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Federal Crop
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Corporation

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FCIC-25750-1 (01-2015)

NURSERY LOSS ADJUSTMENT STANDARDS HANDBOOK

2016 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: NURSERY LOSS ADJUSTMENT STANDARDS HANDBOOK	NUMBER: FCIC-25750 FCIC-25750-1
EFFECTIVE DATE: 2016 and Succeeding Crop Years	ISSUE DATE: January 27, 2015
SUBJECT: Provides procedures and instructions for administering the Nursery crop insurance program	OPI: Product Administration & Standards Division
	APPROVED: /s/ Tim B. Witt Deputy Administrator for Product Management

REASON FOR AMENDMENT:

Major changes: See changes or additions in text which have been highlighted. Three asterisks (***) identify information that has been removed.

1. **Exhibit 5, item 19c:** Revised to instruct the adjuster to enter the amount from the previous pages' column 26g and not column 26f.
2. **Exhibit 5, item 24a & 24b:** Revised instructions to clarify when to "MAKE NO ENTRY" for results regarding URF and ORF determinations.
3. **Exhibit 5, item 30:** Revised to state that the production worksheet example is shown on page 75 and not page 66.
4. **Exhibit 5, item 33(1) & (2):** Added language clarifying to make entries in column 26a for Basic Units by Type and in column 26g for Basic Units by Share. Deleted (2) and the example to alleviate any confusion.
5. **Exhibit 5, Production Worksheet Example:** Corrected item 38 entry on page 75 example (changed from 352,100 to 182,000).

NURSERY LOSS ADJUSTMENT STANDARDS HANDBOOK

CONTROL CHART

Nursery Loss Adjustment Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Remove	1-2	-	-	5 5-6	63-68 75-76	03-2013	FCIC-25750
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Current Index	1-2	1-2	1-41	1	42	03-2013	FCIC-25750
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				7	77-78	03-2013	FCIC-25750

FILING INSTRUCTIONS

This handbook provides procedures and instructions for determining nursery payments in accordance with the Nursery Crop Provisions and Common Crop Insurance Policy, Basic Provisions.

This handbook replaces the 2014 Nursery Loss Adjustment Standards Handbook, FCIC-25750 (03-2013). This handbook is effective for the 2016 and succeeding crop years and is not retroactive to any 2015 or prior crop year determinations.

Form Standards – Production Worksheet (Continued)

Element/Item Number	Description
18c. Effective XPS Liability	<p>One Peak Inventory Endorsement may be purchased during the crop year for each Basic Unit (an additional Peak Inventory Endorsement is available, if previous insured losses occurred and the nursery was restocked). There is a 30-day waiting period for the endorsement to become effective. It is APPLICABLE for the period stated on the Peak Inventory Value Report form AFTER the waiting period has passed, if NO LOSS HAS OCCURRED during the waiting period and the Endorsement is ACCEPTED by the AIP. The Peak Inventory Endorsement cannot extend beyond the end of the crop year.</p> <p>An upward-revised PIVR is used where additional insurance coverage is purchased for the remainder of the crop year to add coverage for added nursery inventory and/or to cover restocked nursery plants after a loss. (In this handbook and on the Production Worksheet, an upward-revised PIVR has been referred to as a “restock.”) There is a 30-day waiting period for “restock” coverage to become effective. Coverage is not retroactive.</p>
19a. Basic Unit CYD	<p>It is the current Basic Unit PIVR plus revisions, and any applicable Peak Inventory Value Report(s), multiplied by (1.000 minus the coverage level percent as a decimal), in whole dollars. Complete this entry on only the first page of each inspection when multiple-page Basic Unit claim forms are required.</p>
19b. Basic Unit Previous Occurrence Deductible	<p>The applied Basic Unit Occurrence Deductible from previous loss occurrences for the Basic Unit.</p> <ol style="list-style-type: none"> (1) For all cases if the Inspection Number equals 1 enter “0.” (2) For CAT level of coverage policies, policies without Peak Inventory Endorsements, or policies with Peak Inventory Endorsements and a payable loss did not occur during the time a Peak Inventory Endorsement was in effect, enter the sum of all “Occurrence Deductibles” (item 31) applied from previous loss occurrences. This figure cannot exceed the amount entered in item 19a. (3) For policies with an expired Peak Inventory Endorsement(s) and payable loss occurred during the time the Peak Inventory Endorsement was in effect, enter only the amount of the occurrence deductible in excess of the occurrence deductible applicable to the Peak Inventory Endorsement plus any amounts from other previous applicable occurrence deductibles. <p>Complete entry on only the first page of each inspection when multiple-page Basic Unit claim forms are required.</p>

