



An agency of the Government of Ontario

# Commodity-Specific Terms: Tobacco

## Section A: Commodities

These Commodity-Specific Terms apply to Black Tobacco, Burley Tobacco, and Flue-Cured Tobacco.

## Section B: Excluded perils

1. Wildlife is not an Insured Peril.

## Section C: Available coverage

### 1 Coverage periods

1. Flue-Cured Tobacco: The Coverage Period begins at noon on May 18 of the Program Year and ends at the completion of harvest. In the matter of frost, the Coverage Period for this Insured Peril ends at noon on October 1.
2. Black and Burley Tobacco: The Coverage Period begins on May 20 of the Program Year. The Coverage Period ends on September 12 for air-cured Black Tobacco and on October 1 for fire-cured Black Tobacco and Burley Tobacco.
3. Agricorp may extend the Coverage Period if an Insured Peril delays harvest.

### 2 Production loss coverage

1. Production loss coverage is available for all Commodities listed in these Commodity-Specific Terms.

### 3 Price protection coverage

1. Price protection coverage is available for Flue-Cured Tobacco only.
2. An Indemnity may be payable where there is a reduction in the quality of the Commodity resulting from one or more of these four Insured Perils only: excessive heat, frost, hail, or disease. Any Indemnity payable is based on:
  - a) 95 per cent of the average industry price, as determined by Agricorp; and
  - b) either the number of pounds you produced or your Guaranteed Production in pounds, whichever is less.

3. This coverage is available only where there has been a reduction in quality of the Commodity and the Commodity can only be sold lower than the list price for leaf grade.
4. Any loss or damage must be reported to Agricorp before the completion of harvest.
5. No Indemnity is payable until after the Commodity has been sold.

#### **4 Replanting coverage**

1. Replanting coverage is available for all Commodities insured under these Commodity-Specific Terms.
2. Replanting must be completed by June 20 or by another date specified by Agricorp.
3. For black and burley tobacco, the minimum acreage eligible for a replanting benefit is one-half unbroken acre.
4. For flue-cured tobacco, the minimum acreage eligible for a replanting benefit is three acres.

#### **5 Salvage coverage**

1. Salvage coverage is available for Flue-Cured Tobacco only.
2. Work performed to Salvage the Commodity must be authorized by Agricorp before it begins or no Salvage Benefit may be payable.
3. Basic salvage coverage option: A Salvage Benefit may be payable only in respect of labour expenses incurred to Salvage the Commodity.
4. Supplementary salvage coverage option: In addition to basic salvage coverage, a supplementary Salvage Benefit may be payable where loss was caused by the Insured Perils of wind or hail only.
  - a) A Salvage Benefit under this option is payable only if the maximum Indemnity available under basic salvage coverage is less than the Salvage expenses you incurred.

### **Section D: Commodity-specific conditions**

#### **1 Registration requirements**

1. During the Program Year, you must hold a valid registration certificate issued by the Regulator to produce tobacco.
2. On or before June 30 of the Program Year, you must provide Agricorp with the current registration certificate

number issued to you and any other information Agricorp requires. If you do not provide Agricorp with this information, we may cancel Coverage for the Commodity and will not pay any Indemnity on it.

## **2 Flue-cured tobacco**

1. If there is loss of or damage to the Commodity before noon on June 14, and Agricorp agrees that the Commodity cannot be replanted, any Indemnity payable will be one half of the amount that would be paid if the loss or damage occurred after noon on June 14.

## **3 Storage loss or damage**

1. You must promptly report to Agricorp any loss of or damage to a Commodity in Storage in the current or previous Program Year (i.e., Carry-over Production).
2. No Indemnity is payable for any loss of or damage to the Commodity during Storage.

## **4 Destruction of commodity**

1. If loss of or damage to the Commodity is to the extent that the Commodity cannot be Salvaged, you may request permission to destroy it at least three days before the intended destruction date. You must receive written approval from Agricorp before Destroying the Commodity.
2. . You must also provide Agricorp with an opportunity to inspect the Commodity before it is destroyed.
3. No Indemnity will be payable if you did not notify Agricorp, extend Agricorp a reasonable opportunity to inspect the Commodity before Destruction or receive our approval before Destroying the Commodity.

## **Section E: Definitions**

### **B**

#### **Black Tobacco**

Air-cured or fire-cured black tobacco grown under contract to a licensed tobacco buyer.

#### **Burley Tobacco**

Air-cured burley tobacco grown under contract to a licensed tobacco buyer.

## **F**

### **Flue-Cured Tobacco**

Tobacco commonly referred to as flue-cured, bright, or Virginia that is grown under contract to a licensed tobacco buyer.

## **R**

### **Regulator**

The Ontario Ministry of Finance.