

# Nursery Value Select Summary

## Application for Insurance

The existing Nursery Policy using DataScope® will continue. Growers must decide which policy they will choose to insure their nursery inventories.

- ✓ Sales Closing Date for existing Nursery Policy is May 1<sup>st</sup>
- ✓ Sales Closing Dates for the Nursery Value Select Policy are May 1<sup>st</sup> for Atlantic and Gulf Coast states (*Alabama, Connecticut, Delaware, Florida, Georgia, Louisiana, Maine, Massachusetts, Maryland, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, and Virginia*) including *West Virginia* and September 1 for all other states.
- ✓ Both policies are subject to a claims inspection.
- ✓ The inspection for both policies must be completed during the 30 day waiting period for insurance attachment.
- ✓ If a grower is moving from their current nursery plan to Nursery Value Select, the inspection requirement may be waived if a previous inspection was completed within the past reinsurance year.
- ✓ New growers to the program may submit a Nursery Value Select crop application at any time following the initiation of the crop year.
- ✓ New applications are subject to a 30-day waiting period.
- ✓ All supporting documents must accompany the application for insurance.
- ✓ Please note that the 30-day waiting period begins after all necessary application documents have been received by Hudson.

## Coverage Qualifications

- ✓ The nursery must be considered a wholesale nursery.
- ✓ 40 percent of gross income for the nursery must be derived from sales of plants wholesale prices.
- ✓ Growers must be eligible for coverage.
- ✓ Not listed on the ITS report with an approved AIP.
- ✓ Growers may insure their nursery:
  - ✓ For both Field Grown and Container practices.
  - ✓ Separate Administrative Fees Apply (\$30 and/or \$655)
  - ✓ If we have basic units by plant type, \$30 will apply for each plant type.
  - ✓ May insure only one practice.
  - ✓ May insure either or both practices with CAT coverage
  - ✓ Growers may choose to insure their crops by Plan by Practice.
- ✓ The traditional Nursery Policy may insure the grower's field grown inventory while the
  - Nursery Value Select policy may insure the grower's container grown inventory.
- ✓ Duplication of practice cannot be insured with both plans.
- ✓ Growers may insure their practice with the plan that best suits their endorsement needs.
- ✓ Nursery Value Select does not allow Peak Inventory Endorsements for either practices or the Rehabilitation Endorsement for field grown inventory.

Coverage levels for this program is defined as follows:

### Additional Coverage

- ✓ 50% to 75% at 100% of price.

- ✓ \$30 administrative fee in addition to premium
- ✓ Once a practice is insured at the additional coverage level, each basic unit established by plant category may have a different coverage level.
- ✓ Price election must always be 100% for each plant category.
- ✓ All plant categories within a practice are NOT required to be insured.

### Catastrophic Coverage (CAT)

- ✓ 50% coverage with 55% of the price.
- ✓ Premium fully subsidized.
- ✓ \$655 fee per insurable practice.
- ✓ All plant categories within a practice ARE required to be insured

Plant Categories for this program are defined as follows:

Grower must classify their plants into these specific categories:

- ✓ 1. Liners
- ✓ 2. Annual Plants and Plants Grown 1 Year or Less
- ✓ 3. Herbaceous Biennial and Perennial Plants
- ✓ 4. Foliage Plants
- ✓ 5. Vines
- ✓ 6. Broadleaf Evergreen and Shrubs
- ✓ 7. Coniferous Trees and Shrubs
- ✓ 8. Deciduous Trees and Shrubs
- ✓ 9. Palms (078)
- ✓ 10. Cycads (079)
- ✓ 11. Other groupings of plants as identified in the county actuarial documents.

### Insured Crops and Plants

Plants are determined to be insurable within the practice when:

- ✓ The grower has a share.
- ✓ Hudson determines that the application is representative of the nursery and acceptable for insurance.
- ✓ Plants are grown in a county where a premium rate is provided in the actuarial documents.
- ✓ Plants are grown within the approved nursery.
- ✓ All plants are irrigated – unless otherwise determined by the county’s special provisions.
- ✓ All plants are grown with production practices that match premium rates.
- ✓ All plants are grown in an appropriate medium.

Plants are determined to be insurable within the practice when:

- ✓ All plants are grown and sold with the root system attached – unless noted in the actuarial documents.
- ✓ Plants are NOT considered stock plants or plants being grown solely for buds, flowers, or greenery – unless noted in the actuarial documents.
- ✓ Nuts or Edible fruits may be produced but are NOT insurable as such when the plant is the focus of the insurance.
- ✓ Field Grown Plants must be adapted to the hardiness zone.
- ✓ Plants have not suffered damage in a prior crop year unless such plants have been rehabilitated and offered for sale at the approved sales value.
- ✓ Container plants are grown in appropriate containers.

