

United States
Department of
Agriculture



Risk
Management
Agency



Product
Administration and
Standards
Division

FCIC 24090 (2-2010)

2011

NURSERY

CROP INSURANCE

UNDERWRITING

GUIDE

**2011 and Succeeding Insurance Years
Underwriting Guide for Catastrophic (CAT), and Additional
Coverage Nursery Crop Insurance Contracts**

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

FEDERAL CROP INSURANCE HANDBOOK		NUMBER: 24090 (02-10)
SUBJECT: NURSERY CROP INSURANCE UNDERWRITING GUIDE	OPI: Product Administration and Standards Division	
	APPROVED: <i>/s/ Tim B. Witt</i> Deputy Administrator, Product Management DATE: 2/22/10	

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED UNDERWRITING INSTRUCTIONS UNDER NURSERY CROP PROVISIONS (08-073) AND APPLICABLE ENDORSEMENTS FOR 2011 AND SUCCEEDING CROP YEARS.

THE INSTRUCTIONS IN THIS HANDBOOK ARE EFFECTIVE UPON ISSUANCE AND ARE NOT RETROACTIVE TO ANY 2010 OR PRIOR CROP YEAR DETERMINATIONS.

SUMMARY OF CHANGES

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. Additionally, this issuance incorporates.

Significant changes for crop year 2011:

- A. Section 3: To reflect changes in the Special Provisions of Insurance, changed definitions of FMV-A, occurrence deductible and under-report factor. Also, added definition of over-report factor.
- B. Section 7: Clarified AIP must ensure Nursery Catalog/Price List is date stamped on receipt.
- C. Section 13: Added procedure for over-report factor as specified in the Special Provisions of Insurance.
- D. Section 14: Incorporated impact of an insured failing to provide or providing inadequate supporting documentation as specified in the Special Provisions of Insurance.

DISTRIBUTION RMA Deputy Administrators, Directors, Washington D.C. and Kansas City; RMA Regional and Compliance Offices; National Appeals Division (NAD); Approved Insurance Providers, and National Crop Insurance Services (NCIS)

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SUMMARY OF CHANGE (Continued)

- E Section 16: Incorporated impact of an insured failing to provide or providing inadequate supporting documentation as specified in the Special Provisions of Insurance.
- F Section 20: Removed indemnity examples which are contained in the Nursery Loss Adjustment Standards
- G Exhibit 1: Modified example of PIVR to reflect over-report factor.
- H Exhibit 6: Modified Nursery Catalog/Price List to include requirement for catalog to be date stamped on receipt.

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1. PURPOSE AND OBJECTIVE

To provide instructions for underwriting nursery crops under policy 08-073 and to assure uniform acceptance of nursery risks meeting the criteria provided in this handbook.

In the course of delivering nursery crop insurance, Approved Insurance Providers (AIPs) may develop forms based on their internal needs. The forms must be developed according to RMA's approved standards contained in this handbook or as specified in the FCIC 24040, Document and Supplemental Standards Handbook, and provide all required information. Standards and examples contained in this handbook do not contain required statements. Refer to the FCIC 24040 to determine the applicable statements to be included on each form. The Collection of Information and Data (Privacy Act) Statement and the Nondiscrimination Statement must be included on any form the insured signs or must be provided to the insured on a separate form, for each form that is signed by the insured. A copy must be maintained by the AIP. The Certification Statement must be included on any form that the insured signs that collects information from the producer.

2. CANCELLATION

- A. **Effective Date:** Upon Approval.
- B. **Replaces:** Nursery Crop Insurance Underwriting Guide 24090 issued April 2008.

3. DEFINITIONS

Act - The Federal Crop Insurance Act, 7 U.S.C. 1501 et seq.

American Standard for Nursery Stock - A publication of the American Nursery and Landscape Association, or a subsequent successor organization, issued in accordance with the rules of the American National Standards Institute, Inc. that provides common terminology and standards for nurseries.

Amount of insurance - For each basic unit, the basic unit value multiplied by the coverage level percentage elected and multiplied by the insured's share.

Basic unit value - The full value of all insurable plants in each basic unit as shown on the PIVR, including any revision that increases the value of the insurable plant inventory.

Botanical name - The Latin, scientific, or legal form of a plant name. Parts of the name may be genus, specific epithet (species), subspecies, variety, and cultivar.

Common name - The name by which a plant may be known in everyday commerce.

Container grown - Nursery plants planted and grown in standard nursery containers either above ground or that is placed in the ground, either directly or when placed in another pot in the ground (i.e., pot-in-pot).

Crop Inventory Valuation Report (CIVR): A plant inventory list created on the Nursery Inventory Software for assisting in establishing the insurable nursery plant inventory value.

Crop year - The period beginning the day insurance attaches and extending until the following May 31. Crop year is designated by the year in which the insurance period ends.

Crop year deductible - The deductible percentage multiplied by the sum of all plant inventory values for each basic unit. The crop year deductible will be increased for any increases in the inventory value on the PIVR or through the purchase of a Peak Inventory Endorsement, if in effect at the time of loss. The crop year deductible will be reduced by any previously incurred deductible, except any incurred under the Rehabilitation Endorsement, if the insured timely reports each loss to the AIP.

Deductible percentage - An amount equal to 100 percent minus the percent of coverage selected.

Eligible Plant List (EPL) - A list that includes the botanical and common names of insurable plants, the winter protection requirements for container grown material and the areas in which they apply, the hardiness zone to which field grown material is insurable, the designated hardiness zone for each county, and the unit classification for each plant on the list, published by FCIC on RMA's web site at www.rma.usda.gov. It is also available on compact disk from a crop insurance agent.

Fabric grow bag - A fabric bag (including a woven or matted bag with a plastic or fabric bottom) used for growing woody plants in-ground or as an above-ground nursery plant container that provides adequate drainage and is appropriate in size for the plant.

FCIC - The Federal Crop Insurance Corporation, a wholly owned corporation within the USDA, or a successor agency.

Field grown - Nursery plants planted and grown in the ground without the use of an artificial root containment device. Plants grown in in-ground fabric grow bags, plants that are balled and burlapped or plants grown in containers that allow the plants to root (excluding fibrous roots) into the ground (for example, a container without a bottom) are also considered field grown.

Field market value A (FMV-A) - The value of undamaged insurable plants, based on the lesser of: (1) the prices contained in the Plant Price Schedule; or (2) the prices contained in the insured's catalog or price list in the basic unit immediately prior to the occurrence of any loss, as determined by the AIP's appraisal. This allows the amount of insurance under the policy to be divided among the individual units in accordance with the actual value of the plants in the unit at the time of loss to determine whether the insured is entitled to an indemnity for insured losses in the basic unit. This value is also used to calculate the actual value of the plants in the basic unit at the time of loss to ensure that the insured has not under-reported or over-reported plant values. For liners, the total value of undamaged liners is multiplied by the survival factor to determine the value of undamaged insurable plants.

Field market value B (FMV-B) - The value of insurable plants, based on the lesser of: (1) the prices contained in the Plant Price Schedule; or (2) the prices contained in the insured's catalog or price list in the basic unit following the occurrence of a loss, as determined by the AIP's appraisal, plus any reduction in value due to uninsured causes. This is used to determine the loss of value for each individual unit so that losses can be paid on an individual unit basis.

Good nursery practices - The horticultural practices generally in use in the area for nursery plants to make normal progress toward the stage of growth at which marketing can occur and:

- (1) for conventional practices, generally recognized by agricultural experts for the area as compatible with the nursery plant production practices and weather conditions in the county; or
- (2) for organic practices, generally recognized by the organic agricultural industry for the area as compatible with the nursery plant production practices and weather conditions in the county or contained in the organic plan.

The AIP may, or the insured may request the AIP to, contact FCIC to determine whether or not production methods will be considered to be “good nursery practices.”

Hardiness Zone Designations - All eligible counties are assigned a single hardiness zone (HZ) designation for insurance purposes. These counties and their zone assignments are listed in Appendix A of the EPL and affect the insurability for both container and field grown material.

Irrigated practice - The application of water, using appropriate systems and at the proper times, to provide the quantity of water needed to sustain normal growth of the insured plant inventory and provide cold protection for applicable plants as specified in the Eligible Plant List.

Liners - Plants produced in standard nursery containers that are equal to or greater than 1 inch in diameter (including trays containing 200 or fewer individual cells, unless specifically provided by the Special Provisions) but less than 3 inches in diameter at the widest point of the container or cell interior, have an established root system, and meet all other conditions specified in the Special Provisions.

Loss - FMV-A minus FMV-B.

Marketable - Of a condition that it may be offered for sale in the market.

Monthly proration factors - Factors contained in the actuarial documents that are used to calculate premium when insured does not insure the nursery plants for an entire crop year.

