

United States  
Department of  
Agriculture



Risk  
Management  
Agency



Product  
Development  
Division

FCIC 24090 (02-2006)

**2007**

**NURSERY**

**CROP INSURANCE**

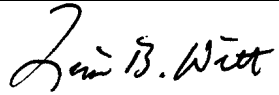
**UNDERWRITING**

**GUIDE**

**2007 and Succeeding Insurance Years  
Underwriting Guide for Catastrophic (CAT), and Additional  
Coverage Nursery Crop Insurance Contracts**



UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

<b>FEDERAL CROP INSURANCE HANDBOOK</b>		<b>NUMBER: 24090 (02-2006)</b>
<b>SUBJECT:</b>  <b>NURSERY CROP INSURANCE UNDERWRITING GUIDE</b>	<b>OPI: Product Development Division</b>	
	<b>APPROVED:</b> 	<b>Deputy Administrator, Research and Development</b>
	<b>DATE:</b>	<b>February 6, 2006</b>

**THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED UNDERWRITING INSTRUCTIONS UNDER POLICY 06-073 FOR 2007 AND SUCCEEDING CROP YEARS.**

**THE INSTRUCTIONS IN THIS HANDBOOK ARE EFFECTIVE UPON ISSUANCE AND ARE NOT RETROACTIVE TO ANY 2006 CROP YEAR DETERMINATIONS.**

**SUMMARY OF CHANGES/CONTROL CHART**

The following list contains significant changes to this handbook, as determined by us. It may not represent all changes made. All changes made to this handbook are applicable regardless of whether or not listed.

Major Changes: See changes or additions in text, which have been highlighted. Three stars (\*\*\*) identify where information has been removed.

Changes for crop year (FCIC-24090) issued **February 2006:**

- A. Page 1, section 1: Updated year of nursery policy.
- B. Page 1, subsection 2 B: Updated referenced date of previously published nursery crop insurance underwriting guide.
- C. Page 1, section 3: Revised instructions to say, "All plants and plant types within the practice (container or field grown) must be insured." Added that, "In addition, the value of Field Market Value A for each unreported unit will be distributed proportionately to each reported unit in the same practice for the purpose of determining the under-report factor for the reported units." Also, revised description of wholesale nursery.
- D. Page 2, subsection 4 A: Removed language regarding crop year 2006, as it is no longer applicable.

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## NURSERY CROP INSURANCE UNDERWRITING GUIDE

### SUMMARY OF CHANGES/CONTROL CHART (Continued)

- E. Page 2, subsection 4 B: Removed language regarding crop year 2006, as it is no longer applicable. Added clarifying language from the crop provisions that carryover insureds may request changes to the coverage level for a plant type on or before the sales closing date. Revised instructions to say an application change form (issued by the company) is required for adding a plant type and/or making a coverage level change. Also added that the PIVR is not an application and cannot be used to apply for coverage.
- F. Page 2, subsection 4 C: Revised instructions to say if the PIVR and catalog/price list are not provided by the sales closing date for any crop year, insurance will not attach until 30 days after all documents are received by the agent.
- G. Page 2, subsection 4 C (2): Removed language regarding crop year 2006, as it is no longer applicable.
- H. Page 2, subsection 4 D: Added Nursery Grower's Price Endorsement Upgraded Plant Report Submission Dates.
- I. Page 3, subsection 4 E (1): Removed language regarding crop year 2006, as it is no longer applicable. Also revised instructions regarding insurance attachment date for new insureds to concur with crop provisions.
- J. Page 3, subsection 4 E (2): Removed language regarding crop year 2006, as it is no longer applicable.
- K. Page 3, subsection 4 F: Updated referenced year to 2007. Revised instructions to say, "For the 2007 and subsequent crop years, if a producer applies for insurance on or after 4/1 for the current crop year or submits a PIVR or wholesale catalog or price list on or after that date (including a revised PIVR), premium will be due at the time of application." Also revised instructions to say, "Premium will also be prorated when plant inventories are submitted with applications after the sales closing date."
- L. Page 3, subsection 4 H: Clarified that insurance ends at the earliest of the events listed. Also updated referenced year to 2007.
- M. Page 4, subsection 5 B: Removed language regarding crop year 2006, as it is no longer applicable. Also revised instructions concerning coverage level changes for carryover policies.
- N. Page 5, subsection 6 B (1): Removed language regarding crop year 2006, as it is no longer applicable.
- O. Page 5, subsection 6 B (2): Clarified that the issue date for insured catalogs or price lists is the season or month and year.
- P. Page 5, subsection 6 B (4): Removed instructions that the RO will return catalogs not meeting insurability requirements to the AIP.

## NURSERY CROP INSURANCE UNDERWRITING GUIDE

### SUMMARY OF CHANGES/CONTROL CHART (Continued)

- Q. Page 6, subsection 6 B (6): Removed language regarding crop year 2006, as it is no longer applicable. Removed instructions that the applicant or policyholder must submit two copies of the nursery's most recent wholesale catalog or price list for each crop year (with the application for new insureds by May 1 for the 2007 and subsequent crop years, for carryover insureds), as this information is already provided in section 6 B. Also moved previous sections 6 E & F to sections 6 B (6) & (7) for greater clarity.
- R. Page 6, subsection 6 C (1): Revised instructions to say, "The insured must use the lower of the EPL/PPS price or the lowest wholesale price in the insured's nursery catalog or price list to establish inventory values, except when an insured has elected the NGPE where available."
- S. Page 7, subsection 6 C (2): Added instructions concerning establishing insured inventory values when the Nursery Grower's Price Endorsement is elected.
- T. Page 10, subsection 7 I: Added instructions concerning prohibited plants.
- U. Page 11, subsection 9 B (3): Added "when a new practice is added" as a criteria for when inspection of nursery operations must occur.
- V. Page 11, subsection 9 D (1): Revised instructions to say the AIP must notify the applicant or insured in writing of any noted deficiency.
- W. Page 11, subsection 9 D (2) (d): Added language from Nursery SPOI statement concerning coverage against losses due to excess moisture or flood, for applicable areas.
- X. Page 13, subsection 9 E (4) (c): Removed language that said plants with existing damage are not insurable. Clarified that plants with existing damage that will recover are insurable only at a reduced value determined by the AIP.
- Y. Page 13, subsection 9 F (2): Revised previous language that said plants that will not recover are not insurable. Clarified that plants that will only partially recover are only insurable for the remainder of the crop year in which they are damaged; however, they are uninsurable the following crop year.
- Z. Page 13, subsection 9 F (3): Removed language that plants with existing damage will not be covered and that such plants are not insurable.
- AA. Page 15, subsection 11 C: Revised instructions to say to determine premium in the case of plant type units, the amount of insurance for each plant type is multiplied by its specific premium rate, any premium adjustment factor, and the monthly proration factor. Also added that the total value for liners must be multiplied by the applicable survival factor found on the special provisions when calculating the amount of insurance to be shown on the PIVR.

## NURSERY CROP INSURANCE UNDERWRITING GUIDE

### SUMMARY OF CHANGES/CONTROL CHART (Continued)

- BB. Page 16, subsection 12 B (2) (b): Added instructions that the total values should be reduced for each plant type so it meets the limits aforementioned in the Guide. Provided an example of the instructions.
- CC. Page 17, subsection 12 C: Added instructions and example for handling unreported units.
- DD. Page 17, subsection 13 A (2): Removed language regarding crop year 2006, as it is no longer applicable. Also removed references to the word “next” in text.
- EE. Page 18, subsection 13 B (2): Clarified instructions to say the PIVR will include for each applicable practice, all plant types grown and plant inventory values.
- FF. Page 18, subsection 13 B (3): Added instructions concerning Nursery Grower’s Price Endorsement for PIVR reporting requirements.
- GG. Page 18, subsection 13 B (7): Revised instructions to say all plant types the producer grows in each insurable practice must be insured.
- HH. Page 19, subsection 13 D (g): Clarified instructions concerning revising the PIVR to add a new plant type.
- II. Page 21, section 14: Added instructions to refer to the FCIC-24020 Written Agreement Handbook for written agreement procedures and requirements.
- JJ. Page 21, subsection 14 A (1) (b): Removed language regarding crop year 2006, as it is no longer applicable.
- KK. Page 21, subsection 14 A (2): Revised instructions for greater clarity to if the insured has additional coverage with basic units by plant type and subsequently adds a new plant that falls under a plant type that has not been previously reported, the coverage level must be selected at the same time and the PIVR must be revised.
- LL. Page 23, subsection 15 A (5): Clarified instructions to say the fact that insureds cannot elect peaks by plant type is true even though the value of each individual plant type in a basic unit by share must be reported on the PIVR, which is done in order to collect information needed to properly calculate premium.
- MM. Page 23, subsection 15 A (7): Revised instructions to say For example, the insured may use the Peak Inventory Value Endorsement to insure an anticipated inventory value increase in April and May
- NN. Page 23, subsection 15 A (10): Added instructions that coverage attaches on the coverage commencement date, which is the later of the date the insured declares as the beginning of coverage or 30 days after a properly completed Peak Inventory Value Report is received by the AIP.

## NURSERY CROP INSURANCE UNDERWRITING GUIDE

### SUMMARY OF CHANGES/CONTROL CHART (Continued)

- OO. Page 24, section 16: Added Nursery Grower's Price Endorsement with instructions.
- PP. Page 26, subsection 17 A (1): Revised instructions to say the total actual rehabilitation costs for each loss occurrence on the basic unit must be at least the lesser of 2.0 percent of field market value A for the basic unit or \$5,000.
- QQ. Page 26, subsection 17 A (3): Revised instructions to say the rehabilitation endorsement must be selected on the application for new applicants or by the sales closing date for carryover insureds.
- RR. Page 27, subsection 17 D: Revised calculation instructions for rehabilitation endorsement example.
- SS. Page 29, subsection 19 A: Revised description of field market value A.
- TT. Page 32, Exhibit 1: Revised Plant Inventory Value Report worksheet to concur with Nursery Grower's Price Endorsement.
- UU. Page 34, Exhibit 1: Removed instructions that said written agreements may not be requested for revisions to the PIVR, as it was unneeded.
- VV. Page 35, Exhibit 1: Removed language regarding crop year 2006, as it is no longer applicable. Corrected date in example of coverage timeline. Added an underwriting question concerning the nursery grower's price endorsement. Revised instructions for 'Reporting By Practice' for CAT insureds.
- WW. Page 36, Exhibit 1: Added requirement to 'Understanding By Insured' concerning written agreements, the nursery grower's price endorsement, and that all plant types in each insured practice must be insured.
- XX. Page 42, Exhibit 3: Added question to Nursery Underwriting Inspection Report asking if any of the insured's plants sustained previous damage.
- YY. Page 46, Exhibit 4: Added clarifying instructions regarding liners.

<b>Control Chart For: 2007 Nursery Crop Insurance Underwriting Guide</b>						
	<b>SC Page(s)</b>	<b>TC Page(s)</b>	<b>Text Page(s)</b>	<b>Exhibits</b>	<b>Date</b>	<b>Directive Number</b>
<b>Current Index</b>	<b>1-6</b>	<b>1-2</b>	<b>1-31</b>	<b>32-47</b>	<b>02-2006</b>	<b>FCIC-24090</b>

**NURSERY CROP INSURANCE UNDERWRITING GUIDE**  
**SUMMARY OF CHANGES/CONTROL CHART (Continued)**

**(RESERVED)**



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## 1. PURPOSE AND OBJECTIVE

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To provide instructions for underwriting nursery crops under policy 06-073 and to assure uniform acceptance of nursery risks meeting the criteria provided by the handbook.

