

# Crop Insurance for Northeast Nursery Crops

**Crop insurance is available nationwide and gives you the freedom to choose the level of coverage you need based on your own risk experiences and preferences.**

Multi-peril crop insurance is a flexible risk management tool that allows agricultural producers to insure against losses due to adverse weather conditions, fire, earthquake, volcanic eruption, failure of irrigation water supply, uncontrollable diseases and insects, and wildlife. It shifts unavoidable production risks to an insurance company for the payment of a fixed amount of federally subsidized premium. Crop insurance is the cornerstone of USDA's risk management programs for agriculture.

Support for crop insurance has been strengthened in the past several Farm Bills and many programs have been expanded and several new options are now available. A wide range of insurance plans are available for over 100 commodities (a listing of various types of coverage can be found on the [USDA-Risk Management Agency's website](#)).



Photo by Mike Houtz

Crop insurance is available to nursery growers nationwide and gives you the freedom to choose the level of coverage you need based on your plant inventory. A minimum level of crop insurance, called CAT insurance, is available to all growers regardless of operation size at no premium cost (premiums are paid by the federal government; all CAT policies have a \$655 administrative fee for each crop insured in a county).

Higher levels of crop insurance (buy-up protection) are heavily subsidized by the Federal government, with nursery growers paying only 33 to 45 percent of the actual cost of the insurance (depending on the level of coverage selected). Under the 2018 Farm Bill, producers must obtain a policy or plan of insurance for all crops (with limited exceptions) through either crop insurance or the noninsured assistance program (NAP, available through USDA-Farm Service Agency) to be eligible for future disaster assistance programs. To be eligible for crop insurance subsidies, you must also be in conservation compliance, demonstrating that your operation conforms to highly erodible land and wetland conservation provisions.

Over the past five years, an average of about \$1.5 billion dollars of protection for nursery crops have been purchased in the U.S., with an average of almost \$50 million of protection purchased by nursery growers in the Northeastern U.S. The purchase of crop insurance coverage for nursery crops has increased by over 25% in the U.S. and over 15% percent in Northeast in the past five years.

The purpose of this publication is to introduce the types of crop insurance available to nursery crop producers by:

- describing how insurable inventory values are determined.
- comparing the levels of cash-flow protection available.
- providing information on optional coverages and risk management programs available through USDA-Farm Service Agency.
- listing important crop insurance dates for nursery growers in the Northeastern U.S.

Before selecting a given crop insurance policy, option, or level of protection, you should first consider how much financial risk you are willing and able to bear and what you need to protect. Some common risk-management objectives are:

1. Reduce year-to-year income variability.



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2. Provide a minimum cash flow to cover input costs.
3. Secure adequate credit.

## Crop Insurance Plans

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There are two crop insurance plans available to nursery growers: 1) **Dollar Amount of Insurance**, which insures your field-grown and container nursery plants and 2) **Whole Farm Revenue Protection**, which insures the revenue of your entire business.

**Nursery Dollar Amount of Insurance Plan.** Nursery crop insurance for field-grown and containerized plants is available for eligible nursery plants if at least 40 percent of the nursery's gross income is from the wholesale marketing of plants. Nursery crop insurance is available only for plants on the eligible plant list. Field-grown and containerized plants may be insured separately, with eligible plants grouped into 15 plant types, or 15 different basic units with Buy-up coverage (Table 1).

**Table 1. Plant types coverable by nursery crop insurance.**

- Annuals
- Broadleaf Evergreen Trees
- Broadleaf Evergreen Shrubs
- Coniferous Evergreen Trees
- Coniferous Evergreen Shrubs
- Deciduous Shrubs
- Deciduous Trees (Shade and Flower)
- Fruit and Nut Trees
- Foliage
- Ground Cover and Vines
- Herbaceous Perennials
- Palms and Cycads
- Roses
- Small Fruits
- Liners

Each insured grower is required to submit a **Plant Inventory Value Report (PIVR)**, for each practice and insurance unit. Nursery crop insurance is available in all counties in all states where a premium rate is provided in the actuarial documents, provided certain criteria are met. Insurance coverage will apply to all your nursery plants and plant types in each practice (field-grown and containers) that meet the following criteria:

- are shown on the **Eligible Plant List and Plant Price Schedule**
- meet all the requirements for insurability and are grown using acceptable production practices
- are grown in an appropriate medium acceptable for the plant
- are grown and sold with their root system attached
- have cold protection, if required by the eligible plant list for that plant in the specified hardiness zone. For situations where the over-winterization cold protection is inadequate, losses from cold temperatures may be denied.
- liner plants must be produced in standard nursery containers that are equal to or greater than 5/8 inch in diameter, but less than 3 inches in diameter at the widest point and have an established root system.