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

Nursery Inventory Software - Software provided by the RMA which allows users to access the Eligible Plant List and Plant Price Schedule (EPL/PPS) electronically. The software can be used to create Crop Inventory Valuation Report. The software is available for download from the RMA website. It is also available on compact disk from the agent/AIP upon request.

Occurrence deductible - This deductible allows a smaller deductible than the crop year deductible to be used when the inventory value is more or less than the reported basic unit value. The occurrence deductible is the lesser of: a) the deductible percentage multiplied by FMV-A multiplied by the under-report factor in an under-report situation; or the deductible percentage multiplied by FMV-A multiplied by 1.000 plus the over-report factor in an over-report situation; or b) the crop year deductible.

Omitted plant - Any plant, meeting all insurability requirements, grown in a nursery that is not listed (by either the botanical or common name) in the insured's nursery catalog or price list. An omitted plant will be uninsurable for the crop year but the value of such plant, as determined using the Eligible Plant List and Plant Price Schedule (EPL/PPS) in accordance with [section 6(e) of the Nursery Crop Provisions], will be used in determining **FMV-B**.

Over-report factor - The factor that adjusts the insured's indemnity for over-reporting of inventory values. This factor is used in determining indemnities when FMV-A for any basic unit is less than the inventory value reported for the same basic unit minus the total of all previous losses as adjusted by any previous under-report factor or over-report factor. The over-report factor is determined from the basic unit value reported on the PIVR, including a Peak Inventory Value Report during the coverage term of a Peak Inventory Endorsement, minus the total of all previous losses as adjusted by any previous under-report factor or over-report factor, divided by FMV-A, minus 1.100. The over-report factor must be greater than 0.000 in order to affect the insured's indemnity. If the over-report factor exceeds 1.000, no indemnity payment will be due. Payments made under the Rehabilitation Endorsement will not be considered a previous loss when calculating the over-report factor.

PIVR - The plant inventory value report, the report that declares the value of insurable plants in accordance with [section 6 of the Nursery Crop Provisions and paragraph 14 of this handbook].

Plant Price Schedule - A schedule of insurable plant prices that establishes the maximum insurable value of undamaged insurable plants, published by FCIC as an actuarial document available on RMA's web site at www.rma.usda.gov. It is also available on compact disk from a crop insurance agent.

Practice - A cultural method of producing plants. Container grown and field grown are considered separate insurable practices.

Sales closing date (SCD) - The date shown in the Special Provisions. 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.

Standard nursery containers - Rigid containers not less than 1 inch in diameter at the widest point of the container interior (including trays that contain 200 or fewer individual cells, unless specifically provided by the Special Provisions), above-ground fabric grow bags, and other types of containers specified in the Special Provisions that are appropriate in size and provide adequate drainage for the plant. In-ground fabric grow bags, balled and burlapped, and trays (flats) without individual cells are not considered standard nursery containers.

Stock plants - Plants used solely for propagation during the insurance period.

Storage keys - Container plants require cold protection to retain insurance coverage against cold damage. The cold protection requirements are listed on the Eligible Plant List for each insurable container plant through the use of the storage key (SK) code. Storage key code specifications are detailed in Appendix B of the EPL/PPS.

Survival factor - A factor shown on the Special Provisions that specifies the expected percentage of liners that normally survive the period from insurance attachment to market.

Taxonomic level – Hierarchal classification of a plant to the genus, species, subspecies, variety, cultivar level.

Under-report factor - The factor that adjusts the insured's indemnity for under-reporting of inventory values. The factor is always used in determining indemnities. For each basic unit, the under-report factor is the lesser of: a) 1.000; or b) the basic unit value, including a Peak Inventory Value Report during the coverage term of a Peak Inventory Endorsement, minus the total of all previous losses, as adjusted by any previous under-report factor **or over-report factor**, divided by **FMV-A**. Payments made under the Rehabilitation Endorsement will not be considered a previous loss when calculating the under-report factor.

Wholesale - To sell nursery plants in large quantities at a price below that offered on low-quantity sales to retailers, commercial users, governmental end-users, or other end-users for business purposes (e.g. sales to landscape contractors and commercial fruit producers). This determination will be based on a county-by-county basis.

4. AVAILABILITY

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-Basic Provisions, Special Provisions, CAT Endorsement, and Nursery Crop Provisions.

A nursery grower may insure either the field grown practice or container grown practice or both. Container and field grown plants are considered different crops for insurance purposes and can have different coverage—catastrophic (CAT) or additional coverage. 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.

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 to be considered a wholesale nursery. A nursery that receives more than 50 percent of its gross income from retail plant sales is not eligible for coverage under the Nursery Crop 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 requirements of growing the plants and the percentage of nursery plants sold at wholesale prices are the only bases for this determination.

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.

5. IMPORTANT DATES

- A. **CONTRACT CHANGE DATE** – January 31 for **2011** and subsequent crop years.

- B. SALES CLOSING DATE (SCD)** – May 1 for the 2011 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 Nursery Crop Provisions]. Carryover insureds may request changes to the coverage level for a basic unit on or before the SCD. An application or policy change form (issued by the AIP) is required for adding a plant type or making a coverage level change. The insurance application/policy change form and the PIVR are separate forms and will 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 Insurance Policy-Basic Provisions and 7CFR Part 400 subpart U] for provisions and regulations regarding insurance eligibility.

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

- (1) **New insureds** - With the application.
- (2) **Carryover insureds** – On or before the SCD.

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

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

- (1) **New insureds** - With the application.
- (2) **Carryover insureds** - On or before the SCD.

E. INSURANCE ATTACHMENT DATES

- (1) **New insureds** – The later of 30 days after the application is received by the agent/AIP or June 1.
- (2) **Carryover insureds** – June 1.

For insurance to attach on June 1, insureds must request coverage level changes in writing to the AIP on or before the SCD. If the insured fails to provide a PIVR or acceptable catalog or price list on or before the SCD for any crop year, insurance

will not attach until 30 days after all such documents have been received by the crop insurance agent/AIP.

The 30-day waiting period does not include the date the required documentation is submitted or the date insurance attaches. For example, an application and all required documentation are submitted on May 16th. Insurance would not attach until 30 full days have elapsed; therefore, insurance does not attach until June 16th.

F. PREMIUM BILLING DATE – March 1 of the crop year for the 2011 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 7(c) 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 Nursery Crop Provisions or the Peak Inventory Endorsement. The rate used to calculate premium will be the rate effective on the last date of the month. If a producer applies for insurance on or after March 1 for the current crop year or submits a PIVR or nursery 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 PIVRs or nursery catalogs or price lists are submitted with applications after the SCD.

- (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 are May 31, preceding the crop year.

To be effective for the crop year, insureds must request to transfer the policy to a different AIP prior to the cancellation date, in accordance with procedures contained in the FCIC 18010 Crop Insurance Handbook. Any policy transferred after the SCD and prior to the cancellation date must have the same coverage levels, plant types, etc., that were effective on the SCD.

H. END OF INSURANCE—Insurance ends at the earliest of:

- (1) May 31 of the crop year;

- (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.

6. **COVERAGE LEVELS**

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 or changes from basic unit by share to basic unit by plant type or vice versa may not be made after the SCD for the 2011 and subsequent crop years. The 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 additional coverage policies**, the price percentage is limited to 100 percent 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 percent of the price election, and the coverage level is 50 percent. If the insured selects catastrophic risk protection for one practice, all plant types under the practice are insured at the catastrophic risk protection level.

7. **BASIS OF COVERAGE**

- 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. The EPL/PPS:
 - (a) Provides maximum insurable plant prices by type, practice, and size. Refer to [Section 11(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 nursery catalog or price list each crop year as a condition of insurance. If the nursery catalog/ 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.

If the carryover insured does not provide the required acceptable nursery catalogs or price lists by May 1 prior to the start of the crop year, insurance will not attach until 30 days after all such acceptable documents have been received by the insured's crop insurance agent/AIP.

If a new applicant fails to provide catalogs or price lists with the application, the AIP will reject the application. If a new insured provides a nursery catalog/ price list that is not acceptable (i.e., does not meet the criteria in [(2) below]), then insurance will not attach until 30 days after an acceptable nursery catalog or price list has been received by the insured's crop insurance agent/AIP.

- (2) **To be acceptable**, all catalogs or price lists must:
- (a) Be neat, type-written, legible, and the same catalog/ price list provided to customers used in the sale of the plants; and
 - (b) Contain all of the following information:
 - (i) Issue date (season or month and year) on the cover page (may be handwritten).
 - (ii) Name, address, and phone number of the nursery.
 - (iii) Each plant's name (scientific or common), plant or container size, and wholesale price.
- (3) **The AIP shall review the catalogs or price lists**, reject those that do not meet the policy criteria, and notify the insured or applicant in writing of the reason for rejection by providing a copy of the completed and signed Nursery Catalog/Price List Checklist [see Exhibit 6] explaining the deficiencies and reason for nursery catalog or price list rejection.

