

# Nursery Value Select (NVS)

**Concepts, Terms, How it Works**

**Presented by:**

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# NVS Pilot - Topics

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2. Who is Eligible to Buy NVS?
3. How is Coverage Simplified and Personalized?
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11. What Risks Does NVS Cover?
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13. How is Loss Adjustment Handled?
14. How is the Amount of Loss Determined?
15. What is the Occurrence Loss Deductible (OLO)?

## What is NVS? Overview

- NVS is a new crop insurance plan for wholesale nurseries that:
  - Simplifies your coverage and
  - Allows you to personalize coverage
- Pilot program available in selected states and counties
- Nursery (FG&C) policy still sold – growers choose their insurance plan
- NVS does not use Eligible Plant List and Plant Price Schedule (EPLPPS)

# Who is Eligible to Buy NVS?

If you are eligible for the current program, you are eligible for NVS.

40% of dollar value of plant sales\* must be into the wholesale market.

Wholesale clients include:

- Retailers who resell to end users
- Landscape contractors
- Government entities or organizations; and/or
- Commercial fruit producers

\*Ancillary activity sales are not considered for eligibility determination.

## How is Coverage Simplified and Personalized?

- Grower identifies the expected value of all the plants they expect to have in their operation for each month of the covered year.
  - No requirement to provide estimate of plants by name and size – simply the expected value of the plants in the nursery.
- NVS uses the nursery's information from inventories and sales receipts to establish pre-loss and post-loss values.
  - No more EPLPPS
- The Grower selects the nursery value they desire to insure.
  - Cannot exceed the maximum monthly value they declare for the plant category for the covered year.
- The amount of insurance is the Grower's selected value \* the Grower's selected coverage level \* the Grower's share.

# How Does NVS Work?

- Grower Determined Variables
  - Dollar Value of each Plant Category by month for coverage year
  - Dollar Value of covered liability for the nursery – Selected Value
  - Coverage Level
- Value determination process
  - Use grower records to establish both pre and post loss value
- Growers can adapt and change inventory during the year
- Grower participates in loss adjustment process – personalizes program



## How Does NVS Work? (cont.)

Amount of insurance is:

- Designated by the grower
- Limited by the highest declared monthly inventory value
- Value for loss is (in order of precedence) based on availability:
  1. Sales receipts
    1. Previous 60 days, then
    2. Previous 12 months, then, if no sales receipts,
  2. Contract prices for future delivery\*, or
  3. Patent designated price, then
  4. Catalog price, less the greatest discount offered to any customer
- Individual plant value is used only when there is a loss

# How Does NVS Work? (cont.)

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- Two practices:
  - Container
  - Field Grown
- Ten plant categories:
  - Premium rates by category
  - Cold protection requirements by category and hardiness zone
  - Descriptions are intended to be broad
  - *Genera* typical to each plant category are available from agent and in ISH
  - Some *Genera* may be included in multiple plant categories

**Within each county, a Nursery may insure one practice under FG&C and the other practice under NVS. May not insure one practice under both plans within a county.**



# How Does NVS Work? (cont.)

For NVS insurance purposes, Categories are:

Liners	Annual Plants and Plants Grown for One Year or Less
Herbaceous Biennial and Perennial Plants	Foliage
Vines	Broadleaf Evergreen Trees and Shrubs
Coniferous Trees and Shrubs	Deciduous Trees and Shrubs
Palms	Cycads
Other groups in AIB	

# Where is NVS Offered?

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- The Pilot is initially available in select counties in the states of:

<b>Alabama</b>	<b>Colorado</b>
<b>Florida</b>	<b>Michigan</b>
<b>New Jersey</b>	<b>Oregon</b>
<b>Tennessee</b>	<b>Texas</b>
<b>Washington</b>	

- Sales closing dates:
  - States that border Atlantic and Gulf Coasts – May 1 (AL, FL, NJ, and TX); PBD – March 1
  - All other States – September 1; PBD – July 15
- Specific counties are identified in the actuarial documents (and in the map in a few slides)

# Can I Change Plans During the Insurance Year?

For the 2021 crop year – Yes:

- Specific language is contained in the Special Provisions:
  - May 1 SCD counties
    - Notify us in writing using your application for coverage under NVS Crop Provisions
    - We may allow a reduced premium amount under the Nursery Crop Provisions
    - The premium due under the Nursery Crop Provisions will be reduced using the proration factors
    - No premium reduction allowed if you fail to give notice in writing or if you claim an indemnity under the Nursery Crop Provisions.
    - Coverage under the Nursery Crop Provisions will cease 30 days after receipt of notice, and you must provide written notice of cancellation by the cancellation date in accordance with the Nursery Crop Provisions.
  - Sept 1 SCD counties – Same allowance plus:
    - Coverage under the NVS Crop Provisions cannot begin earlier than October 1, 2020.

