



United States Department of Agriculture  
Risk Management Agency

January 2006

## 2006 COMMODITY INSURANCE FACT SHEET

# Nursery

Iowa, Minnesota, and Wisconsin

### Crop Insured

Nursery crop insurance is available in all counties in all states, provided certain criteria are met. Insurance coverage will apply to all your nursery plants in the county that:

- are shown on the eligible plant list
- meet all the requirements for insurability
- are grown in an appropriate medium using acceptable production practices.

**Exclusion:** Stock plants or plants grown for sale as Christmas trees are not insurable. An inspection of your nursery will be performed before insurance coverage begins.

### Causes of Loss

Adverse weather conditions<sup>1</sup>

Failure of irrigation water supply<sup>2</sup>

Fire<sup>3</sup>

Delay in marketability of plants resulting in reduced plant value<sup>4</sup>

Wildlife

<sup>1</sup>Including hail, frost, freeze\*, drought and excess precipitation

<sup>2</sup>If caused by an insured cause of loss.

<sup>3</sup>Provided weeds and undergrowth are chemically or mechanically controlled.

<sup>4</sup>If due to direct damage from an insurable peril and the crop is damaged by freezing temperatures within 72 hours of such failure and repair or replacement wasn't possible before damage occurred.

\*Note: If cold protection is required by the eligible plant list, adequate and operational cold protection measures must be in place.

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

- Disease or insect infestation (unless effective control measures for the infestation do not exist)
- Inadequate power supply (unless such inadequacy is a result of an insurable cause of loss)
- Inability to market your nursery products due to quarantine, boycott, or buyer refusal
- Collapse or failure of buildings/structures (unless caused by an insurable cause of loss)
- Failure of plants to grow to an expected size due to drought.

### Insurance Period

Coverage will begin thirty (30) days after receipt of your signed application, if accepted. For policies currently in effect, coverage for year 2006 begins October 1, 2005. Coverage will end at the earliest of:

- The date of final adjustment of a claim when total indemnities equal the amount of insurance,
- Removal of bare root nursery plant material from the field,
- Removal of all other insured plant material from the nursery,
- 11:59 p.m. on May 31, 2006.

### Important Dates

Sales Closing Date ..... September 30, 2005  
Premium Billing Date ..... April 1, 2006

### Definitions

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

**Eligible Plant List** — Includes information such as botanical and common names of insurable plants and winter protection requirements. This list is available from your crop insurance agent.

### Coverage Levels and Premium Subsidies

Instead of guaranteeing production, the policy guarantees a dollar amount of coverage, depending on the level of coverage selected (see table below). Crop insurance premiums are subsidized as shown. For example if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium. Catastrophic coverage (CAT) is available at 27.5 percent of your plant inventory value. The total cost for CAT coverage will be an administrative fee of \$100 per

crop per county. Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per county.

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Premium Share	33	36	36	41	41	45

## Insurance Units

**Basic Unit:** A basic unit consists of all the insurable plants in which you have a share in the county for either container grown or field grown practices. If you have elected coverage above the catastrophic level for a practice, additional basic units are available by plant type as specified in Section 2(b) of the nursery crop provisions.

## Plant Inventory Value Report

A Plant Inventory Value Report must accompany your insurance application and be submitted for each subsequent crop year. This report declares the value of your insurable plants. For existing policies, the report is due no later than September 30, 2005. If you do not submit a plant inventory value report by September 30, insurance will not attach until 30 days after all such documents have been received by your crop insurance agent, and we will not be liable for any losses that occur before insurance has attached. Adequate records must be maintained to substantiate the reported data.

## Options

### Peak Inventory Endorsement

**(not available under catastrophic coverage)**

The peak inventory endorsement accommodates periods when your inventory values are significantly higher than normal. You will pay additional premium for this endorsement. Please consult a crop insurance agent for details.

### Rehabilitation Endorsement

**(not available under catastrophic coverage)**

The rehabilitation endorsement covers the insurable value of damaged plants that are accepted for coverage and will fully recover at some time after the loss occurrence. This endorsement is available for field grown material only. No payment will be made on containerized nursery plants. You will pay additional premium for this endorsement. Please consult a crop insurance agent for details.

## Loss Example

A loss occurs when the crop value falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes a 65-percent coverage level and a 100-percent price election.

\$100,000 plant inventory value  
 $\times .65$  coverage level  
 \$65,000 insurable inventory  
 $\times 1.00$  price election percentage  
 \$65,000 unit amount of insurance

In the event of a loss:

\$100,000 field market value before loss  
 $- 50,000$  field market value after loss  
 \$50,000 value of loss  
 $- 35,000$  deductible (1 minus the percent of coverage level times the plant inventory value)  
 $(1.00 - .65) \times \$100,000 = \$35,000$   
 \$15,000 adjusted loss  
 $\times 1.00$  price election percentage  
**\$15,000 indemnity** (before premium costs)

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