Nursery Inventory Software, also called the Application Software, is used to assist wholesale nursery growers establishing their insurable plant inventory value. The software lists all insurable nursery plants and their maximum insurable value and specifies plant insurability requirements, including storage protection requirements for containerized plants and hardiness limitations for all plants. A print option allows you to generate a hard copy listing of selected plants, along with insurability information for each plant and total valuations. The software can be downloaded from [USDA-RMA's website](#).

All eligible nursery plants are considered either field-grown or container-grown, with plant sizes listed for each practice. Field-grown plants are listed by plant size for height, width, or caliper. Caliper is determined by measuring tree diameter six inches above the soil line up to and including a caliper of four inches and twelve inches above the soil line for larger sizes. Plant sizes below the smallest listed in the Base Price Table are not insurable. Containerized plants are listed by the container size with volume

units of measure. Each cell of insurable multiple-cell nursery containers (cell-packs, jumbo packs, six packs, pony packs, plug packs, etc.) will be valued as a separate nursery container.

To avoid large fluctuations in prices for the same plant among growers, a maximum insurable price must be determined. For price verifications purposes, growers must submit two copies of their most recent wholesale catalog or price list each year.

Most other plants are insurable by written agreement except for cut flowers. Bulbs, aquatic plants, and air plants are not insurable unless they are grown in an appropriate medium and are priced as ornamental plants in the grower's wholesale catalog or price list (for example, the price is for a tulip plant, not a tulip bulb).

Plants not eligible for Nursery Crop Insurance are:

- stock plants or plants being used solely for harvesting of buds, flowers, or greenery
- plants grown in liners with more than 200 cells or containing 2 or more genera, species, sub species, varieties, or cultivars in the same cell or container
- plants grown for sale as Christmas trees

**Catastrophic Risk Protection insurance (CAT)** provides a minimum level of protection against crop losses. The insurance premium for CAT is paid totally by the federal government. For an administrative fee of \$655/county, you get a crop insurance guarantee of 27.5 percent of your insured Plant Inventory Value. Compared to higher levels of coverage, CAT provides only a low level of protection against potential losses. For some diversified growers, this level of coverage may be enough to protect them against severe cash-flow shortfalls.

**Buy-up coverage** provides increased protection against plant losses. Nursery growers select from 50 to 75 percent (in 5 percent increments) of their plant inventory value to insure (growers receive 100 percent of the price election for all plant types in the practice). Plant inventory value is calculated by adding the values of all insured containerized and field-grown nursery crops. The value of each plant is the lower of the grower's wholesale price or the established price listed in the Nursery Inventory Software. With buy-up coverage, the PIVR may be amended twice during the crop year and up to 30 days prior to the end of the crop year. The premium increase for these amendments will be prorated for the appropriate time. In addition to the premium cost an administrative fee of \$30/practice/county is charged for buy-up policies.

Additional information on [crop insurance for nursery crops](#) can be found on the USDA-RMA website.

**Cold Protection Requirements.** Cold protection requirements and minimum hardiness zones are listed in the eligible plant list for both container and field-grown plants. Each county is assigned hardiness zone designations for insurance purposes. Some container plants are not insurable in certain hardiness zones, and others require cold protection in certain hardiness zones to retain insurance coverage against cold damage. The eligible plant list also designates the minimum hardiness zone for each insurable field-grown plant. Field-grown plants are not insurable below the minimum hardiness zone specified for each plant.

You must follow good nursery practices for protecting plants from cold damage; however, if you installed cold protection equipment or facilities, and low temperatures or its duration exceeds the ability of the cold protection equipment or facilities to keep the plants from sustaining cold damage, then freeze damage may be covered.

## Optional Endorsements to Nursery Crop Policies:

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Your nursery crop insurance policy may contain provisions for optional peak inventory, rehabilitation, and price endorsements if you select buy-up coverage. There is also a new endorsement for wind damage from named hurricanes.

**Peak Inventory Endorsement.** The peak inventory endorsement allows you to temporarily increase the amount of inventory reported on your PIVR for a specified amount of time. The premium increase is prorated over the specific time, so the additional premium is not paid for the entire year. This endorsement may be elected anytime during the crop year, subject to a 30-day waiting period for coverage to come into effect.

