



United States  
Department of  
Agriculture

Risk  
Management  
Agency

1400 Independence  
Avenue, SW  
Stop 0801  
Washington, DC  
20250-0801

**BULLETIN NO.: MGR-08-013.1**

**TO:** All Approved Insurance Providers  
All Risk Management Agency Field Offices  
All Other Interested Parties

**FROM:** Eldon Gould /s/ *Eldon Gould* 10/29/2008  
Administrator

**SUBJECT:** Tolerance for Documentation to Support the Nursery Plant Inventory Value Report (PIVR), Nursery Peak Inventory Value Report, and Pilot Nursery Growers Price Endorsement (NGPE) Upgraded Plant Report

**BACKGROUND:**

The Risk Management Agency (RMA) issued Manager's Bulletin MGR-08-013 on July 22, 2008, in response to comments received regarding the supporting documentation requirements in MGR-08-003 and Final Agency Determination FAD-087. MGR-08-013 required the inventory values reported on the PIVRs, Nursery Peak Inventory Value Reports, and Nursery Grower's Price Endorsement (NGPE) Upgraded Plant Reports be supported by documentation that is within the lesser of \$2,500 or five percent of the inventory values for each basic unit reported on the PIVRs, Nursery Peak Inventory Value Reports and NGPE Upgraded Plant Reports.

Since the release of Manager's Bulletin MGR-08-013, RMA has received comments from the nursery industry and Approved Insurance Providers (AIPs) expressing the tolerance outlined in MGR-08-013 is too restrictive given fluctuations in nursery plant inventories, the values of certain plants, etc. The commenters argue policyholders who operate larger nurseries would automatically fall under the requirement to have documentation within \$2,500, which could be as little as one or two high-value plants. By virtue of human error when counting the plants or in calculating the value of plants, the policyholders may exceed the tolerance.

**ACTION:**

Effective for the 2008 and succeeding crop year claims for indemnity, and for 2009 and succeeding crop year applications and renewals of nursery crop insurance, RMA is amending the tolerance previously established via MGR-08-013 for over-reported nursery inventory values as follows:



The Risk Management Agency Administers  
And Oversees All Programs Authorized Under  
The Federal Crop Insurance Corporation

An Equal Opportunity Employer

The inventory values for additional level of coverage policies reported on the PIVRs, Nursery Peak Inventory Value Reports, Crop Inventory Valuation Reports (CIVR), and NGPE Upgraded Plant Reports must be supported by documentation that is within ten percent of the inventory values for each basic unit reported on the PIVRs, Nursery Peak Inventory Value Reports and NGPE Upgraded Plant Reports. This tolerance:

- 1) Does not apply to catastrophic level of coverage (CAT) policies, since the Nursery Crop Provisions already allows CAT policies a ten percent difference between actual and reported inventory values. According to section 6(f)(1), CAT policyholders must provide documentation, when requested, to support the reporting requirements. Failure to do so will result in denial of insurance for the crop year for any basic unit for which such documentation was not provided.
- 2) Applies only to over-reported values. The Nursery Crop Provisions provides for an under-report factor if the inventory values reported are less than the actual inventory values. Therefore, this tolerance only applies to inventory values greater than the actual inventory values.

**This Manager's Bulletin does not relieve policyholders from maintaining and providing records in accordance with the Nursery Crop Provisions and the Basic Provisions. Actual written inventory records must be reviewed to determine if they support the PIVR, Nursery Peak Inventory Value Reports, CIVRs, and NPGE Upgraded Plant Reports for all 2008 claims for indemnity and for 2009 CIVRs and PIVRs, regardless of the level of coverage.**

RMA reminds AIPs that the Office of Inspector General found instances involving significant amounts of coverage where policyholders did not have inventory records to support the inventory value stated on their PIVR.

AIPs and their agents must also ensure their policyholders are reminded of the record retention requirements. Failure of the policyholder to provide the documents supporting the PIVR, revised PIVR, Peak Inventory Value Report, and the NGPE Upgraded Plant Report when requested at any time during the record retention period will result in a determination of no indemnity due as provided in section 21(f) of the Basic Provisions.

**DISPOSAL DATE:** This Manager's Bulletin will remain in effect until December 31, 2009, or until incorporated into the policy regulations or procedures.