

## FEDERAL CROP INSURANCE CORPORATION



## GUARANTEED TOBACCO ENDORSEMENT

**1. INSURED CROP AND ACREAGE**

- a. The crop insured will be any of the following tobacco types you elect which are grown on insured acreage and for which a guarantee and premium rate are provided by the actuarial table:

**Flue Cured**

Type 11A  
Type 11B  
Type 12  
Type 13  
Type 14

**Maryland**

Type 32

**Cigar Filler**

Type 41  
Type 42  
Type 44

**Cigar Wrapper**

Type 61  
Type 55

**Fire Cured**

Type 21  
Type 22  
Type 23

**Burley**

Type 31

**Drk Air**

Type 35  
Type 36  
Type 37

**Cigar Binder**

Type 51  
Type 52  
Type 54

- b. In addition to the tobacco not insurable under section 2 of the general crop insurance policy, we do not insure any acreage:

- (1) On which the tobacco was destroyed or put to another use for the purpose of conforming with any other program administered by the United States Department of Agriculture; or
- (2) Planted to tobacco of a discount variety under provisions of the tobacco price support program.

**2. CAUSES OF LOSS**

The insurance provided is against unavoidable loss of production resulting from the following causes occurring within the insurance period:

- a. adverse weather conditions;
- b. fire;
- c. insects;
- d. plant disease;
- e. wildlife;
- f. earthquake;
- g. volcanic eruption; or
- h. if applicable, failure of the irrigation water supply due to an unavoidable cause occurring after the beginning of planting; unless those causes are excepted, excluded, or limited by the actuarial table or section 9 of the general crop insurance policy.

**3. ANNUAL PREMIUM**

- a. The annual premium amount is computed by multiplying the production guarantee for the unit times the applicable price election, times the premium rate, times the insured acreage, times your share at the time of planting, applying any applicable premium adjustment percentage for which you may qualify as shown on the actuarial table.
- b. If you are eligible for a premium reduction in excess of 5 percent based on your insurance experience through the 1985 crop year under the terms of the experience table contained in the guaranteed tobacco policy in effect for the 1986 crop year, you will continue to receive the benefit of the reduction subject to the following conditions:
  - (1) No premium reduction will be retained after the 1991 crop year;

- (2) The premium reduction amount will not increase because of favorable experience;
- (3) The premium reduction amount will decrease because of unfavorable experience in accordance with the terms of the policy in effect for the 1986 crop year;
- (4) Once the loss ratio exceeds .80, no further premium reduction will apply; and
- (5) Participation must be continuous.

**4. INSURANCE PERIOD**

In lieu of the provisions of section 7 of the general crop insurance policy the following will apply: Insurance attaches on each unit or part of a unit when the tobacco is planted (see subsection 10(e)) and ends at the earliest of:

- a. Total destruction of the tobacco;
- b. Weighing-in at the tobacco warehouse;
- c. Removal of the tobacco from the unit (except for curing, grading, packing, or immediate delivery to the tobacco warehouse);
- d. Final adjustment of a loss; or
- e. On the following dates of the crop year:
 

(1) Types 11 and 12	November 30;
(2) Type 13	October 31;
(3) Type 14	October 15;
(4) Type 31 & 36	February 28;
(5) Types 21, 35 and 37	March 15;
(6) Types 22 and 23	April 15;
(7) Type 32	May 15;
(8) All other types	April 30.

**5. UNIT DIVISION**

Tobacco acreage of an insurable type that would otherwise be one unit, as defined in section 17 of the general crop insurance policy, may be divided into more than one unit if for each proposed unit:

- a. You maintain written verifiable records of planted acreage and harvested production for at least the previous crop year and production reports based on those records are filed to obtain an insurance guarantee; and
- b. Acreage planted to insured tobacco is located on land identified by separate ASCS Farm Serial Numbers, provided:
  - (1) The boundaries of the ASCS Farm Serial Numbers are clearly identified and the insured acreage is easily determined; and
  - (2) The tobacco is planted in such a manner that the planting pattern does not continue into an adjacent ASCS Farm Serial Number.

If you have a loss on any unit, production records for all harvested units must be provided. If your tobacco acreage is not in a divided unit as provided above, your premium will be reduced as provided by the actuarial table. Production that is commingled between optional units will cause those units to be combined for insurance purposes only.