**Rehabilitation Endorsement.** This endorsement helps you cover the cost of rehabilitating damaged field grown plants that have a reasonable chance of recovery. If you want this coverage, it must be carried on all your field grown plants. Reimbursement is allowed for rehabilitation costs are limited to labor and materials for pruning and setup of damaged plants. The plants must have been damaged by an insurable cause of loss and have a reasonable expectation of recovery.

**Pilot Nursery Growers Price Endorsement (NGPE).** If available in your state, this endorsement allows you to insure specific plants at higher prices than shown on the eligible plant list. This endorsement is available for additional premium and must be purchased on or before the sales closing date.

**Hurricane Insurance Protection-Wind Index (HIP-WI) Endorsement.** This endorsement can help cover some of the deductible in your underlying crop insurance policy when your county, or a county adjacent to it, is declared to have experienced sustained

hurricane-force winds from a named hurricane.

Settlement of any claims will be made within 30 days after the list of counties identified as meeting the county loss trigger is determined by the National Hurricane Center (NHC) at the National Oceanic and Atmospheric Administration (NOAA).

To be eligible for the HIP-WI Endorsement, you must:

- Have an underlying crop insurance policy
- Elect HIP-WI on or before the sales closing date for the underlying policy
- Elect a HIP-WI coverage percentage; and
- Comply with all terms and conditions of the HIP-WI Endorsement.

Because this is an index-based insurance product, there are no separate acreage reporting requirements and you are not required to file a notice of loss. There is a separate administrative fee and premium charged for participation in this optional coverage. The premium subsidy for this program is 65%

## Other Crop Insurance Options

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**Whole-Farm Revenue Protection** insures the revenue of your entire farm rather than an individual crop by guaranteeing a percentage of your average gross farm revenue. You can use WFRP as a stand-alone policy covering your whole operation or as an umbrella type policy where selected crops can also be covered by individual crop insurance policies.

WFRP uses information from your Schedule F tax records (or a “Substitute Schedule F for WFRP Purposes” if you do not file a Schedule F) from the past five consecutive years of to calculate the policy’s approved revenue guarantee. Operations that have expanded over time may be allowed to increase the approved revenue amount based on an indexing procedure.

Depending on the number of commodities grown, you have the choice of coverage of 50-85% of your approved revenue (CAT level coverage is not available for WFRP). Coverage and premium costs depend on the level of diversification in your operation; the maximum level of insured revenue is \$8.5 million (based on maximum adjusted gross revenues of \$17.0 million and the 50% coverage level). WFRP also provides replant coverage if it not already covered under an underlying individual crop policy.

Claims for losses under WFRP are settled after taxes are filed for the insurance year. The sign-up deadline is March 15 for calendar year and early fiscal year tax filers and November 20 for late fiscal year tax filers. [More information on WFRP](#) can be found online.

**Pilot Program Nursery Value Select (NVS; New Jersey only).** A new crop insurance pilot program, Nursery Value Select (NVS), will be available for a few states (including New Jersey) on a pilot basis beginning with the 2021 crop year. NVS provides another crop insurance option for nursery growers, including those growing hemp, in addition to the Nursery crop insurance program. The NVS pilot program is based on the existing Nursery crop insurance program, with these improvements:

- simpler application and annual policy renewal process
- selection of a dollar amount of coverage that best fits your risk management needs
- coverage can be tailored by individual practice (container or field grown) or by any of 10 potential plant categories
- streamlines the loss adjustment process by placing greater reliance on the nursery grower’s actual sales receipts to determine plant values
- increases producer participation in determining if damaged plants can be marketed or rehabilitated
- relies on producer inventory records and plant category naming conventions more familiar to the nursery industry
- adjusts program dates to ones better suited to the agronomic and industry nursery management practices in different regions across the country
- provides for an Occurrence Loss Option (OLO) that moves the deductible from a unit level to a plant level (for an additional premium on buy-up policies only).

More on information on the [Nursery Value Select program](#) can be found online.

**Payments for crop losses.** If the value of the crop after the loss is less than the value before the loss minus the deductible, then you may be eligible for a loss payment. With buy-up coverage, the loss of plants in any one of the plant types listed in Table 1 could result in a collectable loss payment because each plant type is treated as a separate basic unit for insurance claim purposes. This is not true for CAT coverage. To collect on a CAT policy, the loss is calculated for all plants within each practice (container or field grown), not on individual units by plant types. Examples of the level of cash-flow protection provided by the various coverage levels are shown in Table 2.