# Can I Change Plans During the Insurance Year?

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For the 2021 crop year – Yes: Specific language is contained in the Special Provisions:

- ▶ May 1 SCD counties statement
  - ▶ If you have coverage under the Nursery Crop Provisions and wish to purchase coverage under the NVS Crop Provisions for the 2021 crop year, you must notify us in writing using your application for coverage under NVS Crop Provisions and we may allow a reduced premium amount under the Nursery Crop Provisions if insurance would attach under the NVS Crop Provisions prior to the end of insurance period for the Nursery Crop Provisions. The premium due under the Nursery Crop Provisions will be reduced using the proration factors contained in the actuarial documents by subtracting the proration factor for the month insurance coverage ends from the proration factor for the month in which insurance coverage attached. No premium reduction will be allowed if you fail to give us notice in writing or if you claim an indemnity under the Nursery Crop Provisions. Coverage under the Nursery Crop Provisions will cease 30 days after receipt of notice, and you must provide written notice of cancellation by the cancellation date in accordance with the Nursery Crop Provisions.



# Can I Change Plans During the Insurance Year?

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For the 2021 crop year – Yes: Specific language is contained in the Special Provisions:

- ▶ Sept 1 SCD counties statement
  - ▶ If you have coverage under the Nursery Crop Provisions and wish to purchase coverage under the NVS Crop Provisions for the 2021 crop year, you must notify us in writing using your application for coverage under NVS Crop Provisions and we may allow a reduced premium amount under the Nursery Crop Provisions if insurance would attach under the NVS Crop Provisions prior to the end of insurance period for the Nursery Crop Provisions. The premium due under the Nursery Crop Provisions will be reduced using the proration factors contained in the actuarial documents by subtracting the proration factor for the month insurance coverage ends from the proration factor for the month in which insurance coverage attached. No premium reduction will be allowed if you fail to give us notice in writing or if you claim an indemnity under the Nursery Crop Provisions. Coverage under the Nursery Crop Provisions will cease 30 days after receipt of notice, and you must provide written notice of cancellation by the cancellation date in accordance with the Nursery Crop Provisions. Coverage under the NVS Crop Provisions cannot begin earlier than October 1, 2020.

# Where is NVS Offered?

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# Where is NVS Offered?

Alabama		Florida		Florida		Oregon		Texas	
Baldwin	Mobile	Gadsden	Glades	Sarasota	Seminole	Clackamas	Linn	Brazoria	Fannin
Colorado		Hendry	Hillsborough	Sumter	Volusia	Marion	Yamhill	Harris	Henderson
Adams	Arapahoe	Indian River	Jefferson	Michigan		Polk	Washington	Smith	Van Zandt
Douglas	Larimer	Lake	Lee	Allegan	Kent	Multnomah		Waller	Wharton
Weld		Leon	Levy	Ottawa		Tennessee		Wood	
Florida		Manatee	Marion	New Jersey		Cannon	Coffee	Washington	
Alachua	Broward	Martin	Miami - Dade	Atlantic	Cape May	De Kalb	Franklin	Benton	Franklin
Charlotte	Collier	Orange	Palm Beach	Cumberland		Grundy	Warren	Grant	Yakima
Escambia	Flagler	Polk	Santa Rosa	Gloucester					

# How are Basic Units and Fees Designated?

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<b>Policy</b>	<b>CAT</b>	<b>Buy-Up</b>
<b>Practice</b>	Container or Field Grown	Container or Field Grown
<b>Units</b>	Basic unit by practice; No other units are allowed	Basic unit by practice; or Basic unit by plant category; or Basic unit by non-contiguous land for the Field Grown practice

