USDA Risk Management Agency
U.S. DEPARTMENT OF AGRICULTURE

Turfgrass Value Select (TVS) Pilot Crop Insurance Program

FARM PRODUCTION AND CONSERVATION
FSA | NRCS | RMA | Business Center

Disclaimer

- This presentation is for informational and training purposes only
- Refer to the Turfgrass Value Select Crop Provisions, the Common Crop Insurance Policy Basic Provisions, Special Provisions, and applicable procedures for complete information

About Federal Crop Insurance

- Public/Private Partnership between Approved Insurance Providers and the Federal Crop Insurance Corporation
- Policies developed by the Risk Management Agency are sold and serviced by Approved Insurance Providers and their agents/loss adjusters
- The Federal Crop Insurance Corporation subsidizes a portion of the producer's premium
- A list of crop insurance agents is available on the RMA Website at https://www.rma.usda.gov/tools-reports/agent-locator

TVS Overview

- New value select dollar plan of insurance for turfgrass growers
- Value Select Design – Producer chooses the amount of coverage
- Shallow loss and hurricane coverage available
- Producers actual sales price used to determine indemnities
- Offers pre-establishment coverage similar to replant

Program Benefits

- Familiar delivery, similar to Nursery Value Select
- Easy to establish coverage
- Customizable
- Producer involved in loss adjustment

About Turfgrass

- **Turfgrass** is grass forming uniform, long lived ground cover that are grown for harvest and sale with the root system intact within a layer of sod

- **Cool season turfgrass** is grown northern latitudes
  - Planted and harvested annually

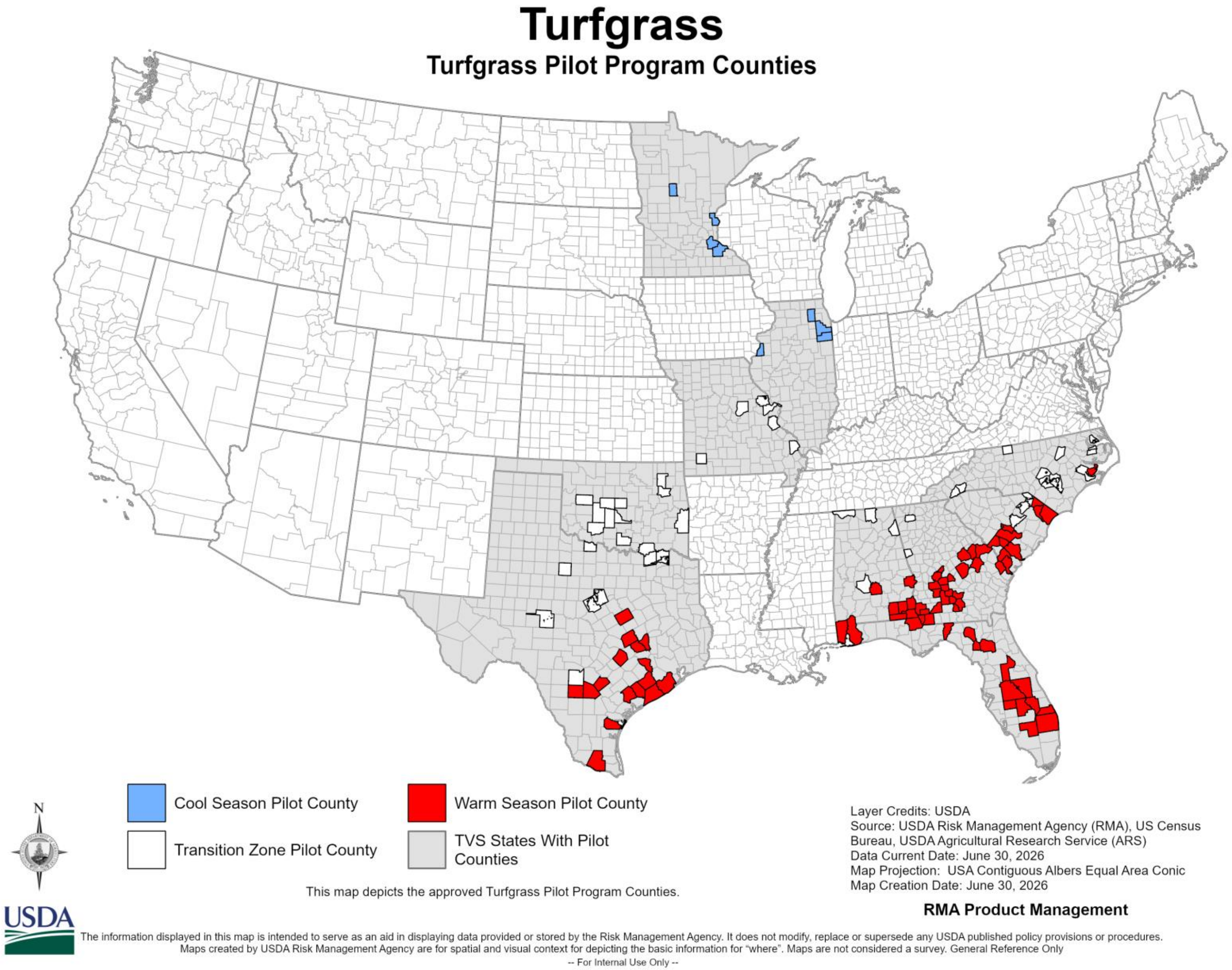
- **Warm season turfgrass** is grown in southern latitudes
  - Typically established vegetatively from rhizomes or stolons
  - Can be harvested several times per year in some areas

