



United States Department of Agriculture
Risk Management Agency

July 2004

2005 COMMODITY INSURANCE FACT SHEET

Burley Tobacco

West Virginia

Crop Insured

The crop insured will be Burley tobacco (type 31) as designated in the Special Provisions for which a premium rate is provided by the actuarial documents for that county. The insured crop will not include any poundage above the effective poundage marketing quota or the insured poundage quota.

Counties Available

Burley tobacco is insurable in the following counties: Cabell, Jackson, Lincoln, Mason, Monroe, Putnam, and Wayne.

Causes of Loss

Adverse Weather Conditions ¹	Insects ³
Failure of Irrigation Water Supply ²	Plant Disease ³
Fire	Wildlife

¹Natural perils such as hail, drought, and excess precipitation.

²If caused by an insured peril during the insurance period.

³But not damage due to insufficient or improper applications of control measures.

Insurance Period

Coverage normally begins on the date of transplanting and ends at the earliest of: (1) total destruction of the crop, (2) weighing-in at the tobacco warehouse, (3) removal of the tobacco from the field (except for curing, grading, packing, or immediate delivery to the tobacco warehouse), (4) final adjustment of a loss, (5) February 28 following harvest.

Note: If crop damage occurs before the final planting date, and it is practical to replant, the acreage will be uninsurable if the crop is not replanted. Replanting payment provisions do not apply to this policy.

Reporting Requirements

Acreage Report— You must timely report all acres of your crop, the effective poundage marketing quota, and any carryover tobacco from previous years. If applicable, you must also provide a copy of any written lease agreement between you and your landlord or tenant showing the amount of the effective poundage quota allocated to you. The lease must identify all other persons sharing in the marketing quota.

Important Dates

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

Dollar Guarantee

The guarantee is based on the lesser of the:

- Effective marketing quota, or
- Farm (or approved) yield multiplied by the number of insured acres.

The resulting insurable poundage is then multiplied by the level of coverage times the current year's support price times your share to determine the final dollar guarantee.

Support Price

The 2005 support price for Burley tobacco (type 31) will be published at a later date (usually released in March of the crop year). The **2004** support price was \$1.87 per pound.

Coverage Levels & Premium Subsidies

Your guarantee depends on the coverage level you choose. Coverage level options range from 50 to 75 percent of your insurable quota. For example, a quota of 4,000 pounds results in a guarantee of 3,000 pounds at the 75% level. Crop insurance premiums are subsidized as shown in the following table. If you selected the 75 percent coverage level, your premium share would be 45 percent of the base premium:

Item	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% of average yield and 55% of the Price Election. CAT is 100% subsidized with no premium cost to you except for an administrative fee of \$100, regardless of the acreage.

Late Planting Provisions

A reduced amount of coverage will be provided for acreage planted during the 15-day late planting period immediately following the final planting date. The premium per acre, however, will not be reduced and will be the same as for timely planted acreage. Consult your agent for further details.

Loss Example

This example is for burley tobacco (quota plan) and assumes 65% coverage level, support price of \$1.85, and effective quota of 4,000 pounds.

4000	Pounds of insurable quota
<u>x .65</u>	Coverage level percentage
2600	Amount of coverage in pounds
<u>x \$1.85</u>	Support price per pound (estimated)
\$4810	Dollar amount of insurance
<u>- \$2810</u>	Production to count (dollars)
\$2000	Indemnity
<u>- \$100</u>	Estimated producer premium
\$1900	Net proceeds to insured

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