## 2. CANCELLATION

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- A. Effective Date: Upon Approval.
- B. Replaces: Nursery Crop Insurance Underwriting Guide 24090 issued August 2005.

## 3. AVAILABILITY

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Nursery crop insurance protection is available to all persons operating a wholesale nursery that produces and markets nursery plants grown in standard nursery containers or the field in accordance with the Common Crop Insurance Policy, Special Provisions, CAT Endorsement, and Nursery Crop Insurance Provisions.

A nursery grower may insure either the field grown practice or container grown practice or both. Container and field grown plants are insured as if they are different crops and can have different coverage—catastrophic (CAT) or buy-up. All plants and plant types within the practice (container or field grown) must be insured. An administrative fee will be charged for each practice insured.

If an insured with CAT coverage or with buy-up coverage with basic units by share does not report all plant types, in case of loss, the under-report factor will reduce any indemnity paid. If an insured with buy-up coverage with basic units by plant type does not report all plant types, in case of loss, the insured will not receive an indemnity on the unreported plant types. In addition, the value of Field Market Value A for each unreported unit will be distributed proportionately to each reported unit in the same practice for the purpose of determining the under-report factor for the reported units.

A wholesale nursery is a business enterprise that grows and markets nursery plants at wholesale prices. Fifty percent or more of the nursery's gross income (on a county basis) must be derived from wholesale marketing of plants. A nursery that receives more than 50% of its gross income from retail plant sales is not eligible for coverage under the Nursery Crop Insurance Provisions for the applicable county. Whether a nursery holds a wholesale license is not a determining factor in establishing if it qualifies as a wholesale nursery under the Nursery Crop Provisions. The requirement of growing the plants in addition to the percentage of nursery plants sold at wholesale prices is the only basis for this determination (See Final Agency Determination (FAD) – 009).

The percentage of nursery plants sold at wholesale prices is determined by dividing the dollar amount of wholesale plant sales by the total dollar amount of combined retail and wholesale plant sales. Income from other operations including landscaping, chemical sales, other nursery related products, production of other crops or livestock or any other business enterprise not related to the nursery inventory are not to be included in this calculation.

#### 4. IMPORTANT DATES

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A. **CONTRACT CHANGE DATE** – 1/31 for 2007 and subsequent crop years.

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B. **SALES CLOSING DATE** – May 1 for the 2007 and succeeding crop years (insurance begins June 1 and ends May 31). New-policy applications may be filed at any time. However, all applications, including those for new or amended coverage, are subject to a 30-day waiting period before commencement of coverage as specified in sections 3(d) and 9(a) of the crop provisions. Carryover insureds may request changes to the coverage level for a plant type on or before the sales closing date. An application change form (issued by the company) is required for adding a plant type and/or making a coverage level change. The insurance application and the Plant Inventory Value Report (PIVR) are two separate forms and shall be treated as such in contract administration. The PIVR is not an application and cannot be used to apply for coverage.

All applicants must be eligible for crop insurance benefits and not be listed on the Ineligible Tracking System. Any producer who is ineligible because of debt may subsequently become eligible by paying the debt. Such producers may then apply for nursery crop insurance for the remainder of the crop year if the application is submitted more than 30 days before the end of the crop year. Refer to Section 2 (f) of the Common Crop Policy, Basic Provisions for provisions regarding insurance eligibility.

C. **PLANT INVENTORY VALUE REPORT REPORTING AND CATALOG/PRICE LIST SUBMISSION DATE**

(1) New insureds - with the application.

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(2) Carryover insureds – On or before the sales closing date (05/01) for the 2007 and subsequent crop years.

If the PIVR and catalog/price list are not provided by the sales closing date for any crop year, insurance will not attach until 30 days after all documents are received by the agent.

D. **NURSERY GROWER'S PRICE ENDORSEMENT UPGRADED PLANT REPORT SUBMISSION DATES**

(1) New insureds - with the application.

(2) Carryover insureds - on or before the sales closing date.

**E. INSURANCE ATTACHMENT DATES**

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(1) New insureds – The later of 30 days after the application is received by the agent (unless otherwise notified) or 6/1 for the 2007 and subsequent crop years.

\*\*\*

(2) Carryover insureds – 6/1 for the 2007 and subsequent crop years.

\*\*\*

For insurance to attach on 6/1, insureds must request coverage level changes in writing to the insurance provider on or before the May 1 sales closing date. If the insured fails to provide a PIVR or applicable catalog or price list on or before the sales closing date for any crop year, insurance will not attach until 30 days after all such documents have been received by the crop insurance agent.

**F. PREMIUM BILLING DATE – April 1 of the crop year for the 2007 and subsequent crop years. The insured is responsible for:**

(1) Premium based on:

(a) The PIVR—may be prorated the first year.

(b) A revised PIVR—will be prorated from the starting month to end of crop year.

(c) A Peak Inventory Value Report—will be prorated from starting to ending month.

In accordance with section 7c of the Nursery Crop Provisions, if premium is prorated, premium will be charged for the entire month for any calendar month during which any amount of coverage is provided under the provisions or the Peak Inventory Endorsement. The rate used to calculate premium will be the rate effective on the last date of the month. For the 2007 and subsequent crop years, if a producer applies for insurance on or after 4/1 for the current crop year or submits a PIVR or wholesale catalog or price list on or after that date (including a revised PIVR), premium will be due at the time of application. Premium will also be prorated when plant inventories are submitted with applications after the sales closing date.

(d) The election of the Rehabilitation Endorsement.

(2) An administrative fee that is due for each crop/practice insured.

**G. CANCELLATION AND TERMINATION DATES—The cancellation and termination dates will be May 31 preceding the crop year.**

**H. END OF INSURANCE—Insurance ends at the earliest of (1) 5/31 of the crop year for the 2007 and subsequent crop years; (2) the date of final adjustment of a loss when the total indemnities due equal the amount of insurance; (3) removal of bare root nursery plant material from the field; or (4) removal of all other insured plant material from the nursery.**

## 5. COVERAGE LEVELS

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To be effective for the current crop year, changes to coverage level elections are limited as follows:

- A. **For new policies**, changes may not be made after the date of the application.
- \*\*\* B. **For carryover policies**, coverage level changes and/or changes from basic unit by share to basic unit by plant type or vise versa may not be made after the 5/1 sales closing date for the 2007 and subsequent crop years. The approved insurance provider (AIP) has the right to reject a requested coverage level change if a loss occurs within 30 days of the date the request is made. If the coverage level change is rejected, the coverage level that was in place previously will remain in effect for the current crop year.
- C. (1) **For buy-up policies**, the price percentage is limited to 100% of the price election, and only one coverage level election may be selected for each basic unit.
- (2) **For CAT policies**, the price percentage is 55% of the price election, and the coverage level is 50%. If the insured selects catastrophic risk protection for one practice, all plant types under the practice are insured at the catastrophic risk protection level.

## 6. BASIS OF COVERAGE

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- A. **ELIGIBLE PLANT LIST AND PLANT PRICE SCHEDULE (EPL/PPS):**
- (1) Is available on a CD ROM and on the RMA web site at <http://www.rma.usda.gov/tools/eplpps>.
- (2) Is used to establish insurability, liability, and indemnities.
- (a) Provides maximum insurable plant prices by type, practice, and size. Refer to section 10 (C) (2) for the insurable plant types contained on the **EPL/PPS**.
- (b) Identifies insurable plants by name and type.
- (c) Assigns insurable hardiness zones for listed plants.
- (d) Provides storage keys defining over-winterization requirements for listed container plants.
- (e) Designates insurable hardiness zones by county.
- (f) Provides other information to administer the nursery program.
- (3) Designates plants according to plant types and two production practices: field grown and container grown.

## **B. NURSERY CATALOGS OR PRICE LISTS**

- (1) The nursery crop provisions require insureds to provide 2 copies of their current wholesale plant catalog or price list each crop year as a condition of insurance. If the catalog or price list is provided by CD, it must be accompanied by two hard copies. Hard copies must be the same as the one(s) provided to customers.

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If the carryover insured does not provide the required catalogs and/or price lists by May 1 prior to the start of the crop year for the 2007 and subsequent crop years, insurance will not attach until 30 days after all such documents have been received by the insured's crop insurance agent. If a new producer fails to provide catalogs or price lists with the application, the company will reject the application.

- (2) All catalogs or price lists must be neat, type-written, legible and contain the following information:
  - (a) Issue date (season or month and year) on the cover page (may be handwritten).
  - (b) Name, address, and phone number of the nursery.
  - (c) Each plant's name (scientific or common), plant or container size, and wholesale price.
  - (d) Be provided to customers and used in the sale of the plants.
  - (e) AIP will add the crop year, servicing company, agent's name, and the policy number.
- (3) The AIP will reject catalogs or price lists that do not meet the policy criteria and notify the insured or applicant in writing of the reason for rejection.

A crop Inventory Valuation Estimate created with the use of the Nursery Crop Insurance Software cannot be used as a substitute for the catalog or price list.

- (4) Reinsured companies will submit one copy of the wholesale catalog or price list to the RMA Regional Office (RO) on a timely basis. The company's copy of the catalog or price list will be maintained in the official file of the policyholder.
- (5) The RO will also obtain catalogs or price lists for representative non-insured nurseries and will submit all catalogs and lists received and collected to the party responsible for maintaining the plant list and price schedule.
- (6) Plant prices determined from the nursery catalog, price list, or EPL/PPS remain in effect for that crop year only and must be re-determined for the following crop year, using the nursery catalog or price list and EPL/PPS in effect for that crop year. If the nursery publishes more than one edition of its wholesale catalog or price list offering different plants (e.g., a fall plant catalog and a spring catalog), two copies of the most recent edition of each season must be submitted for each crop year at the time the initial PIVR is submitted. The policyholder may revise the PIVR or elect a Peak

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Inventory Endorsement during the crop year. The catalog or price list in effect for the crop year on the date insurance attaches (for new insureds) or May 1 prior to the start of the crop year for the 2007 and subsequent crop years (for carryover insureds) will be used for purposes of the revised report or endorsement (see F below for additional instructions).

- (7) If both a spring and fall catalog or price list is submitted by a nursery, the prices for plants will be selected from the appropriate catalog. For example, the nurseryman applies for a nursery policy in April and has catalogs published in March of the current year and September of the prior year. If catalog prices are used, the March catalog will be the first reference for the inventory of plants. If certain plants are not contained in the March catalog, the nurseryman may reference the September catalog.

**C. INVENTORY VALUES WILL BE DETERMINED AS FOLLOWS:**

- (1) The insured must use the lower of the EPL/PPS price or the lowest wholesale price in the insured's nursery catalog or price list to establish inventory values, **except when an insured has elected the NGPE where available**. The "lower of" price rule is also applicable to coverage bound as a result of any Peak Inventory Value Report and any revision to the PIVR. Losses will be adjusted on the basis of the "lower of" prices without regard to the prices used by the insured to prepare the PIVR.
- (a) A plant that is priced on the EPL/PPS under both the high/wide and caliper measurement methods may be valued for pricing purposes using the lowest wholesale price for the plant that is contained in the insured's nursery catalog or price list. However, such price may not exceed the maximum price for the plant contained on the EPL/PPS.
  - (b) The "lowest wholesale price" in the nursery's catalog or price list is defined as the lowest unit price at which a plant is offered for sale (see items (c) and (d) below for additional information).
  - (c) Methods used in discounting prices may be based on dollar amount purchased, number of plants purchased, or other methods of price discounting. The method used by the insured to discount prices will be used in the determination of the lowest price. The discounts available must be shown on the catalog, price list, or a printed discount schedule. It is not considered a discount if prices are lowered to sell lower quality plants or reduce inventory.
  - (d) If there is an incremental volume discount offered in pricing nursery plants, the lowest price offered will be used. For example: the lowest price per unit for the largest volume of plants offered for sale. To further illustrate, a plant may be offered for sale in the following manner using incremental discounts or volume discounts:
    - (i) 500 plants @ 1.00 dollar each
    - (ii) 1,000 plants @ 75 cents each



- (iii) 5,000 plants @ 45 cents each

The price of 45 cents will be used, as this is the lowest unit price.