- **Transition Zone** is where both warm season and cool season turfgrass is grown

Insurable Turfgrass Types

- **Warm Season Types**
  - Bermuda
  - Centipede
  - St. Augustine
  - Zoysia
- **Cool Season Types**
  - Kentucky Bluegrass
  - Tall Fescue
  - Tall Fescue/Kentucky Bluegrass Mix

TVS Pilot Area



Rollout for 2027 Crop Year

- 9/1/2026 First Sales Closing Date
  - Producers in all pilot counties will have the opportunity to purchase coverage at this time
  - Producers in AL, FL, GA, NC, SC, TX who purchase coverage for the initial crop year will have premium pro-rated based on amount of time left in crop year (crop year ends 5/31/2027 in these states)

- New insureds and producers purchasing coverage for the initial 2027 crop year can purchase coverage any time during the crop year
  - Premium is pro-rated
  - Insurance attaches on the 31st day after the acceptable Turfgrass Value Report (TVR) is received

- Renewal
  - Coverage is continuous if the insured provides an acceptable TVR by the sales closing date

Dates for 2028 and Subsequent Crop Years

	AL, FL, GA, NC, SC, TX	IL, MN, MO, OK
Sales Closing Date	5/1	9/1
Cancellation Date	5/31	9/30
Premium Billing Date	3/1	7/15
End Of Insurance Date	5/31	9/30
Termination Date	5/31	9/30
Contract Change Date	1/31	4/30

Insured Crop and Administrative Fees

- Catastrophic (CAT) Coverage
  - One Admin Fee for all turfgrass types ($655)
  - Must insure all insurable types in the county under one policy

- Buy-up
  - Separate Admin Fees for each turfgrass type ($30)
  - Can choose to insure some types and not others
  - Each insured type in a county is a separate insured crop/policy

Units

- Coverage is established and losses are adjusted on a unit basis
- Only Basic Units are available
- One Basic Unit per insured crop/policy unless divided by crop share arrangement

Insurability Requirements

- Must have sold a turfgrass type and variety in one of the last 3 years to be insurable
- Only irrigated turfgrass is insurable
- Must follow good farming practices
- Grown in an appropriate medium
- Grown and sold with the root system attached
- Turfgrass damaged prior to insurance attaching is not insurable unless it has recovered and offered for sale at the approved sales value (insured must maintain identity of damaged turfgrass that is not destroyed)

Establishing Coverage

Producer must annually submit a Turfgrass Value Report (TVR) that includes a Monthly Unit Value Plan (MUVP)

- Producer reports expected monthly values on the Monthly Unit Value Plan (MUVP)
- Producer selects a Coverage Level
  - CAT (27.5%)
  - Buy-up 50% to 85% in 5% increments
- Producer selects a Selected Value (SV) to insure for each unit
  - CAT SV limit: lesser of 110% prior 3-year max value OR max monthly value on MUVR
  - Buy-up SV limit: max monthly value on MUVP
- Coverage is continuous for subsequent crop year if the insured provides an acceptable TVR by the sales closing date (can certify there are no material changes to the info from prior year)

