

TOBACCO CROP

INSURANCE NEWSLETTER

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Courtesy of J.T. Davis Insurance Agency, Inc.

Due to the Tobacco Quota Buyout, a number of changes in the Tobacco Crop Insurance Program will be in effect for the 2005 crop year.

As we stated in our spring newsletter and at various meetings, we would keep you informed as to additional changes and the status of changes which had not been finalized at the time our spring newsletter was sent out.

All Types of Tobacco - Sales bills must match crop insurance and FSA records.

If the check issued for the sale of tobacco does not match your crop insurance schedule of insurance and FSA records as to share arrangement, then you must have a “**paper trail**” to make all documents match.

A “paper trail” is a documented money transaction. Example: Contract is in John Smith’s name. Check is cut 100% to John Smith. John Smith shares 50%/50% with Jane Doe. John Smith has to write a check to Jane Doe for each sales transaction or make a one time transaction. For cash transactions a signed receipt would be necessary.

Some producers are setting up a special farm account to handle crop proceed deposits and disbursements.

The “paper trail” can be a one time transaction or a separate transaction for each sale. Adjuster, at loss time, will have to have documentation, “paper trail”, which will show how the crop sales were actually distributed. Should you have any questions as how to establish a “paper trail”, please call us before sales start.

Sales bills should be clearly marked as to share arrangement for each bale if sales bill share and crop insurance share are different. Moreover, sales bills should also be clearly marked as to Farm Serial Number (FSN) for each bale if optional units have been elected on your insurance coverage.

The crop policy for 2006 may be changed to give us more leeway when sales information does not match schedule of insurance. We will keep you informed.

Flue Tobacco

If you are participating in the leaf program or some similar program where the bottom leaves will be removed and not sent to market, we must be notified before they are removed. Please contact us at least 1 week prior.

An appraisal of those leaves by an adjuster will have to be completed before the leaves are removed as your database has been established on the whole plant being harvested and sold.

The appraisal is particularly important when no loss exists. The appraisal figure would be added to your actual production harvested and sold which keeps your database maintenance constant and assures you receive credit for the poundage produced but not sold.

In the case of a loss, the appraisal value would be used as production to count.

We will keep you informed as to how this program, if it exists, will be handled in subsequent years.

**Remember to submit your acreage report
to us as soon as possible!!!**

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