- (2) If the Nursery Grower's Price Endorsement is elected, the insured may establish inventory values based on upgraded plant prices higher than the EPL/PPS prices but less than or equal to the insured's wholesale catalog or price list prices. Insureds who elect the Endorsement must, however, have verifiable sales records and meet all eligibility requirements contained in section 2 of the Nursery Grower's Price Endorsement.

- D. **All plant cultivars of a genus, genus/species, genus/hybrid, or genus/species/subspecies** or variety may not be listed in the EPL/PPS. In these cases, the insurable price of each **unlisted cultivar** will be determined by comparing the catalog price to the EPL/PPS price for the appropriate genus, genus/species, genus/hybrid, or genus/species/subspecies or variety to determine the "lower of" price. See the example below.

**EXAMPLE:** The EPL/PPS shows a price of \$4.76 for boxwoods (genus *Buxus*) at the **genus level** in a one-gallon container and a price of \$2.31 for Japanese Littleleaf Boxwood (*Buxus Microphylla* var. *Japonica*) at the **genus/species/variety level** in a one-gallon container. The nursery lists in its catalog the one-gallon price for *Buxus* Cultivar X (genus/cultivar) as \$5.00 and a one-gallon price for *Buxus Microphylla* var. *japonica* Cultivar Y' (genus/species/variety/cultivar) as \$2.25. Enter the two **unlisted cultivars** of boxwoods on separate lines. The inventory software will apply the "lower of" rule for both unlisted plants and will select the \$4.76 EPL/PPS genus level price for *Buxus* Cultivar X' and the \$2.25 catalog price for *Buxus Microphylla* var. *japonica* Cultivar Y'.

If the insured uses a common name for a plant that is different from the valid common name used for the same plant in the **EPL/PPS**, the plant is still insurable. The loss adjuster shall attach a special report to the insured's claim, listing the common plant names used in the insured's wholesale catalog or price list and the corresponding valid Botanical and common names (if common names are available) listed on the **EPL/PPS** for the same plants. If these names are available at the time of insurance attachment, a report may be placed in the insured's file.

## 7. INSURABLE PLANTS

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Insurable plants include:

- A. **Container and field grown nursery plants** identified on the EPL/PPS meeting the requirements of the Common Crop Insurance Policy, Nursery Crop Insurance Provisions, Special Provisions of Insurance, and the EPL/PPS.
- B. **Eligible plants grown under irrigation.** The Special Provisions may allow for a non-irrigated practice for field grown plants.

Unless otherwise allowed in the Special Provisions nurseries are required to be irrigated on an as-needed basis. Container plants require an ongoing application of water. Field grown plants may require a more or less frequent application of water.

There are various methods of irrigating. For the purposes of insurance there must be an adequate supply of water and adequate equipment to deliver the water to the plants. The source of water may be a well, lake, river, or it may be delivered with tanker truck. The method of application also may vary; for example, sprinklers or trickle irrigation. See section 9E(4)(a), Conditions of Acceptance, for additional instructions for making irrigation determinations. It is the inspector's responsibility to affirm that there is an adequate source of water and that the method and frequency of application is effective in maintaining the proper amount of moisture for the plants. Weather conditions and plant type also affect the required frequency and amount of water application. In the event a water source fails or there is a failure or loss of irrigation equipment due to uninsured causes, coverage will be denied. Examples would include failure of a well or public water shortage as the result of non-insured causes of loss, breakdown of equipment, or inability to use tankers to transport water. Coverage will be provided only if there is a failure of the irrigation water supply due to a cause of loss specified in Section 10 of the Nursery Crop Insurance Provisions.

**C. Plants meeting the following size requirements and guidelines:**

- (1) Field grown plant sizes between those listed on the Base Price Table of the EPL/PPS should be rounded to the nearest size to determine the price (see (a) below for exception).
  - (a) Plants smaller than the smallest listed size are not insurable. Do not round up.
  - (b) Plants larger than the largest size listed on the EPL/PPS are insurable, but the price is limited to the lower of the
    - 1 EPL/PPS price for the largest plant size listed, or
    - 2 The lowest wholesale catalog/list price for the affected plant sizes.
- (2) The plant height determined under the high/wide measurement method will not include the height of the root ball for balled-and-burlapped plants. The high/wide measurement method uses the height of the trunk from the in-ground soil line or the width of the canopy (branches and foliage).
- (3) Insurable plants in over-sized containers will be valued for purposes of reporting inventory as if the plants were in appropriately-sized containers in accordance with the standards contained in the American Standard For Nursery Stock (ANSI Z60.1). Trays with individual cells less than 1 inch in diameter at the widest point of the container interior are not insurable. See the EPL/PPS and Exhibit 4 footnote in this guide for additional information and requirements.
- (4) Insurable plants or plant sizes not listed in the insured's catalog or price list will be valued based on the lesser of the EPL/PPS price for the applicable plant and size or the insured's catalog or price list price for the same plant at the larger size listed in the catalog or price list.

- (5) Container sizes are determined on an actual volume basis for purposes of determining the price of the plant as provided on the EPL/PPS. (See the Special Provisions and the table found in Exhibit 5 in this handbook.)
- (6) A plant may be priced by a nursery by height (high/wide) whereas the EPL/PPS may only list caliper as the method of measurement and pricing. The reverse may also occur. In these instances, a ‘comparable size’ determination must be made before the ‘lower of’ price rule can be applied.

**EXAMPLE:** A nursery reports that there are 100 ten-foot-high Acey Broom trees in the inventory. The EPL/PPS shows the Acey Brooms priced by container size or by caliper, but not by high/wide. A determination is made that they are 2 inches in caliper. With this information the nursery’s catalog price may be compared to the EPL/PPS caliper price to determine the ‘lower of’ price.

See the Nursery Crop Insurance Provisions, section 8, for additional information regarding insurable plants.

**D. Organically-grown plants**

If an insured produces organically-grown plants, she/he must select either the certified organic (OC) or the transitional organic (OT) option and report the organically-grown plants separately from the conventionally-grown plants on the PIVR.

- E. Insurable plants damaged prior to the attachment of insurance**, for the current crop year, may be accepted by the **AIP** for coverage if inspected by the AIP prior to insurance attaching and a reduced value established. Such plants will not be insured at their full value until they have fully recovered. If not accepted by the AIP, the plants must be removed from the PIVR and noted as such in the remarks of the PIVR. If the insured has previously made a claim and the loss adjuster is unable to determine whether a plant was damaged prior to submission of the PIVR for the current crop year, the plant will be insurable at full value based on the lesser of the **EPL/PPS** price or the catalog or price list price. The value of the plant may be reduced at any time during the crop year if the extent of damage is discovered.

- F. Container grown plants** must meet the over-winterization cold protection requirements contained in the EPL/PPS to be insurable for losses caused by cold weather.

- G. Plants may be established as insurable** under a written agreement prepared by RMA (not applicable to CAT). See section 14, Written Agreements for Unlisted Plants, for additional instructions.

- H. The EPL/PPS does not provide a price for** nursery containers in which 2 or more different genera, species, subspecies, varieties or cultivars of plants are grown. Therefore, such containerized plants (dish gardens) are not insurable as grown. Additionally, the crop insured will be all nursery plants and plant types in each practice, contained on the **EPL/PPS**, in which the insured has a share, that the insured elects to insure, and that are not grown for sale as Christmas trees; are not stock plants or plants being grown solely for

harvest of buds, flowers, or greenery; and may produce edible fruits or nuts provided the plants are made available for sale (harvest of the edible fruit or nuts does not affect insurability).

**I. Prohibited Plants**

Any plant classified by a state or county as illegal to grow or sell in the county in which the nursery is located is uninsurable, even if listed in the EPL/PPS or otherwise qualifying as insurable. For example, growing or selling plants classified as invasive species is illegal in many states and counties. No indemnity will be paid on any such plant.

## 8. CAUSE OF LOSS LIMITATIONS

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- A. **Plant disease and insect damage** are not covered unless the disease or insect infestation occurs and no effective control measure exists, or unless otherwise specified on the Special Provisions. If a pesticide or herbicide does not exist for control of disease or insects, loss from disease or insects that are not controllable will be covered. Horticulturists, extension agents, or agronomists may be used as experts in determining appropriate control measures.
- B. **Insurable plants grown without over-winterization cold protection** are covered for all named perils except cold temperatures.
- C. **See Section 10 of the Nursery Crop Insurance Provisions** for additional limitations.

## 9. CONDITIONS OF ACCEPTANCE

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- A. **An inspection report must be completed** prior to the acceptance of any application for insurance of a nursery crop and at certain other times. The nursery inspection is conducted by the company to determine the acceptability of the nursery operation as an insurance risk. The company's underwriters will review the inspection reports and determine whether to bind coverage. In case of a negative inspection report, the company will respond by choosing from the options under D and E of this section.
- B. **Inspection of nursery operations** must occur in the following circumstances: (Check Special Provisions of Insurance for additional required inspections.)
  - (1) The first year for all policyholders and when a policy is transferred from another company to determine if:
    - (a) The inventory amounts reported are appropriate for CAT policies and the limits are not exceeded as provided under Section 6 (f) of the Nursery Crop Provisions;
    - (b) The reported values are reasonable;
    - (c) The risk is acceptable;

- (d) There is existing damage; and
- (e) Insurability requirements are met (refer to section 8 of the Nursery Crop Provisions for additional information). To establish the value of insured plants damaged during the current crop year that will remain in the insured's inventory and are insurable at a reduced value the following crop year.

(2) When the total of all the basic unit values contained on the revised PIVR is increased 50 percent or more from the previous total of all the basic unit values on the PIVR, and the increase is not due to restocking subsequent to an insured loss. This is measured on a practice basis. The inspection must be performed within 30 days of receiving the revised PIVR to validate the nursery is capable of handling the increased inventory value reported.

(3) When a new practice is added.

(4) When a new site or location is added to the operation.

C. **The inspection must be completed** timely enough to provide the company the opportunity to reject the application, determine the value of all inventory including the value of plants with existing damage that the AIP elects to insure at a reduced value, or cancel the policy if necessary.

D. **A negative inspection report requires one or more of the following actions:**

- (1) Notify the applicant or insured **in writing** of any noted deficiency, and if the deficiency is not corrected and a loss occurs, there are potential grounds for denying any claim based on the Nursery Crop Policy Insurance Provisions.
- (2) Notify the applicant or insured that on the basis of the negative inspection report and/or requirements of the Nursery Crop Insurance Provisions and Special Provisions that:
  - (a) Coverage is denied (reject or cancel the policy);
  - (b) Coverage is accepted on undamaged inventory;
  - (c) Coverage on damaged inventory can be accepted at a reduced value or rejected;
  - (d) If the nursery is susceptible to precipitation or flood damage (e.g., pooling of water in low-lying areas), coverage will be denied unless measures are taken to improve drainage and/or protect the plants from damage (e.g., installation of pumps or elevation of plants to an adequate height off the ground). **If required by the Special Provisions, the following limitation applies:**

**If, during any of the three most recent crop years, the insured incurred a paid crop insurance indemnity due to excess moisture or flood that was not associated with a named storm (hurricane, typhoon, or tropical storm named and designated as such by the National Oceanic and Atmospheric Administration's National**

Hurricane Center, or its successor), the AIP will not insure against any future losses due to excess moisture or flood not associated with a named storm unless the insured makes improvements to his/her nursery to mitigate future losses from these perils. At the insured's request, the AIP will inspect the improvements and, if acceptable, approve the nursery for renewed coverage against these perils.

