



UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
GRAPEVINE CROP PROVISIONS

1. Definitions

Amount of insured damage - The dollar amount determined by multiplying the damage value by the coverage level.

Amount of protection (unit) - The dollar amount for the unit calculated by multiplying the number of insurable vines reported by you in each stage-block by your vine reference price for each stage-block, totaling these values, and then multiplying this result by the coverage level selected by you.

Block - A stand of vines of the same type on acreage sharing a common boundary with no discernable change in the planting pattern.

Bud union - The location on the vine where a bud from one vine variety is grafted onto the rootstock of another variety.

Crop year - The period beginning December 1 and extending through November 30 of the following year and is designated by the calendar year in which the period ends.

Damaged (damage) - A destroyed vine that requires removal due to an insured cause of loss that occurs during the insurance period.

Damage value - The dollar amount determined by multiplying the actual number of insurable vines in each stage-block damaged by the most recent cause of loss by your vine reference price for each stage-block, multiplying this result for each stage-block by the percent of damage applicable to each stage-block, and totaling these values.

Destroyed vine -

- (a) For damage due to insured causes, any insurable vine that:
- (1) Is dead;
 - (2) Has no live wood above the bud union; or
 - (3) Is damaged to the extent the vine will not recover within the 12-month period provided in section 13(f)(2) of these Crop Provisions.
- (b) Destroyed vines are considered 100 percent damaged. The percent of damage is determined in accordance with section 13(b), (c), and (g) of these Crop Provisions.

Freeze - The formation of ice in the cells of the vines caused by low air temperatures.

Grafting - Creating a permanent union between two plants by placing a scion on the rootstock (root or trunk) of another.

Interstock - That area of the vine that is grafted to the rootstock. For example, the rootstock may be Riparia, Vinifera and the grafted scion Cabernet Sauvignon.

Occurrence loss option - Coverage that may be elected by you that eliminates the unit deductible in accordance with section 15 of these Crop Provisions.

Practice - A practice as identified in the Special Provisions.

Remove (removal, removed, removing) - Conducting the necessary operations to prepare the planting site for a replacement vine including removing the damaged vine.

Replacement vines - Vines set out in an existing vineyard in the same location as destroyed vines.

Scion - A detached living portion of a plant joined to a rootstock in grafting.

Set out - Transplanting a vine into the vineyard.

Share - In addition to the definition in section 1 of the Basic Provisions, an insured tenant or operator must have a lease with the owner of the grape vineyard that requires the tenant or operator to maintain the vineyard using accepted vineyard management practices. The lease agreement must clearly state the tenant or operator is entitled to their insured share of any indemnities under the Grapevine Crop Provisions. A copy of the lease must be on file with us at the time insurance attaches. However, only for the purpose of determining the amount of indemnity, your share will not exceed your share at the time of loss.

Stage - A vine-classification system used by us. At the time insurance attaches, the stage of each insurable vine in the unit, unless otherwise specified in the Special Provisions, is:

- (a) Stage I, from when the vines are set out through 12 months after set out;
- (b) Stage II, vines that are 13 through 48 months old after set out; and
- (c) Stage III, vines that are more than 48 months old after set out.

Stage-block - A block in which at least 75 percent of the vines are the same stage at the time insurance attaches.

Stand of damaged vines - The area or areas within a unit where damage due to the same insurable cause of loss occurs, as established by us for the crop year, and used to determine the damage value for the unit. If distinct areas of damaged vines within the unit cannot be established, the stand of damaged vines will be the entire unit.

Type - A category of the insured crop identified as a type(s) in the Special Provisions for the purpose of allowing separate coverage levels and price elections (see section 3(a)(1) and (2) of these Crop Provisions).

Undamaged vine - An insurable vine that does not require removal.

Underreport factor (URF) - A factor determined by us and used to adjust your indemnity in section 13(a) of these Crop Provisions when you have underreported the number of insurable vines. The factor is the result of dividing the amount of protection by the unit value, rounded to three decimal places, not to exceed 1.000.

Unit deductible - The dollar amount determined by multiplying the actual number of insurable vines in each stage-block in the unit on the day before the loss (but not reduced for any insured damage that occurred during the crop year) by your vine reference price for each stage-block, totaling these values, and multiplying this result by

the deductible (1.0 minus the coverage level).

Unit value - Unless otherwise specified in the actuarial documents, the amount determined by multiplying the actual number of insurable vines in each stage-block in the unit, as determined by us, on the day before the loss (but not reduced for any insured damage that occurred during the crop year) by your vine reference price for each stage-block, totaling these values, and then multiplying this result by the coverage level selected by you.