Optional Coverage

- With buy-up, can elect Occurrence Loss Option (OLO)
- Hurricane Insurance Protection – Wind Index (HIP-WI) is available with buy-up or CAT
- Cannot have both OLO and HIP-WI

Revised Coverage

- SV may be increased twice per crop year (a third after a loss, if replanted) by submitting a revised TVR
  - Increase will not be accepted if damage occurs within 30 days of request
  - SV increase takes effect on 31st day after written request is received
- SV cannot be decreased after insurance attaches for the crop year

Inspections

- The Insurance Provider has 30 days to perform a pre-acceptance inspection after the TVR is submitted
  - The insured must be notified in writing on or before the end of the 30-day waiting period if the application is not accepted due to failure to meet insurability requirements

- Inspections may be performed at any time to determine good farming practices are followed and that adequate acceptable acreage and equipment exist to accommodate the inventory

Insurable Causes of Loss

- Adverse Weather (e.g., drought, flooding, freeze, etc.)
- Fire, provided weeds and undergrowth near the location where the insured turfgrass is grown are controlled by chemical or mechanical means
- Wildlife
- Earthquake
- Volcanic eruption
- Insects and disease (if no effective control exists)
- Failure of irrigation (if due to insured peril)
- Dead or Zero Market Value (if due to insured peril)

Uninsurable Causes and Conditions

- Inability to market resulting solely from
  - Refusal of a buyer to accept turfgrass
  - Boycott
  - Orders from a public official such as quarantine

- If during the three most recent crop years an indemnity was paid due to excess moisture or flood not associated with a named storm, coverage will not be provided for future losses due to excess moisture or flood not associated with a named storm unless improvements are made to the turfgrass operation to mitigate future losses from these perils
  - An inspection must be made at the insured's request to verify the improvements are acceptable and to approve the operation for renewed coverage against these perils

Notice of Loss

- Producers must notify the AIP within 72 hours of the insured's initial discovery of damage
- Claim for indemnity must be submitted not later than 60 days after the date of the loss
  - Can be extended if AIP is unable to make an accurate determination of damage
- Producers must obtain AIP consent before destroying, selling, or otherwise disposing of damaged or dead/zero market value turfgrass

Duties in the Event of Loss

- Producers must maintain and provide, upon request, an inventory including planting dates, related input purchases, and verifiable sales records
  - Technology and remote inspections can be used to verify planting dates and damaged/harvested acreage
- Producers participate in determining damage retained and damaged discarded categories

Damage Categories

- **Undamaged** (0.00) – Not damaged, dead, or of zero market value
- **Damaged** – Physically damaged and not marketable in its current condition but may be rehabilitated, and is not dead/zero market value turfgrass
  - **Retained Damaged** (0.50) – Damaged turfgrass that you elect to rehabilitate or to put to another use, such as to harvest for use as sprigs or plugs
    - Must maintain identity or will be uninsurable
    - Can receive additional 0.50 damage factor during the crop year if loss occurs that results in a dead/zero market value determination
  - **Discarded Damaged** (0.75) – Damaged turfgrass that is unharvested and that you elect not to rehabilitate and elect not to retain for other use
    - Must verify turfgrass is destroyed before an indemnity is paid
- **Dead/Zero Market Value** (1.00) – Turfgrass that, as determined by the AIP, is damaged due to an insurable cause of loss and exhibits no signs of ability to recover to a marketable quality, determined in accordance with FCIC approved procedures
  - Must verify turfgrass is destroyed before an indemnity is paid

Loss Calculations

- Pre-Loss Actual Unit Value = Sum {(square feet of each variety and stage of turfgrass in a unit x applicable stage factor) x approved sales value}

- Post-loss Damage Value = Sum {(square feet of each variety and stage of turfgrass in the unit x applicable stage factor x **damage factor**) x approved sales value}

Loss Calculations (Continued)

$$\textbf{Percent Loss} = \frac{\text{Post}-\text{loss Damage Value}}{\text{Pre}-\text{loss Actual Unit Value}}$$

Amount of Loss = Percent of Loss x Lesser of Pre-loss actual unit value or SV minus sum of previous indemnities for the basic unit