A Crop Inventory Valuation Report (CIVR) created with the use of the Nursery Insurance Software cannot be used as a substitute for the nursery catalog or price list.

- (4) **AIPs shall submit one copy of the acceptable catalog** or price list, along with a completed and signed Nursery Catalog/Price List Checklist [see Exhibit 6] to the RMA Regional Office (RO) on a timely basis.
 - (a) **The AIP must ensure Nursery Catalog/Price List is date stamped on date of receipt by the AIP or its representative.**
 - (b) The Checklist must contain the crop year, state, county, policy number, nursery name on catalog (if different than insured name), agent's name and servicing company and be attached to the catalog or price list.
 - (c) The AIP's copy of the nursery catalog or price list will be maintained in the official file of the insured.
 - (d) AIPs must ensure nursery catalogs or price lists meet policy requirements. Acceptable nursery catalogs or price lists are conditions of insurance for eligible nursery crop insurance policies. Additionally, if a pattern, practice, or trend of unacceptable nursery catalogs or price lists submitted by the AIP is identified, the RMA RO will notify the AIP and refer to the appropriate RMA Risk Compliance Field Office.
 - (e) Nursery catalogs or price lists submitted by more than one insured entity that appear to be substantially the same except for the front cover must be referred to the appropriate RMA Compliance Field Office for investigation.
- (5) **The RMA RO shall also obtain catalogs or price lists** from representative non-insured nurseries, and shall submit all nursery catalogs and lists received and collected to the party responsible for maintaining the EPL/PPS.
- (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 catalog or price list offering different plants (e.g., a fall plant catalog and a spring catalog), two copies of the most recent edition for each season must be submitted for each crop year at the time the initial PIVR is submitted. The insured may revise the PIVR upward, or elect a Peak Inventory Endorsement during the crop year. The nursery 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 carryover insureds) will be used for purposes of the revised PIVR or Peak Inventory Endorsement.
- (7) **If both a spring and fall catalog or price list** are submitted by an insured, the prices for plants will be selected from the appropriate nursery catalog or price list.

For example, the producer applies for a nursery policy in April and has nursery catalogs published in March of the current year and September of the prior year. The March catalog shall be the first reference for the inventory of plants. If certain plants are not contained in the March catalog, the producer 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 Nursery Grower's Price Endorsement (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 insured's nursery 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 nursery 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) Plants listed at the genus level on a nursery catalog or price list must be compared to the correct taxonomic level of the plant in the EPL/PPS in order to determine the most accurate values for the PIVR.
 - (e) 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 NGPE 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 catalog or price list prices. However, insureds who elect the NGPE must have verifiable wholesale 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** is determined by comparing the nursery 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 insured lists in his nursery 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 nursery 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.

8. **INSURABLE PLANTS**

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 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. The Special Provisions may also allow for a non-irrigated practice for field grown plants the second and subsequent years after the plants are set out.

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 10], Conditions of Acceptance, for additional instructions for making irrigation determinations.) It must be determined at the time of inspection 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, public water shortage, breakdown of equipment, or inability to use tankers to transport water provided these were the result of uninsured causes of loss. 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 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 are 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 nursery catalog or 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 handbook for additional information and requirements. Container or liner sizes smaller than the smallest size listed for plants on the EPL/PPS are not insurable. Do not round up to meet the minimum size requirement for plants.

- (4) **If at any time while determining inventory or loss it is determined that the size of a plant is not listed in the nursery catalog or price list, but the genus, species, subspecies, variety or cultivar is listed in the nursery catalog or price list, the wholesale price for the missing plant size will be determined using the lower of price determined from the calculation listed below or the price in the EPL/PPS, unless the plant is endorsed under the Nursery Grower's Price Endorsement (NGPE). If the plant is endorsed under the NGPE and the calculated wholesale price for the missing plant size determined in (a) or (b) below is greater than the EPL/PPS price, then the price used for insurance purposes is the calculated wholesale price, not the EPL/PPS price.**

- (a) When only one plant size listed in the nursery catalog or price list is nearest to the size of the missing plant, calculate the factor using the calculation below:

- 1 Divide the price from the nursery catalog or price list **or the upgraded price, if the NGPE is elected,** for the plant at the nearest size to the size of the missing plant by the price in the EPL/PPS for the same-sized plant as shown in the nursery catalog or price list to determine a proration factor (rounded to three decimal places); and
- 2 Multiply the EPL/PPS price that corresponds to the size of the missing plant by the proration factor

For example: The insured's nursery catalog has an *Agastache* 'Firebird' listed in a 3-gallon container. At the time of loss, the *Agastache* 'Firebird' is growing in a 2-gallon container. The insured's nursery catalog price for a 3-gallon *Agastache* 'Firebird' is \$12.00; however, a price for a 2-gallon size is not listed. The EPL/PPS 3-gallon *Agastache* 'Firebird' price is \$15.00 and the EPL/PPS 2-gallon *Agastache* 'Firebird' price is \$9.00. The wholesale price will be \$7.20 (\$12 nursery catalog price/\$15 EPL/PPS price = .80 proration factor X \$9.00 EPL/PPS price).

- (b) When there are two plant sizes listed in the nursery catalog or price list equally distant to the size of the missing plant, calculate the factor using the calculation listed below:

- 1 Add the two equally distant prices from the nursery catalog **or price list or add the two upgraded plant prices, if the NGPE is elected;**
- 2 Add the two equally distant prices from the EPL/PPS;
- 3 Divide the sum of the two prices, **or two upgraded plant prices,** from the nursery catalog or price list for the plant at the nearest sizes to

the size of the missing plant by the sum of the two prices in the EPL/PPS for the same-sized plant to determine a proration factor (rounded to three decimal places); and

- 4 Multiply the EPL/PPS price that corresponds to the size of the missing plant by the proration factor.

For example: The insured's nursery catalog has an *Agastache* 'Firebird' listed in a 1-gallon and in a 3-gallon container. At the time of loss, the *Agastache* 'Firebird' is growing in a 2-gallon container. The insured's nursery catalog lists a price for a 1-gallon *Agastache* 'Firebird' at \$6.00 and a price for a 3-gallon *Agastache* 'Firebird' at \$12.00. A price for a 2-gallon *Agastache* 'Firebird' is not listed. The EPL/PPS 1-gallon *Agastache* 'Firebird' is \$7.00, the EPL/PPS 2-gallon *Agastache* 'Firebird' price is \$9.00, and the 3-gallon *Agastache* 'Firebird' price is \$15.00. The wholesale price for the missing plant size will be $\$7.36$ ($(\$6.00 + \$12.00) = \$18.00$ nursery catalog price / $(\$7.00 + \$15.00) = \$22.00$ EPL/PPS price = .818 proration factor X \$9.00 EPL/PPS price).

(c) When calculating the price for a missing:

1 Liner size, only compare the missing size to other liner sizes. For example, 1) if the missing liner size is 72-200 cells/tray, the nearest size is 37-71 cells/tray ("equally-distant" does not apply); 2) if the missing liner size is 37-71 cells/tray, the two equally-distant sizes are 72-200 cells/tray and <3" – 36 cells/tray; and 3) if the missing liner size is <3" – 36 cells/tray, the nearest size is 37-71 cells/tray ("equally distant" does not apply).

2 Pot size, calculate the price based on (a) above, as there will not be two equally-distant prices as stated in (b). The nearest size to the missing Pot size is the next larger size listed in the catalog.

- (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].)
- (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 Provisions, section 8], for additional information regarding insurable plants.

D. ORGANICALLY GROWN PLANTS

If an insured produces organically-grown plants, s/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 may be accepted by the AIP for coverage for the current crop year, 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. (See the paragraphs below for more information). If not accepted by the AIP, the plants must be removed from the PIVR and noted as such in the remarks section 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.

- (1) The following situations may occur in the event a damaged plant has been accepted for insurance at a reduced value:
 - (a) Reduced value < catalog or price list price < EPL/PPS price;
 - (b) Catalog or price list price < reduced value < EPL/PPS price;
 - (c) Catalog or price list price < EPL/PPS price < reduced value;
 - (d) Reduced value < EPL/PPS price < catalog or price list price;
 - (e) EPL/PPS price < catalog or price list price < reduced value; and
 - (f) EPL/PPS price < reduced value < catalog or price list price.
- (2) If the damaged plant falls under (a), (b), (c), or (d) above, the following steps should be followed when completing a Crop Inventory Value Report (CIVR) in the Nursery Inventory Software:

Step one: Enter the reduced value as the catalog price,

Step two: Make a note in the remarks section of the CIVR that the reduced value has been assigned to the catalog price for that plant for the purpose of completing the CIVR,

Step three: List in the remarks section the actual value of the reduced value and catalog or price list price.