Vine reference price - The price per vine, by stage, type, and practice, listed in the actuarial documents for vine replacement that is used in calculating the unit value, the amount of protection, and the damage value.

2. Unit Division

- (a) A basic unit will be established in accordance with section 1 of the Basic Provisions.
- (b) In lieu of section 34(b) and (c) of the Basic Provisions, optional units may be established only if each optional unit is:
 - (1) Located on non-contiguous land; or
 - (2) A separate vineyard located on contiguous acreage that is separated from any other vineyard on such acreage and that meets the minimum distance and acreage requirements specified in the Special Provisions.
- (c) In lieu of section 34(a)(2)(i), and (ii) of the Basic Provisions, for an enterprise unit:
 - (1) To qualify, an enterprise unit must contain all of the insurable acreage of the same insured crop in:
 - (i) Two or more optional units;
 - (ii) Two or more sections, section equivalents, or FSA farm numbers where sections, section equivalents, or FSA farm numbers are applicable for unit division purposes;
 - (iii) Any combination of two or more parcels under section 2(c)(1)(i) and (ii) of these Crop Provisions; or
 - (iv) One optional unit, section, section equivalent, or FSA farm number that contains at least 660 planted acres of the insured crop; and
 - (2) At least two of the optional units, sections, section equivalents, or FSA farm numbers under section 2(c)(1)(i) – (iii) of these Crop Provisions each must contain at least the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit. Separate optional units, sections, section equivalents, or FSA farm numbers may be aggregated to meet the 20 acre or 20 percent acreage requirement.
 - (3) Section 34(a)(2)(iii), (iv), (v), and (viii) of the Basic Provisions are not applicable.
- (d) No other unit division under section 34 of the Basic Provisions is applicable unless allowed in the Special Provisions.

3. Insurance Guarantees, Coverage Levels, and Prices

- (a) In lieu of section 3(b)(1)(ii) and (iii) of the Basic Provisions, you may:
 - (1) Select a different coverage level for each type of the insured crop in the county insured under this policy. For example, you may elect the 75 percent coverage level on Group A vines and the 65

percent coverage level on Group B vines. However, if you elect the Catastrophic Risk Protection (CAT) level of insurance for any vine type for the insured crop, the CAT level of coverage will be applicable to all insured vine acreage of the insured crop in the county.

- (2) If the actuarial documents designate separate prices by type, you may select one price election for each type designated in the Special Provisions, even if the prices for each type are the same. The prices you choose for each type are not required to have the same percentage relationship to the maximum price offered by us for each type. For example, if you choose 100 percent of the maximum price for Group A vines, you may choose 75 percent of the maximum price for Group B vines.
- (b) After the initial crop year of insurance, your coverage level election, price percentage, and optional coverage may only be changed on or before the sales closing date prior to the beginning of the crop year for which the change is to be effective.
- (c) Your request to elect a higher coverage level, price percentage, or to add optional coverage will not be accepted if a cause of loss that could or would cause damage to the insured crop is evident when your request is made.
- (d) You may elect:
 - (1) By the November 1st sales closing date:
 - (i) A higher coverage level;
 - (ii) A higher price percentage; or
 - (iii) To add optional coverage; or
 - (2) By the acreage reporting date:
 - (i) To increase your insured share; or
 - (ii) To report additional insurable vines such that the amount of protection will increase by more than 10 percent.
- (e) If insured damage occurs after the sales closing date but before the date insurance attaches for the crop year, any election or change you have made under section 3(d)(1) or (2) of these Crop Provisions will not be effective for the crop year for which the election or change was made.

4. Contract Changes

In accordance with section 4 of the Basic Provisions, the contract change date is August 31 preceding the cancellation date.

5. Cancellation and Termination

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are November 1.

6. Report of Acreage

- (a) In addition to the provisions in section 6(c) of the Basic Provisions, you must report by stage-block for each unit:
 - (1) The stage of the vines; and
 - (2) The number of vines, insurable and not insurable.
- (b) You must submit a pre-acceptance worksheet and vineyard identification map, which indicates the location of each stage-block of vines by section and includes any vines not insurable, for each unit with your application. A revised pre-acceptance worksheet and vineyard identification map must be submitted by the acreage reporting date if any vines are added in a

succeeding crop year, stages change, or as required by FCIC approved procedures.

- (c) In accordance with section 6(d)(1) of the Basic Provisions, you may revise your acreage report after the acreage reporting date:
 - (1) If the information on the acreage report is clearly transposed; you provide adequate evidence that we or someone from USDA have committed an error regarding the information on your acreage report; or if expressly permitted by the policy; or
 - (2) As provided in section 10(a)(2) of these Crop Provisions.
- (d) Section 6(g)(1)(i) of the Basic Provisions does not apply.