**6. NOTICE OF DAMAGE OR LOSS**

For purposes of section 8 of the general crop insurance policy; the representative sample of the unharvested crop must be at least 10 feet wide and the entire length of the field(s).

## 7. CLAIM FOR INDEMNITY

- a. An indemnity will be determined for each unit by:
  - (1) Multiplying the insured acreage by the production guarantee;
  - (2) Subtracting therefrom the total production of tobacco to be counted (see subsection 7.b.);
  - (3) Multiplying the remainder by the applicable price election; and
  - (4) Multiplying this result by your share.
- b. The total production (in pounds) to be counted for a unit will include all harvested and appraised production.
  - (1) Harvested tobacco production which, due to insurable causes, has a value less than the market price for tobacco of the same type, will be adjusted by:
    - (a) dividing the average value per pound of the harvested production by the market price per pound; and
    - (b) multiplying that result by the number of pounds of such damaged harvested tobacco.
    - (c) If due to insurable causes there is no market price available for the grade being adjusted, the production to count will be reduced 20% for each grade that the production falls below the lowest marketable grade with a market price (see subsection 10.d.(2)).
  - (2) All harvested tobacco production which is not damaged by insurable causes and cannot be sold in the current market year will be considered production to count.
  - (3) To enable us to determine the fair market value of tobacco not sold through auction warehouses, we must be allowed:
    - (a) To inspect such tobacco before it is sold, contracted to be sold, or otherwise disposed of; and
    - (b) At our option to obtain additional offers on your behalf.
  - (4) Appraised production to be counted will include:
    - (a) Not less than the guarantee for any acreage which is abandoned or put to another use without our prior written consent or damaged solely by an uninsured cause;
    - (b) Not less than 35 percent of the guarantee for all unharvested acreage;
    - (c) Unharvested production on harvested acreage; and
    - (d) Potential production lost due to uninsured cause and to failure to follow recognized good tobacco farming practices.
  - (5) We may appraise any acreage of tobacco types 11, 12, 13, or 14 on which the stalks have been destroyed without our consent at not less than the guarantee.
  - (6) Any appraisal we have made on insured acreage for which we have given written consent to be put to another use will be considered production unless such acreage is:
    - (a) Not put to another use before harvest of tobacco becomes general in the county and reappraised by us; or
    - (b) Further damaged by an insured cause and reappraised by us; or
    - (c) Harvested.
  - (7) The commingled production of units will be prorated to such units in proportion to our liability on the harvested acreage of each unit.

- (8) No replanting payment will be made under this endorsement.

## 8. CANCELLATION AND TERMINATION DATES

Cancellation and Termination

### State and County

Alabama; Florida; Georgia;  
South Carolina; and Surry,  
Wilkes, Caldwell, Burke, and  
Cleveland Counties, North  
Carolina, and all North Carolina  
counties east thereof.

### Dates

March 31

All other North Carolina  
Counties and all other states

April 15

## 9. CONTRACT CHANGES

Contract changes will be available at your service office by December 31 prior to the cancellation date.

## 10. MEANING OF TERMS

- a. **"Average value per pound"** means the total value of all harvested production from the unit divided by the harvested pounds and may include the value of any harvested production which is not sold.
- b. **"County"** means the land defined in the general crop insurance policy and any land identified by an ASCS Farm Serial Number for the county but physically located in another county.
- c. **"Harvest"** means the completion of cutting or priming of tobacco on any acreage from which at least 20 percent of the production guarantee per acre shown by the actuarial table is cut or primed with the intent of marketing.
- d. **"Market price"**:
  - (1) for types, 11, 12, 13, 14, 21, 22, 23, 31, 35, 36, 37, 42, 44, 54, and 55, means the average price support level per pound for the insured type of tobacco as announced by the United States Department of Agriculture under the tobacco price support program, (If for any crop year a price support for the insured type is not in effect, we will use the season average price in the belt or area through the day tobacco sales are completed on any unit or part thereof which is harvested); and
  - (2) for types 32, 41, 51, 52, and 61 means the season average price for the applicable type of tobacco, (Such price will be the season average price for the current crop year for any unit or part thereof which is harvested) and may be established by including the value of sold and unsold production.
- e. **"Planting"** means transplanting the tobacco plant from the bed into the field.