For example, the insured has a five-foot tall Chinquapin Oak that was damaged the previous crop year. It is determined the reduced value is \$90.00. The catalog price for the current crop year is \$95.00 and the EPL/PPS price is \$96.50. The insured enters the catalog price for the Chinquapin Oak as \$90.00 and makes a note in the remark section that states the catalog price is \$95.00, but the tree was damaged in the previous crop year and the reduced value was determined to be \$90.00.

- (3) If the damaged plant falls under (e) or (f) above, the following steps should be followed when completing a CIVR in the Nursery Inventory Software:

- Step one: Enter the reduced value as the catalog price,
 Step two: Make a note in the remarks section of the CIVR that the catalog price for that specific plant is equal to the reduced value for the purposes of completing the CIVR, and
 Step three: List in the remarks section the actual values of the reduced value and catalog or price list price. Additionally, the applicable plant type total and practice total must be manually adjusted to reflect the true reduced value.

For example, the insured has a five-foot tall Chinquapin Oak that was damaged the previous crop year. It is determined the reduced value is \$93.00. The catalog price for the current crop year is \$95.00 and the EPL/PPS price is \$90.00. The insured enters the catalog price for the Chinquapin Oak as \$93.00 and makes a note in the remark section that states the catalog price is \$95.00, but the tree was damaged in the previous crop year and the reduced value was determined to be \$93.00. Since the EPL/PPS price is lower than the catalog price and the reduced value, the CIVR will assign the EPL/PPS as the price at which the Chinquapin Oak is insurable. The insured must manually adjust the applicable plant type total and practice total to reflect the reduced value.

- 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 15, Written Agreements for Unlisted Plants], for additional instructions.
- H. **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:
- (1) **Are not grown for sale** as Christmas trees;
 - (2) **Are not stock plants** or plants being grown solely for harvest of buds, flowers, or greenery;
 - (4) **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);
 - (5) **Are not grown in containers with 2 or more** different genera, species, subspecies, varieties or cultivars of plants. The EPL/PPS does not provide a price for such containerized plants (dish gardens), therefore, they are not insurable as grown;
 - (6) **Are not 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.

(7) **Are not omitted plants/plant prices.**

(a) Any plant, meeting all insurability requirements, grown in a nursery will be uninsurable for the crop year if the plant is:

- 1 Not listed (by either the complete botanical or common name) in the nursery catalog or price list; or,
- 2 Listed in the nursery catalog or price list but there is not a corresponding price.

The value of such plants, as determined using the EPL/PPS, will be used in determining **FMV-B** for all losses for the crop year.

- (b) If the nursery catalog is not updated on an annual basis, the insured must submit a supplement to the catalog or price list on or before the SCD. The supplement must be in accordance with [section 6(k) of the Nursery Crop Provisions].
- (c) If the insured can prove through purchase receipts that plants that were not listed in the nursery catalog or price list provided for the crop year were acquired after submitting an initial PIVR, the insured must submit a revised nursery catalog or price list and a revised PIVR, if applicable. The new plants will not be insurable until 30 days after such nursery catalog or price list is received by the agent/AIP.

- I. **NURSERY PLANTS ARE NOT CONSIDERED INSURABLE UNTIL THEY BECOME ESTABLISHED**, even if they are otherwise insurable. A plant will be determined to be established when it has a viable root and foliage system capable of supporting its growth without input from the food reserves of seed, cuttings, mother plants, etc.

9. CAUSE OF LOSS LIMITATIONS

- 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 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 PROVISIONS] for additional limitations.

10. CONDITIONS OF ACCEPTANCE

- 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 [as noted in 10B]. The nursery inspection is conducted by the AIP to determine the acceptability of the nursery operation as an insurance risk. The AIP's underwriters shall review the inspection reports and determine whether to bind coverage. In case of a negative inspection report, the AIP shall respond by choosing from the options under [D -F of this section]. The inspection report is an active record and must be maintained until a new inspection is completed or the policy is no longer valid. The three-year record retention is not applicable to the inspection report if the policy remains in effect. There must be an inspection report in the insured's file while the policy remains in effect.
- 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 insureds and when a policy is transferred from another AIP 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 on the CIVR or PIVR are supported by acceptable supporting documentation and the reported values are supported within tolerance [see par. 14 D(2) for acceptable supporting documentation requirements]
 - (c) The risk is acceptable; and
 - (d) Insurability requirements are met [refer to section 8 of the Nursery Crop Provisions for additional information].
 - (2) There is existing damage. The inspection **will** be used 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. **A previous loss adjustment for the same damaged plants may be used in conjunction with the pre-acceptance inspection.**
 - (3) 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.

- (4) **When a new practice is added.**
 - (5) **When a new site or location** is added to the operation.
 - (6) **When an inspection report is not in the insured's file,** a new inspection must be completed.
- C. **THE INSPECTION MUST BE COMPLETED** timely enough to provide the AIP 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, before the coverage inception date as specified in [section 9 of the Nursery Crop Provisions].
- 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 Provisions.
 - (2) **Notify the applicant or insured** that on the basis of the negative inspection report and/or requirements of the Nursery Crop Provisions and Special Provisions:
 - (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 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 and supporting documentation to determine** if the reported values are supported within tolerance.
- (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 AIP ACTIONS in case of a negative report are:

<u>INSPECTION</u>	<u>ACTION (NEGATIVE REPORT)</u>
(1) Eligibility	Deny coverage.
(2) Accuracy of reported values within tolerance	Review nursery’s supporting documentation. 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 AIP shall notify the nursery in writing that a loss from cold temperatures may be denied or deny all coverage.
(c) Existing damage	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 AIP shall notify the nursery in writing that plants with existing damage that will recover

- are insurable only at a reduced value determined by the AIP.
- | | |
|--|--|
| (d) Improper container or potting medium | Notice of potential grounds for denying a claim or denying coverage. |
| (e) Weeds | Notice of potential grounds for denying a claim or denying coverage. |
| (f) High risk of precipitation or flood damage | Notice of potential grounds for denying coverage. Deny coverage against excess moisture or flood damage if corrective action is not taken. |

F. AS THE RESULT OF ANY INSPECTION:

- (1) **In all cases, the AIP 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 shall 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 (salvage plants) are only insurable for the remainder of the crop year in which they are damaged; 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 shall document the plants with possible damage, types/practices, type of damage, and number of plants. The plant will be insurable at full value based on the lesser of the EPL/PPS price or the catalog or price list price. Notify the insured in writing that a reinspection will be performed after the plants come out of dormancy and the value of damaged plants will be reduced, as appropriate, at the time of re-inspection determined by the AIP.
- (4) If damage to a plant has been deferred and amount of damage cannot be determined 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 will be reduced, as appropriate, at any time during the crop year if the extent of the damage is determined
- (5) **The AIP may adjust the PIVR** to reflect the decreased values by plant type after the SCD.

11. UNIT DIVISION

A. **UNIT DIVISION ON A GEOGRAPHIC BASIS** (i.e., different sections, FSNs, etc.) is not available for either CAT or additional coverage. Optional units are not available for either CAT or additional coverage.

B. **UNIT DIVISION FOR CAT:**

Basic units are established for all nurseries in a county for each practice:

- (1) In which the insured has a 100 percent interest; or
- (2) Which is owned by one person and operated by another person on a share basis.

C. **UNIT DIVISION 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 genera, 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 or over-report factor;
 - (d) Premium; and
 - (e) The maximum indemnity payable.

12. AMOUNT OF INSURANCE

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

- A. **FOR ADDITIONAL COVERAGE 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 percent) multiplied by 55 percent 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 basic 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 basic units by plant type, 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.

13. PENALTIES FOR MISREPORTING

A. **UNDER-REPORT FACTOR (penalty for under-insuring).**

If the insured fails to report **an inventory value by basic unit** 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 PIVR is \$100,000. **FMV-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 percent of the inventory and will not receive more than 80 percent 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 Provisions]).

B. **OVER-REPORT FACTOR (penalty for overstating inventory value)**

If the insured reports an inventory value by basic unit that exceeds 110 percent of the inventory value, any indemnity due may be reduced.

To prevent the indemnity from being reduced when inventory values by basic unit have been over-reported, **FMV-A** must be supported by documentation, including sales and purchase records, that is within 10 percent of the inventory value by basic unit reported on your PIVR, revised PIVR, and Peak Inventory Value Report, as applicable. Otherwise, any indemnity for that basic unit will be reduced by an over-report factor.

EXAMPLE: The value of the nursery inventory for the basic unit reported on the PIVR is \$125,000. At the time of loss, **FMV-A** is determined to be \$100,000. The over-report factor is .15 [(\$125,000 ÷ \$100,000) - 1.10]. The over-report factor will be used in determining the final indemnity.