Occurrence Deductible = Deductible Percent multiplied by lesser of

1) Pre-Loss Actual Unit Value or
2) Selected Value minus previous indemnities

Indemnity = (Amount of Loss-Occurrence Deductible) x Share*

*for CAT multiply by 55%

Stage Factors (Growth Stages)

- Three stages (warm/cool season timing differs) contained in the Special Provisions
    - Stage 1 (Pre-establishment): 40% of approved sales value
        - Like replant coverage
        - Only Undamaged and Dead/Zero Market Value Damage Categories apply
    - Stage 2 (Established, immature): 75% of approved sales value
    - Stage 3 (Mature): 100% of approved sales value
- Stages determined based on time since planting

Cool Season Stages

- Stage I extends from planting of the insured crop up to Stage II
- Stage II begins 5 weeks after planting, provided more than 50 percent of the stand is established, and extends up to **25 weeks** after planting
- Stage III extends from the end of stage II to harvest of the insured crop

Warm Season Stages

- Stage I extends from planting of the insured crop up to Stage II
- Stage II begins 5 weeks after planting, provided more than 50 percent of the stand is established, and extends up to **15 weeks** after planting
- Stage III extends from the end of stage II to harvest of the insured crop

Pricing

- Claims use producer's verifiable sales records with progressive look-back
  - 60-day period immediately preceding the date of the insured cause of loss
  - If no sales occurred in the 60-day period immediately preceding the date of the insured cause of loss, the 12 calendar months immediately preceding the date of the insured cause of loss
  - If no sales occurred in the 12 calendar months immediately preceding the date of the insured cause of loss, the 24 calendar months immediately preceding the date of the insured cause of loss
  - If no sales occurred in the 24 calendar months immediately preceding the date of the insured cause of loss, the 36 calendar months immediately preceding the date of the insured cause of loss.

Verifiable Sales Records

Records that show the sales of turfgrass to disinterested third party purchasers during a period specified in these Crop Provisions containing:

(1) The name and address of the purchaser;

