



An agency of the Government of Ontario

Part X · Flue-Cured Tobacco Insuring Agreement

A. General

This Part applies to flue-cured tobacco as defined in this Part.

This Part applies only to varieties of tobacco approved by Agricorp.

This Part applies only where all acreage or poundage to be produced or held as one operation is insured by Agricorp. In respect to an owner-grower, all acres or poundage in which the owner-grower has an interest whether directly or indirectly and, without limiting the generality of the foregoing, whether legally or beneficially, whether personally or through a nominee, or through a corporation, must be insured. Where, in the opinion of Agricorp, the insured crop is insured under more than one Contract that should have been insured under one Contract, Agricorp may combine the production under all of the Contracts involved to determine the amount payable under this Part.

Agricorp agrees to pay the indemnities set out in this Part for loss of or damage to an insured crop caused by an insured peril, in accordance with the provisions of the Contract.

The limits on the amounts payable under this Part are shown in the Application as approved by Agricorp, or the confirmation of insurance, or Renewal Notice applicable to the insured crop.

Except as specifically provided otherwise, the provisions of Part I of the Contract apply to this Part. Where there is any conflict between the provisions of Part I and the provisions specifically set out in this Part, or between the provisions of Part I and the provisions of any Production Insurance Document to which this Part applies, this Part or the Production Insurance Document, as the case may be, take precedence.

Where there is any conflict between a provision in this Part and a provision in a Production Insurance Document to which this Part applies, the provisions in this Part take precedence.

All acres of insurable crop must have been offered to Agricorp for insurance for this Part to apply at all.

Except where provided otherwise, the insurance provided by this Part shall be in force for the crop year in respect of which it is made, and shall continue in force for each crop year thereafter until it is cancelled or terminated in accordance with the terms of the Contract.

The insurance provided by this Part is subject to such additional conditions or limitations as may be set out in an applicable Production Insurance Document.

B. Definitions

In this Part:

“flue-cured tobacco” means tobacco commonly referred to as flue-cured, bright or Virginia grown under a registration certificate to produce tobacco issued by the Regulator.

“grown” means actually grown in the field as well as harvested or stored.

“owner-grower” means an Insured who grows their own crop.

“regulator” means the Ontario Ministry of Finance.

“varieties of tobacco approved by Agricorp” means the varieties of tobacco that Agricorp will insure.

C. Insured Perils

Except where otherwise provided, the insured perils that apply to flue-cured tobacco are drought, excessive heat, excessive rain, flood, frost, hail, wind, and insect infestation and plant disease provided good farm management practices are followed.

Coverage under this Part commences at noon on May 18 of the crop year and ceases at the completion of harvest except as otherwise provided. Frost coverage ceases at noon on October 1.

Except where otherwise provided, the insurance provided by this Part applies only during the period from seeding or planting until harvest. Loss or damage due to storage conditions, howsoever caused, is not insured.

Loss or damage resulting from blue mould is insured provided that:

- a. there has been compliance with preventive recommendations approved by the Blue Mould Task Force of the Tobacco Specialists of the Ontario Ministry of Agriculture, Food and Rural Affairs; and,
- b. the Insured satisfies Agricorp that there has been such compliance.

Loss or damage resulting from PVYN (Potato Virus), except loss or damage as a result of an Eradication Order made by any level of government, is insured provided that:

- a. there has been compliance with preventive recommendations approved by the Tobacco

Extension Specialists of the Ontario Ministry of Agriculture, Food and Rural Affairs; and,

- b. that the Insured satisfies Agricorp that there has been such compliance.

D. Final Acreage Reporting

The Insured shall report to Agricorp in a manner approved by Agricorp, in each crop year, their final acreage planted within 10 days after completion of planting, or by July 15 in the crop year, whichever is earlier.

Agricorp will confirm the final acreage reported by the Insured by issuing an invoice or its equivalent to the Insured. **It is the insured's responsibility to validate the acreage listed on the invoice or its equivalent and to report any discrepancies to Agricorp within 10 business days of receipt.** Agricorp will determine at its sole discretion if it will accept the discrepancies reported by the Insured. If the actual planted acreage is in excess of the acreage stated in the invoice or its equivalent and the Insured has not reported any discrepancy to Agricorp within the allotted time, the indemnity payable under this Part will be based on the acreage stated on the invoice or its equivalent and not on the actual planted acreage.