# How are Basic Units and Fees Designated?

Policy	CAT	Buy-Up
<b>Practice</b>	Container or Field Grown	Container or Field Grown
<b>Units</b>	Basic unit for each practice; No other units allowed	Basic unit by practice; Then may choose basic unit by plant category or basic unit by non-contiguous land for the field grown practice
<b>Fees</b>	Admin fee per basic unit is \$655	In addition to Premium Admin fee per each plant category within each basic unit is \$30
<b>Example Producer has</b>	Container practice at CAT	Field Grown practice is at Buy-Up; Basic unit by plant category With 6 plant categories
<b>Fees by Practice</b>	Pays \$655 per CAT policy $\$655 \times 1 \text{ basic unit} = \$655$	Pays \$30 for each plant category $\$30 \times 6 \text{ basic units} = \$180$

## How Do I Apply?

### For New Insureds and First-year Applicants

Complete and submit the following documents:

- Application for crop insurance
- Nursery Value Report (NVR – Defined in a few slides) for each insured practice
- Monthly Unit Value Plan (MUVP – Defined in a few slides) for each plant category, and
- Recent catalog

**If the nursery had a completed inspection within the previous crop year, no additional inspection is required.**

# How Do I Apply?

## For New Insureds and First-year Applicants

### Applying after the SCD:

- Applications sent after the sales closing date:
- Attaches on 31st day (30-day waiting period)
- Premium is owed from the first day of the month insurance attaches through the end of the insurance period

### For example:

- First year application with May 1 SCD (Sep 1 SCD)
- Sent in July 1 (Nov 1)
- Coverage starts August 1 (Dec 1)
- Premium owed from August 1 through May 31 (Dec 1 – Sep 30)

## How Do I Apply? For Carryover Insureds

If nursery has no changes, then submit:

- ▶ NVR for each insured practice and basic unit
- ▶ Current catalog

Failure to submit documents can result in a lapse in coverage.



# How Do I Apply? For Carryover Insureds

If nursery has changes, submit:

- NVR for each insured practice
- MUVP for each plant category
- Submit recent catalog

Failure to submit documents can result in a lapse in coverage.

# What Coverage Levels are Available?

- Available Grower Selected Coverage Levels:
  - CAT
  - 50% - 75% in 5% intervals
- For Additional Coverage policies
  - Separate coverage levels may be chosen by basic unit (Practice or plant category).
  - Separate coverage levels may NOT be chosen by non-contiguous land units.

# What is a Nursery Value Report (NVR)?

- ▶ NVR is a document in which you declare
  - ▶ The monthly value of the plants you expect to have in each insured plant category (the Monthly Unit Value Plan),
  - ▶ The value you elect to insure for each insured plant category (which may not be greater than the greatest value you declare for any month in the Monthly Unit Value Plan for that plant category),
  - ▶ The value you elect to insure for the NVS policy, your Selected Value,
  - ▶ The coverage level you elect for each basic unit, and
  - ▶ Two printed or one electronic copy of all catalogs or price lists you will use during the insurance year

# What is a Nursery Value Report (NVR)?

- Required for each insured practice and basic unit
- Displays the Amount of Insurance for the policy
  - Selected Value x Coverage Level x Price Level (1.0 for buy-up and 0.55 for CAT) x Share

# How is my Premium Determined?

Total premium for a practice is the sum of:

- ▶ The Selected Value(s) you declared on your NVR for the insured plant categories, times
- ▶ The appropriate coverage level percent for the basic unit, times
- ▶ The appropriate premium rate for the plant category, times
- ▶ Your share for that insured plant category.
- ▶ Your premium is the total premium minus the amount of subsidy that applies to each basic unit.
- ▶ The amount of subsidy (and the subsidy factor) depends on the coverage level you elected for that basic unit and may differ among basic units. Subsidy factors are fixed by coverage level by law.

# Monthly Unit Value Plan Example Form

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## Field Grown Example (Amount of Insurance and Total Premium):

Plant Category Code	Plant Category Name	June	July	August	September	October	November
068	Foliage Plants	\$500,000	\$750,000	\$1,200,000	\$300,000	\$150,000	\$200,000
058	Coniferous Trees and Shrubs	\$500,000	\$400,000	\$400,000	\$500,000	\$500,000	\$600,000
065	Deciduous Trees and Shrubs	\$2,500,000	\$2,000,000	\$1,000,000	\$500,000	\$100,000	\$150,000

Plant Category Code	Plant Category Name	December	January	February	March	April	May	Selected Value
068	Foliage Plants	\$250,000	\$500,000	\$750,000	\$900,000	\$1,000,000	\$800,000	\$900,000
058	Coniferous Trees and Shrubs	\$600,000	\$700,000	\$700,000	\$800,000	\$800,000	\$650,000	\$500,000
065	Deciduous Trees and Shrubs	\$500,000	\$3,000,000	\$3,500,000	\$1,500,000	\$2,000,000	\$3,000,000	\$2,000,000



# How is my Premium Determined?

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## Field Grown Example (Amount of Insurance and Total Premium):

Plant Category	Basic Unit No.	Selected Value	Coverage Level	Price Level (Additional Level of Coverage - 1.0; CAT - 0.55)	Insured Share	Amount of Insurance
068	0001	\$900,000.00	0.75	1.0	1.0000	\$675,000.00
058	0002	\$500,000.00	0.65	1.0	1.0000	\$325,000.00
065	0003	\$2,000,000.00	0.70	1.0	1.0000	\$1,400,000.00
<b>Total Amount of Insurance</b>						<b>\$2,400,000.00</b>
Plant Category	Basic Unit No.	Amount of Insurance	Plant Category Rate	Total Premium		
068	0001	\$675,000.00	0.041	\$27,675.00		
058	0002	\$325,000.00	0.030	\$9,750.00		
065	0003	\$1,400,000.00	0.031	\$43,400.00		
<b>Total Premium</b>				<b>\$80,825.00</b>		

# How is my Premium Determined?

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## Example (Producer Paid Premium):

Plant Category	Basic Unit No.	Coverage Level	Total Premium	Coverage Level Subsidy Factor	Subsidy	Producer Paid Premium
068	0001	0.75	\$27,675.00	0.550	\$15,221.25	\$12,453.75
078	0002	0.65	\$9,750.00	0.590	\$5,752.50	\$3,997.50
053	0003	0.70	\$43,400.00	0.590	\$25,606.00	\$17,794.00
			<b>\$80,825.00</b>			<b>\$34,245.25</b>

# What Risks Does NVS Cover?

- Adverse weather conditions unless restricted as specified below
- Fire, provided weeds and undergrowth are controlled
- Wildlife
- Earthquake
- Volcanic eruption
- Coverage dependent upon occurrence of one or more of the preceding causes:
  - Loss in value because the plants are dead/zero market value (e.g., poinsettias)
  - Failure of the irrigation water supply
  - Failure of or reduction in the power supply

# What Risks Does NVS Cover?

- ▶ Coverage may be available for the following:
  - ▶ Insect or disease damage, if no effective control measure exists or if allowed by the Special Provisions
  - ▶ Cold temperatures, if adequate control facilities or equipment have been installed AND there is a breakdown or failure that cannot be rectified before an insured cause of loss occurred OR the coldest temperature exceeded the designed capacity of the system
  - ▶ Damage to plants caused by collapse of buildings or structures PROVIDED an insured cause of loss was the proximate cause of the collapse
- ▶ Coverage is NOT provided for:
  - ▶ Inability to market the specific plants due solely to refusal of a buyer to accept production; boycott; or a quarantine
  - ▶ Failure of the plants to grow to an expected size
  - ▶ Failure to follow good nursery practices

# NVS – Loss Adjustment

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- **Pre-loss actual unit value** –Total dollar value of all plants in a basic unit, immediately prior loss event,
  - Determined by multiplying, in each plant category , approved sales value by number of plants and summing the results.
- **Post-loss damage value** –Total dollar value lost of all plants in basic unit due to an insured cause of loss determined using FCIC approved procedures and the damage factors contained in the Special Provisions.
- **Damage factor** – A value, less than or equal to 1.00, to determine the post-loss damage value of undamaged, retained damaged, discarded damaged, and dead/zero market value plants.

# NVS – Loss Adjustment

- ▶ **Undamaged plant** – A specific plant that is not a dead/zero market value plant and that has less than ten percent injury or deterioration of its physical structure
- ▶ **Damaged plant** – A plant showing at least ten percent of physical injury or deterioration
  - ▶ **Retained damaged plant** – A damaged plant that is not a dead/zero market value plant and the grower elects to rehabilitate.
  - ▶ **Discarded damaged plant** – A damaged plant which does not meet the conditions of a dead/zero market value plant and that the grower elects not to rehabilitate.



# NVS – Loss Adjustment

## Retained Damaged Plants

- ▶ Plants with previous damage that occurred during the crop year are insurable in the event of a subsequent loss within the same crop year.
- ▶ Insureds must maintain the identity of such plants using a method approved by the AIP.
- ▶ Insureds are limited to receiving the remaining value (50% damage factor) from the previously-damaged plant.

# NVS – Loss Adjustment

- ▶ **Dead/zero market value plant** – A plant that, as determined by us:
  - a) Is damaged and exhibits no signs of viability;
  - b) Is a liner multipack that has been damaged so that one or more of the cells no longer contain a viable plant;
  - c) Is any specific plant in the Annual Plants and Plants Grown for One Year or Less Plant Category damaged to the extent it cannot be sold at the approved sales value;
  - d) Is damaged to the extent, determined in accordance with FCIC approved procedures, that it has no market value; or
  - e) Has disappeared due to an insurable cause of loss (e.g., a hurricane, tornado, or flood) and that you can substantiate was in your inventory at the time of the loss.

# NVS – Loss Adjustment

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## Damage Factors

### Liners and Annual Plants and Plants Grown for One Year or Less Plant Categories

	<b>1. Undamaged (Adjuster Determined)</b>	<b>2. Dead/Zero Market Value (Adjuster Determined)</b>
<b>Description</b>	Less than 10% damage	Dead or damaged to the extent the plant has zero market value and cannot be marketed
<b>Damage Factor</b>	0%	100%
<b>Prior to receiving an indemnity, the AIP must verify the insured destroyed or disposed of the discarded damaged and dead/zero market value plants by a method approved by the AIP.</b>		

➔ An insured may move a plant in a sample from the Dead/Zero Market Value group to the Undamaged group during the adjustment, but movement the other direction would require input from a disinterested third party.

# NVS – Loss Adjustment

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## Damage Factors – For All Other Plant Categories

	1. Undamaged (Adjuster Determined)	2. Damaged (Adjuster Determined)		3. Dead/Zero Market Value (Adjuster Determined)
		(a) Retained Damaged (Insured Determined)	(b) Discarded Damaged (Insured Determined)	
<b>Description</b>	Less than 10% damage	≥10% damage, does not meet conditions of Dead/Zero Market Value, and will be carried to market	≥10% damage, does not meet conditions of Dead/Zero Market Value, and will not be carried to market	Dead or damaged to the extent the plant has zero market value and cannot be marketed
<b>Damage Factor</b>	0%	50%	75%	100%

**Prior to receiving an indemnity, the AIP must verify the insured destroyed or disposed of the discarded damaged and dead/zero market value plants by a method approved by the AIP.**

# NVS – Loss Adjustment

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- ▶ **Cold protection methods** – Enclosed structures, irrigation sprinklers, heaters, insulating blankets, or any other appropriate item or method that prevents cold air from damaging insured plants.
  - ▶ Cold Protection Requirements assigned by Plant Category are based on Good Nursery Practices.
  - ▶ The Special Provisions contain a specification of the minimum cold protection method by plant category and hardiness zone
  - ▶ Plants with a Hardiness Zone Two Hardiness Zones warmer than the Grower's Hardiness Zone are not insurable unless otherwise allowed by the Special Provisions.



# NVS – Loss Adjustment

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- A Cold Protection assignment, based on Plant Category within Hardiness Zones matrix is provided in the Special Provisions and Loss Adjustment Standards Handbook (Exhibit 9).

<b>Cold Protection Assignments Based on Plant Category Within Hardiness Zones<sup>1,2</sup></b>													
Plant Category	Hardiness Zones with Minimum Temperatures												
	HZ 1 -60°	HZ 2 -50°	HZ 3 -40°	HZ 4 -30°	HZ 5 -20°	HZ 6 -10°	HZ 7 0°	HZ 8 +10°	HZ 9 +20°	HZ 10 +30°	HZ 11 +40°	HZ 12 +50°	HZ 13 +60°
Liners: Annuals <sup>3</sup>	A	A	A	A	A	A	A	A	A	A	R	R	R
Liners: Perennials <sup>4</sup>	A	A	C	C	C	D	D	F	G	K	R	R	R
Annual Plants & Plants Grown for One Year or Less	A	A	A	A	A	A	A	A	A	A	R	R	R
Herbaceous Biennial and Perennial Plants	A	B	C	D	E	H	J	K	N	P	R	R	R

# How is Loss Adjustment Handled?

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**When you have a loss, notify agent as directed in the Common Crop Insurance Policy Basic Provisions.**

The Loss Adjuster will:

- Examine the plants in the basic unit from which the reported loss occurred.
- Evaluate a sample of the plants from within each plant category in that basic unit.
- Assign a damage category to the plants in the sample:
  - Undamaged,
  - Damaged, or
  - Dead/Zero Market Value.

# How is Loss Adjustment Handled?

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## Process for moving plants from one category to another.

- **Grower can:**
  1. Move higher damage category assessed plants into lower damage categories.
  2. Request a disinterested third party assessment to move plants from a lower damage category assessment into a higher damage category assessment.
  
- **Undamaged Plant** – Process 1 – Move plants into this category  
Process 2 – Move plants out of this category
  
- **Dead/Zero Market Value Plant** – Process 1 – Move plants out of this category  
Process 2 – Move plants into this category
  
- **Damaged** – Grower has sole authority to move plants between the two classifications within this category
  - **Retained Damaged Plant** – A damaged plant that is not a dead/zero market value plant and the grower elects to rehabilitate.
  - **Discarded Damaged Plant** – A damaged plant that is not a dead/zero market value plant and that the grower elects not to rehabilitate.

# How is the Amount of Loss Determined?

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- The loss adjuster also determines the value of all plants in the basic unit that existed before the loss event occurred.  
(Pre-loss Value)
- The results from the sample evaluated by the loss adjuster are used to determine the value of plants in the unit that were damaged.  
(Post loss Value)
- The percent of loss is the value of the damaged plants divided by the value of the plants that existed before the loss event occurred.  
(Post loss Value / Pre-loss Value)

# How is the Amount of Loss Determined?

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- ▶ The amount of loss is the percent of loss multiplied by the lesser of your selected value for the unit or the adjuster determined pre-loss actual unit value of the Basic Unit.
  - ▶  $(\%Loss \times \min(SV, \text{Pre-Loss Actual Unit Value})) = \text{Amount of Loss}$
- ▶ The deductible amount must be subtracted from the amount of loss to establish the amount of any indemnity.
  - ▶ Deductible is also multiplied by the lesser of your selected value for the unit or the adjuster determined pre-loss actual unit value of the Basic Unit.



# Example 1: Multi-Category, Multi-Coverage Level – Same Pre-Loss Value

Plant Category Code	Plant Category Name	Coverage Level	Selected Value	Amount of Insurance	Crop Year Deductible	Pre-Loss Actual Unit Value	Post-Loss Damage Value
				$SV \times \text{Coverage Level}$	$(1 - \text{Coverage Level}) \times SV$		
068	Foliage Plants	0.75	\$900,000	\$675,000	\$225,000	\$900,000	\$900,000
058	Coniferous Trees and Shrubs	0.65	\$500,000	\$325,000	\$175,000	\$500,000	\$500,000
065	Deciduous Trees and Shrubs	0.70	\$2,000,000	\$1,400,000	\$600,000	\$2,000,000	\$2,000,000

# Example 1: Multi-Category, Multi-Coverage Level – Same Pre-Loss Value

Percent of Loss	Previous Indemnity	Previous Deductible	Amount of Loss	Occurrence Deductible	Indemnity
Post-Loss / Pre-Loss			$\text{Min}(\text{Pre-Loss}, (\text{SV} - \text{Previous Indemnity})) \times \text{Percent of Loss}$	$\text{Min}((\text{Deductible percent} \times \text{Pre-loss}), (\text{Crop Year Deductible} - \text{Previous Deductible}))$	$\text{Min}((\text{Amount of Loss} - \text{Occurrence Deductible}), (\text{Amount of Insurance} - \text{Previous Indemnity})) \times \text{Price Factor} \times \text{Share}$
1.0	\$0	\$0	\$900,000	\$225,000	\$675,000
1.0	\$0	\$0	\$500,000	\$175,000	\$325,000
1.0	\$0	\$0	\$2,000,000	\$600,000	\$1,400,000

