

United States
Department of
Agriculture



Federal Crop
Insurance
Corporation



Product
Development
Division

FCIC-25750 -1 (11-2005)

NURSERY LOSS ADJUSTMENT STANDARDS HANDBOOK

2006 and Succeeding Crop Years

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

FEDERAL CROP INSURANCE HANDBOOK	NUMBER: FCIC-25750-1 (11-2005)
SUBJECT: NURSERY LOSS ADJUSTMENT STANDARDS HANDBOOK 2006 AND SUCCEEDING CROP YEARS	OPI: Product Development Division
	APPROVED: <i>/S/ Tim B. Witt</i> DATE: <i>11-16-2005</i> Deputy Administrator, Research and Development

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-ISSUED LOSS ADJUSTMENT STANDARDS FOR NURSERY CROP PROVISIONS FOR THE 2006 AND SUCCEEDING CROP YEARS. ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

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.

SUMMARY OF CHANGES/CONTROL CHART

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

- 1. Changes for NOVEMBER 2005 Issuance: FCIC-25750-1 (11-2005)**
 - A. Corrected the figures in items 29, 30, 31, 32, 35, and 36 on the page 49 example, of the production worksheet.
 - B. Added an explanatory statement to item 37 (Narrative) of the production worksheet on pages 49 and 50.

NURSERY LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (Continued)

Control Chart For: 2006 Nursery Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Exhibits(s) Page(s)	Date Issued	Directive Number
Remove	1-2		49-50		11-2005	FCIC-25750
Insert	1-2		49-50		11-2005	FCIC-25750-1
Current Index	1-2	1-2	1-48 49-50	51-52	11-2005 11-2005 11-2005 11-2005	FCIC-25750-1 FCIC-25750 FCIC-25750-1 FCIC-25750

**For Illustration Purposes Only
NURSERY PRODUCTION WORKSHEET/CLAIM FORM**

1 Crop and Code No. NURSERY 0073	2 Basic Unit 00100 008	3 Legal Description 123 WEST PINE ANY CITY, ANY STATE	7 Company ABC INSURANCE COMPANY ANY CITY, ANY STATE	8 Name of Insured I M INSURED
4 Date of Damage JAN 11	5 Cause of Damage FREEZE	6 Primary Cause % 100	Agency ABC AGENCY ANY CITY, ANY STATE	9 Claim Number XXXXXXXXXX
12 Basic Unit By Type Yes X NO				10 Policy Number XXXXXXXXXX
				11 Crop Year YYYY
				13 Date Notice of Loss MM DD YYYY
				14 Assign. of Indemnity Yes No X
				15 Transfer of Right to Indemnity Yes No X
				16 Companion Policy(ies)

SECTION I - IMMEDIATELY PRIOR TO THIS LOSS (Include Applicable Peak Endorsement(s))

17a Basic Unit XPS Liability (Excluding Price & Share) 750,000	17b Basic Unit Previous Indemnity(ies) (Sum of 32, previous losses - exclude indemnities applicable to Peak Endorsements) 0	17c Effective XPS Liability (17a - 17b or 36 from page 1 > 6units) 750,000
18a Basic Unit Crop Year Deductible (Inventory Value X (1.00 Cov. Level)) 250,000	18b Basic Unit Previous Occurrence Deductible(s) (Sum of 29, previous losses - exclude Occur. Deductible(s) applicable to Peak Endorsements) 0	18c Effective Crop Year Deductible (CYD) (18a - 18b or 31 from page 1 if > 6 units) 250,000

SECTION II - THIS LOSS

19 a Inspection Number 1	20 Reported Basic Unit Value (17a + 18a) 1,000,000	21 Sum of Prev. Losses (Adj. Losses) (17b + 18b) 0	22 Basic Unit Field Market Value A (Sum of Item 25 entries) 885,000	23 Under-Reporting Factor (URF) (<(1.000 or ((20 - 21) / 22))) 1.000			
19 b Coverage Level 75 %							
24 Damage similar to other nurseries in the area? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A. Type Code DT	B. Type Code	C. Type Code	D. Type Code	E. Type Code	F. Type Code	G. Summary
25 FMV-A 885,000	26a. Value remaining-ins. cause 550,500						
26 FMV-B 26b. Value assessed-unins. cause 10,000	26c. FMV-B (TOTAL) (26a + 26b) 560,500						
27 Unadjusted Loss (FMV-A - FMV-B (TOTAL)) (25 - 26c) 324,500							
28 Adj. Loss (for Under-Reporting; item 27 x item 23) 324,500							
29 Occurrence Ded. (OD) (FMV-A x (100-level 75 %)) 221,250							
30 Unadjusted Indemnity (28 - 29) 103,250							
31 CYD Remaining (18c - 29) 28,750							
32 Preliminary Indemnity (< (30 or 17c)) 103,250							
33 Percent Share 1.000							
34 Price Election Percent 1.00							
35 Indemnity 103,250							
36 Effective XPS Liability Remaining (17c - 32) 646,750							

37 Narrative (If more space is needed, attach a Special Report)
This is an example of an additional coverage policy with units by type.