7. Annual Premium

In lieu of section 7(c) of the Basic Provisions, we will determine your annual premium by multiplying the amount of protection for the unit by your share, by the applicable premium rate, and by any applicable premium adjustment percentages shown in the actuarial documents.

8. Insured Crop

- (a) In accordance with section 8 of the Basic Provisions, the crop insured will be all grapevines in the county for which a premium rate is quoted in the actuarial documents:
 - (1) That are grown in the county listed on your application;
 - (2) That are types specified in the Special Provisions that are adapted to the production area;
 - (3) In which you have a share;
 - (4) That have the potential to produce a yield typical of a healthy vine of the same age as the subject vines;
 - (5) That are located in a vineyard that contains the minimum number of vines per acre specified in the Special Provisions, if applicable; and
 - (6) That are grown to produce a commodity intended to be sold as fruit, wine, or juice for human consumption.
- (b) In addition to the exclusions listed in section 8 of the Basic Provisions, we do not insure any vines that:
 - (1) Are unsound, diseased, or unhealthy;
 - (2) Have been grafted within a 12-month period before the date insurance attaches;
 - (3) Were damaged before the beginning of the insurance period (if insured vines suffered damage the previous crop year, then insurance will not attach until the previous year's damage is determined, you submit a revised acreage report, and the vines are accepted by us); or
 - (4) Are inspected by us and considered unacceptable.

9. Insurable Acreage

- (a) In accordance with section 9(a)(2)(v) of the Basic Provisions, vines interplanted with another perennial crop are insurable, unless we inspect the acreage and determine that it does not meet the requirements contained in your policy.
- (b) Each insurable block must contain the minimum number of insurable vines per acre specified in the Special Provisions, if applicable.

10. Insurance Period

- (a) In lieu of the provisions of section 11 of the Basic

Provisions, coverage begins:

- (1) On December 1 following the sales closing date unless we notify you prior to December 1 that all or part of your vines are not insurable; or
- (2) For any crop year, upon set out for vines initially set out or set out as replacement vines after the date insurance attaches for the crop year, if:
 - (i) A revised acreage report to increase the amount of protection is submitted within 72 hours of set out;
 - (ii) The vines are inspected and accepted by us; and
 - (iii) We approve the revised acreage report.
- (b) In lieu of the provisions of section 11(b)(2) and (c) of the Basic Provisions, coverage ends on the unit or any vines within a unit once any event specified in section 11(b)(1) and (b)(3) through (6) of the Basic Provisions occurs for the vines. Coverage only remains in effect on vines that have not been affected by an event specified in section 10(b) of these Crop Provisions.
- (c) In accordance with the requirements contained in section 11(b) of the Basic Provisions, the calendar date for the end of insurance period is November 30 of the crop year.

11. Causes of Loss

- (a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur within the insurance period:
 - (1) Freeze;
 - (2) Hail;
 - (3) Flood;
 - (4) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the vineyard;
 - (5) Insects, diseases, and other pathogens if allowed in the Special Provisions; and
 - (6) Failure of the irrigation water supply if caused by an unavoidable, naturally occurring event that occurs during the insurance period.
- (b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage other than actual damage to the vine from an insurable cause specified in this section.

12. Duties in the Event of Damage or Loss

- (a) In addition to the requirements of section 14 of the Basic Provisions, if you intend to claim an indemnity, you must not remove any damaged vines until we have inspected the unit. Such inspections will occur within 10 days of the notice of loss, unless we advise you that additional time is needed.
- (b) In lieu of section 14(e)(3)(i) of the Basic Provisions, you must submit a claim for indemnity declaring the amount of your loss not later than:
 - (1) Sixty (60) days after the calendar date for the end of the insurance period; or
 - (2) Twelve (12) months after the calendar date for the end of the insurance period in which insured damage occurred if the amount of damage cannot be determined within the 60-day period.
- (c) The claim must include all the information we require to determine your indemnity.

