

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
CLARY SAGE CROP PROVISIONS



1. **Definitions.**

Base contract price - The price per pound stipulated in the processor contract for sclareol and used, without regard to discounts or incentives, to determine your price election.

Clary Sage - *Salvia sclarea*, a plant in the mint family (*Lamiaceae*).

Good farming practices - In addition to the definition of "good farming practices" contained in section 1 of the Basic Provisions, good farming practices include the cultural practices required by the processor contract.

Harvest - Severance of Clary Sage Plants from the ground for production that is not placed in windrows, or removal of Clary Sage plants from windrows for swathed production.

Late planting period - In lieu of the definition contained in the Basic Provisions, the period that begins the day after the final planting date for the insured crop and ends 10 days after the final planting date, unless otherwise specified in the Special Provisions.

Pound - Sixteen ounces avoirdupois.

Practical to replant - In addition to the definition of "practical to replant" contained in the Basic Provisions, it will be practical to replant only if the processor agrees in writing to accept all production from the replanted acreage.

Price election - In lieu of the definition contained in the Basic Provisions, the value per pound of sclareol determined in accordance with section 2 of these Crop Provisions, and used for the purpose of determining the amount of premium and indemnity due under the policy.

Processor - A business enterprise regularly engaged in processing Clary Sage and purchasing the sclareol extracted from it, and that possesses all licenses and permits for processing Clary Sage required by the State in which it operates, and that possesses facilities, or has contractual access to such facilities, with enough equipment to accept and process contracted Clary Sage within a reasonable amount of time after harvest.

Processor contract - An agreement, in writing, between the producer and a processor, containing at a minimum:

- (a) The producer's commitment to plant and grow Clary Sage and to deliver the production to the processor;
- (b) The processor's commitment to purchase all the production stated in the processor contract; and
- (c) A base contract price.

Sclareol - A compound extracted from Clary Sage plant material using solvent extraction methods.

Swathed - Severance of the Clary Sage plants from the ground and placing the plants into windrows.

Type - A category of Clary Sage identified on the Special Provisions.

Windrow - Clary Sage that is swathed and placed in a row.

2. **Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities.**

(a) In lieu of the price election provisions in section 3(e) of the Basic Provisions, your price election will be the base contract price multiplied by the percentage of price you elect. However, in no case will the price election exceed the amount specified in the Special Provisions.

(b) Actual yields used in your actual production history will be the number of pounds of sclareol purchased by a processor or determined from claims for indemnities.

3. **Contract Changes.**

In accordance with section 4 of the Basic Provisions, the contract change date is April 30 preceding the cancellation date.

4. **Cancellation and Termination Dates.**

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are July 31.

5. **Report of Acreage.**

In addition to the provisions in section 6 of the Basic Provisions, you must provide a copy of all processor contracts to us on or before the acreage reporting date.

6. **Insured Crop.**

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all Clary Sage in the county for which a premium rate is provided by the actuarial documents:

- (1) In which you have a share;
- (2) That is planted for harvest and extraction of sclareol; and
- (3) That is grown in accordance with the requirements of a processor contract executed on or before the acreage reporting date, and is not excluded from the processor contract during the crop year.

(b) You will be considered to have a share in the insured crop if, under the processor contract, you retain control of the acres on which the Clary Sage is grown, your income from the insured crop is dependent on the amount of sclareol that is extracted from the delivered production, and the processor contract provides for delivery of the Clary Sage under specified conditions and at a stipulated base contract price.

(c) A commercial Clary Sage producer who is also a processor may establish an insurable interest if the following requirements are met:

- (1) The producer must comply with all policy provisions;
- (2) Prior to the sales closing date, the Board of Directors or officers of the processor must execute and adopt a resolution that contains the same terms as an acceptable processor contract.

Such resolution will be considered a processor contract under this policy; and

- (3) Our inspection reveals the processing facilities comply with the definition of "processor" contained in these Crop Provisions.

7. Insurable Acreage.

In addition to the provisions of section 9 of the Basic Provisions:

- (a) Any acreage of the insured crop that is damaged before the final planting date, to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant.
- (b) We will not insure any acreage that does not meet the rotation requirements, if applicable, contained in the Special Provisions.
- (c) The number of insurable acres will be the number of acres planted to fulfill your processor contract.

8. Insurance Period.

In accordance with section 11 of the Basic Provisions, unless otherwise specified in the Special Provisions, the calendar date for the end of the insurance is July 15 of the calendar year in which the crop is normally harvested.

