



United States Department of Agriculture  
Risk Management Agency

January 2008

## 2008 COMMODITY INSURANCE FACT SHEET

# Cigar Binder Tobacco

## Wisconsin

### Crop Insured

The crop insured will be all the cigar binder tobacco grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, that is planted for harvest.

### Counties Available

Tobacco is insurable in the Wisconsin counties of Columbia, Crawford, Dane, Dodge, Jefferson, La Crosse, Monroe, Richland, Rock, Trempealeau, and Vernon. In counties where premium rates are not published, cigar binder tobacco may be insurable by written agreement.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Insects<sup>4</sup>  
Plant disease<sup>4</sup>  
Wildlife

<sup>1</sup>Including hail, frost, freeze, drought, and excess precipitation.

<sup>2</sup>If caused by an insured cause of loss.

<sup>3</sup>If due to natural causes.

<sup>4</sup>But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the tobacco is planted, and will end 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 where grown except for curing, grading packing, or immediate delivery to the tobacco warehouse; (4) April 30 or, (5) abandonment of the crop.

### Reporting Requirements

**Acreage Report** — You must give a report of all your tobacco acreage in the county by the acreage reporting date.

**Important Notice** — You must report your previous year's tobacco acres and production in accordance

with section 3 of the basic provisions and retain the records in accordance with section 21 of the basic provisions.

### Important Dates

Sales Closing/Cancellation Date ..... March 15, 2008  
Final Planting Date ..... July 10, 2008  
Acreage Reporting Date ..... July 15, 2008  
Premium Billing Date ..... January 1, 2009  
Production Reporting Date ..... April 29, 2009

### Definitions

**APH Yield** — Actual production history (APH) yield used to determine the production guarantee. The APH yield is based on up to 10 years of actual and/or assigned yields.

**Unit** — The insurable acreage used to determine the APH yield, the production guarantee, and any indemnity (loss payment).

**Production Guarantee** — Number of pounds guaranteed per unit. Multiply your APH yield per acre x the coverage level percentage you select x number of acres in the unit.

### Coverage Levels and Premium Subsidies

Tobacco may be insured at the coverage levels shown in the table. Crop insurance premiums are subsidized as shown. For example if you select the 75-percent coverage level, your coverage will be 75 percent of your approved APH yield, the premium subsidy is 55 percent, and your premium share is 45 percent of the base premium. Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

| 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 |

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## Price Elections

Price of compensation per pound in case of loss:  
 Established price: \$1.67 per pound

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable tobacco acreage in the county by share arrangement. Premiums are reduced 10 percent for a basic unit.

**Optional Unit:** An optional unit includes all of your insurable tobacco acreage in the county in which you have a share on the date of planting for the crop year and that is identified by a single FSA farm serial number at the time insurance first attaches. The 10-percent premium discount will not apply.

## Plans of Insurance

APH is the only plan of insurance available for tobacco in Wisconsin. The production guarantee is based on your individual yield history.

## Late Planting

This provision provides protection on acreage that is planted after the final planting date. Please consult a crop insurance agent for details.

## Loss Example

A loss occurs when the pounds of tobacco produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This example assumes a 2050 pounds per acre APH yield, 65-percent coverage level, 100 percent of the established price, and basic unit coverage.

|                  |                                     |
|------------------|-------------------------------------|
| 2200             | pounds per acre APH yield           |
| x .65            | coverage level                      |
| 1430             | lbs. guarantee*                     |
| - 400            | lbs. per acre actually produced     |
| 1030             | lbs. per acre loss                  |
| x \$1.67         | price election                      |
| \$1720.10        | gross indemnity*                    |
| - \$41.00        | estimated premium per acre (varies) |
| <b>\$1679.10</b> | <b>net indemnity*</b>               |

\* Figures shown on a per acre basis; guarantees and losses are paid on a unit basis. See policy provisions.

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