13. Settlement of Claim

- (a) We will determine your loss on a unit basis. In the event of loss or damage covered by this policy, we will settle your claim as specified below:
- (1) Determine the unit value and the underreport factor (URF);
 - (2) For vines within a unit that are damaged by an insurable cause of loss, your loss will be determined by:
 - (i) Calculating the unit deductible;
 - (ii) Calculating the damage value for the current loss;
 - (iii) Totaling the damage value for each prior loss that occurred since the beginning of the crop year;
 - (iv) Totaling the results of section 13(a)(2)(ii) and (iii);
 - (v) Subtracting the result of section 13(a)(2)(i) from the result of section 13(a)(2)(iv);
 - (vi) If the result of section 13(a)(2)(v) is less than or equal to zero, no indemnity is due for this loss occurrence. If the result of section 13(a)(2)(v) is greater than zero, multiply the result by the URF and your share; and
 - (vii) Subtracting any previous indemnity for the current crop year from section 13(a)(2)(vi) to determine the indemnity owed as a result of the most recent insurable cause of loss.
 - (3) The total amount of indemnities payable on a unit during the crop year is limited to:
 - (i) The lesser of the amount of protection for the unit or the unit value; and
 - (ii) Times your share.
- (b) The percent of damage for each stage-block within the stand of damaged vines will be determined for destroyed vines as follows:
- (1) Any destroyed vine will be considered 100 percent damaged; and
 - (2) The percent of damage will be determined by dividing the number of destroyed vines by the number of vines in the appraisal sample for each stage-block within the stand of damaged vines.
 - (3) The percent of damage determined in section 13(b)(2) may be adjusted in accordance with section 13(g).
- (c) If the total percent of damage for destroyed vines within a stand of damaged vines for a stage-block is greater than 80 percent due to an insured cause of loss, the percent of damage for the stage-block within a stand of damaged vines for the stage-block will be considered to be 100 percent unless the percent of damage for destroyed vines is reduced in accordance with section 13(g).
- (d) The applicable percent damage for the crop year will not exceed 100 percent for any stage-block or portion of a stage-block within a stand of damaged vines.
- (e) Any damage due to uninsured causes will not be included in the percent of damage for the unit.
- (f) Percent of damage will be determined the earlier of:
- (1) Our determination of the total destruction of insured vines on the unit; or
 - (2) November 30 of the crop year unless the percent of damage cannot be determined. In such cases,

it will be determined not later than twelve months after November 30 of the crop year in which the damage occurred.

- (g) For the purpose of determining the percent of damage:
- (1) A vine damaged by an insured cause, which we authorize to be removed that is destroyed, must be removed to be counted as a destroyed vine.
 - (2) If you do not remove such damaged vines in the stand of damaged vines or any portion of the damaged vines, the percent of damage will be based on the actual number of vines removed.
- (h) If you elect the freeze protection option and we determine that applicable freeze protection practices, as specified in the Special Provisions, were not properly utilized or not properly reported, the indemnity for the unit will be reduced by the percentage of premium reduction allowed for freeze protection practices. You must, at our request, provide us records showing the freeze protection practices that were used and met the applicable requirements specified in Special Provisions.

14. Late and Prevented Planting, and Written Agreements

The late and prevented planting and written agreement provisions of the Basic Provisions are not applicable.

15. Occurrence Loss Option

- (a) The provisions of this option are continuous and will be attached to and made a part of your insurance policy, if:
- (1) You elect the Occurrence Loss Option on or before November 1 and pay the additional premium indicated in the actuarial documents for this optional coverage; and
 - (2) You have not elected coverage under the Catastrophic Risk Protection Endorsement.
- (b) If you elect this option for a crop, all insurable vines of the crop within the county will be insured by this option.
- (c) This option may be canceled by either you or us for any succeeding crop year by giving written notice on or before the cancellation date preceding the crop year for which the cancellation of this option is to be effective.
- (d) Your indemnity in the event of a loss will be determined as follows:
- (1) Calculate the unit value and the URF;
 - (2) In lieu of section 13(a)(2) of these Crop Provisions, for vines within a unit that are damaged by an insurable cause of loss, and if the amount of insured damage is at least 5 percent of the unit value (unless otherwise specified in the Special Provisions), your loss will be determined by:
 - (i) Multiplying the unit value by 0.05;
 - (ii) Calculating the damage value;
 - (iii) Calculating the amount of insured damage;
 - (iv) If the amount of insured damage is:
 - (A) Equal to or greater than the result of 15(d)(2)(i), multiply the amount of insured damage by the URF, then multiply this result by your share to determine your indemnity; or
 - (B) Less than the result of 15(d)(2)(i), no

indemnity will be due.

- (3) The total percent damage to any stage-block or portion of a stage-block within a stand of damaged vines cannot exceed 100 percent for the crop year.
- (4) The total amount of indemnities payable on a unit during the crop year is limited to:
 - (i) The lesser of the amount of protection for the unit or the unit value;
 - (ii) Times your share.