I certify the information provided above, to the best of my knowledge, to be true and complete and that it will be used to determine my loss, if any, to my insured crops. I understand that this Production Worksheet and supporting papers are subject to audit and approval by the company. I understand that this crop insurance is subsidized and reinsured by the Federal Crop Insurance Corporation, an agency of the United States. False claims or false statements made on a matter within the jurisdiction of the Federal Crop Insurance Corporation may subject the maker to criminal and civil penalties under various Federal statutes including the provisions of 18 U.S.C. 1006, 1014; 7 U.S.C. 1506; 31 U.S.C. 3729, 3730, 3801, 3812.

38 Insured's Signature I M INSURED	Date MM/DD/YYYY	39 Adjuster's Signature I M ADJUSTER	Code Number XXXXXX	Date MM/DD/YYYY
40 Witness' Signature	Date	41 Other Signature(s)	Date(s)	42 Page 1 of 1

For Illustration Purposes Only
NURSERY PRODUCTION WORKSHEET/CLAIM FORM

1 Crop and Code No. NURSERY 0073	2 Basic Unit 00100 007	3 Legal Description 123 WEST PINE ANY CITY, ANY STATE	7 Company ABC INSURANCE COMPANY ANY CITY, ANY STATE	8 Name of Insured I M INSURED
4 Date of Damage JAN 20	5 Cause of Damage FREEZE	6 Primary Cause % 100	Agency ABC AGENCY ANY CITY, ANY STATE	9 Claim Number XXXXXXXXXX
12 Basic Unit By Type Yes NO X				10 Policy Number XXXXXXXXXX
				11 Crop Year YYYY
				13 Date Notice of Loss MM DD YYYY
				14 Assign. of Indemnity Yes No X
				15 Transfer of Right to Indemnity Yes No X
				16 Companion Policy(ies)

SECTION I - IMMEDIATELY PRIOR TO THIS LOSS (Include Applicable Peak Endorsement(s))

17a Basic Unit XPS Liability (Excluding Price & Share) 750,000	17b Basic Unit Previous Indemnity(ies) (Sum of 32, previous losses - exclude indemnities applicable to Peak Endorsements) 190,000	17c Effective XPS Liability (17a - 17b or 36 from page 1 > 6units) 560,000
18a Basic Unit Crop Year Deductible (Inventory Value X (1.00 Cov. Level)) 750,000	18b Basic Unit Previous Occurrence Deductible(s) (Sum of 29, previous losses - exclude Occur. Deductible(s) applicable to Peak Endorsements) 750,000	18c Effective Crop Year Deductible (CYD) (18a - 18b or 31 from page 1 if > 6 units) 0

SECTION II - THIS LOSS

19a Inspection Number 2	20 Reported Basic Unit Value (17a + 18a) 1,500,000	21 Sum of Prev. Losses (Adj. Losses) (17b + 18b) 940,000	22 Basic Unit Field Market Value A (Sum of Item 25 entries) 800,000	23 Under-Reporting Factor (URF) [$(1.000 \text{ or } ((20 - 21) / 22))$] .700				
19b Coverage Level 50 %								
24 Damage similar to other nurseries in the area? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		A. Type Code BE	B. Type Code BS	C. Type Code	D. Type Code	E. Type Code	F. Type Code	G. Summary
25 FMV-A		500,000	300,000					800,000
26 FMV-B		26a. Value remaining-ins. cause 260,000	0					260,000
		26b. Value assessed-unins. cause 0	0					0
		26c. FMV-B (TOTAL) (26a + 26b) 260,000	0					260,000
27 Unadjusted Loss (FMV-A - FMV-B (TOTAL)) (25 - 26c)		240,000	300,000					540,000
28 Adj. Loss (for Under-Reporting; item 27 x item 23)		168,000	210,000					378,000
29 Occurrence Ded. (OD) (FMV-A x (100-level %)) 50 %								0
30 Unadjusted Indemnity (28 - 29)								378,000
31 CYD Remaining (18c - 29)								0
32 Preliminary Indemnity [$(30 \text{ or } 17c)$]								378,000
33 Percent Share								1.000
34 Price Election Percent								.55
35 Indemnity								207,900
36 Effective XPS Liability Remaining (17c - 32)								352,100

37 Narrative (If more space is needed, attach a Special Report)
 This is a CAT policy. Insured has purchased additional stock after first loss occurrence. This is an example of basic units by share. Additional coverage policies with basic units by share (when multiple types insured) would be shown and calculated like this example (except price election percent would be 1.00).

I certify the information provided above, to the best of my knowledge, to be true and complete and that it will be used to determine my loss, if any, to my insured crops. I understand that this Production Worksheet and supporting papers are subject to audit and approval by the company. I understand that this crop insurance is subsidized and reinsured by the Federal Crop Insurance Corporation, an agency of the United States. False claims or false statements made on a matter within the jurisdiction of the Federal Crop Insurance Corporation may subject the maker to criminal and civil penalties under various Federal statutes including the provisions of 18 U.S.C. 1006, 1014; 7 U.S.C. 1506; 31 U.S.C. 3729, 3730, 3801, 3812.

38 Insured's Signature I M INSURED	Date MM/DD/YYYY	39 Adjuster's Signature I M ADJUSTER	Code Number XXXXXX	Date MM/DD/YYYY
40 Witness' Signature	Date	41 Other Signature(s)	Date(s)	42 Page 1 of 1