SUMMARY OF CHANGES FOR THE NURSERY CROP PROVISIONS (19-0073)

(Released March 2018)

The following is a brief description of significant changes to the Nursery Crop Provisions that will be effective for the 2019 crop year. Please refer to the provisions for more complete information.

Section 1 – Definitions

Revised the definitions of “over-report factor” and “under-report factor.”

(Released January 2018)

The following is a brief description of significant changes to the Nursery Crop Provisions that will be effective for the 2019 crop year. Please refer to the provisions for more complete information.

Section 1 – Definitions

- Revised the definitions of “amount of insurance,” “basic unit value,” “container grown,” “crop year deductible,” “fabric grow bags,” “field grown,” “good nursery practices,” “irrigated practice”, “liners,” “loss,” “marketable,” “nursery,” “occurrence deductible,” “practice,” “sales closing date,” “standard nursery containers,” “survival factor,” and “under-report factor.”

- Deleted the definitions of “Act,” “deductible percentage,” “Eligible Plant List,” “FCIC,” “field market value A,” “field market value B,” and “Plant Price Schedule.”

- Added definitions of “catalog,” “Crop Inventory Valuation Report (CIVR),” “Eligible Plant List and Plant Price Schedule (EPLPPS),” “field market value A (FMVA),” “field market value B (FMVB),” “lowest price,” “over-report factor,” and “restock.”

Section 2 – Unit Division

- Revised to remove the list of insurable plant types. The plant types are contained in the actuarial documents so it is not necessary to include them in the Crop Provisions.

- Added provisions to allow for basic units by non-contiguous land for the field grown practice only, and for the container grown practice if allowed by the Special Provisions.

Section 3 - Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

- Revised paragraph (a) to remove the reference to the misreporting provisions in section 3 of the Basic Provisions. These provisions are no longer contained in section 3 of the Basic Provisions.

- Revised paragraphs (c)(1)(iv)(A) and (B) to remove the phrase “Peak Inventory Endorsement” and replacing it with the more appropriate reference to the “Peak Inventory Value Report.”

- Revised paragraph (d) to remove the references to the 2006 crop year.

- Removed paragraph (e) and redesignated paragraph (f) as (e). These provisions are now contained in the definition of “amount of insurance.”

- Revised redesignated paragraph (e) to change the reference “section 6(g)” to “section 6(f).”

Section 6 - PIVR

- Revised paragraph (b) for clarification.

- Revised paragraphs (c)(1) and (c)(2) to improve readability.

- Revised paragraph (c)(3) to incorporate language that was contained in the Special Provisions.

- Added a new paragraph (c)(4) to incorporate language that was contained in the Special Provisions.

- Moved the provisions that were contained in paragraph (f) to a new paragraph (c)(5).

- Revised the introductory text in paragraph (e) to change the phrase “inventory value by basic unit” to “basic unit value” since the defined term is “basic unit value.”

- Revised paragraph (e)(1) to improve readability.

- Moved the provisions in paragraph (f) to paragraph (c), and redesignated paragraphs (g) through (k) as (f) through (j).

- Revised redesignated paragraph (f)(1) to remove provisions that are duplicated in section (c) and to add language that references the provisions in paragraph (c).

- Revised redesignated paragraph (f)(2) to clarify an inspection will be performed to determine if adequate and acceptable facilities exist to accommodate the requested increased inventory value on the revised PIVR or Peak Inventory Value Report.

- Revised redesignated paragraph (f)(3) to include a reference to the Peak Inventory Value Report.

- Revised redesignated paragraph (f)(5) to include language consistent with language in section 3 regarding allowing the insurance provider to reject any increase in inventory value if a loss occurs prior to the date insurance on the increased value was scheduled to attach.

- Added a new paragraph (f)(7) to clarify if the producer suffers an insured loss on a basic unit and restocks the nursery, then the producer is allowed to increase the reported inventory value for the basic unit one additional time.

- Revised redesignated paragraph (g)(2) to clarify the value of damaged plants will be removed from the basic unit value reported on the PIVR if they are not accepted.

- Revised redesignated paragraph (j)(4) to include a reference to printed discount schedules.