Example of Coverage and Premium

Assume that a vineyard owner:

- Buys 75-percent coverage level (25-percent deductible).
- Selects the 100% price percentage.
- Insures vines of the Group A Grafted type under the policy.
- Reports the following number of 3,000 vines of the Group A Grafted type.
- Reports one unit of Group A Grafted vines and reports the actual stages as follows: Group A Grafted vines: 1,400 stage I; 1,600 stage II.
- Holds 100-percent interest in each crop unit.
- Is charged a premium rate of 1.5 percent.

FCIC's actuarial documents show the following vine reference prices for Group A Grafted vines: \$12.00/stage I vine; \$20.00/stage II vine.

The amount of protection provided by the policy will be calculated as follows: Group A Grafted vines = \$36,600 [(1,400 stage I vines × \$12.00 × 100% price percentage) + (1,600 stage II vines × \$20.00 × 100% price percentage)] × 75-percent coverage level.

The premium due is: Group A Grafted vines = \$549.00 (\$36,600 amount of protection × 100-percent share × 1.5-percent premium rate).

Loss Example (with no previous claim):

Assume that freeze damage in the vineyard in December destroyed 700 stage II Group A Grafted vines. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- The number of vines destroyed because of freeze is 700.
- The unit deductible is \$12,200.00 = [(1,400 stage I vines × \$12.00 × 100% price percentage)] + [(1,600 stage II vines × \$20.00 × 100% price percentage)] × 25-percent deductible.
- The damage value is \$14,000 = [(700 stage II vines × \$20.00 × 100% price percentage)] × 100-percent damage for destroyed vines.
- The damage value for the crop year for this loss minus the unit deductible is \$1,800.00 = \$14,000 damage value - \$12,200.00 unit deductible.
- The preliminary indemnity multiplied by the URF and share is \$1,800.00 = \$1,800.00 × 1.000 × 1.000.
- The indemnity payable is \$1,800.00.

Loss Example (with previous claim):

Now assume the remaining 900 stage II Group A Grafted vines are destroyed due to freeze in January of the same crop year. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity for freeze will

be calculated as follows:

- The unit deductible is \$12,200.00 = [(1,400 stage I vines × \$12.00 × 100% price percentage)] + [(1,600 stage II vines × \$20.00 × 100% price percentage)] × 25-percent deductible.
- The damage value for the current loss is \$18,000 = [(900 stage II vines × \$20.00 × 100% price percentage)].
- The total damage value for the crop year is \$32,000.00 = \$18,000.00 current damage value + \$14,000.00 damage value from previous loss.
- The total indemnity for the crop year is \$19,800.00 = \$32,000.00 total damage value for the crop year - \$12,200.00 deductible.
- The preliminary indemnity for this occurrence multiplied by the URF and share is \$18,000.00 = \$18,000.00 × 1.000 × 1.000.
- Indemnity owed for this most recent cause of loss is \$18,000.00 = \$19,800.00 total indemnity for the crop year - \$1,800.00 previous indemnity.

Example of Coverage and Premium: Occurrence Loss Option

Assume that a vineyard owner:

- Buys 75-percent coverage level (25-percent deductible).
- Selects the 100% price percentage.
- Insures vines of the Group A Grafted type under the policy.
- Reports the following number of 3,000 vines of the Group A Grafted type.
- Reports one unit of Group A Grafted vines and reports the actual stages as follows: Group A Grafted vines: 1,400 stage I; 1,600 stage II.
- Holds 100-percent interest in each crop unit.
- Is charged a premium rate of 3.0 percent.

FCIC's actuarial documents show the following vine reference prices for Group A Grafted vines: \$12.00/stage I vine; \$20.00/stage II vine.

The amount of protection provided by the policy will be calculated as follows: Group A Grafted vines = \$36,600.00 [(1,400 stage I vines × \$12.00 × 100% price percentage) + (1,600 stage II vines × \$20.00 × 100% price percentage)] × 75-percent coverage level.

The premium due is: Group A Grafted vines = \$1,098.00 (\$36,600.00 amount of protection × 100-percent share × 3-percent premium rate).

Loss Example with Occurrence Loss Option (with no previous claim):

Assume that freeze damage in the vineyard in December destroyed 700 stage II Group A Grafted vines. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- Five percent of the unit value is \$1,830.00 = \$36,600.00 × 0.05.
- The damage value is \$14,000.00 = [(700 stage II × \$20.00 × 100% price percentage)] × 100% damage for destroyed vines.
- The amount of insured damage is \$10,500.00 = \$14,000.00 × 75-percent coverage level.
- The amount of insured damage is more than 5 percent of the unit value (\$10,500.00 > \$1,830.00).

- Indemnity owed for the most recent cause of loss is
 $\$10,500.00 = \$10,500.00 \times 1.000 \text{ URF} \times 100\text{-percent share.}$