- (1) **For Additional Level of Coverage Policies** – If the insured reports an amount of insurance that exceeds the actual value of the inventory, the insured shall 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. AIPs are encouraged to advise insureds that plants will be priced using the “lower of” method at the time of loss. See [Section 7 B] regarding the requirements for submitting nursery catalogs or price lists with the PIVR.
- (2) **For CAT Level of Coverage Policies** – The total of the reported basic unit value for each applicable practice cannot exceed 110 percent of the higher of:
 - (a) The greatest amount of plant sales for the practice in any one of the three

previous years (one year is considered the calendar year, crop year, etc. depending on how the insured keeps his/her records, e.g., If the nursery uses a calendar year, then the previous 3 calendar years are used. If the nursery uses a fiscal year, the previous 3 fiscal years' are used); or

- (b) The actual inventory value for the crop year on the date the PIVR is submitted.

If the total basic unit value reported on the PIVR exceeds these limits, the AIP shall not issue a policy for more than the limits. The AIP shall 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 AIP is issuing the policy for the maximum allowable amount. Each over-reported plant type value must be reduced so it meets the aforementioned limits. For example, if a plant type value exceeds the limit by 15 percent, that plant type value will be reduced by 15 percent.

C. UNREPORTED PLANT TYPE

As specified in the Special Provisions, for each insured practice, the insured must insure and report on the PIVR the value of all insurable plants/plant types in each unit, whether basic units by share or plant type are elected. Any unreported plants/plant types will not be insured. Additionally, to determine the under-report factor for the reported plant types, the AIP will calculate FMV-A for each unreported plant type and assign the value proportionately to each reported plant type in the same practice. The plants in each unreported plant type will be listed as undamaged in the Appraisal Worksheet, which can be found in the Nursery Loss Adjustment Standards Handbook or the Nursery Appraisal Software.

If the insured can prove through purchase receipts that new plant types were acquired after submitting the initial PIVR that were not contained in the nursery catalog or price list provided for the crop year, the insured must submit a revised nursery catalog or price list in accordance with [section 6(k) of the Nursery Crop Provisions] and a revised PIVR, if applicable. The new plant types will not be insurable until 30 days after such nursery catalog or price list is received by the AIP.

EXAMPLE:

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

FMV-A for plant type X is 33 percent ($\$2,000/\$6,000$) of total FMV-A for the practice.
 FMV-A for plant type Y is 67 percent ($\$4,000/\$6,000$) of total FMV-A for the practice.

33 percent of \$8,000 is \$2,640, so FMV-A for plant type X would be adjusted to \$4,640 ($\$2,000 + \$2,640$).
 67 percent of \$8,000 is \$5,360, so FMV-A for plant type Y would be adjusted to \$9,360 ($\$4,000 + \$5,360$).

14. PIVR

A. **A 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 actual signature of the insured. For each insured practice, a separate PIVR must be submitted:

- (1) **At the time of application** for new insureds.
- (2) **On or before the SCD** for the crop year for carryover insureds. Coverage will attach for the crop year on June 1 for the 2011 and subsequent crop years, but only if the insured submits the PIVR and nursery catalog(s) or price lists for the crop year [See section 7 B]. A revised PIVR is required to increase the inventory value established under this item and a 30-day waiting period following such revisions will apply.

AIPs, and their agents, using a current physical plant inventory, should assist insureds in utilizing the Nursery Inventory Software to generate the Crop Inventory Valuation Report (CIVR) to develop PIVRs for the 2011 and succeeding crop years. In any case where the Nursery Inventory Software is not used to develop the PIVR, the AIP must review the supporting physical plant inventory and price documentation used by the insured to verify that the PIVR and any revised PIVR are properly supported. The PIVR must be accompanied by the CIVR or physical plant inventory and price documentation.

B. **THE PIVR 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 catalog or price list price but are higher than EPL/PPS prices. Plants damaged in a previous year, for which a claim appraisal was made and that will not fully recover at the time insurance will attach, must be valued using the appraised value as determined for FMV-B in the applicable loss adjustment regardless of the amount of recovery that has occurred and/or any changes in the EPL/PPS price for such plants.
- (4) **The coverage level for each plant type** if additional coverage with basic units by plant type is elected.
- (5) **Share.**

C. ADDITIONAL REQUIREMENTS:

- (1) **For CAT level of coverage policies, the Nursery Crop Provisions provide 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. However, insurance does not attach until 30 days after an acceptable PIVR is submitted; therefore, it may not be possible for an insured to accurately report the actual inventory value on the PIVR 30 days in the future. Therefore, the actual inventory value on the date the PIVR is submitted will be considered an accurate report for this purpose and must be based on actual inventory. The 110 percent limitation is also applicable to PIVR revisions during the crop year.
 - (a) Acceptable records must be available to support the greatest amount of plant sales in any of the previous three years and the actual inventory value reported on the PIVR.
 - (b) If records are not available to support the greatest amount of plant sales in any of the three previous years (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.
- (2) **Acceptable records must be available to support PIVR.** 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. The PIVR must be reflective of the actual inventory on date submitted. If a new plant is grown by a nursery, the nursery shall provide purchase and/or propagation records for such plants.
- (3) **The initial PIVR for the crop year** will contain the inventory value for plants within each plant type. All plants and plant types the insured grows in each insured 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 15 B] for instructions on reporting inventory values affected by a written agreement.

D. IF NECESSARY OR REQUIRED, THE AIP SHALL REQUEST DOCUMENTATION TO SUPPORT A PIVR.

- (1) **For additional level of coverage policies,** supporting documentation must be within ten percent of the inventory values for each basic unit reported on the PIVR. This ten percent tolerance:
 - (a) Does not apply to CAT level policies [see C(1)]; and
 - (b) Applies only to over-reported PIVR values. An over-reported PIVR exists when the values reported on the PIVR exceeds the inventory value

determined from the PIVR supporting records.

- (2) **Supporting documentation includes**, but is not limited to:
- (a) A detailed physical plant inventory listing of all plants, that includes the complete botanical or common name, size, and quantity of each plant or a CIVR (CIVR must be based on actual inventory and supporting documentation);
 - (b) Acceptable records of sales, purchases and propagation, if applicable. If the insured purchases plants, the purchase receipts are required. If the insured propagates plants, the insured must provide purchase receipts for input costs and planting records. Insureds may be asked to provide acceptable records of plant purchases and sales for each of the 3 previous crop years. To be considered acceptable, records must contain:
 - 1 Name and telephone number of purchaser or seller;
 - 2 Names of the plants;
 - 3 Quantity of each plant sold or purchased; and
 - 4 Sales price of each plant.
 - (c) Evidence of the insured's ability to properly obtain and maintain the nursery plants/stock.
- (3) After insurance attaches, failure to provide supporting documentation when requested will result in premium owed but no indemnity paid for any basic units for which such documentation was not provided. This does not apply to:
- (a) Plant varieties not previously grown; or
 - (b) New nurseries where an inspection has determined an insured has the ability to properly obtain and maintain the nursery stock.
- (4) Providing inadequate documentation (i.e. documentation that does not support, to within 10 percent, the inventory value reported by basic unit on the PIVR) for each basic unit will not result in denial of insurance for the crop year:
- (a) Premium will still be owed based on the basic unit value reported on the PIVR; and
 - (b) Any indemnity for each basic unit where inadequate documentation was provided will be reduced by the over-report factor.

E. PIVR REVISIONS.

The PIVR may be revised no more than twice for each basic unit during the crop year, and the premium will be prorated based on the time period remaining in the crop year. The revision can only be done to **increase** inventory values, except as stated in [Section 14E(3)]. A revised PIVR must be submitted for each applicable practice.

- (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, 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) Increased coverage resulting from providing insurance coverage on plant inventory that was previously rejected for insurance.
 - (e) Clerical errors.
 - (f) 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. The coverage level for the new plant type will be the same as the coverage level for all other plant types insured in the basic unit.
 - (g) Damaged plants originally reported on the PIVR that either fully recover after coverage attaches or that are sold, with written consent, and replaced with undamaged plants. A revised PIVR for fully recovered plants is required in order to avoid an under-report factor if another loss occurs.
- (2) **The original PIVR may be revised AFTER** the SCD to increase the insured inventory value due to:
 - (a) A written agreement approved after May 1 of the crop year, but requested on or 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) **Exception to revision only to increase inventory values:**

(a) The AIP may revise the PIVR downward AFTER the SCD in order to:

- 1 Decrease the values for plants damaged before acceptance of the application or before insurance attaches for carryover policies;
- 2 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;
- 3 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;
- 4 Delete uninsurable plants;
- 5 Correct clerical errors.

(b) The insured is prohibited from revising the PIVR downward after SCD except for clerical errors.