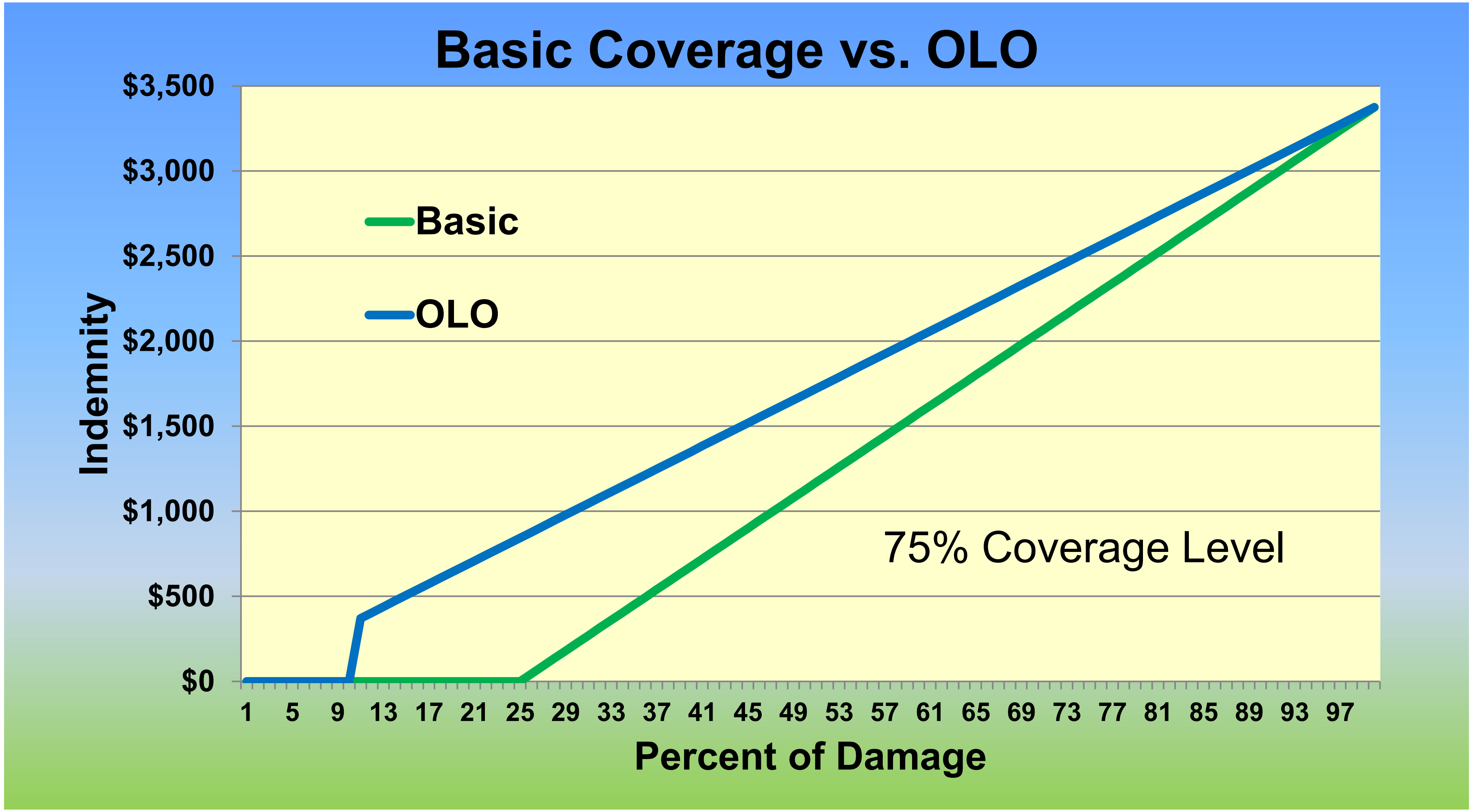
(2) The date of sale; and

(3) The complete botanical or common name of the turfgrass variety sold, number of square feet of each turfgrass variety sold, and the actual price (excluding all discounts and shipping charges as well as any other similar amounts that do not directly relate to the value received for each turfgrass variety).

Occurrence Loss Option (OLO)

- Triggers when percent of loss exceeds 10%
- Converts deductible to co-pay via coverage level multiplier
- Applies to lesser of pre-loss actual unit value or SV minus prior unit losses, then share

Indemnity Schedule



Premium

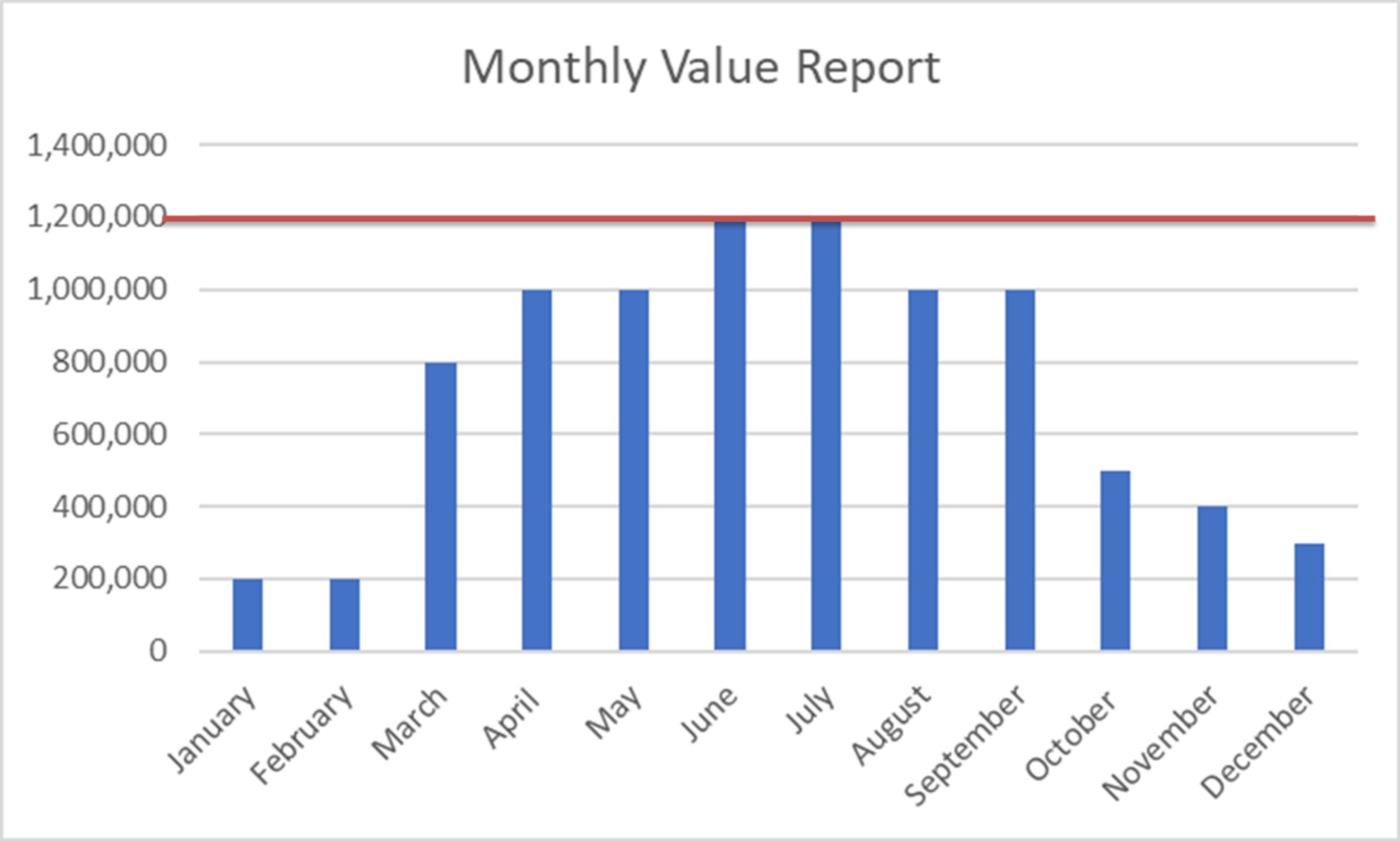
- Premium rates listed in the actuarial documents on the RMA website and vary by county