E. Registration Requirements

It is a requirement of a Contract under this Part that the Applicant or Insured hold a valid registration certificate to produce tobacco issued by the regulator.

On or before July 15 in each crop year, an Applicant or Insured shall provide Agricorp with the registration certificate number issued to the Applicant or Insured by the regulator for that crop year, in a manner approved by Agricorp, and such other information as Agricorp may require to verify with the regulator that the Applicant or Insured is and continues to be the holder of a valid registration certificate to produce tobacco issued by the regulator.

If,

- (a) an Applicant or Insured fails to provide the registration certificate number or other information required by Agricorp on or before July 15 in a crop year;
- (b) for any reason, Agricorp is unable to verify with the regulator that an Applicant or Insured is or continues to be the holder of a valid registration certificate for a crop year; or
- (c) the registration certificate of an Applicant or Insured for a crop year is suspended or revoked by the regulator,

Agricorp may refuse to pay any indemnity under this

Part for loss or damages incurred in the crop year and may require repayment of all or part of any indemnity already paid to the Insured under this Part for the crop year. If Agricorp demands repayment of all or part of an indemnity under this clause, the Insured shall repay the amount required by Agricorp in the time and manner specified by Agricorp, and the amount demanded shall constitute an overpayment and debt due Agricorp for the purposes of the Contract.

The right to refuse to pay or claim repayment of an indemnity is in addition to any other rights Agricorp has under the Contract, including, but not limited to, the right to cancel or refuse to enter into a Contract.

F. Indemnities

1. Production Shortfall Indemnity

Agricorp will pay a production shortfall indemnity to an Insured where, as a result of an insured peril, harvested production is less than guaranteed production. The amount of indemnity payable will be determined in accordance with the provisions of the Contract including, but not limited to, all limitations on insurable acreage or insurable crops, deductibles, and any other restriction on the amount payable, and on the basis of the applicable coverage level.

2. Price Protection Indemnity

Agricorp will pay a price protection indemnity to an Insured where there is a reduction in the quality of the insured crop, as the result of one or more of the following insured perils: excessive heat, frost, hail and plant disease provided good farm management practices are followed. The amount of indemnity payable will be determined in accordance with the provisions of the Contract including, but not limited to, all limitations on insurable acreage or insurable crops, deductibles, and any other restriction on the amount payable, and on the basis of the applicable coverage level.

Coverage for the Price Protection Indemnity is 95 percent of the average industry price as determined annually by Agricorp. A claim is paid based on either the number of pounds produced or the guaranteed production, whichever is less.

The price protection indemnity applies only where the insured crop has sustained damage sufficient to make the lower grade obvious when the damaged crop is marketed.

The damage must be reported to Agricorp prior to the completion of harvest for this indemnity to apply.

Claims under this indemnity are not payable until after the crop has been marketed.

G. Extra Cost Benefits

Extra cost benefits may be available as follows:

1. Replanting Benefits

Where it is necessary to replant an insured crop because of damage occurring before the applicable replanting deadline and caused by an insured peril, Agricorp shall pay replanting benefits in respect of any insured crop to which this benefit applies in accordance with the provisions of the Contract.

The replanting must be completed by June 20 or such other date as may be specified by Agricorp and provided to the Insured.

Replanting benefits are paid whether the crop is replanted to the same crop or to any other crop. If it is replanted to the same crop, insurance will continue on the total number of acres planted to that crop. If it is replanted to a different insurable crop it will be insured as well, provided that the Application for insurance on that crop was made by the applicable deadline, or an Application was made for the Unseeded Acreage Benefit.

The replanting benefit is paid based on the crop that was originally planted. The total number of acres on which a replanting benefit is paid in a crop year shall not exceed the total number of insured acres originally planted for that crop.

The minimum acreage eligible for a replanting benefit is three acres.

Permission to replant must be provided by Agricorp prior to replanting for this benefit to apply.