- ✓ Liners or two or more plants in one container are NOT insurable

## Insured Crops and Plants

Plants are determined to NOT be insurable within the practice when:

- ✓ Prohibited plants are not insurable.
  - Federal law applies – not state law.
- ✓ Invasive plants are considered not insurable.
- ✓ Controlled substance plants are NOT insurable.

Good Farming Practices must be part of the nursery's operation.

## Insured Perils

The policy WILL cover:

- ✓ Adverse weather conditions.
- ✓ Fire – provided weeds and undergrowth near the insured plants or the buildings in which the insured plants are grown are controlled by chemical or mechanical means.
- ✓ Wildlife.
- ✓ Earthquake.
- ✓ Volcanic Eruption.
- ✓ The policy also covers against a loss of plant value, if the failure of irrigation supply or power supply results in a compromise to facilities based upon the perils listed above.

The policy WILL NOT cover:

- ✓ Disease or insect infestation unless there is no effective control measure that exists.
- ✓ The inability to market plants based upon the refusal of a buyer to accept production.
- ✓ Boycott.
- ✓ Quarantine or public official declaring that plants cannot be sold.
- ✓ Cold temperatures where cold protection structures have not been utilized as directed by the cold weather requirements.
- ✓ Equipment breakdown due to lack of maintenance.
- ✓ Collapse or failure of buildings or structures not impacted by a covered cause of loss.
- ✓ Failure to follow Good Nursery Practices

## Nursery Inspection Requirement

We must inspect the nursery prior to the acceptance of insurance.

- ✓ The grower must have an inspection report in their insurance file.
- ✓ The current inspection must be within a 3-year period.
- ✓ If the Nursery Field Grown and Container policy was in effect for the 2020 crop year, we may use the former policy's inspection only if it has been completed in the previous year.
- ✓ The grower is notified in writing within 30 days of policy signature if the inspection results in a REJECTION of coverage.
  - Details outlining the rejection will be included in the notification.
- ✓ A negative inspection will generate a rejection of the nursery application.
- ✓ Both the grower and the agent will be notified

## Nursery Inspection Form – Data Collection

The inspection will gather the following items for documentation:

- ✓ Identification of the Nursery – Grower, Owner, Operator, Legal Description.
- ✓ Underwriting Questions – Flood/Excess precipitation rating.

- ✓ Irrigation Practices – Type used.
- ✓ Wildlife and Weed Control Measures
  - Disease concerns
  - Plants grown in appropriate mediums
- ✓ Frost and Freeze Protection
  - Cold protection requirements
- ✓ Identify plants previously damaged.
- ✓ Rate the Nursery - Recommendations for Acceptance/Rejection
- ✓ Collect the insured signature and inspector signature.

## MPCI Application for Insurance

What is needed at the time of application for the Nursery Value Select?

- ✓ MPCI Application for Insurance
- ✓ Nursery Value Report
- ✓ Monthly Unit Value Plan
- ✓ Nursery Catalog or Price List
- ✓ Supplemental Price List may also be included.
- ✓ All documentation must be completed and submitted to Hudson before the 30-day waiting period may begin

Standard MPCI Crop Application is used.

- ✓ The MPCI Application will collect:
  - ✓ The grower's name, tax ID, address, and contact information.
  - ✓ The agency name, address, and contact information.
  - ✓ Crop (Nursery Value Select NVS) and county for Coverage
  - ✓ Coverage Level for Policy.
  - ✓ Proper and timely signatures for grower and agent.
  - ✓ Necessary federal disclaimers are collected anytime a signature is collected.

## Nursery Value Report

Hudson has a new form developed for this plan of insurance. This report is due at the time of application or renewal in future years.

- ✓ The grower's name and address.
- ✓ The practice of the plants (container or field grown).
- ✓ If the grower wishes to insure both practices, two forms are needed.
- ✓ Plant Categories with associated coverage levels.
- ✓ Price Level MUST be 100% unless CAT is elected (55%)
- ✓ The grower declares a Selected Unit Value for each Plant Unit.
- ✓ The Selected Unit Value is the value declared by the grower of the insurable plants in each of the plant categories.
- ✓ All growing locations within the county must be listed if the insured entity has a share.
- ✓ Practice being insured must be listed (container or field grown).
- ✓ Coverage levels for each basic unit must be listed.

## Nursery Value Report – Plant Pricing

Pricing for all plants are determined (in order of precedence) as follows:

- ✓ Weighted Average Wholesale Price.
- ✓ The average contract price for future deliveries.

- ✓ Wholesale Catalog Price minus the largest discount.
- ✓ Supporting documentation may be asked by the inspector to verify the monthly unit value plan values for this report at the time of underwriting.
- ✓ We WILL ask for supporting documentation to verify the monthly unit value plan values during a loss adjustment.

