



Program Aid
 Number
 1894

Nursery Commodity Insurance

Revised April 2009

Insurance

Nursery crop insurance is available in all States to all persons operating nurseries that meet certain criteria. Insurance coverage will apply, by practice (**field-grown or container**), to all of your nursery plants in a county that:

- Are on the Eligible Plant List;
- Are grown in a nursery that receives at least 50 percent of its gross income from the wholesale marketing of nursery plants;
- Meet all the requirements for insurability; and
- Are grown in an appropriate medium.

Nursery containers containing two or more different genera, species, subspecies, varieties, or cultivars cannot be insured. Plants grown for sale as Christmas trees cannot be insured, and plants grown as stock plants or grown solely for harvest of buds, flowers, or greenery cannot be insured. Plants producing edible fruits and nuts can be insured if the plants are available for sale (harvesting the edible fruit or nuts does not affect insurability).

Your nursery must be inspected and approved as acceptable before insurance coverage can begin.

Important Dates

- The insurance period begins June 1 and continues through May 31 of the following year.
- The contract change date is January 31 before the current crop year.
- The sales closing date is May 1 before the current crop year.

if You Suffer Damage or a Loss

Notify your agent within 72 hours (3 days) of your initial discovery of damage and submit a claim for indemnity no later than 60 days after the end of the insurance period.

Insured Causes of Loss

Adverse weather conditions¹
 Failure of irrigation water supply²
 Fire³
 Wildlife

¹Includes wind, hurricane, and freeze. If cold protection is required by the Eligible Plant List, adequate and operational cold protection measures must be in place. ²If due to an insurable cause of loss, such as drought. ³Provided weeds and undergrowth are controlled.

Plant damage or losses in value as a result of the following situations are **not** covered:

Collapse or failure of buildings/structures¹
 Disease or insect infestation²
 Failure of plants to grow to an expected size
 Inadequate power supply³
 Inability to market nursery products⁴

¹Unless caused by an insurable cause of loss. ²Unless effective control measures for the infestation do not exist. ³Unless such inadequacy is a result of an insurable cause of loss. ⁴Due to a stop sales order, quarantine, boycott, phytosanitary restriction on sales, or buyer refusal.

Definitions

Amount of Insurance — The result of multiplying the full value of all insurable plants in each basic unit by the selected coverage level percentage, multiplied by your share.

Amount of Insurance Example

| | |
|-----------|----------------------------------|
| \$100,000 | Plant inventory value |
| x .65 | Chosen coverage level percentage |
| x 1.00 | Producer share |
| \$65,000 | Unit amount of insurance |

Container-Grown Plants — Nursery plants planted and grown in standard nursery containers either above ground or placed in the ground [directly or when placed in another pot in the ground (pot-in-pot)].

Crop Inventory Valuation Report — A plant inventory list created on the Nursery Inventory Software for assisting in establishing the insurable nursery plant inventory value. The Nursery Inventory Software is available at: <http://www.rma.usda.gov/tools/eplpps>.

Eligible Plant List — A list that includes botanical and common names of insurable plants, winter protection requirements for container-grown material and areas in which they apply, hardiness zone in which field-grown material is insurable, designated hardiness zone for each county, and unit classification for each plant. The list is available at: <http://www.rma.usda.gov/tools/eplpps> and from crop insurance agents.

Field-Grown Plants — Nursery plants planted and grown in the ground without the use of an artificial root containment device.

Liners — Liners are insurable if the containers are equal to or greater than 1 inch in diameter (including trays containing 200 or fewer individual cells), but less than 3 inches in diameter at the widest point of the container or cell interior, have an established root system, and are able to maintain a firm root ball when lifted from the containers.

Nursery — A business enterprise that grows nursery plants and receives at least 50 percent of its gross income from wholesale marketing of such plants.

Stock Plants — Plants used solely for propagation during the insurance period or plants grown only for harvest of buds, flowers, or greenery. Stock plants cannot be insured.

Plant Inventory Value Report

The plant inventory value report is used to declare the value of your insurable plants. A plant inventory value report for each insured practice is required. Two copies of your most recent wholesale catalog or price list must accompany your plant inventory value report. Wholesale catalogs must:

- Be typewritten and legible;
- Show an issue date on the cover page (may be handwritten);
- Contain name, address, and telephone number of nursery;
- Be used for plant sales to customers; and
- List plant names, container sizes, and wholesale prices.

Your plant inventory value report must also be accompanied by a crop inventory valuation report or physical plant inventory and price documentation.

Peak Inventory Endorsement

For increased coverage during certain peak periods when your inventory value may be significantly higher than your annual plant inventory value, you may consider the additional insurance coverage provided by a Peak Inventory Endorsement (not available with the catastrophic coverage level). Contact your crop insurance agent for further details.

Rehabilitation Endorsement

This endorsement is an addition to the basic policy that provides reimbursement for your expenditures on labor and material for pruning and setup (righting, propping, and staking) of field-grown plants that are damaged by an insured cause of loss and have a reasonable expectation of recovery. The Rehabilitation Endorsement is not available with the catastrophic coverage level. Contact your crop insurance agent for further details.

Pilot Nursery Grower's Price Endorsement

The Pilot Nursery Grower's Price Endorsement, available in 19 States, is an addition to the basic policy that insures specific plants at prices higher than those shown on your eligible plant list. You must purchase this at the time you apply for coverage, or on or before the sales closing date. Contact your crop insurance agent for further details.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your plant inventory value. Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium: the catastrophic coverage level is fixed at 27.5 percent of your plant inventory value. The only cost for the catastrophic coverage level is an administrative fee of \$300.

| Item | Percent | | | | | |
|--------------------|---------|----|----|----|----|----|
| Coverage level | 50 | 55 | 60 | 65 | 70 | 75 |
| Premium subsidy | 67 | 64 | 64 | 59 | 59 | 55 |
| Your premium share | 33 | 36 | 36 | 41 | 41 | 45 |

Loss Example

| | |
|--------------|---------------------------|
| \$100,000 | Plant inventory value |
| x <u>.65</u> | Coverage level percentage |
| \$65,000 | Unit amount of insurance |

In the event of a loss:

| | |
|-------------------|--------------------------------|
| \$100,000 | Field market value before loss |
| - <u>\$50,000</u> | Field market value after loss |
| \$50,000 | Value of loss |
| - <u>\$35,000</u> | Deductible* |
| \$15,000 | Indemnity |

*(1 - coverage level) X inventory = (1 - .65) X \$100,000 = \$35,000

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