Section 7 - Premium

- Revised paragraph (a) to clarify how premium is calculated when catastrophic risk protection coverage is elected.

- Revised paragraph (d) to replace “April 1st” with the phrase “the premium billing date listed in the actuarial documents” in two places.

Section 8 – Insured Crop and Plants

- Revised the introductory text for clarification and readability.

- Added a new paragraph (a) to include a sentence previously in the introductory text. Redesignated paragraphs (a) through (k) as (b) through (l), respectively.

- Revised redesignated paragraph (i) to allow coverage for plants sold with the root system attached.

Section 9 – Insurance Period

- Revised paragraph (a) to remove the references to the 2006 crop year and to improve readability.

- Revised paragraph (b)(4) to remove the references to the 2006 crop year;

- Added a new paragraph (b)(5) to include abandonment of the crop on the basic unit as a requirement for the insurance period to end.

Section 10 – Causes of loss

- Revised paragraph (c)(3) to clarify that adequate cold protection equipment or facilities must be installed in order for the plants to be covered for cold damage.

- Revised paragraph (c)(6) to remove the reference to section 12(b) of the Basic Provisions.

Section 11 – Duties in the Event of Damage or Loss

- Revised paragraph (b) to clarify a claim will be denied on each basic unit for which written consent was not obtained.

Section 12 – Settlement of Claim

- Revised to incorporate language regarding the over-report factor that was contained in the Special Provisions.

- Added a paragraph to address situations where records are not kept separate for each unit, in the case of basic units by non-contiguous land.

Section 14 – Written Agreements

- Added a paragraph (a) to clarify when written agreements may be requested.

- Redesignated paragraphs (a) through (c) as (b) through (d), respectively. Revised redesignated paragraphs (b) and (d) to state written agreements must be requested by the sales closing date, rather than the cancellation date.

- Revised redesignated paragraph (b) to change the reference from “section 14(c)” to “section 14(d)” because paragraph section 14(c) was redesignated as section 14(d).

Section 15 - Examples

- Revised the examples for clarity and to include an example for an over-report situation.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
NURSERY CROP PROVISIONS

1. Definitions.

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 the purposes of calculating premium, the result of multiplying the basic unit value by your selected coverage level and by your share. For the purpose of determining the amount of any indemnity, the result of multiplying the basic unit value by your selected coverage level and by your share minus any previous indemnities during the crop year paid under these Crop Provisions.

Basic unit value - The full inventory value of all insurable plants in a basic unit declared on your original or revised PIVR and a Peak Inventory Value Report, if applicable.

Catalog – Any document, including but not limited to printed discount schedules, issued by your nursery and used to advise actual and/or potential buyers of the amount you are charging for purchases of each plant included in the inventory.

(1) Such documents may be issued by season, by plant type, or other basis consistent with your business practices.

(2) The documents can be in any form, but must meet the minimum standards contained in section 6(j), except that the printed discount schedules do not have to be provided to customers.

Container grown – A nursery production practice in which plants are grown in standard nursery containers: above the ground; placed in the ground; or when placed in another standard nursery container 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 basic unit value multiplied by the deductible minus the amount of any previously-incurred deductible if you have reported each loss to us in accordance with section 11(a)(2). 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.

Eligible Plant List and Plant Price Schedule (EPLPPS) - A component of the actuarial documents that is published by FCIC on RMA's website and is also available on compact disk from your crop insurance agent. The EPLPPS contains the following information:

(1) The botanical and common names of insurable plants;

(2) The cold protection requirements for container grown material and the areas in which they apply;

(3) The hardiness zone in which field grown material is insurable;

(4) The designated hardiness zones available for each county;

(5) The plant type, storage key, and hardiness zone classification for each plant on the list; and

(6) A schedule of insurable plant prices that establishes the highest value accepted for insurance purposes unless otherwise allowed by the policy or an endorsement to the policy.

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

Field grown – A nursery production practice in which plants are grown in the ground. 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 (FMVA) – Our determination of the value of all insurable plants in the basic unit immediately prior to the occurrence of a loss event. This value will be determined in accordance with the requirements of section 6 of these Crop Provisions. 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 (FMVB) – Our determination of the value of all damaged and undamaged insurable plants in the basic unit following the occurrence of a loss event. This value will be determined in accordance with the requirements of section 6 of these Crop Provisions with an adjustment for the amount of damage we determine the plants have sustained.