Form Standards – Production Worksheet (Continued)

Element/Item Number	Description
19c. Effective CYD	<p>“Basic Unit CYD” (item 19a) minus “Basic Unit Previous Occurrence Deductible” (item 19b). For multiple page Production Worksheets, because of greater than 6 plant types within the same Basic Unit, enter the amount from the previous pages’ column 26g, “CYD Remaining” (item 33).</p> <p>If a payable loss occurred while a Peak Inventory Endorsement was in effect and the next loss occurrence is after the Peak Inventory Endorsement expired, the CYD will be reduced by only the amount greater than the amount applied for the Peak Inventory Endorsement.</p>
SECTION II – THIS LOSS	
<p>There are six item 26, “Type” columns (26a – 26f) provided on the Production Worksheet. A separate Production Worksheet is required for each Basic Unit. For CAT and additional level of coverage with share units and with multiple types applicable, use one column for each type insured and enter the same unit number on all the types (e.g., 0001-0001 BU, etc.) Use additional pages if the Basic Unit has more than six types insured. If Basic Units by type are applicable, use column 26a to calculate the loss. For CAT level of coverage policies and additional level of coverage policies with share units with multiple types, use columns 26a – 26f to enter information and column 26g, “Summary,” to calculate the loss. Complete column 26g, “Summary” on the last Production Worksheet, to document the Basic Unit loss.</p>	
20a. Inspection Number	If the inspection is due to a notice of damage, enter the number of the inspection (e.g., 1), otherwise leave blank.
20b. Coverage Level %	Enter the coverage level percent selected by the insured.
21. Reported Basic Unit Value	Sum the PIVR plus any Peak Inventory Value Reports in effect for the Basic Unit on the date the damage occurs; i.e., “Basic Unit XPS Liability” (Item 18a) plus “Basic Unit CYD” (item 19a).
22. Sum of Previous Losses	<p>The sum of all previous Basic Unit losses (difference between FMV-A and FMV-B, adjusted by the URF or 1 minus the ORF, as applicable), EXCLUDING losses attributable to a previous Peak Inventory Endorsement after expiration of the Peak Inventory Endorsement; i.e., “Basic Unit Previous Indemnity” (Item 18b) plus “Basic Unit Previous Occurrence Deductible” (item 19b) plus “Value Assessed Uninsured Cause” (item 28b) from any previous Claim Forms from the current Crop Year.</p> <p>Payments made under the Rehabilitation Endorsement will not be considered a previous loss when calculating the URF or ORF.</p>
23. Basic Unit FMV-A	<p>Sum all FMV-As (entries in item 27) for Basic Units by share.</p> <p>For additional level of coverage policies with Basic Units by type and the nursery has reported all (insurable) plant types, FMV-A and Basic Unit FMV-A will be equal.</p>

Form Standards – Production Worksheet (Continued)