#### Documentation can be determined as such:

- ✓ A detailed plant list that contains the name and quantity of each specific plant.
- ✓ Acceptable sales records for use by the Hudson Team in assessing the validity of the values contained in the Monthly Unit Value Report for each plant category.
- ✓ Documentation or demonstrated performance of the insured's ability to properly obtain and maintain nursery plants.
- ✓ After insurance attaches, failure to provide supporting documentation will result in premium owed but no indemnity paid for plant categories not having proper documentation.
- ✓ Exceptions are as follows:
  - Plant varieties NOT previously grown
    - ✓ New nurseries that pass inspection and have the ability to obtain and maintain nursery stock.

#### Nursery Value Report – Revisions

##### Reasons for increase include:

- ✓ Changes in the nursery:
  - Growing area
  - Inventory volume
  - Inventory value
- ✓ Clerical Errors
- ✓ Acquisition of Another Nursery within the county
  - Nursery was NOT previously insured.
    - New plant categories may NOT be added.
  - Nursery WAS previously insured.
    - Policy basic provisions apply.

The selected unit value for each basic unit may be revised upward no more than twice during the crop year.

- ✓ The revision must be in writing on Nursery Value Report form.
- ✓ Separate forms must be submitted for each unit.
- ✓ Premium will increase due to such revisions and be monthly prorated based upon the time period remaining in the crop year.
- ✓ A decrease in the Nursery Value Report may only be completed due to correction of a clerical error.
  - Documentation must accompany the error correction.

##### Restocking after an insurable cause of loss results in crop damage

- ✓ Such a revision is NOT considered one of the two allowable revisions for increased inventory.
- ✓ All such increases are subject to inspection and also to the 30-day waiting period before insurance attachment.
- ✓ Prior to a claim being finalized, the claims team must verify that the Nursery Value Report has been properly completed.

## Monthly Unit Value Plan

- ✓ The grower must submit a copy of their Monthly Unit Value Plan for each plant category as a condition of insurance.
- ✓ This document contains the grower's assessments of the maximum expected values that will be in each category in the basic unit for each month of the crop year.
- ✓ This report will include all insured plant categories within the unit
- ✓ Calculation Method:
  - ✓ Identify the plants within each plant category.
  - ✓ Anticipate plant inventories for each month.
  - ✓ Multiply the sales value of each plant by the number of anticipated plants.
  - ✓ Place values for each month of the Monthly Unit Value Plan report.

## Nursery Catalog and Price List

- ✓ Insureds must submit two printed copies or one electronic copy of the most recent catalog(s) with the application for the crop year.
- ✓ Electronic catalogs must be suitable for printing.
- ✓ Hard copy catalogs must:
  - ✓ By type-written or mechanically printed and must be the same catalog provided to customers.
  - ✓ All discount schedules must accompany the Catalog

### Each catalog must contain:

- ✓ Issue date – season and year or month and year.
- ✓ Name, physical address, and telephone number of nursery.
- ✓ Each plant's name, plant or container size, and wholesale price.
  - Plant names can be listed as botanical or common.
- ✓ If a nursery has both a spring and fall catalog, current editions must be submitted with the application.
- ✓ If the grower has both a spring and fall catalog, the prices for plants will be selected from the appropriate catalog at the time of loss.
- ✓ If the grower has plants within their inventory that are not yet available for sale but will be available later in the crop year (but not included in their current catalog),
- ✓ The grower must submit a supplement to reflect the plants and pricing.
- ✓ Such plants MUST be reflected in the Monthly Unit Value Plan report.
- ✓ Hudson will document the date when the catalog(s) is received.
- ✓ We will be certain that our checklist contains the following:
  - ✓ Crop Year
  - ✓ State and County
  - ✓ Policy Number
  - ✓ Nursery Name on Catalog
  - ✓ Agent's Name
- ✓ A copy of the grower's catalog will be maintained in the grower's official file.
- ✓ The catalog must be unique to the grower and not be duplicated by other growers.

## Policy Option - Occurrence Loss (OLO) Option

- ✓ The policy allows only for a single endorsement within the Nursery Value Select plan of insurance.
- ✓ A CAT level policy disallows this endorsement.

- Option is elected by practice.
- Option **MUST** be elected on or past the sales closing date.
- New insureds have the option to elect at the time of application if sales closing has passed.
- Continuous Option until cancelled.
- Growers must understand that additional premium is the result of this option election.
- All basic units within the practice will be insured under the option if elected at the time of application.
- An indemnity will be due under the OLO only when the post-loss damage value is equal to or greater than ten percent (10%) of the pre-loss actual unit value.
- Rating for this endorsement is dependent upon each individual type/practice.
- See Nursery Value Select Pilot Provisions and the Nursery Value Select Pilot Crop Insurance Standards Handbook for example.

### Policy Endorsements- HIP WI

- Both the current nursery policy and the Nursery Value Select policy are eligible for the new Hurricane Endorsement, but not with the Occurrence Loss (OLO) Option selected.
- The HIP WI will generate additional premium and an additional administrative fee of \$30 per practice for either nursery program.