- (3) Review the nursery's records to determine if the reported values are unreasonable.
- (4) Re-inspect the nursery to determine if the causes for denying a claim or coverage have been corrected.

**E. The required inspection elements and recommended company actions in case of a negative report are:**

<u>INSPECTION</u>	<u>ACTION (NEGATIVE REPORT)</u>
(1) Eligibility	Deny coverage.
(2) Reasonableness of reported value	Review nursery's records. If still negative, deny coverage.
(3) Failure to provide documentation or providing inadequate documentation	Deny coverage on the basic unit.
(4) Adequacy of Facilities:	
(a) Inadequate Irrigation	When only a portion of the plants are irrigated and non-irrigated coverage is not allowed by the Special Provisions, deny coverage.  The inspector must determine the requirements, adequacy and availability of irrigation for both the container and field grown plants. Younger field grown plants and most containerized plants require more frequent water application than established field grown plants.
(b) Inadequate Cold Protection	If the over-winterization cold protection is inadequate, the company will notify the nursery in writing that a loss from cold temperatures may be denied or deny all coverage.

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|---|--|
| <p>(c) Existing damage</p>                            | <p>Notice of potential grounds for denying a claim or denying or reducing coverage. If plant disease, insect infestation, or other plant damage is evident during the inspection, the company will notify the nursery in writing that plants with existing damage that will recover are insurable only at a reduced value determined by the AIP.</p> |
| <p>(d) Improper container or potting medium</p>       | <p>Notice of potential grounds for denying a claim or denying coverage.</p>  |
| <p>(e) Weeds</p>                                      | <p>Notice of potential grounds for denying a claim or denying coverage.</p>  |
| <p>(f) High risk of precipitation or flood damage</p> | <p>Notice of potential grounds for denying coverage. Deny coverage if corrective action is not taken.</p>  |

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**F. As the result of the inspection:**

- (1) In all cases, the company may choose to re-inspect. If the deficiency upon which a denial was based is corrected, an applicant may reapply for coverage. A 30-day waiting period will be applied to this subsequent application for new insureds.
- (2) If plant damage is evident at the time of inspection, the inspector will document the plants damaged, types/practices, type of damage, number of damaged plants that will recover, time required for plant recovery, reduced value of the recoverable plants, and the number of damaged plants that will not recover (plants that will only partially recover are only insurable for the remainder of the crop year in which they are damaged; however, they are uninsurable the following crop year) and the value of such plants needs to be removed from the PIVR.
- (3) Some of the plants may be dormant at the time of the inspection and possible plant damage is evident, but the amount of the damage cannot be determined. The inspector will document the plants with possible damage, types/practices, type of damage, and number of plants. Notify the nursery in writing that a reinspection will be performed after the plants come out of dormancy, and damaged plants are insurable only at a reduced value determined by the AIP.
- (4) If a claim has been submitted and the loss adjuster is unable to determine whether a plant was damaged prior to submission of the PIVR for the current crop year, the plant will be insurable at full value based on the lesser of the Eligible Plant List price or the catalog or price list price. The value of the plant may be reduced at any time during the crop year if the extent of damage is discovered.

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- (5) The AIP may adjust the PIVR to reflect the decreased values by plant type after the sales closing date.

## **10. UNIT DIVISION**

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**A. Unit division on a geographic basis** (i.e., different sections, FSNs, etc.) is not available under policy 06-073 for CAT or additional coverage. Optional units are not available for either CAT or additional coverage.

**B. For CAT:**

Basic units are established in all nurseries in a county, in which the insured has a 100 percent interest or which is owned by one person and operated by another person on a share basis.

**C. For additional coverage:**

(1) Basic units are established by share which may be further divided into additional basic units for each insurable plant type. All insurable plants under each practice in which the insured has a share is a basic unit. If basic units by share are not further divided into basic units by plant type, one coverage level must be elected, and this one coverage level will apply to all plant types in the insured practice.

(2) The following are the insurable plant types contained on the Eligible Plant List:

- (a) Deciduous trees (shade and flower);
- (b) Broad-leaf Evergreen trees;
- (c) Coniferous Evergreen trees;
- (d) Fruit and Nut trees;
- (e) Deciduous Shrubs;
- (f) Broad-Leaf Evergreen Shrubs;
- (g) Coniferous-Evergreen Shrubs;
- (h) Small Fruits;
- (i) Herbaceous Perennials;
- (j) Roses;
- (k) Ground Cover and Vines;
- (l) Annuals;



- (m) Foliage;
  - (n) Palms and Cycads;
  - (o) Liners (container grown only and inclusive of all insurable plant types).  
Additionally, liners in trays with multiple genus, species, subspecies, varieties, or cultivars are not insurable; and
  - (p) Other plant types listed in the Special Provisions.
- (3) The basic unit will be used to establish:
- (a) The amount of insurance;
  - (b) Crop year and occurrence deductible;
  - (c) Under-report factor;
  - (d) Premium; and
  - (e) The maximum indemnity payable.

## 11. AMOUNT OF INSURANCE

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Amount of insurance for each basic unit is used to calculate Crop Year Deductible, Under-Report Factor and Maximum Indemnity Payable for the basic unit and is determined as follows:

- A. **For buy-up policies**, the amount of insurance for each basic unit is the insured's basic unit value multiplied by the coverage level percentage that the insured elects multiplied by the insured's share. For liners, the amount of insurance is also multiplied by the survival factor shown on the Special Provisions of Insurance.
- B. **For CAT policies**, the amount of insurance is the basic unit value multiplied by the coverage level percentage (50%) multiplied by 55% of the price election multiplied by the insured's share. For liners, the amount of insurance is also multiplied by the survival factor shown on the Special Provisions of Insurance.
- C. **To determine premium** in the case of practice (or share) units, the amount of insurance for each plant type is multiplied by its specific premium rate, any premium adjustment factor, and monthly proration factor, if applicable, and each of these products shall be summed. To determine premium in the case of plant type units, the amount of insurance **for each plant type** is multiplied by its specific premium rate, any premium adjustment factor, and the monthly proration factor. **The total value for liners must be multiplied by the applicable survival factor found on the Special Provisions when calculating the amount of insurance to be shown on the PIVR.**

## 12. PENALTIES FOR MISREPORTING

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### A. Under-report Factor (penalty for under-insuring).

If the policyholder fails to report an amount of insurance at least equal to the value of the inventory at the time of loss determination, any indemnity due will be reduced in proportion to the amount of under-insurance.

**EXAMPLE:** The value of the nursery inventory for the basic unit reported on the plant inventory report is \$100,000. Field market value A was \$125,000. The under-report factor is .80 (100,000/125,000). A \$40,000 loss occurs (125,000 - 85,000). The insured has reported 80% of the inventory and thus receives 80% of the loss or \$32,000. This amount would be used to determine the final indemnity (see examples in section 15 of the Nursery Crop Insurance Provisions).

### B. OVERSTATING INVENTORY VALUE

- (1) FOR BUY-UP POLICIES – If the policyholder reports an amount of insurance that exceeds the actual value of the inventory, the insured will pay for coverage on which no indemnity can be collected and premium dollars will be wasted. In addition, this will increase the crop year deductible and may cause the occurrence deductible to be applied for each loss in the case of multiple losses and reduce the total amount of indemnity that the insured may otherwise have been paid. Agents are encouraged to advise insureds that plants will be priced using the “lower of” method at the time of loss. See sections 6 B and F regarding the requirements for submitting nursery catalogs or price lists with the PIVR.
- (2) FOR CAT POLICIES – The total of the reported basic unit values for each applicable practice cannot exceed 110 percent of **the higher of:**
  - (a) The greatest amount of plant sales for the practice in any of the three previous years or
  - (b) The actual inventory value for the crop year on the date insurance attaches.

If the total values reported on the PIVR exceeds these limits, the AIP should not issue a policy for more than the limits. The AIP should also write a letter to the insured advising him/her that the amount of insurance applied for cannot be issued under the FCIC rules and that the provider is issuing the policy for the maximum allowable amount. **The total values should be reduced for each over-reported plant type so it meets the limits aforementioned. For example, if the value exceeds the limit by 15%, each plant type value will be reduced by 15%.**

### **C. UNREPORTED UNITS**

As specified in the Special Provisions, for each insured practice, the insured must insure and report on the PIVR the value of all insurable units, whether by share or plant type. If the insured fails to report any unit, plants in that unit will not be insured. In addition, and for the sole purpose of determining the under-report factors for reported units, we will determine Field Market Value A for each unit the insured fails to report and assign such value proportionately to each reported unit in the same practice.

#### **EXAMPLE:**

Reported Plant Type X - FMV-A = \$2,000,  
Reported Plant Type Y - FMV-A = \$4,000,  
Unreported Plant Type Z - FMV-A=\$8,000.

Plant type X is 33% (\$2,000/\$6,000) of total reported dollar amount of inventory for the practice.

Plant type Y is 67% (\$4,000/\$6,000) of total reported dollar amount of inventory for the practice.

33% of \$8,000 is \$2640, so FMV-A for plant type X would be adjusted to \$4,640 (\$2,000 + \$2640).

67% of \$8,000 is \$5,360, so FMV-A for plant type Y would be adjusted to \$9,360 (\$4,000 + \$5,360).

### **D. PREMIUM IMPLICATIONS**

If an insured with basic units by plant type misreports plant types, premium will not be adjusted. However, for all other unit types, if the misreporting of plant types causes a difference in premium that exceeds the FCIC-approved tolerance (\$250), premium must be adjusted.

## **13. PIVR**

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- A. A PIVR must be signed and dated.** It is not acceptable to mark report “signature on file” or “report by telephone” or any other remark without the actual signature of the insured. For each insured practice, a PIVR must be submitted:

- (1) At the time of application for new insureds.
- (2) On or before the sales closing date for the crop year for carryover insureds. Coverage will attach for the crop year on June 1 for the 2007 and subsequent crop years, but only if the insured submits the nursery’s PIVR and catalog(s) or price lists for the crop year (See section 6 B). A revised PIVR is required to increase inventory value established under this item and a 30-day waiting period following such revisions will apply.

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**B. The report will include:**

- (1) All nursery-growing locations in the county.
- (2) For each applicable practice, all plant types grown and plant inventory values.
- (3) Plant inventory values based on the lower of the nursery's "lowest wholesale price" or the prices contained in the EPL/PPS, unless the Nursery Grower's Price Endorsement is elected. Plant inventory values for plants under the Nursery Grower's Price Endorsement are based on prices approved by the AIP that are less than or equal to the wholesale catalog or price list price but are higher than EPL/PPS prices.
- (4) The coverage level for each plant type if additional coverage with basic units by plant type is elected.
- (5) For CAT, the insurable inventory value cannot exceed 110 percent of the higher of the greatest amount of plant sales in any of the three previous years or the actual inventory value for the crop year on the date insurance attaches. The 110% limitation is also applicable to PIVR revisions during the crop year.
- (6) Acceptable records must be available for the greatest amount of plant sales in any of the previous three years and the actual inventory value on the date insurance attaches, for CAT only. If these records are not available (e.g. a new nursery with no previous sales history), an inspection will be made to determine if adequate and acceptable facilities exist to accommodate the reported inventory value. To be considered adequate, sales documents must contain the name and telephone number of the purchaser, names of the plants, the number of each plant sold, and the sales price for each plant. Failure to provide documentation when requested or providing inadequate documentation will result in denial of insurance for the crop year for any basic unit for which such documentation was not provided. This does not apply to plant varieties not previously grown or for new nurseries where an inspection has determined the insured has the ability to properly obtain and maintain the nursery stock.
- (7) The initial PIVR for the crop year will contain the inventory value for plants within each plant type. All plants and plant types the producer grows in each insurable practice must be insured. To be insurable, plants must be listed on the EPL/PPS or under a written agreement. Written agreements may be used only to insure plants not listed on the EPL/PPS. See section 14 B for instructions on reporting inventory values affected by a written agreement.
- (8) Share.