Good nursery practices - In addition to the definition of "good farming practices" contained in section 1 of the Basic Provisions, 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. We may, or you may request us to, contact FCIC to determine whether or not production methods will be considered to be "good nursery practices."

Irrigated practice - In lieu of the definition in the Basic Provisions, the application of water, using appropriate systems and at the proper times, to provide the quantity of water needed to sustain normal growth of your insured plant inventory and provide cold protection for applicable plants as specified in the EPLPPS.

Liners - Plants produced in standard nursery containers that have a minimum dimension greater than or equal to 5/8 inch and a maximum dimension of less than 3 inches 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 - FMVA minus FMVB, as adjusted by any under-report factor or over-report factor. Payments made under the Rehabilitation Endorsement are not considered to be a loss.

Lowest price – The lesser of the minimum price stated in your catalog or the price contained in the EPLPPS for a plant and its size. The minimum price in your catalog is the lowest price at which you will sell that plant and size to any buyer, including all incremental volume discounts or any other discounting factor.

Marketable – A plant that can be sold in a customary or secondary market for a non-zero value.

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

Nursery - A business enterprise that grows the nursery plants. At least 40 percent of its gross income derived from plant sales must be from the wholesale marketing of such plants.

Occurrence deductible - This deductible allows a smaller deductible than the crop year deductible to be used when FMVA is more or less than the reported basic unit value. The occurrence deductible is the lesser of:

(1) The deductible multiplied by FMVA and:
  (i) In under-report situations, multiplied by the under-report factor; or
  (ii) In over-report situations, multiplied by the sum of 1.000 plus the over-report factor; or
(2) The crop year deductible.

Over-report factor - The factor that adjusts your indemnity for over-reporting of inventory values. This factor is used to determine indemnities when the basic unit value minus the total of all previous losses is more than 110 percent of FMVA for the same basic unit plus the insured value of plants listed on the verifiable sales records. The over-report factor is calculated by:

(1) The basic unit value minus the total of all previous losses;
(2) FMVA plus the insured value of plants listed on the verifiable sales records;
(3) Dividing the result of paragraph (1) of this definition by the result of paragraph (2) of this definition; and
(4) Subtracting 1.100 from the result of paragraph (3) of this definition.
(5) If the result of paragraph (4) of this definition is greater than 0.000, then the result of paragraph (4) is the over-report factor that is applied.

PIVR - The plant inventory value report, your report that declares the value of insurable plants in accordance with section 6.

Practice - A cultural method of producing plants identified in the actuarial documents.

Restock – Replacement of lost or damaged plants that increases the value of the insurable inventory to an amount greater than the remaining amount of insurance.

Sales closing date - In lieu of the definition in section 1 of the Basic Provisions, 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 as specified in sections 3(d) and 9(a) of these Crop Provisions.

Standard nursery containers - Rigid containers that have a minimum dimension greater than or equal to 5/8 inch, unless otherwise provided by the Special Provisions, 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.

Survival factor – A value specified in the Special Provisions that denotes the expected percentage of liners that normally survive the period from insurance attachment to market.

Under-report factor - The factor that adjusts your 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:

(1) 1.000; or
(2) The basic unit value minus the total of all previous losses; and dividing that result by FMVA.

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.

2. Unit Division.

(a) If you elect additional coverage for a practice, a

basic unit, as defined in section 1 of the Basic Provisions, may be divided into additional basic units by:
   (1) Each insurable plant type for which a premium rate is provided by the actuarial documents; or
   (2) For the field grown practice only, non-contiguous land. Basic units by non-contiguous land for the container grown practice may be allowed if provided for in the Special Provisions.
(b) Only the plant types listed in the actuarial documents are insurable.

3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities.