Element/Item Number	Description
23. Basic Unit FMV-A (continued)	For additional level of coverage policies with Basic Units by type and the nursery has unreported (insurable) plant type(s), FMV-A of the unreported (insurable) plant type(s) will be added proportionally to FMV-A for each reported insured plant type(s) to determine the Basic Unit FMV-A item 23 entry amount when calculating item 24.
24a. Under-Report Factor	<p>The lesser of (1) 1.000, or (2) “Reported Basic Unit Value” (item 21), minus “Sum of Prev. Losses” (item 22), divided by “Basic Unit FMV-A” (item 23), and round to three decimal places (e.g., 0.775).</p> <p>If the NGPE applies to the Basic Unit, no upgraded plant price is used in calculating FMV-A and FMV-B for any unit, if the use of all upgraded plant prices applicable to the unit would cause the URF for the unit to be less than 0.500. FMV-A and FMV-B will be recalculated using the Nursery CP to establish the price per plant.</p> <p>If “Reported Basic Unit Value” (item 21) minus “Sum of Prev. Losses” (item 22) is greater than or equal to “Basic Unit FMV-A” (item 23), MAKE NO ENTRY.</p>
24b. Over-Report Factor	<p>“Reported Basic Unit Value” minus “Sum of Prev. Losses” divided by (“Basic Unit FMV-A” plus insured value of the plants listed on the verified sales records) minus 1.100 and round to three decimal places (e.g., 0.775). The ORF must be greater than 0.000 in order to affect your indemnity. Document the insured value of the plants listed on the verified sales records in the “Narrative.”</p> $\text{ORF} = \frac{\text{Item 21} - \text{Item 22}}{\text{Item 23} + \text{insured value of the plants listed on the verified sales records}} - 1.100$ <p>If the result of the above equation is less than or equal to zero, MAKE NO ENTRY.</p>
25. Damage Similar to Other Nurseries in the Area?	Check the appropriate box, “Yes” if amount and cause of damage due to insurable causes is similar to the experience of other nurseries in the area; otherwise “No.” Explain in the Narrative.
26a.-26g. Type	<p>Enter the two-digit alpha code and three-digit numeric code exactly as specified on the actuarial documents for the type.</p> <p>(1) For a BASIC UNIT by plant type, the appropriate two-digit alpha code and three-digit numeric code in column 26a (i.e., BE, 057).</p> <p>(2) For a BASIC UNIT for a CAT level of coverage policy, and for a BASIC UNIT for an additional level of coverage policy with Basic Units by share, the appropriate two-digit alpha code and three-digit numeric code in columns 26a – 26f (i.e., BE, 057).</p>

Form Standards – Production Worksheet (Continued)

Element/Item Number	Description			
26a.-26g. Type (continued)	Complete columns 26a – 26f for items 27 through 30, for each type. Sum the entries in columns 26a – 26f to obtain Basic Unit totals, and enter the resulting sums on the appropriate line of column 26g, “Summary.” Complete the column 26g, “Summary,” calculation in the normal manner. (The occurrence deductible MUST be calculated from the sum of all types.)			
	Policy Code	Plant Description	Alpha Code	Numeric Code
	1	Deciduous Trees (Shade and Flower)	DT	056
	2	Broad-leaf Evergreen Trees	BE	057
	3	Coniferous Evergreen Trees	CE	058
	4	Fruit and Nut Trees	FN	059
	5	Deciduous Shrubs	DS	060
	6	Broad-leaf Evergreen Shrubs	BS	061
	7	Coniferous Evergreen Shrubs	CS	062
	8	Small Fruits	SF	063
	9	Herbaceous Perennials	HP	064
	10	Roses	RO	065
	11	Ground Cover and Vines	GC	066
	12	Annuals	AN	067
	13	Foliage	FO	068
	14	Palms and Cycads	PC	070
	15	Liners (container grown only and inclusive of all insurable plant types)	LI	071
	16	Other plant types listed in the SP	OT	069
27. FMV-A	Enter the appraised BEFORE-LOSS inventory whole-dollar value from the Nursery Appraisal Worksheet for this notice of loss. For liners the total value of undamaged liners is multiplied by the survival factor.			
28a.FMV-B: Value Remaining Insured Cause	Enter the appraised AFTER-LOSS inventory whole-dollar value from the Nursery Appraisal Worksheet for this notice of loss, when inventory was damaged due to an INSURED or UNINSURED cause.			
28b.FMV-B: Value Assessed Uninsured Cause	Enter the appraised UNINSURED DAMAGE inventory whole-dollar value from the Nursery Appraisal Worksheet for this notice of loss, when inventory was damaged due to an UNINSURED cause. Enter the total appraisal, in whole dollars: (1) Use the total from the Uninsured Damage column from the Nursery Appraisal Worksheet.			