(4) **Revisions must be made by May 1** except as provided under [Section 14E].

(5) **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 14E(1)(f) and 14E(2)(b)].

(6) **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.

F. OTHER REQUIREMENTS:

AIPs must verify that the PIVR is properly and correctly reported by inspecting supporting documents submitted by the insured that support the PIVR within the allowable tolerance (see Section 14C) before completing any claim for indemnity.

Note: Supporting documents must also be provided by the insured that support FMV-A in the event of a loss. This is a separate requirement from the records required to support the value reported on the PIVR, revised PIVR, Peak Inventory Value Report and Upgraded Plant Report.

15. WRITTEN AGREEMENTS FOR UNLISTED PLANTS

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 additional coverage 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 2011 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) See the FCIC 24020, Written Agreement Handbook for the required information to be provided with the request for a written agreement and applicable deadlines.

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 15 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 AIP.

- (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 insured's file. Complete the PIVR showing all values except those for plants for which a written agreement is requested. The AIP, 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 insured's file. The AIP shall enter the additional amount of coverage on the PIVR 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 AIP.

16. PEAK INVENTORY ENDORSEMENT

The Peak Inventory 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 Endorsement** is an annual endorsement.
- (2) **The Peak Inventory 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 Inventory 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 is limited** to 200 percent of the amount of insurance established under the Nursery Crop 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. However, not all plant types within a basic must be contained on the Peak Inventory Endorsement. If an insured with basic units by share purchases a Peak Inventory Endorsement and does not list all plant types, the insured may not purchase another Peak Inventory Endorsement to include other plant types, unless an insurable loss has occurred and the lost inventory is restocked. For example, an insured has 3 different plant types and increases inventory for two of the plant types and purchases a Peak Inventory Endorsement listing those plant types. That insured cannot obtain another Peak Inventory Endorsement to cover the 3rd plant type unless the insured has to restock inventory due to an insured cause of loss.

- (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 Endorsement must be purchased** prior to 30 days before the end of the crop year. For example, the insured may use the Peak Inventory Endorsement to insure an anticipated inventory value increase in April and May.
- (8) **“Stacking” is permitted only** if the insured 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 an insured has basic units by plant type**, a new plant type basic unit cannot be added via a Peak Inventory Endorsement only. The insured must revise the PIVR to add the new plant type basic unit and then elect the Peak Inventory Endorsement.
- (10) **If an insured with additional coverage has basic units by share only**, a new plant type could be added via a Peak Inventory Endorsement based on the 200 percent amount of insurance limit.
- (11) **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.
- (12) **AIPs must verify that the Peak Inventory Value Reports** are properly and correctly reported. In any case where the Nursery Inventory Software is not used to develop the Peak Inventory Value Report, the AIP must review the supporting physical plant inventory and price documentation used by the insured to verify that the Peak Value Inventory Report is properly supported. The Peak Inventory Value Report must be accompanied by the CIVR or physical plant inventory and price documentation.
- (13) **AIPs and their agents must ensure** that insureds are reminded of the record

retention requirements and that failure of the insured to produce records supporting the PIVR when requested at any time during the record retention period will result in a determination that no indemnity is due as provided in [section 21(f) of the Basic Provisions].

- (14) **If necessary or required, the AIP shall request documentation to support a Peak Inventory Value Report.**
- (a) Supporting documentation must be within ten percent of the inventory values for each basic unit reported on the Peak Inventory Value Report. This ten percent tolerance only applies to over-reported Peak Inventory Value Report values. An over-reported Peak Inventory Value Report exists when the values reported on the Peak Inventory Value Report exceeds the inventory value determined from the Peak Inventory Value Report supporting records.
- (b) Supporting documents include, but are not limited to:
- 1 A detailed plant inventory listing of all plants, that includes the complete botanical or common name, size, and quantity of each plant;
 - 2 Acceptable records of sales and purchases of plants for the crop year. Insureds may be asked to provide acceptable records of plant purchases and sales for each of the 3 previous crop years. Acceptable records must contain:
 - a Name and telephone number of purchases or seller;
 - b Names of the plants;
 - c Quantity of each plant sold or purchased; and
 - d Sales price of each plant.
- (c) Evidence of the insured's ability to properly obtain and maintain the nursery plants/stock.
- (d) Failure to provide supporting documentation when requested will result in premium owed but no indemnity paid for any basic units for which such documentation was not provided. This does not apply to:
- 1 Plant varieties not previously grown; or
 - 2 New nurseries where an inspection has determined an insured has the ability to properly obtain and maintain the nursery stock.
- (e) Providing inadequate documentation (i.e. documentation that does not

support, to within 10 percent, the inventory value reported by basic unit on the PIVR) for each basic unit will not result in denial of insurance for the crop year:

1 Premium will still be owed based on the basic unit value reported on the PIVR; and

2 Any indemnity for each basic unit where inadequate documentation was provided will be reduced by the over-report factor.

B. REPORTING REQUIREMENTS. (Also, see reporting and supporting record requirements under [Section 14 B, C and D].)

- (1) **Submit a Peak Inventory Value Report [Exhibit 2]** 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 Endorsement.
- (3) **Specify the coverage commencement** and termination dates by month.

17. NURSERY GROWER'S PRICE ENDORSEMENT

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

A. RULES

- (1) **The NGPE** is only available to insureds 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 NGPE is an annual endorsement;** to be applicable, it must be elected each crop year.
- (3) **The NGPE 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 NGPE does not provide** an additional amount of insurance by itself. The insured 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 FMV-A or FMV-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) **Verifiable wholesale sales records** must be provided by the insured 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 EPL/PPS price for the same plant.
- (8) **In addition to (7) above, verifiable wholesale sales records** 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:
 - (a) Familial relationships (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption, or marriage); and
 - (b) Any person who benefits financially from the sales of the nursery plants.

B. REPORTING REQUIREMENTS. Also, see reporting requirements under [Section 14B, C and D].

- (1) **An insured must submit** an Upgraded Plant Report:
 - (a) At the time of application for the initial crop year or by the SCD if plants are already insured under the Nursery Crop Provisions. The plant values insured under NGPE 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 17A(5) above];
 - (b) Which must be typewritten and legible;
 - (c) Which must be signed and dated; and
 - (d) Which must show the name and address of the nursery.
- (2) **The Upgraded Plant Report** must include the following information for each upgraded plant:
 - (a) Complete botanical (genus, species, subspecies, variety, or cultivar) or common name of the plant based on the names listed in the Eligible Plant List;
 - (b) Practice, including plants grown using different cultural methods;

- (c) Measurement method and size;
 - (d) Upgraded plant price or factored upgraded plant price if the upgraded plant's size is smaller than the size listed in the wholesale catalog or price list and insured does not have sales records for the smaller sized plant;
 - (e) Percent difference between the upgraded plant price (or factored upgraded plant price) and the Plant Price Schedule price; and
 - (f) 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.
- (3) Supporting documentation must be within ten percent of the inventory values for each basic unit reported on the Upgraded Plant Report. This ten percent tolerance only applies to over-reported Upgraded Plant Report values. An over-reported Upgraded Plant Report exists when the values reported on the Upgraded Plant Report exceeds the inventory value determined from the Upgraded Plant Report supporting records.

C. **REVIEW REQUIREMENTS**

- (1) AIPs must inspect records at time of application on prices that are at least 50 percent higher than the plant price schedule price for the same plant.
- (2) AIPs must verify that the NGPE is properly and correctly reported.
- (3) AIPs and their agents must ensure that insureds are reminded of the record retention requirements and that failure of the insured to produce records supporting the NGPE when requested at any time during the record retention period will result in a determination that no indemnity is due as provided in [section 21(f)] of the Basic Provisions.

D. **VOLUME DISCOUNTS**

Refer to [Section 7C(1)(e)] for volume discounts.

18. REHABILITATION ENDORSEMENT (SINGLE BASIC UNIT)

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 **FMV**-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 SCD for carryover insureds.

B. QUALIFICATIONS FOR REHABILITATION

To qualify for a rehabilitation payment, the:

- (1) **Insured must have purchased additional coverage** under the Nursery Crop 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 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.

E. 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	FMV-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 FMV-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 FMV-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 FMV-A becomes greater than

originally reported, the maximum amount of rehabilitation payments for the crop year also increases.

19. DEDUCTIBLES

A. CROP YEAR DEDUCTIBLE

The crop year deductible is determined when the level of coverage is selected. It is equal to 100 percent 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 Endorsement. The increased deductible under the Peak Inventory Endorsement is applicable only during the effective period of the Peak Inventory 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) multiplied by FMV-A multiplied by
 - (a) the under-report factor in an under-report situation; or
 - (b) 1 plus the over-report factor in an over-report situation; or
- (2) The (remaining) crop year deductible.

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AIP: _____

Agency: _____

PLANT INVENTORY VALUE REPORT (PIVR) Container Grown (008) <input type="checkbox"/> Field Grown (007) <input type="checkbox"/>														
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. If "Yes," identify damaged plants & quantity of damaged plants in Remarks section or attach completed appraisal worksheet.						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	=	LI		X .90	X	X	X	=	
Greatest plant sales in previous 3 years (CAT only):							For basic unit by share only, the total amount of insurance for all plant types insured: \$							
Actual inventory value on date PIVR submitted (CAT only):							Remarks:							
I submit this report and two copies of the most recent wholesale catalog(s) or price list(s) for my nursery pursuant to the requirements of the Nursery Crop Provisions, and certify that they correctly represent the wholesale prices at which my plants have been offered for sale.														
Also, I understand and agree that: <ol style="list-style-type: none"> 1. Only plants listed in the Eligible Plant List and Plant Price Schedule (EPL/PPS), or for which I have an approved written agreement, are insurable. 2. I have submitted one PIVR for each practice insured. 3. I must value my plant inventory based on the prices, applicable for the crop year, from <ol style="list-style-type: none"> a) the lesser of the prices listed in the EPL/PPS or the lowest wholesale price contained in my wholesale catalog(s) or price list(s); b) an approved written agreement; or c) the Nursery Grower's Price Endorsement for upgraded plants. 4. I have insured all plants and plant types in each insured practice. 5. Indemnities will be based on the method used to value my plant inventory as listed in number 3. 6. If I elect the Nursery Grower's Price Endorsement, my Upgraded Plant Report is accurate and complete. Failure to include upgraded prices in my PIVR may result in an under-report factor. 7. Over reporting my inventory value for insurance purposes will cause me to overpay premium and will increase my crop year deductible. Additionally, any indemnities payable may be prorated down by an over-report factor. 8. If I under-report my inventory value, any indemnities payable may be prorated down by an under-report factor. 9. Only wholesale nurseries, as defined in the policy, are eligible for coverage. 10. I have the physical inventory and sales/purchasing records to support the values reported on the PIVR and will have them available for review for 3 crop years beyond the current crop year. 														
INSERT APPLICABLE CERTIFICATION STATEMENT ***														
Insured's Signature					Date		Agent's Signature			Code Number		Date Page ___ of ___		

**Include applicable required statements as required on forms signed by insureds.

**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 AIP.

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 nursery catalogs or price lists that were submitted for the crop year with revised reports.

This report will include all growing 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 insured 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.

Coverage level elections must be made on the application. Elections cannot be made via the PIVR.

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 FCIC-approved guidelines.

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 **and may result in an over-report factor being applied to the indemnity.**

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.

Understand that physical inventory and sales/purchasing records to support the values reported on the PIVR must be maintained and available for review for three crop years beyond the current crop year.

EXAMPLE INVENTORY RECORD SUBMITTED

(Additional coverage 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 of the insured. Applicable certification statement must be included on any form that the insured signs. See FCIC-24040 Document Supplemental Standards Handbook to determine applicable certification statement.

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

REQUIRED STATEMENTS

The Collection of Information and Data (Privacy Act) Statement and the Nondiscrimination Statement must be included on any form the individual signs or provided to the individual on separate form, for each form that is signed by the individual. A copy must be maintained by the AIP. The Certification Statement must be included on any form that the insured signs that collects information from the insured. See the FCIC 24040 Document Supplemental Standards Handbook to determine the applicable statements to include on any forms.

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PEAK INVENTORY VALUE REPORT

AIP: _____

Agency: _____

Container Grown (008) <input type="checkbox"/>							
Field Grown (007) <input type="checkbox"/>							
Insured's Name		Policy Number			Crop Year		
Street Address					Peak Inventory Coverage After Restocking? Yes <input type="checkbox"/> No <input type="checkbox"/>		
City, County, State,							
Zip							
PLANT TYPE	BASIC UNIT NO.	PEAK INVENTORY VALUE	COVERAGE LEVEL	INSURED SHARE	PEAK AMOUNT OF INSURANCE	PEAK INVENTORY COVERAGE COMMENCEMENT DATE	PEAK INVENTORY COVERAGE TERMINATION DATE
		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	=		
For basic unit by share only, the total amount of insurance for all plant types insured: \$							
I understand and agree that I may purchase no more than one Peak Inventory Endorsement for each basic unit during the crop year. If I have elected basic units by type, the Peak Inventory Endorsement form is considered a separate peak endorsement form for each type reported on the form.							
I submit this report pursuant to the requirements of the Nursery Crop Provisions and certify to the best of my knowledge that it is correct.							
INSERT APPLICABLE CERTIFICATION STATEMENT							
Insured's Signature		Date		Agent's Signature		Date	

**Include applicable required statements as required on forms signed by insureds.

**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 AIP.

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 peak amount of insurance under each Peak Inventory Endorsement is limited to 200 percent of the amount of insurance established under the Nursery Crop Provisions.

IDENTIFYING THE INSURED

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

UNDERWRITING QUESTIONS

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

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 – (May be any date within the crop year selected by the insured.) This will be date coverage begins.

Peak Inventory Coverage Termination Date – (May be any date within the crop year selected by the insured.) Must be a date after the coverage commencement date, but on or before the date of the end of the insurance period.

UNDERSTANDING BY INSURED

Assure that the peak increase in inventory is reported in accordance with lower of prices from the EPL/PPS or the insured's nursery 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 Inventory 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 of the insured. Applicable certification statement must be included on any form that the insured signs. See FCIC-24040 Document Supplemental Standards Handbook to determine applicable statement.

SIGNATURE BY REPRESENTATIVE

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

REQUIRED STATEMENTS

The Collection of Information and Data (Privacy Act) Statement and the Nondiscrimination Statement must be included on any form the individual signs or provided to the individual on separate form, for each form that is signed by the individual. A copy must be maintained by the AIP. The Certification Statement must be included on any form that the insured signs that collects information from the insured. See the FCIC 24040 Document Supplemental Standards Handbook to determine the applicable statements to include on any forms.

NURSERY UNDERWRITING INSPECTION REPORT (complete one report per practice and location)																			
1. CROP YEAR	2. UNIT NUMBER(s)	3. PRACTICE	4. POLICY NUMBER																
5. NAME AND MAILING 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 Identify any low areas in the nursery and attach a map of areas of standing water																			
13. IRRIGATION PRACTICE Describe in detail the irrigation water source. A. Surface: _____ % of total supply (1) Irrigation district name _____ (2) Allocation last year: _____% of normal (3) Expected allocation: _____% of normal (4) Water Impoundment: Size _____ How many _____ (5) Rivers/Creeks: _____ Number of months available B. Irrigation Well(s): _____ % of total supply (1) Irrigation district name _____ (2) Allocation last year: _____% of normal (3) Expected allocation: _____% of normal (4) Number of Wells: _____ Gallons per minute _____ Other: Size and number _____ Type of Irrigation Method: Overhead _____ Drip or Trickle System _____ Other _____																			
14. Describe in detail the fertilization program used for the location. Include any specialized requirements required by species (attach additional sheets as necessary)																			
15. Describe in detail weed control measures used for the location																			
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 location 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) <table style="width:100%; border: none;"> <tr> <td style="width: 50%; border: none; vertical-align: top;"> <table style="width:100%; border: none;"> <tr> <td style="padding: 2px;">TYPE</td> <td style="padding: 2px;">G. Does site location aid in frost protection?</td> </tr> <tr> <td style="padding: 2px;">A. None</td> <td style="padding: 2px;">H. Average number of times per year that frost protection is utilized.</td> </tr> <tr> <td style="padding: 2px;">B. Sprinklers</td> <td style="padding: 2px;">I. Designated Hardiness Zone for the site location.</td> </tr> <tr> <td style="padding: 2px;">C. Hoop house</td> <td></td> </tr> <tr> <td style="padding: 2px;">D. Poly</td> <td></td> </tr> <tr> <td style="padding: 2px;">E. Greenhouse</td> <td></td> </tr> <tr> <td style="padding: 2px;">F. Heat</td> <td></td> </tr> </table> </td> <td style="width: 50%; border: none;"></td> </tr> </table>				<table style="width:100%; border: none;"> <tr> <td style="padding: 2px;">TYPE</td> <td style="padding: 2px;">G. Does site location aid in frost protection?</td> </tr> <tr> <td style="padding: 2px;">A. None</td> <td style="padding: 2px;">H. Average number of times per year that frost protection is utilized.</td> </tr> <tr> <td style="padding: 2px;">B. Sprinklers</td> <td style="padding: 2px;">I. Designated Hardiness Zone for the site location.</td> </tr> <tr> <td style="padding: 2px;">C. Hoop house</td> <td></td> </tr> <tr> <td style="padding: 2px;">D. Poly</td> <td></td> </tr> <tr> <td style="padding: 2px;">E. Greenhouse</td> <td></td> </tr> <tr> <td style="padding: 2px;">F. Heat</td> <td></td> </tr> </table>	TYPE	G. Does site location aid in frost protection?	A. None	H. Average number of times per year that frost protection is utilized.	B. Sprinklers	I. Designated Hardiness Zone for the site location.	C. Hoop house		D. Poly		E. Greenhouse		F. Heat		
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C. Hoop house																			
D. Poly																			
E. Greenhouse																			
F. Heat																			

21. Are adequate facilities available to meet over winterization requirements required by the Nursery Eligible Plant Listing? Describe type of protection and 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		<table border="1" style="width:100%; height: 100%; border-collapse: collapse;"> <tr><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td></tr> <tr><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td></tr> <tr><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td></tr> <tr><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td></tr> <tr><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td></tr> </table>																							
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	BELOW AVERAGE																					
B Your evaluation of the nursery:																									
28 Action recommended:																									
Acceptance		Rejection		RO Field Review																					
Certified Inspector		Date	Supervisor		Date																				
Insert applicable insured's certification statements here																									
Insured's Signature					Date																				

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 AIP.