(a) The production reporting requirements contained in section 3 of the Basic Provisions are not applicable.
(b) In addition to the requirements of section 3 of the Basic Provisions, you may select either catastrophic risk protection or additional coverage for each insured practice. An administrative fee established in accordance with section 7(e) of the Basic Provisions will be owed for each practice insured.
(c) In lieu of section 3(b) of the Basic Provisions:
   (1) If you select additional coverage for a practice:
      (i) You may select one coverage level for each plant type insured in that practice if you elect basic units by plant type;
      (ii) You will receive 100 percent of the price election for all plant types in that practice;
      (iii) You must provide on the application a coverage level percentage for each plant type that will be insured; and
      (iv) You must select a coverage level if:
         (A) A new plant is added under a revised PIVR or Peak Inventory Value Report, if applicable; and
         (B) The new plant is not categorized under a plant type reported on the initial PIVR or Peak Inventory Value Report, if applicable.
   (2) If you select catastrophic risk protection for a practice, all plant types under the practice must be insured at the catastrophic risk protection level.
(d) In lieu of section 3(d) of the Basic Provisions, you may request changes to the coverage level for a plant type by submitting them in writing to us as follows:
   (1) For new policies, changes cannot be made for the crop year after the date of the application; and
   (2) For carryover policies:
      (i) Changes must be requested on or before the sales closing date; and
      (ii) Unless we reject the proposed increase because a loss occurs within 30 days of the date the request is made (rejection can occur at any time we discover such loss has occurred), requested changes will take effect on the date of the start of the crop year.
(e) If you restock your nursery plant inventory, you may increase your amount of insurance in accordance with section 6(f).

4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is January 31 of each crop year.

5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are May 31 preceding the crop year.

6. PIVR.

(a) Section 6 of the Basic Provisions is not applicable.
(b) You must submit a separate PIVR for each insured practice, as applicable, and two copies of your most recent catalog to us with your application and on or before the sales closing date for each crop year following the year of application. If you elected basic units by non-contiguous land, you must also submit a separate PIVR for each non-contiguous land unit within the insured practice, and keep all records separate by unit.
   (1) You will be notified in writing on or before the end of the 30-day waiting period if an application for insurance is rejected because the inspection determines you do not meet the insurability requirements or the PIVR, catalog, or supporting documentation (if requested by us) is not acceptable.
   (2) If you fail to provide a PIVR or catalog on or before the sales closing date for any crop year, insurance will not attach until the 31st day 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.
(c) The PIVR must include, by basic unit, all growing locations, basic unit value, coverage level selected, as applicable, and your share.
   (1) If you do not elect additional basic units by plant type, or additional basic units by non-contiguous land, or if you elect catastrophic risk protection coverage, the inventory values for each plant type in the basic unit must be separately reported on the PIVR and totaled to determine the basic unit value.
   (2) At our option, you will be required to provide documentation in support of your PIVR, including, but not limited to the following:
      (i) A detailed plant inventory listing that includes the name, the number, and the size of each plant, or a CIVR;
      (ii) Acceptable records of sales and purchases of plants for the three previous crop years in the amount of detail we require. Acceptable records must contain the name and telephone number of the purchaser or seller, as applicable, names