Form Standards – Production Worksheet (Continued)

Element/Item Number	Description
28b.FMV-B: Value Assessed Uninsured Cause (continued)	(2) When Hail and Fire Exclusion is in effect and damage is from hail or fire, enter the loss in value due to hail or fire. Refer to the LAM. (3) For fire losses, if the insured also has other fire insurance (double coverage), refer to the LAM. (4) Omitted plant values. The plant will be valued as undamaged using the EPL/PPS price. Document omitted plant values in the Narrative of the Production Worksheet.
28c.FMV-B (Total)	Sum “Value Remaining Insured Cause” (item 28a) and “Value Assessed Uninsured Cause” (item 28b) in whole dollars.
29. Unadjusted Loss	“FMV-A” (item 27) minus “FMV-B (Total)” (item 28c) in whole dollars.
30. Adjusted Loss	“Unadjusted Loss” (item 29) multiplied by “Under-Report Factor” (item 24a) or 1.000 minus “Over-Report Factor” (item 24b), as applicable, rounded to whole dollars. For CAT level of coverage losses and additional level of coverage losses by share only, sum columns 26a – 26f (when two or more types are applicable) for items 27 through 30, and enter the totals in the appropriate line of column 26g, “Summary.” Complete the remainder of the calculations for column 26g. An example of the Production Worksheet is shown on page 75.
31. Occurrence Deductible	For a Basic Unit, enter in whole dollars, the LEAST OF: (1) For Over-Report: FMV-A (item 27) multiplied by (100 minus Coverage Level percent), multiplied by the “Over-Report Factor” (item 24b) plus 1.000 for the unit; OR For Under-Report: FMV-A (item 27) multiplied by (100 minus Coverage Level percent), multiplied by the “Under-Report Factor” (item 24a) for the unit; (2) The “Effective CYD” (item 19c); or (3) The “Adjusted Loss” (item 30).
32. Unadjusted Indemnity	“Adjusted Loss” (item 30) minus “Occurrence Deductible” (item 31).
33. CYD Remaining	(1) For the Basic Unit, subtract the calculated “Occurrence Deductible” (item 31) from the “Effective CYD” (item 19c), and record in column 26a for Basic Units by Type and in column 26g for Basic Units by Share in whole dollars.

Form Standards – Production Worksheet (Continued)

Element/Item Number	Description
33. CYD Remaining (continued)	<p>***</p> <p>(2) The “CYD Remaining” must be equal to or greater than zero.</p> <p>***</p>
34. Preliminary Indemnity	For the Basic Unit, enter the LESSER OF the “Unadjusted Indemnity” (item 32) or the “Effective XPS Liability” (item 18c), in whole dollars.
35. Percent Share	The insured’s share (e.g., 1.000).
36. Price Election Percent	All CAT level of coverage policies will have a price election percentage of 0.55. All additional level of coverage polices will have a price election percentage of 1.000.
37. Indemnity	The result of “Preliminary Indemnity” (item 34) multiplied by “Percent Share” (item 35) multiplied by “Price Election Percent” (item 36), rounded to whole dollars.
38. Effective XPS Liability Remaining	Enter the “Effective XPS Liability” (item 18c) for the Basic Unit minus the “Preliminary Indemnity” (item 34), for this unit in whole dollars.
39. Narrative	<p>If more space is needed, document on a Special Report, and enter “See Special Report.” Attach the Special Report to the Production Worksheet.</p> <ol style="list-style-type: none"> (1) Explain any uninsured causes, unusual, or controversial cases. (2) If there is an appraisal for uninsured causes due to hail/fire exclusion, show the original hail/fire liability per acre and the hail/fire indemnity per acre. (3) State that there is “No other fire insurance” when fire damages or destroys the insured crop and it is determined that the insured has no other fire insurance. Refer to the LAM for more information. (4) Explain any errors found on the PIVR and/or Peak Inventory Value Report. (5) Explain a “No” checked in item 25. (6) Explain any difference between the date of inspection and signature dates. For an ABSENTEE insured, enter the date of the inspection AND the date of mailing the Production Worksheet for signature.

