

# Facts About Tobacco Crop Insurance In 1951

## DUPLIN COUNTY

1. The amount of insurance per acre is \$299. The cost of the insurance per acre is \$8.20. The cost per acre of insurance is \$7.44. A man would pay his premium for 36 years, have one complete loss and break even.

2. The purpose of this insurance is to protect the cash investment in the crop -- to make each tobacco farmer sure that he will get back \$299 per acre if he does his part to make a crop. He may have to borrow money to make his crop. He may lend money or furnish others. The policy would insure that he could pay his loan at the end of the year and not be behind the following year if damage beyond his control ruined or partially destroyed his crop. He could assign the policy to the person who gave him the credit, and make the person lending sure of getting payment the first year -- that helps the credit.

3. When tobacco is set in the field, much more than \$299 per acre is expected from the crop -- in fact most tobacco growers would not set a crop believing they would make as little as \$299 per acre. However, they are not certain of getting a leaf, or for getting a single dollar from the crop at the time of setting. Plant disease, drought, tobacco, dry weather, insects, wind, hail, fire -- all or any of them -- could destroy or partly destroy the crop -- could hurt the crop to where less than \$299 per acre was sold. Just as important, he could get the crop in a curing barn and to the pack house, and have it destroyed by fire or have it scattered and ruined by a hurricane. It's a long way from setting until selling. The policy covers all of these damages and other unavoidable damages as determined.

4. Suppose you set 5 acres in 1951, work the crop yourself or hire it done. You will be guaranteed \$1495. The insurance will cost you \$41.00. Suppose Black Shank would hurt all or part of the crop

to where you would sell only \$500 of tobacco in all. You would be paid the difference between the \$500 you sold, and the \$1495 you were insured for, or \$995. Thus you received your \$1495 part from the insurance and part from the sale of tobacco. Instead of Black Shank, the damage could have been from drowning, insects, drought, fire in curing barn, fire in pack house, wind, hail, or other unavoidable causes of damage. Avoidable damages, such as neglect of the crop, are not insured.

5. Suppose you ALSO had 6 acres of tobacco that you were farming on halves. You could insure only your interest in the 6 acres. You would be covered for about \$897 for your part of the 6 acres. It would cost you \$24.60. If you made less than \$897 on your part of the 6 acres, the insurance would make up the difference. The person sharing the other half of the 6 acres could take insurance on his part of the 6 acres. If he did not, you could still insure your part.

6. Suppose on the 5 acres in which you received all of the crop, you made a good crop -- it sold for \$600 per acre or \$3000 in all -- but on the 6 acres in which you received one-half, you had bad luck -- say a pack house burned and your part sold for only \$300. You would collect the difference between \$897, the amount of your insurance, and \$300 or \$597. The fact that you made a good crop in the 5 acres would not keep you from collecting on your part of the 6 acres.

7. A separate claim for loss can be made on any tobacco acreage where the share or shares in the crop total 100% (insurance unit).

8. A note for the premium, which is due on August 31, 1951, made to the Federal Crop Insurance Corporation may be given with the application, and bears no interest if paid when due or shortly thereafter. Those who do not own land, or workstock, and equipment require a co-signer on the note. All new tenant and sharecropper applicants will also require a co-signer on the note.

If the premium is paid at the time of application or by July 31, 1951, a 5% discount is allowed.

9. At the time of application, a "preliminary" report is signed by the applicant giving the tobacco acres expected to be set, his share in the acreage, and the person who shares with applicant. After tobacco is set in the field, the insured can revise the report in line with the acres actually set and otherwise correct the preliminary report. The county office sends the insured a

reminder of this.

10. A producer must insure all the tobacco in which he has an interest in the county. He cannot insure a part of his acreage. (An exception would be where where certain land was declared out for insurance purposes in the county.)

11. The closing date for accepting application is April 25, 1951. When the application for insurance is accepted by the State Director in Raleigh, each insured is mailed a policy just as with any other insurance.