The total value for liners must be multiplied by the applicable survival factor found on the special provisions when calculating the amount of insurance to be shown on the PIVR.

C. **If necessary, the company may also request documentation to support a PIVR including:**

- (1) A detailed list of all plants, by name, size, and quantity.
- (2) Sales and purchases of plants for each of the previous 3 years.
- (3) Evidence of the insured's ability to maintain the nursery plants.

Failure to provide documentation or providing inadequate documentation will result in denial of insurance.

D. **PIVR Revisions.**

The PIVR may be revised no more than twice during the crop year and premium will be prorated based on the time period remaining in the crop year. The revision can only be done to **increase** inventory values.

- (1) This report may be revised PRIOR to 30 days before the end of such crop year to increase the insured inventory value due to:
  - (a) Changes in the nursery (increased growing area, inventory volume, and/or inventory value, etc.).
  - (b) Restocking after crop damage.
  - (c) Increased coverage provided under a written agreement for plants by practice not listed on the EPL/PPS.
  - (d) Adjustments in the value of damaged plants accepted for insurance by the AIP.
  - (e) Increased coverage resulting from providing insurance coverage on plant inventory that was previously rejected for insurance.
  - (f) Clerical errors.
  - (g) Adding a new plant type.

i. If an insured has basic units by plant type and submits a revised PIVR to add a new plant type basic unit that **could not be** reported on the initial PIVR, the revised PIVR is not considered one of the two allowable revisions. If the insured has basic units by plant type and a new plant type is added, the coverage level must be elected at the same time.

ii. **If an insured has basic units by share only and adds a new plant type that could not be reported on the initial PIVR, the revised PIVR is considered one of the two allowable revisions.**

- (h) Damaged plants originally reported under the PIVR that are replaced in order to avoid an under-report factor if another loss occurs.
- (2) The report may be revised AFTER the May 1st sales closing date to increase the insured inventory value due to:
  - (a) A written agreement approved after May 1 of the crop year, but requested before May 1 of the crop year; or
  - (b) Clerical errors.

When submitted AFTER May 1, the reason for the upward revision must be indicated in the remarks section of the PIVR form stating “revised upward for written agreement,” or “revised upward for clerical error correction.”

- (3) The company may revise the PIVR downward AFTER the sales closing date in order to:
  - (a) Decrease the values for plants damaged before acceptance of the application or before insurance attaches for carry over policies;
  - (b) Decrease the values for plants with deferred damage when the amount of damage to the plants could not be determined at the time of the pre-acceptance inspection and insurance is denied or value reduced for such plants;
  - (c) Decrease the values for plants with deferred damage when the amount of damage to the plants could not be determined during a loss inspection from a previous crop year;
  - (d) Delete uninsurable plants;
  - (e) Correct clerical errors.
- (4) The policyholder is prohibited from revising the PIVR downward after sales closing except for clerical errors.
- (5) Revisions must be made by May 1<sup>st</sup> except as provided under section D (2) and (3).
- (6) Increases in inventory values are subject to inspection requirements (inspections are not needed for clerical errors). All increases in inventory value, revised PIVRs, and Peak Inventory Endorsements are subject to the 30-day waiting period before insurance attaches.

This item does not apply to section 13D(1)(f) and 13D(2)(b).

- (7) An inspection will be performed in either of the following cases:
  - (a) When the total of all basic unit values contained on the revised PIVRs is increased 50 percent or more from the previous total of all the basic unit values on the PIVR, and the increase is not due to restocking subsequent to an insured loss. The 50 percent increase is determined on each PIVR revision. For example, if two revised PIVRs are submitted, the 50 percent test is not based on the combined increase of both revised PIVRs against the initial PIVR, but on a per-revision basis.
  - (b) At the AIP's discretion, if an increase of less than 50 percent is reported on the revised PIVR.

## **14. WRITTEN AGREEMENTS FOR UNLISTED PLANTS**

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For plants not listed in the EPL/PPS, submit a request to the RO for a written agreement. Written agreements are not available for CAT and are not continuous for buy-up policies.

Written Agreements may not be issued for missing plant sizes, to change pricing methods, add practices, change hardiness zone, etc. **Refer to the FCIC-24020 Written Agreement Handbook for written agreement procedures and requirements.**

### **A. REQUESTING A WRITTEN AGREEMENT.**

- (1) The insured must submit the request for a written agreement:
  - (a) With the application for the initial crop year, and
  - \*\*\*** (b) Not later than May 31 for the 2007 and subsequent crop years for carryover insureds.
- (2) **If the insured has additional coverage with basic units by plant type and subsequently adds a new plant that falls under a plant type that has not been previously reported, the coverage level must be selected at the same time and the PIVR must be revised.**
- (3) In addition to the information required by the Written Agreement Handbook (FCIC 24020), the request for a written agreement must include:
  - (a) A separate list containing only the plants that are not currently insured and for which insurance is requested. This list must include the scientific name, common name, the size of each unlisted plant, and the estimated number of plants to be insured under the written agreement.
  - (b) A copy of the catalog or price list containing the plant names (complete scientific and/or common including variety or cultivar name), sizes, and prices must be submitted with the request. A copy will be retained in the policyholder file by the company.

**B. AFTER THE WRITTEN AGREEMENT IS ISSUED AND ACCEPTED:**

- (1) A revised PIVR must be submitted at the time the written agreement is accepted by the RO. The revised PIVR value must not exceed the plant inventory count for the affected plant(s) and size(s), times the value(s) established by the written agreement. The 30-day delay in coverage for plants begins on the submission date contained in section 14 A (1) (a) or (b) and is not delayed by the request for a written agreement. Coverage will attach retroactively on the 31st day after the date of the application, once the approved written agreement is accepted by the RO and the revised inventory report is submitted to the company.
- (2) The RO will maintain a file containing plant names listed by both the common (if available) and scientific names, plant sizes, and prices that have been approved for written agreements. The use of this file will assure uniform pricing in the issuance of written agreements in the office.
- (3) Premium is determined on a full-year basis for carryover insureds and for all months for which any coverage was provided in the case of first-year insureds.
- (4) A copy of the written agreement must be attached to the PIVR and kept in the policyholder file. Complete the PIVR showing all values except those for plants for which a written agreement is requested. The agent, upon receipt of an approved and accepted written agreement, will calculate the additional value by multiplying the plant price contained on the written agreement by the number of such plants grown. The worksheet used to calculate the additional value will be maintained in the policyholder's file. The agent will enter the additional amount of coverage on the FCI-543, PIVR or equivalent and enter the value on the appropriate container grown or field grown PIVR. In the remarks section enter: "values per written agreement." The revised PIVR will be submitted to the company.

**15. PEAK INVENTORY VALUE ENDORSEMENT**

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The Peak Inventory Value Endorsement allows the value of the inventory of insureds with an additional level of coverage to be increased temporarily to an amount greater than the amount provided by the PIVR. It is used to reflect values during a peak inventory period. Increases in inventory value through this endorsement are in addition to any increases that may have been reported on a revised PIVR.

**A. RULES:**

- (1) The Peak Inventory Value Endorsement is an annual endorsement.
- (2) The Peak Inventory Value Endorsement is not available for CAT.
- (3) All coverage factors (e.g., elections, coverage level, survival factor) remain the same as provided by the underlying policy. Only the inventory value changes.



- (4) No more than one peak endorsement can be purchased for each basic unit during the crop year, unless an insurable loss has occurred and the lost inventory is restocked.
- (5) The peak amount of insurance for any basic unit is limited to 200 percent of the same basic unit value that the insured declares under the Nursery Crop Insurance Provisions. Insureds with additional coverage and basic units by share only cannot elect peaks by plant type. This is true even though the value of each individual plant type in a basic unit by share must be reported on the PIVR, which is done in order to collect information needed to properly calculate premium.
- (6) Premium is charged on a whole month basis for each month for which any coverage is provided and is based on the peak inventory premium adjustment factor.
- (7) The Peak Inventory Value Endorsement must be purchased prior to 30 days before the end of the crop year. For example, the insured may use the Peak Inventory Value Endorsement to insure an anticipated inventory value increase in April and May.
- (8) “Stacking” is permitted only if the grower has a loss and restocks. “Stacking” is when the insured has two endorsements in effect at the same time for a basic unit and one of the endorsements is due to restocking after a loss. The commencement and termination dates of stacked peak endorsements may overlap, but cannot extend beyond the current crop year.
- (9) If a grower has basic units by plant type, a new plant type basic unit cannot be added via a Peak Endorsement only. The grower must revise the PIVR to add the new plant type basic unit and then elect the Peak Inventory Value Endorsement. If a grower with additional coverage has basic units by share only, a new plant type could be added via a Peak Inventory Value Endorsement based on the 200% basic unit value limit.
- (10) Coverage attaches on the coverage commencement date, which is the later of the date the insured declares as the beginning of coverage or 30 days after a properly completed Peak Inventory Value Report is received by the AIP.

**B. REPORTING REQUIREMENTS.** (Also, see reporting requirements under section 13 B of this Guide.)

- (1) Submit a Peak Inventory Value Report prior to 30 days before the end of the crop year.
- (2) Use the same catalog that was used to complete the PIVR to determine values for the Peak Inventory Value Endorsement.
- (3) Specify the coverage commencement and termination dates by month.

## **16. NURSERY GROWER'S PRICE ENDORSEMENT**

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The Nursery Grower's Price Endorsement, if elected, allows the insured to use upgraded plant prices that are less than or equal to the insured's wholesale catalog or price list price but are higher than EPL/PPS prices to establish the PIVR.

### **A. RULES**

- (1) At the current time, the Nursery Grower's Price Endorsement is only available to growers in the states of Alabama, Arkansas, Connecticut, Florida, Georgia, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, New Jersey, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Tennessee, Virginia, and Washington.
- (2) The Nursery Grower's Price Endorsement is an annual endorsement; it must be elected each year.
- (3) The Nursery Grower's Price Endorsement is not available for CAT.
- (4) All coverage factors (e.g., elections, coverage level) remain the same as provided by the underlying policy.
- (5) The Nursery Grower's Price Endorsement does not provide an additional amount of insurance by itself. The grower must declare appropriate inventory values on the PIVR in order to obtain additional coverage and to avoid an indemnity reduction based on the under-report factor.
- (6) No upgraded plant price will be used in calculating field market value A or field market value B for any unit if the use of all upgraded plant prices applicable to the unit would cause the under-report factor for the unit to be less than 0.50 for that loss event.
- (7) The insured must submit, upon request, verifiable wholesale sales records showing actual wholesale prices received for each size of insurable upgraded plants during the most recent crop year in which sales occurred. Records of sales to oneself or to an affiliated party are not considered verifiable sales records. An affiliated party includes anyone who does not meet the requirements of a "disinterested third party" as defined in the Basic Provisions. Individuals who are considered to be affiliated with a nursery include:
  - Familial relationships (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption, or marriage); and
  - Any person who benefits financially from the sales of the nursery plants.