of the plants, the number of each plant sold or purchased, and the sales price for each plant; and
(iii) Your ability to properly obtain and maintain nursery plants.
(3) If you fail to provide the requested documentation:
(i) Before insurance attaches, your insurance will be denied for the crop year for any basic units for which you did not provide such documentation. This provision does not apply to:
(A) Plant varieties you have not previously grown; or
(B) New nurseries where an inspection has determined you have the ability to properly obtain and maintain the nursery plants.
(ii) After insurance attaches, you will still owe premium, but you will not receive an indemnity for any basic units for which you did not provide such documentation. This provision does not apply to:
(A) Plant varieties you have not previously grown; or
(B) New nurseries where an inspection has determined you have the ability to properly obtain and maintain the nursery plants.
(4) If you provide inadequate documentation (i.e., documentation that does not support the amount for which you reported) after insurance attaches for each basic unit, your insurance will not be denied for the crop year. However, your failure to provide adequate documentation may result in a reduction in your indemnity for each basic unit where inadequate documentation was provided.
(5) For policies insured at the catastrophic risk protection level, you must report, on the PIVR for each practice insured, your greatest plant sales in any of the previous three years and the actual inventory value on the date insurance attaches. For each applicable practice, the total of your basic unit values cannot exceed 110 percent of the higher of your:
(i) Greatest amount of plant sales in any of the previous three years; or
(ii) Actual inventory value on the date insurance attaches.
(d) Your PIVR, including any revised report, and your Peak Inventory Value Report, if applicable, will be used to determine your premium and amount of insurance.
(e) Your PIVR must reflect your insurable basic unit value.
(1) The basic unit value you report on your PIVR must be based on the lowest price for each plant size included in the inventory. The inventory value of insured liners must be multiplied by the survival factor.
(2) In no instance will we be liable for plant values greater than those contained in the EPLPPS.
(3) If you have previously made a claim and the loss adjuster is unable to determine whether a plant was damaged prior to submission of your PIVR for the current crop year, the plant will be insurable at full value based on the lesser of the Eligible Plant List 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.
(f) You may increase your reported inventory value for each basic unit no more than twice during the crop year by submitting a revised PIVR prior to 30 days before the end of such crop year.
(1) Any requested increase must be made in writing and meet all the requirements of the original PIVR.
(2) We will perform an inspection of the nursery to determine if adequate and acceptable facilities exist to accommodate the requested increased inventory value when the total of all the basic unit values contained on the revised PIVR or Peak Inventory Value Report, if applicable, 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.
(3) At our discretion, we may inspect the nursery to determine if adequate and acceptable facilities exist to accommodate the requested increased inventory value if an increase of less than 50 percent is reported on the revised PIVR or Peak Inventory Value Report, if applicable.
(4) Your revised PIVR will be considered accepted by us and insurance will attach on any proposed increase in inventory value 30 days after your written request is received unless we reject the proposed increase in your plant inventory value in writing.
(5) We will reject any requested increase if a loss occurs within 30 days of the date the request is made (rejection can occur at any time we discover such loss has occurred).
(6) You cannot revise your PIVR to decrease the plant inventory value after the start of the insurance period specified in section 9.
(7) Notwithstanding section 6(f), if you have suffered an insured loss on a basic unit and have restocked the nursery, then you are allowed to increase your reported inventory value for the basic unit one additional time by submitting a revised PIVR.
(g) For insurable plants that were damaged prior to the attachment of insurance coverage:
(1) The applicable price, as determined in accordance with section 6(e), will be reduced

for inventory reporting purposes if we accept such plants for insurance coverage;
(2) The insurable value of such plants will be removed from the applicable basic unit value reported on the PIVR if they are not accepted;
(3) The procedure for calculating the insurable value of damaged plants that are accepted for coverage is contained in the Special Provisions.

(h) You must report the full value of each basic unit value in accordance with section 6(e). Failure to report the full value of each basic unit value will result in the reduction of any claim in accordance with section 12(d).

(i) Insurable plants in over-sized containers will be valued for purposes of reporting inventory and loss adjustment as if the plants were in appropriate-sized containers in accordance with the standards contained in the current American Standard for Nursery Stock. Each cell in a multiple-cell container is considered a separate container. (See the EPLPPS on RMA's website for additional information and requirements on container specifications and volume calculation.)

(j) At a minimum, your catalog must meet the following standards:
(1) Be type-written and legible;
(2) Show an issue date on the cover page (may be handwritten);
(3) Contain the name, address, and phone number of your nursery;
(4) Be provided to customers (except printed discount schedules) and used in the sale of your plants; and
(5) List each plant's name (botanical or common), plant or container size, and wholesale price.

7. Premium.

(a) In lieu of section 7(c) of the Basic Provisions, we will determine your premium by multiplying the amount of insurance by the appropriate premium rate, any premium adjustment factor, and the monthly proration factor contained in the actuarial documents. If you elect catastrophic risk protection coverage, this calculation must also be multiplied by fifty-five percent.

(b) In addition to the provisions in section 7 of the Basic Provisions, we will prorate your premium based on:
(1) The time remaining in the crop year after insurance attaches:
(i) If you have made application after the start of the insurance period specified in section 9; or
(ii) If you submit a PIVR or catalog after the sales closing date;
(2) The time remaining in the crop year after insurance attaches and the additional amount of inventory reported, if you submit a revised PIVR to report an increase in inventory value for a basic unit; and
(3) The time period for which insurance is provided under the Peak Inventory Endorsement.