# Example 2: Multi-Category, Multi-Coverage Level – High Pre-Loss Value

Plant Category Code	Plant Category Name	Coverage Level	Selected Value	Amount of Insurance	Crop Year Deductible	Pre-Loss Actual Unit Value	Post-Loss Damage Value
				$SV \times$ Coverage Level	$(1 - \text{Coverage Level}) \times SV$		
068	Foliage Plants	0.75	\$900,000	\$675,000	\$225,000	\$1,200,000	\$1,000,000
058	Coniferous Trees and Shrubs	0.65	\$500,000	\$325,000	\$175,000	\$800,000	\$700,000
065	Deciduous Trees and Shrubs	0.70	\$2,000,000	\$1,400,000	\$600,000	\$3,500,000	\$3,000,000

# Example 2: Multi-Category, Multi-Coverage Level – High Pre-Loss Value

Percent of Loss	Previous Indemnity	Previous Deductible	Amount of Loss	Occurrence Deductible	Indemnity
Post-Loss / Pre-Loss			$\text{Min}(\text{Pre-Loss}, (\text{SV} - \text{Previous Indemnity})) \times \text{Percent of Loss}$	$\text{Min}((\text{Deductible percent} \times \text{Pre-loss}), (\text{Crop Year Deductible} - \text{Previous Deductible}))$	$\text{Min}((\text{Amount of Loss} - \text{Occurrence Deductible}), (\text{Amount of Insurance} - \text{Previous Indemnity})) \times \text{Price Factor} \times \text{Share}$
0.83	\$0	\$0	\$747,000	\$225,000	\$522,000
0.88	\$0	\$0	\$440,000	\$175,000	\$265,000
0.86	\$0	\$0	\$1,720,000	\$600,000	\$1,120,000

# Example 3: Multi-Category, Multi-Coverage Level – Low Pre-Loss Value

Plant Category Code	Plant Category Name	Coverage Level	Selected Value	Amount of Insurance	Crop Year Deductible	Pre-Loss Actual Unit Value	Post-Loss Damage Value
				$SV \times \text{Coverage Level}$	$(1 - \text{Coverage Level}) \times SV$		
068	Foliage Plants	0.75	\$900,000	\$675,000	\$225,000	\$150,000	\$100,000
058	Coniferous Trees and Shrubs	0.65	\$500,000	\$325,000	\$175,000	\$400,000	\$300,000
065	Deciduous Trees and Shrubs	0.70	\$2,000,000	\$1,400,000	\$600,000	\$100,000	\$50,000



# Example 3: Multi-Category, Multi-Coverage Level – Low Pre-Loss Value

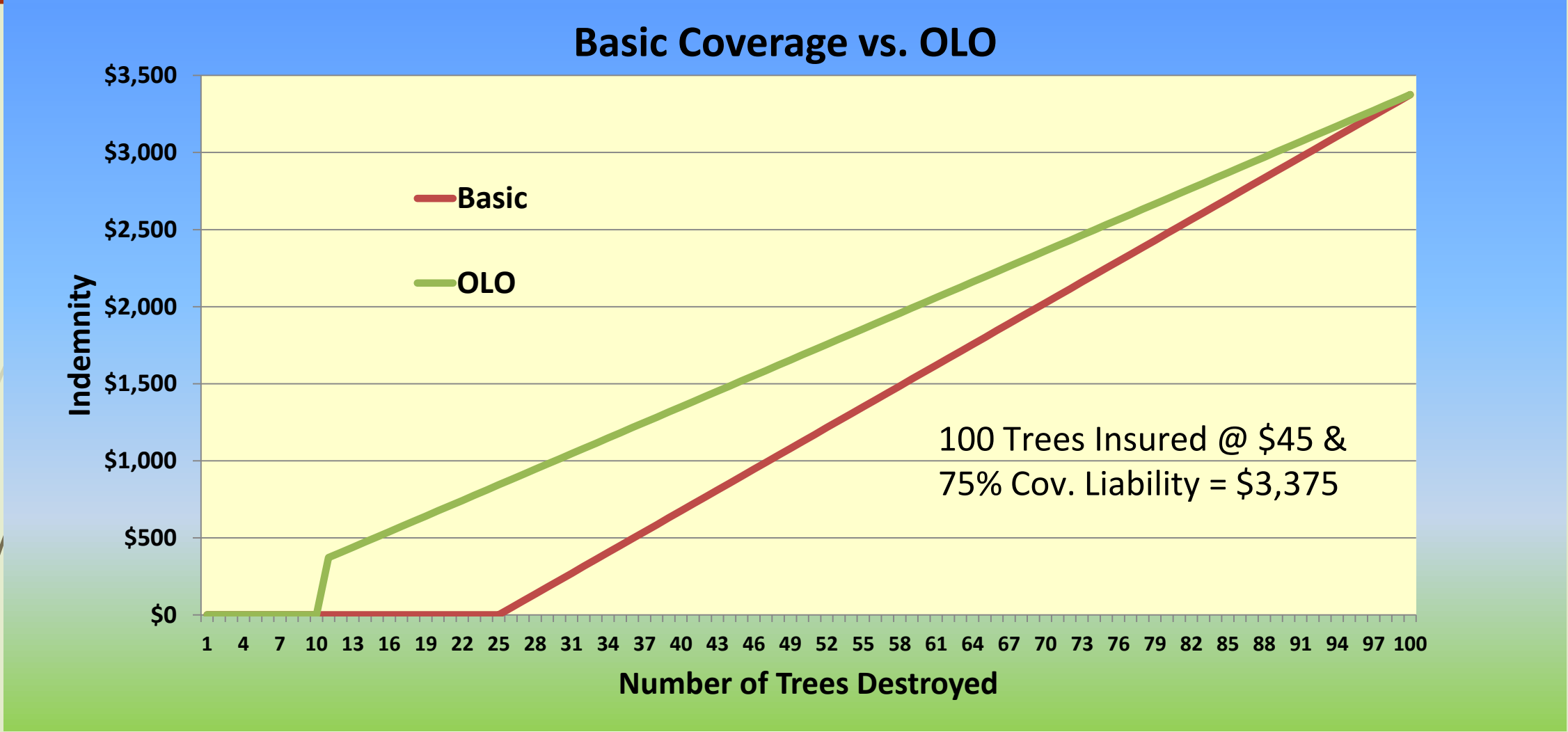
Percent of Loss	Previous Indemnity	Previous Deductible	Amount of Loss	Occurrence Deductible	Indemnity
Post-Loss / Pre-Loss			$\text{Min}(\text{Pre-Loss}, (\text{SV} - \text{Previous Indemnity})) \times \text{Percent of Loss}$	$\text{Min}((\text{Deductible percent} \times \text{Pre-loss}), (\text{Crop Year Deductible} - \text{Previous Deductible}))$	$\text{Min}((\text{Amount of Loss} - \text{Occurrence Deductible}), (\text{Amount of Insurance} - \text{Previous Indemnity})) \times \text{Price Factor} \times \text{Share}$
0.67	\$0	\$0	\$100,500	\$37,500	\$63,000
0.75	\$0	\$0	\$300,000	\$140,000	\$160,000
0.50	\$0	\$0	\$50,000	\$30,000	\$20,000

# What is the Occurrence Loss Option (OLO)?

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- ▶ For additional premium, any loss potentially results in an indemnity any time the amount of loss exceeds 10 percent of the value of the plants before the loss occurred.
- ▶ Premium rate is the same for any coverage level elected;
- ▶ The OLO does not change the amount of insurance. It is a “disappearing deductible” by which any indemnity is increased at small amounts of loss but results in the same amount of indemnity as the standard coverage at higher percentages of loss.
- ▶ Not available for CAT
- ▶ Example:  $SV = \$100,000$       OLO Premium Rate = 7.5%
  - 75%  $\$100,000 \times 0.75 = \$75,000$      $\$75,000 \times 0.075 = \$5,625$
  - 65%  $\$100,000 \times 0.65 = \$65,000$      $\$65,000 \times 0.075 = \$4,875$
  - 50%  $\$100,000 \times 0.50 = \$50,000$      $\$50,000 \times 0.075 = \$3,750$

# What is the Occurrence Loss Option (OLO)?



# NVS – Additional Resources

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- NVS program materials are available on the RMA website.

[www.rma.usda.gov](http://www.rma.usda.gov)

<https://www.rma.usda.gov/en/Topics/Nursery/Nursery-Value-Select>

- A dedicated NVS page contains links to the Crop Provisions, Insurance Standards Handbook, Loss Adjustments Standards Handbook, and, eventually, this presentation
- For the initial year, the NVS rates and Special Provisions will be available through the Actuarial Information Browser no later than 60 days prior to the Sales Closing Date for each state/county. After which, rates and Special Provisions will be available by the contract change date – January 31 or April 30, as applicable.

# NVS – Questions

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This presentation provides an overview of the new Nursery Value Select Pilot Crop Insurance Program that will run alongside the current nursery program.

## Questions?