

PM-24-019: Tobacco Written Lease Agreement Collection Requirements

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Date

March 13, 2024

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

John W. Underwood for Deputy Administrator

Subject

Tobacco Written Lease Agreement Collection Requirements

Background

Beginning with the 2008 crop year, the Risk Management Agency (RMA) released a new version of the Tobacco Crop Provisions combining two previously existing programs for tobacco into a single policy. The 2008 issuance of the policy included provisions from both previously existing policies, the Quota Tobacco Crop Provisions and the Guaranteed Tobacco Crop Provisions. The provisions taken from the Quota Tobacco Crop Provisions included a provision requiring approved insurance providers (AIPs) to collect a copy of written lease agreements from producers by the acreage reporting date, stated below:

6. Report of Acreage.

In addition to the requirements of section 6 of the Basic Provisions, you must provide a copy of any written lease agreement, if applicable, between you and any landlord or tenant. The written lease agreement must:

- (a) Identify all other persons sharing in the crop; and*
- (b) Be submitted to us on or before the acreage reporting date.*

This provision was a necessary component to allocating insurable poundage of tobacco when such insurable poundage was based on a quota system administered by the Agricultural Marketing Service (AMS). However, the quota system has been discontinued, and insurability of tobacco is no longer tied to poundage quotas.

RMA has been asked whether collection of written lease agreements is still required after the discontinuance of the tobacco quota program previously administered by AMS.

Action

AIPs and agents are not required to collect copies of all written lease agreements from insured tobacco producers. The program function that these records were necessary for is no longer applicable, and as part of an ongoing effort to reduce unnecessary paperwork, RMA has not been requiring the collection of these records since the quota program was discontinued. However, producers may still be required to provide lease agreements when required for other program purposes or otherwise requested by the AIP. Relaxing this specific requirement to collect written lease records from all producers, at the acreage reporting date, in no way reduces or eliminates the AIP's right to request such records at their discretion or the producer's obligation to keep and provide such records as required under the Common Crop Insurance Policy (CCIP) Basic Provisions.

DISPOSAL DATE:

December 31, 2024