(c) Premium will be charged for the entire month for any calendar month during which any amount of coverage is provided under these provisions or the Peak Inventory Endorsement.

(d) In lieu of section 7(a) of the Basic Provisions:
(1) If you apply for insurance before the premium billing date listed in the actuarial documents, the annual premium is earned and payable at the time coverage begins. You will be billed for the premium and administrative fee not earlier than the premium billing date listed in the actuarial documents.
(2) If you apply for insurance, or submit your PIVR or catalog, on or after the premium billing date listed in the actuarial documents, the premium for the partial crop year will be due and must be paid at the time of application or submission of your PIVR or catalog.
(3) Failure to pay the premium at the time of application or when you submit your PIVR or catalog will result in no insurance and no indemnity being owed for the crop year.

8. Insured Crop and Plants.

In lieu of the provisions of sections 8 and 9 of the Basic Provisions, the insured crop will be all nursery plants in each practice you elect to insure, and :
(a) For which you have a share;
(b) Are shown on the EPLPPS and meet all the requirements for insurability (plant types, species and cultivars not insurable under the EPLPPS may be insured by written agreement, subject to FCIC's determination that the proper storage requirements and an accurate insurable price for the plant can be determined, and provided all other requirements, such as plant and container size, are met);
(c) Are determined by us to be acceptable;
(d) Are grown in a county for which a premium rate is provided in the actuarial documents;
(e) Are grown in a nursery inspected by us and determined to be acceptable;
(f) Are irrigated unless otherwise provided by the Special Provisions (you must have adequate irrigation equipment and water to irrigate all insurable nursery plants at the time coverage begins and throughout the insurance period);
(g) Are grown in accordance with the production practices for which premium rates have been established;
(h) Are grown in an appropriate medium;
(i) Are grown and sold with the root system attached;
(j) Are not stock plants or plants being grown solely for harvest of buds, flowers, or greenery;
(k) 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); and
(l) Are not produced in nursery containers that contain two or more different genera, species, subspecies, varieties or cultivars.

9. **Insurance Period.**
   (a) In lieu of section 11 of the Basic Provisions:
      (1) For the year of application, if you apply for coverage:
         (i) On or before May 1st of the crop year, coverage begins June 1st, unless we notify you in writing that your application is rejected because your PIVR, catalog, or supporting documentation (if requested by us) is not acceptable;
         (ii) After May 1st, coverage will not begin until the 31st day after we receive all acceptable documents; and
      (2) For continuous policies, the insurance period begins on each June 1st.
   (b) Insurance ends at the earliest of:
      (1) The date of final adjustment of a loss when the total indemnities due equal the amount of insurance;
      (2) Removal of bare root nursery plant material from the field;
      (3) Removal of all other insured plant material from the nursery;
      (4) May 31st; or
      (5) Abandonment of the crop on the basic unit.

10. **Causes of Loss.**
   (a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided for unavoidable damage caused only by the following causes of loss that occur within the insurance period:
      (1) Adverse weather conditions, except as specified in section 10(c) or the Special Provisions;
      (2) Fire, provided weeds and undergrowth in the vicinity of the plants or buildings on your insured site are controlled by chemical or mechanical means;
      (3) Wildlife;
      (4) Earthquake; or
      (5) Volcanic eruption.
   (b) Insurance is also provided against the following if due to a cause of loss specified in section 10(a) that occurs within the insurance period:
      (1) A loss in plant values because of an inability to market such plants, provided such plants would have been marketed during the crop year (e.g. poinsettias that are not marketable during their usual and recognized marketing period of November 1st through December 25th);
      (2) Failure of the irrigation water supply; or
      (3) Failure of, or reduction in, the power supply.
   (c) In addition to the causes of loss excluded in sections 12(a) and (c) through (f) of the Basic Provisions, we do not insure against any loss caused by:
      (1) Disease or insect infestation, unless:
         (i) A disease or insect infestation occurs for which no effective control measure exists; or
         (ii) Coverage is specifically provided by the Special Provisions.
      (2) The inability to market the nursery plants as a result of:
         (i) The refusal of a buyer to accept production;
         (ii) Boycott; or
         (iii) An order from a public official prohibiting sales including, but not limited to, a stop sales order, quarantine, or phytosanitary restriction on sales;
      (3) Cold temperatures, if cold protection is required in the EPLPPS, unless you have installed adequate cold protection equipment or facilities and:
         (i) There is a failure or breakdown of the cold protection equipment or facilities resulting from an insurable cause of loss specified in section 10(a) (the insured plants must be damaged by cold temperatures and the damage must occur within 72 hours of the failure of such equipment or facilities unless we establish that repair or replacement was not possible between the time of failure or breakdown and the time the damaging temperatures occurred); or
         (ii) The lowest temperature or its duration exceeded the ability of the required cold protection equipment or facilities to keep the insured plants from sustaining cold damage;
      (4) Collapse or failure of buildings or structures, unless the damage to the building or structures results from a cause of loss specified in section 10(a);
      (5) Any cause of loss, including those specified in section 10(a), if the only damage suffered is a failure of plants to grow to an expected size; or
      (6) Failure to follow recognized good nursery practices.

11. **Duties in the Event of Damage or Loss.**
   (a) In addition to your duties contained in section 14 of the Basic Provisions,
      (1) You must obtain our written consent prior to:
         (i) Destroying, selling or otherwise disposing of any plant inventory that is damaged; or
         (ii) Changing or discontinuing your normal growing practices with respect to care and maintenance of the insured plants.
      (2) You must submit a claim for indemnity to us on our form, not later than 60 days after the date of your loss, but in no event later than 60 days after the end of the insurance period. This requirement will be waived by us if the final adjustment of your claim is totally or partially deferred because we are unable to make an accurate determination of the amount of damage to the insured plants. If within the time frame specified we notify you that we are unable to make an accurate determination of damage on all or some of your damaged plants:

(i) For those damaged plants on which the loss adjustment and claim have not been deferred, you must submit a partial claim within the time frame specified in section 11(a)(2) and we will settle your claim on such plants;
(ii) For those damaged plants on which the loss adjustment and claim have been deferred, we will determine the amount of damage at the earliest possible date but no later than one year after the end of the insurance period for the crop year in which the damage occurred; and
(iii) You must maintain the identity of the plants on which loss adjustment is deferred throughout the deferral period.

(b) If you fail to obtain our written consent as required by section 11(a)(1), your claim will be denied on each basic unit for which written consent was not obtained.

12. Settlement of Claim.

We will determine indemnities for any unit as follows:

(a) Determine the under-report factor or over-report factor, as applicable, for the basic unit;
(b) Determine the occurrence deductible;
(c) Subtract FMVB from FMVA;
(d) Multiply the result of 12(c) by the under-report factor or one minus the over-report factor (1.000 – over-report factor), as applicable;
(e) Subtract the occurrence deductible from the result in section 12(d); and
(f) If the result of section 12(e) is greater than zero, and subject to the limit stated in section 12(g):
(1) For additional coverage, your indemnity equals the result of section 12(e) multiplied by your share.
(2) For catastrophic risk protection coverage, your indemnity equals the result of section 12(e) multiplied by fifty-five percent and by your share.
(g) The total of all indemnities for the crop year will not exceed the amount of insurance, including any peak amount of insurance during the coverage term of the Peak Inventory Endorsement, if this endorsement is elected.
(h) In order to prevent your indemnity from being reduced when you have over-reported your basic unit value, the following must apply: FMVA plus the insured value of the plants listed on the verifiable sales records must support, within 10 percent, the basic unit value reported on the PIVR, revised PIVR, and Peak Inventory Value Report, if applicable, minus the total of all previous losses. Otherwise, any indemnity for that basic unit will be reduced by an over-report factor.
(i) If you elected basic units by non-contiguous land, in accordance with section 3(a)(ii), and you do not keep your records separate by unit, we will combine all basic units for which records were not kept separate.

13. Late and prevented planting.

The late and prevented planting provisions in the Basic Provisions are not applicable.