This report must be completed for all new applications or when a revised inventory report exceeds 50 percent 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 AIP.

IDENTIFYING THE INSURED

1. Crop year.
2. Unit number(s).
3. Practice (List field grown or container).
4. Policy number.
5. Name and mailing address of applicant.
6. Name of Owner.
7. Name of Operator.
8. Name of Agent/Agency and phone number.
9. Legal Description.
10. Location Description, including physical address.
11. Reason for Report: See the Inspection section of this handbook.

UNDERWRITING QUESTIONS

12. Flood/excess precipitation rating
 Is the nursery site susceptible to flood or excess precipitation damage? Check "Yes" or "No"
 (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.
 If there are low areas in the nursery attach a map identifying those areas and consider not insuring those areas unless the plants are elevated.

IRRIGATION PRACTICE

13. Irrigation practice
 Describe in detail the irrigation water source.
 - A. Surface water supply as a percentage of total supply.
 - (1) Irrigation district name.
 - (2) Allocation last year as a percentage of normal usage.
 - (3) Expected allocation as a percentage of normal usage.
 - (4) Water impoundment. State size and how many.
 - (5) Rivers/creeks. State number of months available as a supply.
 - B. Irrigation well(s) as a percentage of total supply used.
 - (1) Irrigation district name.
 - (2) Allocation last year as a percentage of normal usage.
 - (3) Expected allocation as a percentage of normal usage.
 - (4) Number of wells. Gallons per minute. Other supply (include size and number).
 Type of irrigation method. Overhead, Drip or trickle system, Other.

14. Describe in detail the fertilization program used and any special requirements by plant species.
15. Describe in detail weed control measures.
16. Describe in detail wildlife control measures.
17. Do any plant species show evidence of insect or disease infestation? If so, document what is being done as control measures.
18. Are plants being grown in appropriate growing medium according to accepted industry standards?

FROST FREEZE

19. (A) Is the location subject to above normal frost hazard?
(B) Has winter damage occurred the previous year that will affect this year's production?
20. Frost/Freeze protection, check and enter type:
 - (A) None,
 - (B) Sprinklers,
 - (C) Hoop house,
 - (D) Poly,
 - (E) Greenhouse,
 - (F) Heat.
 - (G) Does this site location aid in frost protection?
 - (H) Average number of times per year that frost protection is utilized?
 - (I) USDA Hardiness Zone for the site location.
21. Are adequate facilities available to meet over-winterization requirements required by the EPL/PPS? 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?

ADDITIONAL INFORMATION

24. Have the plants sustained previous damage? If so, describe. (List on a separate sheet or appraisal worksheet the name, number, size and value of each damaged plant.)
25. Site location map: Hand sketch a map or provide an FSA aerial photo showing the site in detail indicating other owned or share rented locations, landmarks and nursery crops grown by the insured.
26. Provide additional information and comments as necessary. Include results of review of supporting documentation for reported values on the CIVR or PIVR.

INSPECTOR'S EVALUATION

27. (A) The inspector's evaluation of the management of the nursery as to whether it is above average, average, or below average. Use a scale to rate each site 1-10.
(B) The inspector's evaluation of the nursery facilities and operation as to whether it is above average, average, or below average. Use a scale to rate each site 1-10.
28. Inspector's recommendation as to accept, reject or refer to AIP representative.

SIGNATURES

Inspector signs and dates on the date of inspection.

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

Insured signs and dates on the date of inspection, acknowledging any reduced value of plant material due to existing damage

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 insured’s lowest nursery catalog or price list 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)	
Name	Code	Min	Max	Min	Max	Min	Max
Annuals	(AN)	POT 0.08	5 Gal & up	n/a	n/a	n/a	n/a
Broadleaf Evergreen Trees	(BE)	POT 0.08	300 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	300 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

- *** 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. Insurable prices for liners in individual cells are determined using the measurement method by which they are listed and priced in the insured's nursery 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 at the widest point for square or rectangular cells. If both the inch and cells per tray measurement methods are listed and priced in the nursery catalog or price list, 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.

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 show below.

FCIC SIZE NAME	GALLON MEASUREMENT		CUBIC INCH EQUIVALENT		INCLUDES STANDARD ANSI CLASS
	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM	
POT	0.08	0.19	18.48	46.19	SP3
1 QUART	0.20	0.39	46.20	92.39	SP4
2 QUART	0.40	0.59	92.40	138.59	SP5
1 GALLON	0.60	1.37	138.60	318.77	1
2 GALLON	1.38	2.49	318.78	577.49	2
3 GALLON	2.50	3.39	577.50	785.39	3
5 GALLON	3.40	5.77	785.40	1,335.17	5
7 GALLON	5.78	8.49	1,335.18	1,963.49	7
10 GALLON	8.50	11.97	1,963.50	2,767.37	10
15 GALLON	11.98	17.49	2,767.38	4,042.49	15
20 GALLON	17.50	22.49	4,042.50	5,197.49	20
25 GALLON	22.50	29.79	5,197.50	6,883.79	25
30 GALLON	29.80	32.49	6,883.80	7,507.49	N/A
35 GALLON	32.50	37.49	7,507.50	8,662.49	N/A
40 GALLON	37.50	42.49	8,662.50	9,817.49	N/A
45 GALLON	42.50	47.49	9,817.50	10,972.49	N/A
50. GALLON	47.50	52.49	10,972.50	12,127.49	N/A
55 GALLON	52.50	57.49	12,127.50	13,282.49	N/A
60 GALLON	57.50	62.49	13,282.50	14,437.49	N/A
65 GALLON	62.50	67.49	14,437.50	15,592.49	N/A
70 GALLON	67.50	72.49	15,592.50	16,747.49	N/A
75 GALLON	72.50	77.49	16,747.50	17,902.49	N/A
80 GALLON	77.50	82.49	17,902.50	19,057.49	N/A
85 GALLON	82.50	87.49	19,057.50	20,212.49	N/A
90 GALLON	87.50	92.49	20,212.50	21,367.49	N/A
95 GALLON	92.50	97.49	21,367.50	22,522.49	N/A
100 GALLON	97.50	124.49	22,522.50	28,759.49	N/A
150 GALLON	124.50	174.49	28,759.50	40,309.49	N/A
200 GALLON	174.50	224.49	40,309.50	51,859.49	N/A
250 GALLON	224.50	274.49	51,859.50	63,409.49	N/A
300 GALLON	274.50	324.49	63,409.50	74,958.00	N/A

Crop Year: _____

Date of Review: _____

Policyholder: _____

State: _____

County: _____

Policy Number: _____

Nursery Name on Catalog (if different than insured name): _____

Agent Name (not agency name): _____

Servicing Company (AIP): _____

I have reviewed the attached, above-referenced nursery catalog or price list. For each minimum requirement, a "Y" indicates the minimum requirement has been met and "N" indicates the minimum requirement has not been met.

If an "N" is entered for one or more requirement 1-5, the nursery catalog or price list is returned to the insured with written notice that the application for insurance is refused because the inventory or nursery catalog or price list is not acceptable.

If a "Y" is entered for all requirements 1-5, one (1) copy of the nursery catalog or pricelist and a copy of this checklist are sent to the RMA Regional Office.

This nursery catalog or price list:

- 1. ___ Is type written and legible.
- 2. ___ Shows an issue date on the cover page.
- 3. ___ Contains the name, address, and phone number of the nursery.
- 4. ___ Is provided to customers and used in the sale of plants.
- 5. ___ Lists each plant's name, plant or container size, and wholesale price.
- 6. ___ Is date stamped.

Name and Title of AIP Reviewer

Date