**B. Reporting requirements.** (Also, see reporting requirements under section 13B of this Guide.)

You must submit an Upgraded Plant Report:

- At the time of application for the initial crop year or by the sales closing date if your plants are already insured under the Nursery Crop Insurance Provisions. The plant values insured under Nursery Grower's Price Endorsement are reported along with all other plant values on the PIVR; i.e., the amount reported on the PIVR includes both upgraded plant prices and plant prices that are not upgraded. This will not be reported as a PIVR revision. Refer to section 16 A (5) above;
- Which must be type-written and legible;
- Which must be signed and dated; and
- Which must show the name and address of your nursery.

Your Upgraded Plant Report must include the following information for each upgraded plant:

- (1) Complete botanical (genus, species, subspecies, variety, or cultivar) or common name of the plant based on the names listed in the Eligible Plant List;
- (2) Practice;
- (3) Measurement method and size;
- (4) Upgraded plant price or factored upgraded plant price if the upgraded plant's size is smaller than the size listed in your wholesale catalog or price list and you do not have sales records for the smaller sized plant;
- (5) Percent difference between the upgraded plant price (or factored upgraded plant price) and the Plant Price Schedule price if the upgraded plant price is 50 percent higher than the Plant Price Schedule price; and
- (6) The insured must provide all verifiable wholesale sales records for the most recent year of sales for each upgraded plant, at the time of application for any upgraded plant and size that has an upgraded plant price that is at least 50 percent higher than the plant price schedule price for the same plant.

**C. Review Requirements**

AIPs must inspect records at time of application on prices that are at least 50% higher than the plant price schedule price for the same plant. All upgraded prices not previously reviewed as well as insurable damage on any upgraded plant must be verified at loss adjustment time.

**D. Volume Discounts**

Refer to section 6C(d) for volume discounts.

**17. REHABILITATION ENDORSEMENT (SINGLE BASIC UNIT)**

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**A. GENERAL INFORMATION**

- (1) The total actual rehabilitation costs for each loss occurrence on the basic unit must be at least the lesser of 2.0 percent of field market value A for the basic unit or \$5,000.
- (2) The rehabilitation endorsement is available for field grown material only. No payment will be made on containerized nursery plants.
- (3) The rehabilitation endorsement must be selected on the application for new applicants or by the sales closing date for carryover insureds.

**B. QUALIFICATIONS FOR REHABILITATION PAYMENT**

To qualify for a rehabilitation payment, the:

- (1) Insured must have purchased additional coverage under the Nursery Crop Insurance Provisions;
- (2) Insured crop must be field grown practice;
- (3) Insured crop must be damaged by an insurable cause of loss;
- (4) Rehabilitation costs covered are limited to expenditures for labor and materials for pruning and setup;
  - (a) Verifiable records must be provided showing actual expenditures for rehabilitation.
  - (b) Expenditures must be reasonable and customary for the damage sustained by the plants.
- (5) Damaged plants must have a reasonable expectation of recovery to the point that the plant is marketable. The AIP must determine if the expectation is reasonable;
- (6) Rehabilitation procedures must be performed directly following the occurrence of damage and before additional deterioration of the damaged plants occurs;
- (7) AIP must determine that it is practical to rehabilitate the damaged plants (It is deemed to not be practical if the costs of rehabilitation are greater than the value of the plant).

**C. MAXIMUM REHABILITATION PAYMENT**

The maximum amount of rehabilitation payment per loss occurrence will be the LESSER of the following, multiplied by the under-report factor calculated in accordance with the Nursery Crop Insurance Provisions:

- (1) An amount equal to 7.5 percent of the value of all the insurable field grown plants in a basic unit prior to the occurrence that were rehabilitated subsequent to an insured cause of loss, multiplied by the insured's coverage level percentage and then multiplied by the insured's share; or
- (2) The insured's actual rehabilitation costs for the same basic unit.

**D. REHABILITATION PAYMENT INSPECTIONS**

Rehabilitation payment inspections are to be prepared as final inspections on the claim form only when qualifying for a rehabilitation payment.

**REHABILITATION ENDORSEMENT CALCULATION EXAMPLE**

A Share	100%
B Reported inventory value	\$100,000
C Coverage Level	75%
D Total rehabilitation costs	\$7,500
E Value of rehabilitated plants	\$50,000
F Field market value A	\$125,000
G Under-report factor (Factor (determined on Production Worksheet)	$B (\$100,000) / F (\$125,000) = .80$

Step 1 Determine the under-report factor – G (.80)

Step 2 Determine eligibility for rehabilitation payment. The total actual rehabilitation costs for each loss occurrence on the basic unit must be at least the lesser of 2.0 percent of field market value A or \$5,000.

$$F (\$125,000) * .02 = \$2,500$$

D (\$7,500) is greater than \$2,500 which is lower than \$5,000. Therefore, the damaged plants are eligible for a rehabilitation payment.

Step 3 Determine the maximum amount of the rehabilitation payment for this basic unit. It is the LESSER of: a) the total actual rehabilitation costs multiplied by the under-report factor, or b) an amount equal to 7.5 percent of the value of the rehabilitated plants, multiplied by the under-report factor, multiplied by the coverage level percentage, multiplied by share.

$$D (\$7,500) * G (.80) = \$6,000$$

$$E (\$50,000) * .075 * G (.80) * C (.75) * A (1.00) = \$2,250$$

\$2,250 < \$6,000, so \$2,250 is the maximum amount of the rehabilitation payment for this basic unit.

- Step 4 Determine the total of all rehabilitation payments for the crop year for the basic unit. It will not exceed 7.5 percent of the Field Market Value A for the basic unit, multiplied by the under-report factor multiplied by the elected coverage level percentage multiplied by share for this basic unit.

$(F(\$125,000) * G (.80) * C (.75) * A (1.00)) * 7.5\% = \$5,625$  maximum of rehabilitation payments for the crop year. Since the maximum amount of the rehabilitation payment is \$2,250, any additional rehabilitation payments cannot exceed \$3,375 ( $\$5,625 - \$2,250$ ).

If a revised PIVR is submitted and the Field Market Value A becomes greater than originally reported, the maximum amount of rehabilitation payments for the crop year also increases.

## **18. DEDUCTIBLES**

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### **A. CROP YEAR DEDUCTIBLE.**

The crop year deductible is determined when the level of coverage is selected. It is equal to 100% minus the selected coverage level (e.g., 100% – 75% = 25%) times the inventory value reported for the basic unit times the share. The crop year deductible is reduced by any previously incurred crop year or occurrence deductible until the deductible is met. Once the crop year deductible is met, subsequent losses are not reduced by a deductible. The crop year deductible may increase due to increases in inventory value on a revised PIVR or by the purchase of a Peak Inventory Value Endorsement. The increased deductible under the endorsement is applicable only during the effective period of the peak endorsement. A deductible incurred as a result of rehabilitation payments does not reduce the crop year deductible.

### **B. OCCURRENCE DEDUCTIBLE.**

Individual losses are determined by applying an occurrence deductible. The occurrence deductible is the lesser of:

- (1) The deductible percentage (1 - the coverage level) times–field market value A times any under-report factor, or
- (2) The (remaining) crop year deductible.

## 19. FIELD MARKET VALUES

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### A. FIELD MARKET VALUE A.

Value of the insurable nursery plants within the basic unit immediately prior to a loss based on the lower of the EPL/PPS or the insured's catalog or price list or the upgraded price according to the Nursery Grower's Price Endorsement, if elected. For liners, the total value of undamaged liners is multiplied by the survival factor.

### B. FIELD MARKET VALUE B.

Appraised value of insurable nursery plants based on the lower of the EPL/PPS or the insured's catalog or price list that establishes the value remaining after plant damage. This establishes the value remaining after plant damage. This may include any appraisal for uninsured loss of value.

## 20. INDEMNITY EXAMPLES

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Successive indemnities may be paid on the same basic unit subject to a new occurrence deductible each time. Each indemnity paid reduces the amount of insurance remaining on the basic unit.

The maximum indemnity is limited to the amount of insurance for the basic unit. When the amount of indemnity paid equals the amount of insurance, no additional coverage is available for the remainder of the crop year. However, coverage can be re-established if the nursery is restocked and a revised PIVR is completed and approved by the insurance provider.

Premium and field market value A calculations for liner units are calculated using the survival factor shown on the special provisions.

The following are simple basic unit examples of indemnity and rehabilitation determinations. Additional examples are contained in the Nursery Crop Insurance Provisions, Section 15.

### INDEMNITY CALCULATION EXAMPLE (LINER BASIC UNIT):

A	Share	100%
B	Reported total value	\$100,000
C	Survival factor	90%
D	Adjusted total value	$B (\$100,000) * C (.90) = \$90,000$
E	Coverage level	75%
F	Price election percentage	100%
G	Amount of Insurance	$D (\$90,000) * E (.75) * F (1.0000) = \$67,500$
H	Crop Year Deductible	$D (\$90,000) * .25 (1 - E (.75)) * F (1.0000) = \$22,500$

Values at the time of loss:

I	Field market value A	\$125,000
J	Survival factor	90%
K	Adjusted field market value A	$I (\$125,000) * C (.90) = \$112,500$
L	Field market value B	\$80,000
M	Under-report factor	$D (\$90,000) / K (\$112,500) = .80$
N	Occurrence deductible	$K (\$112,500) * .25 (1 - E (.75)) * M (.80) = \$22,500$

Step 1 Determine the under-report factor M (.80)

Step 2  $K (\$112,500) - L (\$80,000) = \$32,500$

Step 3  $\$32,500$  (result of Step 2)\* M (.80) = \$26,000

Step 4  $\$26,000$  (result of Step 3) - N (\$22,500) = \$3,500

Step 5  $\$3,500$  (result of Step 4) \* F (1.0000) = \$3,500

Step 6  $\$3,500$  (result of Step 5)\* A (1.000) = \$3,500 indemnity

The amount of the Crop Year Deductible remaining is  $H (\$22,500) - N (\$22,500) = \$0.00$

The amount of insurance remaining is  $G (\$67,500) - \$3,500 = \$64,000$

If the nursery was to restock the nursery and properly complete a Revised PIVR the Crop Year Deductible and the amount of insurance will increase.