Form Standards – Production Worksheet (Continued)

NURSERY PRODUCTION WORKSHEET/CLAIM FORM (FOR ILLUSTRATION PURPOSES ONLY)																	
1 Crop/Code #: NURSERY 0073		2 Basic Unit: 0001-0001-BU		3 Cropping Practice: 007		4 Location Description: 123 WEST PINE ANY CITY, ANY STATE			8 Company: ABC INSURANCE COMPANY ANY CITY, ANY STATE			9 Name of Insured: IM INSURED					
5 Date(s) of Damage: JAN 20				6 Cause(s) of Damage: FREEZE		7 Insured Cause %: 100			10 Claim #: XXXXXXXXX			12 Crop Year: YYYY					
13 Basic Unit By Type: Yes No X				14 Date Notice of Loss: MM DD YYYY			15 Assign. of Indemnity: Yes No X			16 Transfer of Right to Indemnity: Yes No X			17 Companion Policies:				
SECTION I - IMMEDIATELY PRIOR TO THIS LOSS (Include Applicable Peak Inventory Endorsement(s))																	
18a Basic Unit XPS Liability: <i>Excluding Price & Share</i>				750,000		18b Basic Unit Previous Indemnity(ies): <i>Sum of item 34, previous losses (Exclude Indemnities applicable to Peak Inventory Endorsements)</i>				190,000		18c Effective XPS Liability: <i>18a – 18b or 38 from page 1 if > 6units</i>				560,000	
19a Basic Unit CYD: <i>Inventory Value X (1,000 – Coverage Level %)</i>				750,000		19b Basic Unit Previous Occurrence Deductible(s): <i>Sum of item 31, previous losses (Exclude Occurrence Deductible(s) applicable to Peak Inventory Endorsements)</i>				750,000		19c Effective CYD: <i>19a – 19b or 33 from page 1 if > 6 units</i>				0	
SECTION II - THIS LOSS																	
20a Inspection Number: 2				21 Reported Basic Unit Value: <i>Item 18a + Item 19a</i>				22 Sum of Previous Losses: <i>Adjusted Losses (Item 18b + Item 19b + 28b)</i>				23 Basic FMV-A: <i>Sum of all item 27 entries</i>				24a Under-Report Factor: <i>Lesser of 1.000 or (Item 21 – Item 22) ÷ Item 23</i>	
20b Coverage Level %: 50%				1,500,000				940,000				800,000				24b Over-Report Factor: <i>[(Item 21 – Item 22) ÷ (Item 23 + insured value of the plants listed on the verified sales records)] – 1.100</i>	
25 Damage similar to other nurseries in the area?														26g Summary:			
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				26a Type: Alpha Code Numeric Code BE 057		26b Type: Alpha Code Numeric Code BS 061		26c Type: Alpha Code Numeric Code		26d Type: Alpha Code Numeric Code		26e Type: Alpha Code Numeric Code		26f Type: Alpha Code Numeric Code			
27 FMV-A:				500,000		300,000										800,000	
28 FMV-B:				28a Value Remaining-Insured Cause: 260,000		0										260,000	
				28b Value Assessed Uninsured Cause: 0		0										0	
				28c FMV-B(Total): <i>Item 28a + Item 28b</i>		260,000		0								260,000	
29 Unadjusted Loss: (FMV-A – FMV-B(Total)) <i>Item 27 – Item 28c</i>				240,000		300,000										540,000	
30 Adjusted Loss: Under-Report Situation: <i>Item 29 X Item 24a</i>				168,000		210,000										378,000	
31 Occurrence Deductible: Under-Report Situation: <i>Item 27 X [(100% – Item 20b) X Item 24a]</i>																0	
32 Unadjusted Indemnity: <i>Item 30 – Item 31</i>																378,000	
33 CYD Remaining: <i>Item 19c – Item 31</i>																0	
34 Preliminary Indemnity: <i>Lesser of item 32 or item 18c</i>																378,000	
35 Percent Share:																1.000	
36 Price Election Percent:																.55	
37 Indemnity:																207,900	
38 Effective XPS Liability Remaining: <i>Item 18c – Item 34</i>																182,000	
39 Narrative: (If more space is needed, attach a Special Report)																	
This is a CAT Policy with an under-reported inventory value. Insured has purchased additional stock after first loss occurrence. Hardiness Zone 7A.																	