9. Causes of Loss.

- (a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss which occur during the insurance period:
- (1) Adverse weather conditions;
 - (2) Fire;
 - (3) Insects, but not damage due to insufficient or improper application of pest control measures;
 - (4) Plant disease, but not damage due to insufficient or improper application of disease control measures;
 - (5) Wildlife;
 - (6) Earthquake;
 - (7) Volcanic eruption; or
 - (8) Failure of the irrigation water supply, if applicable, due to a cause specified in section 9(a)(1) through (7) that also occurs during the insurance period.
- (b) In addition to the provisions of section 12 of the Basic Provisions, losses NOT covered will include losses caused by the:
- (1) Presence of weeds or other pests unless a cause of loss specified in section 9(a) results in control measures being ineffective (losses caused by pests for which there are no legal control measures may be covered);
 - (2) Clary Sage not being timely harvested, unless such delay in harvesting is due to a cause of loss specified in section 9(a); or
 - (3) Failure to follow any requirement in the processor contract.

10. Replanting Payment.

- (a) In accordance with section 13 of the Basic Provisions, a replanting payment is allowed if the insured crop is damaged by a cause of loss specified in section 9(a) to the extent that the remaining

number of live plants is less than the minimum number of plants shown in the Special Provisions for this purpose and it is practical to replant, or we require you to replant in accordance with section 7(a).

- (b) The maximum amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee (per acre) or 1.0 pound, multiplied by your price election, multiplied by your insured share.
- (c) When Clary Sage is replanted using a practice that is uninsurable as an original planting, the liability for the unit will be reduced by the amount of the replanting payment that is attributable to your share. The premium amount will not be reduced.

11. Duties in the Event of Damage or Loss.

Representative Samples are required in accordance with section 14 of the Basic Provisions.

12. Settlement of Claim.

- (a) We will determine your loss on a unit basis. In the event you are unable to provide separate acceptable production records:
- (1) For any optional units, we will combine all optional units for which such production records were not provided; or
 - (2) For any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the basic unit.
- (b) In the event of loss or damage covered by this policy, we will settle your claim by:
- (1) Multiplying the insured acreage by its respective production guarantee (per acre);
 - (2) Multiplying each result in section 12(b)(1) by the respective price election;
 - (3) Totaling the results in section 12(b)(2);
 - (4) Multiplying the production to be counted by the respective price election;
 - (5) Totaling the results in section 12(b)(4);
 - (6) Subtracting the result of section 12(b)(5) from the result of section 12(b)(3); and
 - (7) Multiplying the result in section 12(b)(6) by your share.
- (c) The total production to count (in pounds of sclareol) includes the following:
- (1) All appraised production as follows:
 - (i) Not less than the production guarantee (per acre) for acreage:
 - (A) That is abandoned;
 - (B) Put to another use without our consent;
 - (C) Damaged solely by uninsured causes; or
 - (D) For which you fail to provide records of production that are acceptable to us;
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production; and
 - (iv) Potential production on insured acreage that you intend to put to another use or abandon, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that

acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:

- (A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count.); or
 - (B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and
- (2) All harvested production from the insurable acreage.
- (d) The amount of sclareol contained in the harvested plants will be determined by the processor based on objective tests and the standard operating procedures of the processor.
 - (e) Any grass or weeds growing in the insured crop may be counted as production of the insured crop on an unadjusted weight basis.
 - (f) No adjustment will be made to the amount of production to count for any penalty or discount applied under the terms of the processor contract, including, but not limited to any penalties or discounts applied for the weed, grass, or moisture content of harvested production.

(g) Example:

- 1. Approved yield 41 lbs.
- 2. Coverage level 65%
- 3. Production guarantee per acre 27 lbs.
- 4. Insured acres 240.0
- 5. Price election \$21.00
- 6. Share 1.000
- 7. Harvested acres 240.0
- 8. Production to count 4,320 lbs.

The claim will be calculated as follows:

1	Insured Acres 240.0	x	Production Guarantee/Ac. 27 lbs.	=	Result 12(b)(1) 6,480 lbs.
---	------------------------	---	--	---	----------------------------------

2	Result 12(b)(1) 6,480 lbs.	x	Price Election \$21.00	=	Result 12(b)(2) \$136,080
3	Total results of 12(b)(2)			=	Result 12(b)(3) \$136,080
4	Production To Count 4,320 lbs	x	Price Election \$21.00	=	Result 12(b)(4) \$90,720
5	Total results of 12(b)(4)			=	Result 12(b)(5) \$90,720
6	Result 12(b)(3) \$136,080	-	Result 12(b)(5) \$90,720	=	Result 12(b)(6) \$45,360
7	Result 12(b)(6) \$45,360	x	Share 1.000	=	Result 12(b)(7) \$45,360

13. Late Planting.

In lieu of sections 16 (b) and (c) of the Basic Provisions, acreage planted after the late planting period is not insurable, regardless of the reason acreage was not previously planted.

14. Prevented Planting.

The prevented planting provisions of the Basic Provisions are not applicable.

15. Written Agreements.

The written agreement provisions of the Basic Provisions are not applicable.