#### **INDEMNITY CALCULATION EXAMPLE (ALL OTHER BASIC UNITS):**

A	Share	100%
B	Reported Basic unit value	\$100,000
C	Coverage level	75%
D	Price election percentage	100%
E	Amount of Insurance	$B (\$100,000) * C (.75) * D (1.0000) = \$75,000$
F	Crop Year Deductible	$B (\$100,000) * .25 (1 - C (.75)) = \$25,000$

Values at the time of loss:

G	Field market value A	\$125,000
H	Field market value B	\$ 80,000
I	Under-report factor	$B (\$100,000) / G (\$125,000) = .80$
J	Occurrence deductible	$G (\$125,000) * .25 (1 - C (.75)) * I (.80) = 25,000$

Step 1 Determine the under-report factor I (.80)

Step 2  $G (\$125,000) - H (\$80,000) = \$45,000$



Step 3      $\$45,000 * .80$  (result of Step 1) =  $\$36,000$

Step 4      $\$36,000 - J$  ( $\$25,000$ ) =  $\$11,000$

Step 5      $\$11,000 * D$  (1.0000) =  $\$11,000$

Step 6      $\$11,000 * A$  (1.000) =  $\$11,000$  indemnity

The amount of the Crop Year Deductible remaining is  $F$  ( $\$25,000$ ) -  $J$  ( $\$25,000$ ) =  $\$0.00$

The amount of insurance remaining is  $E$  ( $\$75,000$ ) -  $\$11,000$  =  $\$64,000$

If the nursery was to restock the nursery and properly complete a Revised PIVR the Crop Year Deductible and the amount of insurance will increase

EXHIBIT 1

(Rev 06-05)  
Company: \_\_\_\_\_

Agency: \_\_\_\_\_

**PLANT INVENTORY VALUE REPORT (PIVR)**  
**Container Grown (008)**   
**Field Grown (007)**

Insured's Name		Policy Number			Crop Year			REVISED REPORT <input type="checkbox"/>		
Street Address					My nursery operation has changed in the last year.			Yes ___	NO ___	
City, County, State, Zip					All my growing locations are insured in the county.			Yes ___	NO ___	
Nursery Location	I have provided two nursery catalogs or price lists.				Yes ___	NO ___				
	I have insurable plants that were damaged during the prior crop year(s) that have not recovered to their full value.				Yes ___	NO ___				
	My nursery is divided into basic units by plant type (additional level of coverage only).				Yes ___	NO ___				
	I have plant(s) with a previously filed claim and a determination of damage has been deferred				Yes ___	NO ___				
	The Nursery Grower's Price Endorsement is in effect				Yes ___	NO ___				

PLANT TYPE	BASIC UNIT NO.	INITIAL OR REVISED INVENTORY VALUE	COVERAGE LEVEL	PRICE LEVEL (CAT ONLY)	INSURED SHARE	AMOUNT OF INSURANCE	PLANT TYPE	BASIC UNIT NO.	INITIAL OR REVISED INVENTORY VALUE	COVERAGE LEVEL	PRICE LEVEL (CAT ONLY)	INSURED SHARE	AMOUNT OF INSURANCE
		X	X	X	=				X	X	X	=	
		X	X	X	=				X	X	X	=	
		X	X	X	=				X	X	X	=	
		X	X	X	=				X	X	X	=	
		X	X	X	=				X	X	X	=	
		X	X	X	=				X	X	X	=	
		X	X	X	=				X	X	X	=	
		X	X	X	=		LI		X .90	X	X	=	

<b>Greatest plant sales in previous 3 years (CAT only):</b>	<b>For basic unit by share only, the total amount of insurance for all plant types insured: \$</b>
<b>Actual inventory value on date insurance attaches (CAT only):</b>	<b>Remarks:</b>

I submit this report and (if applicable – see form completion instructions) two copies of the most recent wholesale catalog(s) or price list(s) for my nursery pursuant to the requirements of the Nursery Crop Insurance Provisions, and certify to the best of my knowledge that they correctly present the wholesale prices at which my plants have been offered for sale.

Also, I understand and agree that:

- Only plants listed in the Eligible Plant List and Plant Price Schedule (EPLPPS), or for which I have an approved written agreement, are insurable.
- I have submitted one PIVR for each practice insured.
- I must value my plant inventory based on the prices, applicable for the crop year, from
  - the lesser of the prices listed in the EPLPPS or the lowest wholesale price contained in my wholesale catalog(s) or price list(s);
  - an approved written agreement; or
  - the Grower's Price Endorsement for upgraded plants.
- I have insured all plants and plant types in each insured practice.
- Indemnities will be based on the method used to value my plant inventory as listed in number 3.
- If I elect the Nursery Grower's Endorsement, my Upgraded Plant Report is accurate and complete. Failure to include upgraded prices in my PIVR may result in an under-report factor.
- Over reporting my inventory value for insurance purposes will cause me to overpay premium and will increase my crop year deductible. My crop year deductible will not be reduced by revising the report downward except as approved by the company in accordance with approved guidelines.
- If I underreport my inventory value, any indemnities payable may be prorated down by an underreport factor.
- Only wholesale nurseries, as defined in the policy, are eligible for coverage.

The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. §§ 1006 and 1014, 7 U.S.C. § 1506, 31 U.S.C. §§ 3729 and 3730 and other federal statutes.

Insured's Signature	Date	Agent's Signature	Code Number	Date Page ___ of ___
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**EXHIBIT 1**  
**COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)**

To the extent that the information requested herein relates to your individual capacity as opposed to your business capacity, the following statements are made in accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Federal Crop Insurance Corporation (FCIC). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and RMA to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, RMA employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: RMA contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

**NONDISCRIMINATION STATEMENT**

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To file a complaint of discrimination write to:

USDA  
Director, Office of Civil Rights  
1400 Independence Avenue, S.W.  
Washington, D.C. 20250-9410

or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

USDA is an equal opportunity provider and employer.

## **EXHIBIT 1**

### **INSTRUCTIONS FOR COMPLETION OF PLANT INVENTORY VALUE REPORT (PIVR)**

The following entries are required for the PIVR. The format and sequence of the items on the form will be determined by the format selected by the company.

For new insureds, this report must be completed at the time of application.

For carryover insureds, this report must be filed on or before May 1.

This report may be revised up to 30 days before the end of the crop year. It is not necessary to resubmit catalogs or price lists that were submitted for the crop year with revised reports.

This report will include all locations in the county.

This report may be used to add values of the inventory that have been replaced after a loss or which were not included in the original report.

In the event a plant cannot be identified on the EPL/PPS, the policyholder may request that the RO establish  
\*\*\* coverage and price for the plant (by size) through a written agreement.

The price level on the PIVR must always be 1.00 for additional coverage and .55 for CAT. Any other values will not be accepted.

#### **IDENTIFYING THE INSURED**

Insured's Name and Policy Number

Street Address, City, County, State, Zip Code of each nursery location in the county

#### **UNDERWRITING QUESTIONS**

Check box for Field Grown or Container Grown

Crop Year

If this is a revised report, check box

Downward revisions are not accepted except as approved by the AIP per RMA approved guidelines.



## EXHIBIT 1

### UNDERSTANDING BY INSURED

Assure that the inventory values reported are based on the lower of prices from the EPL/PPS or the insured's catalog or price list; **an approved written agreement; or the Nursery Grower's Price Endorsement.**

**Understand that all plant types in each insured practice must be insured.**

Understand that one PIVR is submitted for each practice insured.

Understand that over-reporting of inventory will cause the premium to be overpaid.

Understand that under-reporting will result in a factor being applied to the indemnity reducing the amount by the percentage under insured.

Understand that only wholesale nurseries are eligible for coverage. The nursery must derive at least 50 percent of its gross income from wholesale marketing of plants. If the insured does not elect additional basic units by plant type or elects CAT coverage, the plant inventory value reported for each plant type in the basic unit must be separately reported on the PIVR **and totaled** to determine the basic unit value.

### EXAMPLE INVENTORY RECORD SUBMITTED

(Buy-up policy without basic units by plant type).

### SIGNATURE BY INSURED

The PIVR must be signed and dated by the insured. It is not acceptable to mark report "signature on file" or "report by telephone" or any other remark without the original signature.

### SIGNATURE BY REPRESENTATIVE

The agent must sign and date the PIVR.

**EXAMPLE: Reporting plant inventory values under basic units by share:**

#### **Nursery – Field Grown/Roses, Unit=001-00**

Coverage level=70/100; Value=50,000; Share=1.000; Amount of insurance=50,000 \* .70 \* 1 = \$35,000

#### **Nursery – Field Grown/Fruit & Nut Trees, Unit=001-00**

Coverage level=70/100; Value=75,000; Share=1.000; Amount of insurance=75,000 \* .70 \* 1 = \$52,500

Total value listed on PIVR—\$87,500



## EXHIBIT 2

### COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

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The balance of the information requested is necessary for the insurance company and RMA to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, RMA employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: RMA contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

#### NONDISCRIMINATION STATEMENT

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## **EXHIBIT 2**

### **INSTRUCTIONS FOR COMPLETION OF PEAK INVENTORY VALUE REPORT (NOT AVAILABLE FOR CAT)**

The following entries are required for the Peak Inventory Value Report. The format and the sequence of the items on the form will be determined by the format selected by the company.

This report must be completed when the insured reports inventory values that will be increased for a particular period of time. The policy will be endorsed to reflect the time and value increase.

Premium will be charged for each month for which the amount of coverage is increased. A full month's premium is charged for any fraction of a month of increased coverage.

This report may be filed at least 30 days prior to the end of the crop year.

No more than one endorsement may be purchased for each basic unit in a crop year unless a loss occurred and the loss was to inventory covered by the Peak Inventory Value Report.

Coverage level remains the same as provided by the underlying basic unit, only the inventory value changes. If no basic unit exists for the plant type reported, a revised PIVR must be used.

The maximum added liability under each Peak Inventory Value Endorsement is limited to 200% of the basic unit value reported under the Nursery Crop Provisions.

#### **IDENTIFYING THE INSURED**

Insured's Name  
Contract Number  
Street Address  
City, County, State, Zip Code

#### **UNDERWRITING QUESTIONS**

Coverage Level  
Price Election (100%) See Special Provisions for survival factor on liners.

## EXHIBIT 2

### REPORTING BY BASIC UNIT

#### On each line list:

Plant type

Coverage Level

Unit Number

Insured's Share

Peak Inventory Value (The value the inventory is increased for the plant type by the Peak Inventory Value Report)

Plant Type Peak Amount of Insurance (for determining additional peak premium): the peak inventory value multiplied by coverage level percentage elected, multiplied by the price election (100%) multiplied by share)

Basic unit Peak Amount of Insurance (For each basic unit, the peak inventory value multiplied by coverage level percentage elected, multiplied by the price election (100%) multiplied by share)

Peak Inventory Coverage Commencement Date

Peak Inventory Coverage Termination Date

Peak Inventory Commencement Date (May be any date within the crop year selected by the insured)

The later of: the date declared by the insured or 30 days after a Peak Inventory Value Report received by the AIP.

Peak Inventory Termination Date (May be any date within the crop year selected by the insured)

### UNDERSTANDING BY INSURED

Assure that the peak increase in inventory is reported in accordance with lower of prices from the EPL/PPS, insured's catalog or price list. Assure that the peak increase along with the original PIVR value reflects the inventory value for the basic unit and practice during the peak period reported by the insured.

Assure the insured understands and agrees that the coverage level(s) elected on the underlying nursery coverage apply to the peak endorsement.

### SIGNATURE BY INSURED

The Peak Inventory Value Report must be signed and dated by the insured. It is not acceptable to mark the report 'signature on file' or 'report by telephone' or any other remark without the original signature.

### SIGNATURE BY REPRESENTATIVE

The agent must sign and date the peak inventory value report.

