

United States  
Department of  
Agriculture



Risk  
Management  
Agency



Product  
Administration and  
Standards  
Division

FCIC 24090 (1-2011)  
FCIC 24090-1 (2-2011)

# 2012

# NURSERY

# CROP INSURANCE

# UNDERWRITING

# GUIDE

**2012 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

<b>FEDERAL CROP INSURANCE HANDBOOK</b>	<b>NUMBER:</b> <b>24090-1</b> <b>(2-11)</b> <b>24090</b> <b>(1-11)</b>
<b>SUBJECT:</b>  <b>AMENDMENTS TO THE NURSERY CROP INSURANCE UNDERWRITING GUIDE FOR THE 2012 AND SUCCEEDING CROP YEAR</b>	<b>OPI: Product Administration and Standards Division</b> <b>APPROVED:</b> <i>/s/ Tim B. Witt</i> <b>Deputy Administrator, Product Management</b> <b>DATE: 2/3/2011</b>

**THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED UNDERWRITING INSTRUCTIONS UNDER NURSERY CROP PROVISIONS (08-073) AND APPLICABLE ENDORSEMENTS FOR 2012 AND SUCCEEDING CROP YEARS.**

**THE INSTRUCTIONS IN THIS HANDBOOK ARE EFFECTIVE UPON ISSUANCE AND ARE NOT RETROACTIVE TO ANY 2011 OR PRIOR CROP YEAR DETERMINATIONS.**

**SUMMARY OF CHANGES**

The following list contains significant changes through this amendment, 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 2012:

- A. Section 8D           Removed references to selecting option codes for certified organic or transitional organic and included requirement for certified organic or transitional organic be insured under the applicable practice.

Filing Instructions:

Remove Page(s)  
15-16           dated January 2011

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15-16           dated February 2011

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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 ( $\$12 \text{ nursery catalog price} / \$15 \text{ EPL/PPS price} = .80 \text{ proration factor} \times \$9.00 \text{ EPL/PPS price}$ ).

- (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 ( $(\$6.00 + \$12.00) = \$18.00 \text{ nursery catalog price} / (\$7.00 + \$15.00) = \$22.00 \text{ EPL/PPS price} = .818 \text{ proration factor} \times \$9.00 \text{ EPL/PPS price}$ ).

- (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 nursery 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**

Certified organic or transitional organic plants are only insurable under the applicable practice(s) contained in the actuarial documents and must be reported on separate PIVRs.

#### 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 nursery 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 < nursery catalog or price list price < EPL/PPS price;
  - (b) Nursery Catalog or price list price < reduced value < EPL/PPS price;
  - (c) Nursery Catalog or price list price < EPL/PPS price < reduced value;
  - (d) Reduced value < EPL/PPS price < nursery catalog or price list price;