



United States
Department of
Agriculture

February 18, 2021

Farm Production
and Conservation

INFORMATIONAL MEMORANDUM

Risk
Management
Agency

To: All Approved Insurance Providers writing in the States of North Carolina and Virginia

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From: Alexander Sereno, Director /s/ Alexander Sereno
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Subject: 2021 Requests for Actuarial Change for Cigar type tobacco.

Discussion:

The Raleigh Regional Office (RRO) has received several questions regarding the insurability of Cigar type tobacco for the 2021CY. All Requests for Actuarial Change must meet the minimum documentation requirements and deadlines as published in the 2021 Written Agreement Handbook (FCIC 24020 (06-2020)). However, a letter from an agricultural expert will not be required.

If all requirements are met, the RRO will offer a “Not Pre-Approved Written Agreement” (Crop Inspection Required) (WAN). The offer will be signed by the RRO pending the outcome of the crop inspection.

It is the decision of the producer to request the type of tobacco that he/she wishes to insure; however, at this time, there is not sufficient data available with which to build actuarially sound offers for Cigar Wrapper or Cigar Binder tobacco (WAH 85D(1)(g)(ix)). If a producer can provide sufficient data showing sold production of Wrapper or Binder tobacco the RRO will take this information into account.

With very few exceptions, all Cigar tobacco grown in the North Carolina/Virginia area will be contracted with a buyer. As part of minimum documentation, each Request for Actuarial Change is required to document (according to the WAH 85D(1)(g)(vii)) that:

- the crop is commercially grown in the area, and
- a viable marketing outlet is available, or a legal marketing contract is in effect for the crop produced.

We have been made aware of a situation regarding landowners who are issuing a “buying contract” to the lessee of their land, thereby attempting to meet the requirement of a tobacco grower having a buying contract. A contract of this nature is not considered valid

due to the landowner not being a legal marketing outlet. Contracts of this nature will be reviewed on an individual basis.

If you have any questions, please contact:

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