



United States Department of Agriculture
Risk Management Agency

January 2005

2005 COMMODITY INSURANCE FACT SHEET

Nursery

All States

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 **field-grown and containerized** nursery plants in the county that are:

- Shown on the Eligible Plant List;
- Meet all the requirements for insurability; and
- Are grown in an appropriate medium using acceptable production practices.

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 conditions¹
Failure of irrigation water supply²
Delay in marketability of plants³
Fire⁴
Wildlife

¹Including wind, hurricane, and freeze. If cold protection is required by the Eligible Plant List, adequate and operational cold protection measures must be in place. ²If due to an insurable cause of loss. ³Resulting in reduced plant value if due to an insurable cause. ⁴Provided weeds and undergrowth are chemically or mechanically controlled.

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

Collapse or failure of buildings/structures¹
Disease or insect infestation²
Failure of plants to grow to an expected size³
Inadequate power supply⁴
Inability to market nursery products⁵

¹Unless caused by an insurable cause of loss. ²Unless effective control measures for the infestation do not exist. ³Due to drought. ⁴Unless such inadequacy is a result of an insurable cause of loss. ⁵Due to quarantine, boycott, or buyer refusal.

Insurance Period

The insurance year runs from October 1 through September 30. For existing policies, coverage will begin on October 1, 2004. New applications for crop year 2005 may be accepted until May 31, 2005 with coverage beginning 30 days after receipt of your signed application, if accepted. The premium for a new policy is prorated according to the month coverage begins. Applications accepted after May 31, 2005 will not begin coverage until October 1, 2005.

Coverage will end at the earliest of: (1) the date of final adjustment of a claim when total indemnities 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, or (4) 11:59 p.m. on September 30, 2005.

Duties in the Event of Damage or Loss

Notify your agent within 72 hours (3 days) of your initial discovery of damage (but not later than 15 days after the end of the insurance period).

Definitions

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

Eligible Plant List - A list of botanical and common names of insurable plants, including winter protection requirements (available on CD-ROM from your agent).

Field Grown - Nursery plants planted and grown in the ground without the use of any artificial root containment device. In-ground fabric bags are not considered an artificial root containment device.

Price Election - The allowable percentage, as specified in the actuarial documents, of the prices shown in the plant price schedule that you elect and that is used to determine the amount of insurance and any indemnity.

Standard Nursery Containers- Rigid containers not less than 3 inches in diameter at the widest point of the container interior and that are appropriate in size and have drainage holes appropriate for the plant. In-ground fabric bags, trays, cellpacks with individual cells less than 3 inches in diameter at the widest point of the container interior, and burlap are not considered standard nursery containers under these crop provisions.

Stock Plants- Plants used solely for propagation during the insurance period.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your plant inventory value. Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium:

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

Catastrophic (CAT) coverage is fixed at 27.5 percent of your plant inventory value. The only cost for CAT coverage is an administrative fee of \$100.

Plant Inventory Value Report

A plant inventory value report must accompany your insurance application. This report declares the value of your insurable plants. For existing policies, the report is due no later than September 1, 2004. Adequate records must be maintained to substantiate the reported data. Revisions to increase the reported inventory value may be allowed, but must be made in writing before May 31, 2005.

Peak Inventory Endorsement

If you desire increased coverage during certain periods when your inventory value may be significantly higher than the annual plant inventory value, you may want to consider a peak inventory endorsement (not available with the CAT endorsement). Contact your crop insurance agent for further details.

Loss Example

\$100,000	Plant inventory value
x .65	Coverage level 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*
\$15,000	Indemnity

*(1 - coverage level) X inventory = (1 - .65) X \$100,000 = \$35,000

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