This form example does not illustrate all required entry items (e.g., signatures, dates, etc.).

FCIC Container Sizes

Container sizes are determined on an actual volume basis for purposes of determining the size of the container on the EPL/PPS. The FCIC container sizes and volumes are shown below.

FCIC Size Name	Gallon Measurement		Cubic Inch Equivalent		Includes Standard ANSI Class
	Minimum	Maximum	Minimum	Maximum	
Pot	0.038	0.19	8.78	46.19	SP3
1 Quart	0.20	0.39	46.20	92.39	SP4
2 Quart	0.40	0.59	92.40	138.59	SP5
1 Gallon	0.60	1.37	138.60	318.77	1
2 Gallon	1.38	2.49	318.78	577.49	2
3 Gallon	2.50	3.39	577.50	785.39	3
5 Gallon	3.40	5.77	785.40	1,335.17	5
7 Gallon	5.78	8.49	1,335.18	1,963.49	7
10 Gallon	8.50	11.97	1,963.50	2,767.37	10
15 Gallon	11.98	17.49	2,767.38	4,042.49	15
20 Gallon	17.50	22.49	4,042.50	5,197.49	20
25 Gallon	22.50	29.79	5,197.50	6,883.79	25
30 Gallon	29.80	32.49	6,883.80	7,507.49	N/A
35 Gallon	32.50	37.49	7,507.50	8,662.49	N/A
40 Gallon	37.50	42.49	8,662.50	9,817.49	N/A
45 Gallon	42.50	47.49	9,817.50	10,972.49	N/A
50 Gallon	47.50	52.49	10,972.50	12,127.49	N/A
55 Gallon	52.50	57.49	12,127.50	13,282.49	N/A
60 Gallon	57.50	62.49	13,282.50	14,437.49	N/A
65 Gallon	62.50	67.49	14,437.50	15,592.49	N/A
70 Gallon	67.50	72.49	15,592.50	16,747.49	N/A
75 Gallon	72.50	77.49	16,747.50	17,902.49	N/A
80 Gallon	77.50	82.49	17,902.50	19,057.49	N/A
85 Gallon	82.50	87.49	19,057.50	20,212.49	N/A
90 Gallon	87.50	92.49	20,212.50	21,367.49	N/A
95 Gallon	92.50	97.49	21,367.50	22,522.49	N/A
100 Gallon	97.50	124.49	22,522.50	28,759.49	N/A
150 Gallon	124.50	174.49	28,759.50	40,309.49	N/A
200 Gallon	174.50	224.49	40,309.50	51,859.49	N/A
250 Gallon	224.50	274.49	51,859.50	63,409.49	N/A
300 Gallon	274.50	324.49	63,409.50	74,958.00	N/A