Planted acreage in excess of the amount stated in the final acreage report will reduce any claim otherwise payable under this Part.

2. Salvage Benefits

A salvage benefit is payable in accordance with the provisions of the Contract if the insured crop is damaged as a result of disease, rainfall, flood, hail, wind, frost, and such other perils as may be determined by Agricorp. In addition, a supplementary salvage benefit may be paid, at the discretion of Agricorp, where the damage was caused by wind or hail.

The benefit is payable only in respect of unusual labour expense in salvaging the crop. Unusual labour expense refers to the cost of work not normally done in the proper management of an insured crop to prevent damage or to repair damage.

The minimum acreage eligible for a salvage benefit is three acres.

Planted acreage in excess of the amount stated in the final acreage report will reduce any claim otherwise payable under this Part.

The crop damage and expenses to prevent damage or repair damage must be verified by Agricorp, and the expenses are subject to audit.

The Supplementary Salvage Benefit in relation to hail or wind only is at the discretion of Agricorp and must be authorized prior to any salvage actually taking place. This benefit applies only where the basic salvage benefit has been exhausted. The maximum amount payable for combined basic and supplementary salvage benefits is as set out in the Contract.

a. Basic Salvage Benefit – All Insured Perils

The amount payable in respect of this benefit is the actual amount spent up to the maximum per acre, per event, as set out in the Contract.

If an insured crop has been damaged by hail or wind, the expense of additional primers to harvest the damaged crop or additional persons in the strip room for those insured with an automatic harvester may be included in the Basic Salvage Benefit where it is appropriate to harvest that portion and Agricorp consents to the inclusion of this expense, in whole or in part, in the Basic Salvage Benefit.

b. Supplementary Salvage Benefit – Hail and Wind Only

At the discretion of Agricorp, a Supplementary Salvage Benefit may be paid if the insured crop has suffered severe damage from hail and/or wind. The supplementary amount payable is the actual amount spent in excess of the maximum Basic Salvage Benefit amount per acre, per event, up to the maximum Supplementary Salvage Benefit amount per acre, per event as set out in the Contract.

H. Specific Crop Conditions

All damage must be reported to Agricorp immediately after they occur in order to allow Agricorp to assess the damage and verify the cause while the crop is still in the field. Losses reported after the harvesting of the crop, or any portion of the crop, in respect of which the claim is made, will not be paid.

If there is damage to the insured crop prior to noon on June 14, and Agricorp agrees that the crop cannot be replanted due to an insured peril, the amount of insurance available under this Part is one-half of the amount that would be available for such loss or damage if occurring after noon on June 14.

If a crop is not harvested which, as determined by Agricorp, ought to have been harvested, the unharvested yield will be added to the actual harvested yield.

Any additional insurance that an Insured may have in respect of a crop insured under this Part shall not be taken into account in any manner whatsoever in determining the amount payable under this Part, and the Insured is not required to notify Agricorp.

I. Crop to Be Destroyed

The Insured must notify Agricorp of any flue-cured tobacco to be destroyed at least three days before the intended destruction.

Where an insured peril has caused sufficient damage as determined by Agricorp that an insured crop is not salvageable, the Insured must receive written permission from Agricorp before destroying the affected acreage. The acreage to be destroyed shall be determined by Agricorp. Failure to notify Agricorp prior to the crop being destroyed shall result in the claim being denied.

J. Current Crop or Carryover in Storage

Loss or damage to the current crop or previous year's carryover, howsoever caused, must be reported to Agricorp. The Insured must receive written permission from Agricorp prior to destroying any flue-cured tobacco in storage, whether carryover from previous years or from the current crop. Failure to notify Agricorp prior to destruction of flue-cured tobacco shall result in a claim being denied.

K. Disclosure of Information

Any information supplied to Agricorp on the Production Insurance Program forms or pursuant to the Contract may be disclosed to the Regulator and any government agencies for the purpose of complying with federal and provincial regulations for enforcing laws applicable to tobacco.

The Contract of Insurance Terms and Conditions are available by calling 1-888-247-4999 or by visiting www.agricorp.com.

(Version française disponible)