### EXHIBIT 3

## NURSERY UNDERWRITING INSPECTION REPORT (complete one report per practice)

(Rev.6-04)			
1. CROP YEAR	2. UNIT NUMBER(s)	3. PRACTICE	4. CONTRACT NUMBER
5. NAME AND ADDRESS OF APPLICANT	6. NAME OF OWNER		7. NAME OF OPERATOR
	8. NAME OF AGENT/AGENCY		9. LEGAL DESCRIPTION:
	Phone No. (      )		
10. LOCATION DESCRIPTION:			
SITE INFORMATION			
11. REASON FOR REPORT			
12. FLOOD/EXCESS PRECIPITATION RATING			
Is the nursery site susceptible to flood or excess precipitation damage? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If yes describe in detail what precautions have been taken to protect the container / field grown			
13. IRRIGATION PRACTICE			
Describe in detail the irrigation water source.			
A. Surface:      _____ % of total supply		B. Irrigation Well(s):      _____ % of total supply	
(1) Irrigation district name _____		(1) Irrigation district name _____	
(2) Allocation last year:      _____% of normal		(2) Allocation last year:      _____% of normal	
(3) Expected allocation:      _____% of normal		(3) Expected allocation:      _____% of normal	
(4) Water Impoundment:    Size _____ How many _____		(4) Number of Wells:      _____ Gallons per minute _____	
(5) Rivers/Creeks:      _____ Number of months available		Other: Size and number	
Type of Irrigation Method:			
Overhead      _____      Drip or Trickle System      _____      Other      _____			
14. Describe in detail the fertilization program used for the unit. Include any specialized requirements required by species (attach additional sheets as necessary)			
15. Describe in detail weed control measures used for the unit			
16. Describe in detail wildlife control measures used for the unit			
17. Do any plant species show evidence of insect or disease infestation? If evidence of disease is observed describe in detail and document what is being done to control the disease. Attach additional sheets as necessary.			
18. Are plants being grown in appropriate growing medium according to accepted industry standards?			
19. (A) Is the unit subject to above normal frost hazard?			
(B) Has winter damage or damage the previous year occurred which may affect this year 's potential production? If yes, explain.			
20. Frost/Freeze Protection: (Check and enter type information)			
TYPE			
A. None		G. Does site location aid in frost protection?	
B. Sprinklers		H. Average number of times per year that frost protection is utilized.	
C. Hoop house		I. Designated Hardiness Zone for the nursery location.	
D. Poly			
E. Greenhouse			
F. Heat			

### EXHIBIT 3

21 Are adequate facilities available to meet over winterization requirements required by the Nursery Eligible Plant Listing? Note any deficiencies.					
22 By what date does the nursery normally complete cold weather protection of container Plants?					
23 On what date are container plants fully removed from cold weather protection?					
24. Have the plants sustained previous damage? If so, describe.					
25 Crop unit location map:		Draw in nursery / unit locations with identifying roads and landmarks. Prepare a location map showing the unit as applicable as well as other property units owned, share rented and land physically separated by another farm operator. The map itself should be detailed showing landmarks and crops grown by the insured.			
Small Blocks = 40 acres					
SECTION		Is a hand sketched map attached?			
		Is an FSA aerial photo attached?			
26 Additional information and comments:					
27 A. Your evaluation of the management of this operation:		ABOVE AVERAGE		AVERAGE	
B Your evaluation of the nursery:		BELOW AVERAGE			
28 Action recommended:					
Acceptance		Rejection		RO Field Review	
				Company Representative	
Certified Inspector			Date		Supervisor
					Date

#### COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

To the extent that the information requested herein relates to your individual capacity as opposed to your business capacity, the following statements are made in accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Federal Crop Insurance Corporation (FCIC). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and RMA to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, RMA employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: RMA contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due

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## EXHIBIT 3

### NURSERY UNDERWRITING INSPECTION REPORT

**Note: Complete an inspection report for each location inspected.**

The following entries are required for the Nursery Underwriting Inspection Report. The format and the sequence of the items on the form will be determined to be the format selected by the company.

This report must be completed for all new applications or when a revised inventory report exceeds 50% of originally reported values and must be completed within 30 days of the applicant's signature date on the application or revised PIVR as directed by the company.

#### IDENTIFYING THE INSURED

Crop year

Name of applicant

Unit number(s)

Practice (List field grown or container)

Contract number

Name of Operator

Name of Agent/Agency and phone number

Legal Description

Location Description

Site Information

Reason for Report: See the Inspection section of the underwriting guide.

#### UNDERWRITING QUESTIONS

Is the nursery site susceptible to flood or excess precipitation damage? Check Yes or No (You should check the insured's loss history for previous excess moisture claims.) If yes, describe in detail what precautions have been taken to protect the container/field grown stock.

#### IRRIGATION FACILITIES

Describe in detail the irrigation water source.

Surface water supply as a percentage of total supply.

Irrigation district name.

Allocation last year as a percentage of normal usage.

Expected allocation as a percentage of normal usage.

Water impoundment. State size and how many.

Rivers/creeks. State number of months available as a supply.

Type of irrigation method. Overhead, Drip or trickle system, Other.

Irrigation well(s) as a percentage of total supply used.

Irrigation district name.

Allocation last year as a percentage of normal usage.

Expected allocation as a percentage of normal usage.

Number of wells.

## EXHIBIT 3

Gallons per minute.

Other supply (include size and number).

### OTHER SITE OBSERVATIONS

Describe in detail the fertilization program used and any special requirements by plant species.

Describe in detail weed control measures.

Describe in detail wildlife control measures.

Do any plant species show evidence of insect or disease infestation? If so, document what is being done as control measures.

Are plants being grown in appropriate growing medium according to accepted industry standards?

Are there any special growing practices being carried out? (e.g., organic)

### FROST FREEZE

Is the unit subject to above normal frost hazard?

Has winter damage occurred the previous year that will affect this year's production?

Frost/Freeze protection, check and enter type: None, Sprinklers, Hoop house, Poly, Greenhouse, Heat.

Does this site location aid in frost protection?

Average number of times per year that frost protection is utilized?

USDA Hardiness Zone for the nursery location.

Are adequate facilities available to meet over-winterization requirements required by the EPL/PPS? Note any deficiencies.

By what date does the nursery normally complete cold weather protection of container plants?

On what date are container plants fully removed from cold weather protection?

Hand sketch a map or provide an FSA aerial photo showing the unit in detail indicating other owned or share rented locations, landmarks and nursery crops grown by the insured.

Provide additional information and comments as necessary.

### INSPECTOR'S EVALUATION

The inspector's evaluation of the management of the nursery as to whether it is above average, average, or below average.

The inspector's evaluation of the nursery facilities and operation as to whether it is above average, average, or below average.

Inspector's recommendation as to accept, reject or refer to company representative.

### SIGNATURES

Inspector signs and dates on the date of inspection.

Company supervisor signs and dates on the date received and evaluated.

## EXHIBIT 4

### MINIMUM AND MAXIMUM PLANT SIZES BY PLANT TYPE

Two plant types have a high/wide (seedling) range. To qualify for the seedling range the trees must be Coniferous Evergreen (CE) or Deciduous Tree (DT) type and the trees must measure a minimum of 6 inches but less than 18 inches tall. Do not round qualifying measurements. Seedlings that are less than 6 inches tall are not insurable. Eighteen-inch trees will be insured according to the individual plant prices shown on the EPL/PPS. The lower of the EPL/PPS price or the grower's lowest wholesale catalog price will be the price for each tree in the seedling range.

Plants that are larger than maximum size listed below will use the price of the largest size listed on the EPL/PPS for the plant to determine the price election (subject to the "lower of" rule).

#### Size Plant Limits

Plant Type		Container Size		Field Grown Caliper (Inches)		Field Grown High/Wide (Inches) (Feet)		
				Min	Max	Min	Max	Min
Annuals	(AN)	POT	0.08	5 Gal & up	n/a	n/a	n/a	n/a
Broadleaf Evergreen Trees	(BE)	POT	0.08	100 Gal & up	7/16	6	18 in.	30
Broadleaf Evergreen Shrubs	(BS)	POT	0.08	100 Gal & up	n/a	n/a	6 in.	12
Coniferous Evergreen Trees	(CE)	POT	0.08	65 Gal & up	7/16	6	Seedling	20
Coniferous Evergreen Shrubs	(CS)	POT	0.08	65 Gal & up	n/a	n/a	6 in.	12
Deciduous Shrubs	(DS)	POT	0.08	65 Gal & up	n/a	n/a	6 in.	12
Deciduous Trees	(DT)	POT	0.08	100 Gal & up	7/16	6	Seedling	20
Fruit & Nut Trees	(FN)	POT	0.08	65 Gal & up	7/16	4	18 in.	10
Foliage	(FO)	POT	0.08	65 Gal & up	n/a	n/a	18 in.	25
Ground Cover & Vines	(GC)	POT	0.08	10 Gal & up	n/a	n/a	6 in.	5
Herbaceous Perennials	(HP)	POT	0.08	25 Gal & up	n/a	n/a	n/a	n/a
Palms and Cycads	(PC)	POT	0.08	300 Gal & up	n/a	n/a	18 in.	30
Roses	(RO)	POT	0.08	5 Gal & up	n/a	n/a	6 in.	5
Small Fruits	(SF)	POT	0.08	10 Gal & up	n/a	n/a	6 in.	5
Liners ***	(LI)	Cell is equal to or greater than 1 inch **		Cell is less than 3 inches in diameter *	n/a	n/a	n/a	n/a

#### EXHIBIT 4 (Continued)

- \*\*\* To be insurable (container only and inclusive of all insurable plant types) Liner Plants must be produced in standard nursery containers that are equal to or greater than 1 inch in diameter at the widest point (including trays containing 200 or fewer individual cells, unless specifically provided in the Special Provisions), but less than 3 inches in diameter at the widest point and have an established root system reaching the sides of the container. Insurable prices for liners in individual cells are determined using the measurement method by which they are listed and priced in the insured's wholesale catalog or price list; i.e., size of the cell or cells per tray. Size of the cell is based on the inch diameter for round cells or the inch dimension of the longest side for square or rectangular cells. If both the inch and cells per tray measurement methods are listed and priced in the catalog, the inch measurement will take precedence. An equivalency table for the two measurement methods is included in the Base Price Table of the EPL/PPS.
- \*\* Liner Plants in cells smaller than the minimum size listed in the chart are not insurable.
- \* Liner Plants in cells larger than maximum size listed in the chart are insurable as shown on the EPL/PPS.



## EXHIBIT 5

### FCIC CONTAINER SIZES

Container sizes are determined on an actual volume basis for purposes of determining the size of the container on the EPL/PPS. The FCIC container sizes and volumes are shown below.

FCIC SIZE NAME	GALLON MEASUREMENT		CUBIC INCH EQUIVALENT		INCLUDES STANDARD ANSI CLASS
	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM	
POT	0.08	0.19	18	45	SP3
1 QUART	0.20	0.39	46	91	SP4
2 QUART	0.40	0.59	92	137	SP5
1 GALLON	0.60	1.37	138	318	1
2 GALLON	1.38	2.49	319	576	2
3 GALLON	2.50	3.39	577	784	3
5 GALLON	3.40	5.77	785	1,334	5
7 GALLON	5.78	8.49	1,335	1,962	7
10 GALLON	8.50	11.97	1,963	2,766	10
15 GALLON	11.98	17.49	2,767	4,041	15
20 GALLON	17.50	22.49	4,042	5,196	20
25 GALLON	22.50	29.79	5,197	6,883	25
30 GALLON	29.80	32.49	6,884	7,506	N/A
35 GALLON	32.50	37.49	7,507	8,661	N/A
40 GALLON	37.50	42.49	8,662	9,816	N/A
45 GALLON	42.50	47.49	9,817	10,971	N/A
50 GALLON	47.50	52.49	10,972	12,126	N/A
55 GALLON	52.50	57.49	12,127	13,281	N/A
60 GALLON	57.50	62.49	13,282	14,436	N/A
65 GALLON	62.50	67.49	14,437	15,591	N/A
70 GALLON	67.50	72.49	15,592	16,746	N/A
75 GALLON	72.50	77.49	16,747	17,901	N/A
80 GALLON	77.50	82.49	17,902	19,056	N/A
85 GALLON	82.50	87.49	19,057	20,211	N/A
90 GALLON	87.50	92.49	20,212	21,366	N/A
95 GALLON	92.50	97.49	21,367	22,521	N/A
100 GALLON	97.50	124.49	22,522	28,758	N/A
150 GALLON	124.50	174.49	28,759	40,308	N/A
200 GALLON	174.50	224.49	40,309	51,858	N/A
250 GALLON	224.50	274.49	51,859	63,408	N/A
300 GALLON	274.50	324.49	63,409	74,958	N/A