#### DEPARTMENT OF AGRICULTURE

## **Federal Crop Insurance Corporation**

Nursery Crop Provisions

If a conflict exists among the Basic Provisions (§ 457.8), these crop provisions, and the Special Provisions, the Special Provisions will control these crop provisions and the Basic Provisions; and these crop provisions will control the Basic Provisions.

#### 1. Definitions

(a) Amount of insurance—The result of multiplying the highest monthly market value reported on the nursery plant inventory summary (which will include inventory reported by you and accepted by us on a revised nursery plant inventory summary or restocked), multiplied by the percentage for the coverage level you elect.

(b) Annual loss deductible—The value calculated by subtracting the amount of insurance from the highest monthly market value reported on the nursery plant inventory summary. The annual loss deductible will be revised if an inventory addition is approved.

(c) *Brownout*—A cutback or reduction in electric power, as a result of a shortage.

- (d) *Crop year*—The 12 month period which begins October 1 and extends through September 30 of the next calendar year, designated by the year in which it ends. (The 1996 crop year begins October 1, 1995, and ends September 30, 1996).
- (e) *Field market value A*—The wholesale market value for the unit immediately prior to the occurrence of the loss.
- (f) Field market value B—The wholesale market value remaining for the unit immediately following the occurrence of the loss.
- (g) Irrigated practice—A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to maintain the amount of insurance on the nursery plant inventory.
- (h) Monthly loss deductible—The result of multiplying the smaller of field market value A or the highest monthly market value reported on the nursery plant inventory summary by 100 percent (100%) less the percentage for the coverage level you elect, not to exceed the annual loss deductible. When inventory is added or restocked by a revised nursery plant inventory summary, the monthly loss deductible will be calculated based on the revised monthly market value, not to exceed the annual loss deductible.
- (i) Monthly market value—The sum of the wholesale market value of all insurable plants in the unit for a month based on your wholesale price list less the maximum discount granted to any buyer.

(j) Nursery—A business enterprise that produces ornamental plant types in standard nursery containers for the wholesale market.

(k) Nursery eligible plant listing—A listing contained in the Actuarial Table which specifies the plants eligible for insurance and any mandatory or recommended storage required for such plants in each hardiness zone defined by the United States Department of Agriculture.

- (l) Nursery plant inventory summary—A report that specifies numbers and prices of plants included in the nursery inventory.
- (m) Smallest dimension—For a round container, the diameter; for any other container, the distance measured from one side directly across to the opposite side at the narrowest point.
- (n) Standard nursery containers—Rigid containers not less than three (3) inches across the smallest dimension which are commercially sold to nurseries. Grow bags, trays, cellpacks, and burlap are not considered standard nursery containers.

(o) *Stock plants*—Plants being used for reproduction, for growing cuttings, for air layers or for propagating.

(p) Wholesale market value—The dollar valuation of the numbers of insurable plants actually contained within the unit at any time. The values used will be based on your wholesale price list less the maximum discount granted to any buyer.

(q) Written agreement—Designated terms of this policy may be altered by written agreement. Each agreement must be applied for by the insured in writing no later than the sales closing date and is valid for one year only. If not specifically renewed the following year, continuous insurance will be in accordance with the printed policy. All variable terms including, but not limited to, plant type and premium rate must be contained in the written agreement. Notwithstanding the sales closing date restriction contained herein, in specific instances, a written agreement may be applied for after the sales closing date and approved if, after a physical inspection of the nursery plant inventory, there is a determination that the inventory has the expectancy of meeting the amount of insurance. All applications for written agreements as submitted by the insured must contain all variable terms of the contract between the company and the insured that will be in effect if the written agreement is disapproved.

### 2. Unit Division

In lieu of the definition of unit contained in subsection 1.(tt) of the Basic Provisions (§ 457.8), a unit consists of all growing locations in the county within a five mile radius of the named insured locations designated on your nursery plant inventory summary. Any growing location more than five miles from any other growing location, but within the county, may be designated as a separate basic unit or be included in the closest unit listed on your nursery plant inventory summary.

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

Subsection 3.(c) of the Basic Provisions (§ 457.8) is not applicable to the Nursery Crop Provisions.

#### 4. Contract Changes

The contract change date is June 30 preceding the crop year (see the provisions of section 4 (Contract Changes) of the Basic Provisions (§ 457.8)).

### 5. Cancellation and Termination Dates

In accordance with subsection 2.(f) of the Basic Provisions (§ 457.8), the cancellation

- and termination dates are September 30 preceding the crop year.
- 6. Nursery Plant Inventory Summary
- (a) For the purposes of the provisions of section 6 (Report of Acreage) of the Basic Provisions (§ 457.8), the term "acreage" means "nursery plant inventory."
- (b) Your annual nursery plant inventory summary will be used to determine your premium and the amount of insurance for each unit. If you do not submit the summary by the reporting date, we may elect to determine the nursery plant inventory for each unit or we may deny liability on any unit. Errors in reporting units may be corrected by us at the time of loss adjustment.
- (c) You must submit a nursery plant inventory summary to us on or before September 30 preceding the crop year. This summary must include, by unit and by month for each type of plant in the inventory, the:
  - (1) Container sizes;
  - (2) Number of plants;
- (3) Wholesale price for each month of the crop year; and
  - (4) Your share.

If your inventory will change within a specific month, report the largest inventory that you will have for that month.

- (d) With our consent, you may revise your nursery plant inventory summary to correct or change the value of the insurable inventory caused by a quantity change if the amount of the revision is at least 10 percent of the highest monthly market value reported on the nursery plant inventory summary or \$25,000, whichever is smaller. You may not revise your nursery plant inventory summary after the sales closing date to add plants not listed on the Nursery Eligible Plant Listing. If you wish to revise the nursery plant inventory summary, you must notify us in writing at least 14 days before a change in inventory value. We must inspect and accept the nursery before insurance attaches on any proposed increase in inventory if:
- (1) The storage facilities have changed in any way since our previous inspection; or

(2) The revision includes plants that have specific over-wintering storage requirements and that were not previously reported on your nursery plant inventory summary.

- (e) Insurable plants that are not reported on your nursery plant inventory summary will not be insured, but the value of such plants after a loss will be included as production to count. Such unreported inventory may reduce the amount of any indemnity payable to you.
- (f) You must designate separately any plant inventory that is not insurable.
- (g) Subsection 6.(f) of the Basic Provisions (§ 457.8) is not applicable to the Nursery Crop Provisions.

# 7. Annual Premium

We will determine your premium as follows:

- (a) The annual premium for each unit will be calculated by:
- (1) Multiplying the number of each type of plant and size container designated on your nursery plant inventory summary for each month by prices for that type and container