14. Written agreements.

(a) Written agreements may only be requested for plants not listed on the EPLPPS.
(b) In lieu of section 18(a) of the Basic Provisions, you must request in writing a written agreement with the application for the initial crop year, and not later than the sales closing date for each subsequent crop year, except as provided in section 14(d).
(c) In lieu of the requirements of section 18(d) of the Basic Provisions, any written agreement is valid only until the end of the insurance period for the crop year such written agreement applies; and
(d) In lieu of section 18(e) of the Basic Provisions, an application for a written agreement submitted after the date of application for the initial crop year and the sales closing date for all subsequent crop years may be approved if:
(1) You demonstrate your physical inability to have applied timely; and
(2) After physical examination of the nursery plant inventory, we determine the inventory will be marketable at the value shown on the PIVR.

15. Examples.

Single Unit Example for an Under-report Situation

Assume you have a 100 percent share and the basic unit value reported by you is $100,000. Your coverage level is 75 percent. Your amount of insurance is $75,000 ($100,000 x .75). At the time of loss, we determine that the value of your inventory immediately before the loss (FMVA) is $125,000, and the value after the loss (FMVB) is $80,000. Your indemnity would be calculated as follows:

Step (1): $100,000 ÷ $125,000 = .80 is the under-report factor;
Step (2): The occurrence deductible is the lesser of a) .25 x $125,000 x .80 = $25,000; or b) $100,000 x (1.00 - .75) = $25,000;
Step (3): $125,000 – $80,000 = $45,000 loss;
Step (4): $45,000 x .80 = $36,000 loss after the under-report factor is applied;
Step (5): $36,000 – $25,000 = $11,000 loss after the occurrence deductible; and
Step (6): $11,000 x 1.000 share = $11,000 indemnity payment.

Single Unit Example for an Over-report Situation

Assume you have a 100 percent share and the basic unit value reported by you is $125,000. Your coverage level is 75 percent. Your amount of insurance is $93,750 ($125,000 x .75). At the time of loss, we determine that the value of your inventory immediately before the loss (FMVA) is $100,000, and the value after the loss (FMVB) is $50,000. You provide verifiable sales records containing an insured value of plants equaling $10,000. Your indemnity would be calculated as follows:

Step (1): ($125,000 ÷ ($100,000 + $10,000)) - 1.100

= .04 is the over-report factor;

Step (2): The occurrence deductible is the lesser of: a) .25 x $100,000 x (1.000 + .04) = $26,000; or b) .25 x $125,000 = $31,250;

Step (3): $100,000 - $50,000 = $50,000 loss;

Step (4): $50,000 x (1.000 - .04) = $48,000 loss after the over-report factor is applied;

Step (5): $48,000 - $26,000 = $22,000 loss after the occurrence deductible; and

Step (6): $22,000 x 1.000 share = $22,000 indemnity payment.

Peak Inventory Value Report Example

Assume you have a second loss on the same basic unit as the first example. Your amount of insurance has been reduced by subtracting your previous indemnity payment of $11,000 from your amount of insurance ($75,000 – $11,000 = $64,000). Your crop year deductible has been reduced to zero by the previous loss ($25,000 – $36,000, but not less than zero). You purchase a Peak Inventory Endorsement and report $60,000 in inventory. Your peak amount of insurance is your reported inventory times your coverage level ($60,000 x .75 = $45,000). The combined amount of insurance for the coverage term of the peak endorsement is $64,000 + $45,000 = $109,000. Your crop year deductible is increased by $15,000 ($60,000 x .25). At the time of loss, we determine that the value of your inventory immediately before the loss (FMVA) is $124,000, and the value after the loss (FMVB) is $58,000. Your indemnity would be calculated as follows:

Step (1): ($160,000 - $36,000)/$124,000 = 1.00 is the under-report factor;

Step (2): The occurrence deductible is the lesser of: a) .25 x $60,000 x 1.00 = $15,000; or b) $60,000 x .25 = $15,000;

Step (3): $124,000 – $58,000 = $66,000 loss;

Step (4): $66,000 x 1.00 = $66,000 loss after the under-report factor is applied;

Step (5): $66,000 – $15,000 = $51,000 loss after the occurrence deductible; and

Step (6): $51,000 x 1.000 share = $51,000 indemnity payment.

Your peak amount of insurance is reduced to zero. Your amount of insurance is reduced by the amount the indemnity exceeds the peak amount of insurance. $64,000 – ($51,000 – $45,000) = $64,000 – $6,000 = $58,000.