- Subsidy schedule

	CAT	0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85
Basic Unit	1.00	0.67	0.69	0.69	0.64	0.64	0.60	0.51	0.41

Example

Selected Value Example



Amount of Insurance Example

- Selected Value = $1,200,000
- Coverage Level =75%
- Price Election Percentage = 100%
- Share = 100%
- **Amount of Insurance** = $1,200,000 x 0.75 x 1.00 x 1.00 = **$900,000**

Premium Calculation Example

- Example: Base Rate 2.5% at 75% coverage level
  - Amount of insurance = $900,000
  - Total Premium = $900,000 x 0.025 = $22,500
  - Subsidy = $22,500 x .60 = $13,500
  - **Subsidized Producer Premium** = $22,500 - $13,500 = **$9,000**

Loss Example

Assume…

- Single Unit without OLO
- No previous losses
- Approved sales value = $0.40 per square foot
- Loss event: Flood
- Producer has 2,000,000 square feet warm season stage II
  - 1,000,000 square feet is dead zero market value
  - 750,000 square feet is damaged retained
  - 250,000 square feet is undamaged

Indemnity Calculation Example

- **Pre-Loss Actual Unit Value** = (2,000,000 ft^2 x 0.75 stage factor) x \$0.40 approved sales value = **\$600,000**

- **Post-loss Damage Value** = ((1,000,000 ft^2 x 0.75 stage factor x 1.0 damage factor) + (750,000 ft^2 x 0.75 stage factor x 0.50 damage factor) + (250,000 ft^2 x 0.75 x 0.00 damage factor) x \$0.40 approved sales value = **\$412,500**

- **Percent of Loss =** \$412,500 / \$600,000 = **0.6875**

Indemnity Calculation Example (Continued)

- **Amount of Loss =** 0.6875 Percent of Loss x Lesser of: $600,000 Pre-loss actual unit value or $1,200,000 SV minus $0 previous indemnities **= $412,500**

- **Occurrence Deductible =** Lesser of: $150,000 (0.25 Deductible x $600,000 Pre-Loss Actual Unit Value) or $300,000 (0.25 Deductible x $1,200,000 SV) Crop Year Deductible **= $150,000**

- **Indemnity =** ($412,500 Amount of Loss - $150,000 Occurrence Deductible) x 100% Share **= $262,500**

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Thank you!

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