granted to any buyer as contained in the definition of "wholesale market value."

4. Subsection 1.(f)—Revises the definition, "field market value B" to no longer contain the 10 percent reduced valuation contained in the current regulations due to the change stated in item 1. above. Maximum pricing discounts will also be considered in this determination as specified in the definition of "wholesale market value."

5. Subsection 1.(h)—Add a definition for "monthly loss deductible."

6. Subsection 1.(i)—Add a definition for "monthly market value."

7. Subsection 1.(n)—Add a definition for "standard nursery containers."

8. Section 2—Clarify that locations outside a five mile radius of the named locations, but within the same county, may be designated as a separate basic unit or be included in the closest unit listed on the insured's nursery plant inventory summary.

9. Subsection 6.(c)—Clarify that whenever inventory is expected to change within a specific month, the highest value for the month will be recorded on the nursery plant inventory summary.

10. Subsection 6.(d)—Require the insured to give notice in writing at least 14 days before making a change in inventory value, if a request for a revised nursery plant inventory summary is planned. This provision allows the insurer to inspect the inventory if necessary.

11. Paragraphs 6.(d)(1) and 6.(d)(2)— Specify that insurance will not attach on any increase in inventory until the insurer completes an inspection and accepts such increase.

12. Subsection 6.(e)—Specify that any plants added to the inventory that are not reported for insurance will not be insured, but the value of these plants, after a loss, will be considered production to count for purposes of loss determination and claim settlement.

13. Subsection 7.(b)—Allow the insured to pay the annual premium in three installments. The first payment (40 percent of the annual premium) is due and payable on the later of September 30 preceding the crop year or the date the insurer accepts the inventory for insurance; the second payment (30 percent of the annual premium) is due and payable on January 1 of the crop year; and the third payment (30 percent of the annual premium) is due and payable on April 1 of the crop year. Current provisions state that the annual premium is earned and payable on or before September 30 preceding each crop year, but allow a six month delay in the payment of

premiums, until March 31 of the crop year.

14. Subsection 7.(c)—Specify that additional premium resulting from an increase in a nursery plant inventory summary is due and payable when the revised summary is approved.

15. Subsection 7.(d)—Clarify that premium will not be reduced due to a decrease in plant inventory, unless such decrease results from deleting uninsurable inventory which was incorrectly reported.

16. Paragraph 8.(a)(1)—Require that the nursery plants be grown under an irrigated practice.

17. Paragraph 8.(a)(3)—Clarify that the insured nursery plant inventory will not include plants that produce edible berries, fruits, or nuts.

18. Paragraph 8.(a)(4)—Clarify that nursery plants grown in standard nursery containers less than three inches across at the smallest dimension are not insured unless the insurer enters into a written agreement to insure such plants.

19. Paragraph 8.(a)(6)—Allow plants not listed in the Nursery Eligible Plant Listing to be insurable if the insured submits a written request and the insurer agrees in writing to insure such plants.

20. Paragraph 8.(a)(7)—Clarify that stock plants will not be insured.

21. Section 9—Specify that insurance attaches on the later of October 1 or the date the insurer accepts the inventory for insurance, and in either case upon payment of 40 percent of the annual premium. This change allows the insurer to complete any necessary inspection before insurance attaches. This paragraph also states that when the nursery plant inventory summary is revised to add additional plant inventory, coverage for the additional inventory will not attach until the additional premium for that inventory is paid in full.

22. Subsection 9.(a)—Clarify that insurance coverage ends when inventory is sold or removed unless that inventory is replaced and additional premium is paid. Previous provisions did not permit insurance to attach to restocked inventory.

23. Paragraph 10.(a)(9)—Add as an insurable cause of loss, failure or breakdown of frost/freeze protection equipment or facilities provided: 1) such failure or breakdown is caused by a named insurable cause of loss, 2) the insured nursery plants are damaged by freezing temperatures within 72 hours of such failure or breakdown, and 3) the equipment or facilities could not be repaired or replaced between the time of failure or breakdown and the time the freezing temperatures occur.

24. Paragraph 10.(b)(1)—Clarify that brownout is not an insured cause of loss.

25. Paragraph 10.(b)(2)—Clarify that failure of the power supply is not an insured cause of loss, unless such failure is a direct result of an insured cause of loss.

26. Paragraph 10.(b)(5)—Clarify that collapse or failure of buildings or structures are not insured causes of loss unless due to an insured cause of loss.

27. Subsection 12(a)—Allow use of the highest reported monthly market value for the unit and the monthly loss deductible (not to exceed the remaining annual loss deductible) to calculate an indemnity. References to the 10 percent reduced valuation have been deleted. These changes were necessary due to the change in the definition of "amount of insurance" as stated in item 1. above.

28. Add a nursery frost, freeze, and cold damage exclusion option. This option excludes losses due to frost, freeze, and cold weather for plants that have specific over-wintering requirements when those over-wintering requirements will not be met.

## List of Subjects in 7 CFR Part 457

Crop insurance, nursery crop.

## **Proposed Rule**

Pursuant to the authority contained in the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*), the Federal Crop Insurance Corporation hereby proposes to amend the Common Crop Insurance Regulations (7 CFR part 457), effective for the 1996 and succeeding crop years, to read as follows:

## PART 457—COMMON CROP INSURANCE REGULATIONS; REGULATIONS FOR THE 1996 AND SUBSEQUENT CONTRACT YEARS

1. The authority citation for 7 CFR part 457 is revised to read as follows:

Authority: 7 U.S.C. 1506(1).

2. The heading for part 457 is revised as set forth above.

3. 7 CFR part 457 is amended by adding \$ 457.114 and 457.115 to read as follows:

## § 457.114 Nursery Crop Insurance Provisions.

The Nursery Crop Insurance Provisions for the 1996 and succeeding crop years are as follows: