

Under the additional level of coverage, you may purchase the Occurrence Loss Option (**OLO**) in conjunction with your NVS policy in exchange for an additional premium. The **OLO** eliminates the unit deductible and pays a loss when the percent of loss exceeds 10 percent of the value of the plants before the loss occurred. If you elect the OLO, your guarantee will be calculated the same as it would otherwise be calculated under the base policy. However, the **OLO** allows indemnities to be paid on smaller losses if a minimum dollar value of loss is exceeded.

- Option must be elected by the sales closing date.
- New insureds have the option to elect at the time of application if sales closing has passed.
- Not available for CAT
- Not available if Hurricane Insurance Protection Wind Index (HIP-WI) is selected
- Continuous Option until cancelled.
- 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.

Premium Example:

SV= \$100,000 OLO Premium Rate = 7.5%

- 75% \$100,000 x 0.75 = \$75,000 \$75,000 x 0.075 = \$5,625
- 65% \$100,000 x 0.65 = \$65,000 \$65,000 x 0.075 = \$4,875
- 50% \$100,000 x 0.50 = \$50,000 \$50,000 x 0.075 = \$3,750

Loss Example

Your share = 1.000

\$500,000	Selected value
<u>X 0.75</u>	Coverage level percentage
\$375,000	Amount of insurance

In the event of a loss

Pre-loss actual unit value= \$600,000

Post-loss damage value= \$200,000

Percent of loss = post-loss damage value (\$200,000) / pre-loss actual unit value (\$600,000) = 33.33%

Amount of loss = (lesser of the pre-loss actual unit value (\$600,000) or SV (\$500,000)) x percent of loss (.3333) = \$166,650

Occurrence deductible = lesser of (deductible percentage (0.25) x pre-loss actual unit value (\$600,000) or the crop year deductible (\$125,000)) = \$125,000

Subtract the occurrence deductible (\$125,000) from the amount of loss (\$166,650) = \$41,650

Indemnity= loss (\$41,650) x share (1.000) = \$41,650