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Department of
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Federal Crop
Insurance
Corporation



Risk Management
Agency



Product
Administration
and Standards
Division

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NURSERY CROP INSURANCE UNDERWRITING GUIDE

2013 and Succeeding Crop Years

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

TITLE: NURSERY CROP INSURANCE UNDERWRITING GUIDE	NUMBER: 24090 (1-11) 24090-1 (2-11) 24090-2 (1-12)
EFFECTIVE DATE: 2013 and Succeeding Crop Years	ISSUE DATE: January 23, 2012
SUBJECT: Provides procedures and instructions for administering the Nursery crop insurance program	OPI: Product Administration & Standards Division
	APPROVED: January 23, 2012 /s/ <i>Tim B. Witt</i> Tim B. Witt Deputy Administrator for Product Management

REASON FOR AMENDMENT

1. Modified definitions of Liners and Standard Nursery Containers in Section 3 to remove the phrase “(including trays containing 200 or fewer individual cells, unless specifically provided by the Special Provisions)” because the 200 or fewer cells limitation no longer applies.
2. Clarified in Section 8I when plants propagated from a mother plant and grafted or budded plants will be considered to be established.
3. Clarified in Exhibit 1 that any uninsurable plants that may become insurable during the crop year should be documented in the Remarks section of the PIVR.
4. Changed the minimum field grown high-wide measurement for Fruit and Nut Trees in Exhibit 4.
5. Changed the minimum gallon measurement and cubic inch equivalent for Pot in Exhibit 5.

NURSERY CROP INSURANCE UNDERWRITING GUIDE

CONTROL CHART

Nursery Crop Insurance Underwriting Guide						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2		3-4 19-20 45-46 57-60		1-2011	FCIC-24090
Insert	1-2		3-4 19-20 45-46 57-60		1-2012	FCIC-24090-2
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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 5/8 inch in diameter 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 the 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 is more than 110 percent of FMV A for the same basic unit plus the insured value of plants listed on the verified sales records. 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 plus the insured value of plants listed on verified sales records, minus 1.100 (i.e., [(basic unit value – total of all previous losses as adjusted by any previous under-report factor or over-report factor)/(FMV A + insured value of plants listed on the verified sales records)] – 1.100). The over-report factor must be greater than 0.000 in order to affect the insured's indemnity. 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 5/8 inch in diameter at the widest point of the container interior 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.

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 any input from the food reserves of seed, cuttings, mother plants (or source clone), etc. In addition to the requirements in the previous two sentences, plants that are propagated from a mother plant (or source clone) will be considered established only after they have been detached from the mother plant (or source clone). Grafted or budded plants will not be considered to have a viable foliage system until the plant has broken dormancy and produced foliage subsequent to grafting or budding.

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:

**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.

Document any uninsurable plants that may become insurable during the crop year in the Remarks section on this report or in an attachment to this report.

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

Enter applicable three-digit practice code

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.

OTHER SITE OBSERVATIONS

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	Seedling	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 5/8 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 5/8 inch in diameter, but less than 3 inches in diameter at the widest point and have an established root system, and meet all other conditions specified in the Special Provisions. 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.

**EXHIBIT 5
FCIC CONTAINER SIZES**

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

FCIC SIZE NAME	GALLON MEASUREMENT		CUBIC INCH EQUIVALENT		INCLUDES STANDARD ANSI CLASS
	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM	
POT	0.038	0.19	8.78	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