced as follows:

- (1) One percent per day for the 1st through the 10th day after the FPD; and
- (2) Two percent per day for the 11th through the 15th day after the FPD.

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 65-percent coverage level, and assumes an approved yield of 2,050 pounds per acre, 100-percent price election of \$1.60, 400 pounds of production due to an insured cause of loss, a 100-percent share, and a one-acre basic unit.

2,050	Pounds per acre average yield
x .65	Coverage level percentage
1,333	Pounds per acre guarantee
- 400	Pounds per acre actual production
933	Pounds per acre loss
x \$ 1.60	Price election
\$ 1,493	Indemnity per acre

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