12. This insurance offered by the FCIC of the U. S. Department of Agriculture is essentially county mutual insurance on a cost basis. The premiums received can be used only to pay losses. Administrative costs come from direct appropriation by the Federal Treasury as a service to farmers. All true claims will be paid in any year regardless of the amount collected in premiums in any county.

13. If the amount paid out to farmers in any county is less than the amount received in a county over a period of years, the cost of the insurance will be reduced accordingly.

14. When any county builds up a premium reserve large enough to meet expected losses, the premiums for the following year for those in the program the preceding year can be reduced as much as 30%. (Vance and Wilson Counties in North Carolina are now receiving the 30% reduction -- a large part of the tobacco acreage in the county must remain under contract for several years.)

15. If any insured goes as long as 7 continuous years without a loss claim, his premium is reduced 25% for the following year.

16. The "all-risk" FCIC policy is entirely different from commercial hail insurance. Many tobacco farmers take hail insurance and "all-risk" Government insurance. Many have collected the full

## PMA NOTES

PLANT COTTON - Duplin County goal for 1951 -- 10,605 acres.

(a) Obtain fertilizer, insecticides and dusting equipment, as well as seed, as early as possible.

(b) Plant cotton early, prepare a good seed bed, using a certified or good for this area.

LIME - Advise farmers to order lime early. If farmers are planting

amount on both in the same year. Claims are not reduced by the hail company or by the FCIC because policies are carried on both hail and "all-risk" for the same tobacco crop.

A producer can collect up to the value of the tobacco destroyed by fire. If the producer has commercial fire insurance on his tobacco in addition to his "all-risk" policy, the combined claims under both cannot be more than the value of the tobacco destroyed by fire.

16. The program in your county will be administered by the county committee and the county office will have a full-time employee to serve you on the crop insurance program. The FCIC is a Corporation with authorized capital stock of 100 million dollars, administered by the U. S. Department of Agriculture, and within the Government of the United States.

For any question in reference to the 1951 tobacco insurance program, please see your county committee or visit your PMA office located in the Agriculture Building in Kenansville, N. C.

a fall pasture, lime should be ordered and applied to land in advance. TOBACCO - With the .0837 percent increase, farmers should be extra careful when they check their acreage for planting. We will not have premeasurement for 1951, therefore when the extra amount is added they should be accurate in staking off their fields.

TOBACCO CROP INSURANCE Agents will begin work on tobacco crop insurance within the next few days. Please talk insurance and the advantages of taking out this all risk insurance with the farmers in your Community. An agent will contact farmers and with your help, we can have a good crop insurance program.

ACP PROGRAM - Advise farmers on the instructions of the ACP Program. Have all of them to understand that prior approval will have to be secured at the county office before the practice is carried out. No approval can be given after the practice has been completed. If bills are required for the practice they carry out, they should bring or mail these to the county office, as the practice will have to be canceled if these are not received.

Duplin County was allotted \$102,450.00 for ACP practices to be used during the 1951 program year. To date we have given approvals in the amount of \$92,098.64, which only leaves \$10,351.36 in the county pool. We have 4700 farms eligible to receive benefit of the program and only 1510 farms taking advantage of the money allocated to the County.

There will be no acreage allotments on 1951 corn and wheat crops. This results from maximum production required to meet national defense needs. This action cancels compliance with corn and wheat acreage allotments as condition for price support. . . . Any farmer who is interested in

filing an application for a new peanut allotment should come to the county office during the remainder of January.

\*\*\*\*\* New farm allotment applications will be taken during the remainder of January. Please inform farmers who are interested that an application will not be taken on an old farm.

More than 400 species of birds are found in North Carolina.

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## FRUIT SPECIALIST

Appointment of George C. Klingbell as extension horticultural specialist at State College has been announced. He will work with farmers and county agents in dealing with problems of fruit culture.

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## FARM NEWS



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