**Table 2. Cash flow protection provided by coverage level for various levels of loss (per \$100,000 of plant inventory value).**

| Loss | CAT (27.5%) | 50%      | 55%      | 60%      | 65%      | 70%      | 75%      |
|------|-------------|----------|----------|----------|----------|----------|----------|
| 0%   | \$0         | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| 25%  | \$0         | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| 50%  | \$0         | \$0      | \$5,000  | \$10,000 | \$15,000 | \$20,000 | \$25,000 |
| 75%  | \$2,500     | \$25,000 | \$30,000 | \$35,000 | \$40,000 | \$45,000 | \$50,000 |
| 100% | \$27,500    | \$50,000 | \$55,000 | \$60,000 | \$65,000 | \$70,000 | \$75,000 |

If you suffer a loss, notify your crop insurance agent within 72 hours of the initial discovery of damage and submit your claim no later than 60 days after the end of the insurance period. Crop insurance payments occur as soon as the impact of the loss is determined.

### Insurable causes of loss include:

- adverse weather conditions including wind, hurricane, and flood
- fire (provided weeds and undergrowth are chemically or mechanically controlled)
- failure of the irrigation water supply (if due to an insurable cause of loss)
- delay in marketability of plants resulting in reduced plant value (if due to an insurable cause of loss)
- wildlife

### Uninsurable causes of loss are:

- disease or insect infestation (unless effective control measures for the infestation do not exist)
- cold temperatures if cold protection is required for the plants as described on the Eligible Plant List and the required cold protection is not used
- inadequate power supply (unless such inadequacy is a result of an insurable cause of loss)
- inability to market your nursery products due to a sales stop order, quarantine, boycott, phytosanitary restriction on sales, or buyer refusal
- collapse or failure of buildings/structures (unless caused by an insurable cause of loss)
- failure of plants to grow to an expected size.

## What Kinds of Nursery Policies are Available in My State?

Dollar Amount of Insurance (which insures your nursery plants) and Whole-Farm Revenue Protection (which insures the revenue for your entire business) are available in every county in the Northeastern U.S. Hurricane insurance protection-wind index (HIP-WI) policies are available in all counties in Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, and Delaware. It is also available in some counties in southern Vermont and eastern New York, Pennsylvania, and Maryland. It is not available in West Virginia.

## Important Crop Insurance Dates

Deadlines for sales closing, final planting date, acreage reporting, and billing for nursery insurance are listed in Table 3. You must be aware of several important dates for filing information and reporting losses under crop insurance:

**Sales closing date** —Last day to apply for crop insurance coverage; the sign-up deadline.

- For Nursery Crop Insurance, May 1 or anytime for new applications; however, coverage begins after a 30-day waiting period
- For Whole-Farm Revenue Protection (WFRP) crop insurance, March 15 (calendar year filers) or November 20 (late fiscal year filers). Insurance begins ten days after a properly completed application is received for new policies. The insurance year is the calendar year in which the sales closing date occurs for both calendar and fiscal year IRS filing periods.

**Plant inventory value reporting date** —Last day to submit the plant inventory value report (PIVR). The PIVR is a report of the value of all insurable inventories produced. Growers may submit two reports per year up to thirty days prior to the end of the crop year. Failure to provide a PIVR or applicable catalog/price list on or before the May 1 sales closing date will delay coverage until 30 days after the documents are received by your crop insurance agent.

**Acreage reporting date**— Last day to report crop acreages under WFRP (July 15).

**Date to file notice of crop damage** —Within 72 hours of initial discovery of damage (but not later than 60 days after the end of the insurance period). There may be additional requirements by crop. An adjuster must have the opportunity to inspect the crop before it is destroyed or put to another use.

**End of insurance period** —Date when crop insurance coverage ceases for the crop year (May 31 for Nursery Crop Insurance).

**Cancellation date** —Last day to request cancellation of policy (May 31 for Nursery Crop Insurance).

**Debt termination date** —Date insurance company will terminate policy for nonpayment.

**Premium Billing date** —Date crop insurance premiums are due. Crop insurance premiums not due until after the cropping season is over and any losses have been paid.

**Termination dates** —Nursery coverage will end the earliest of the following:

- The date of final adjustment of a claim when total indemnities equal the amount of insurance.
- Removal of bare root nursery plant material from the field.
- Removal of all other insured plant material from the nursery,
- 11:59 p.m. on May 31.

**Table 3. Important dates for nursery crop insurance in the Northeastern US.**

|  | Dollar Amount    | WFRP                          | HIP-WI                    |
|--|------------------|-------------------------------|---------------------------|
| <b>Enrollment deadline</b>                                   | 5/1*             | 3/15** or 11/20***            | same as underlying policy |
| <b>Waiting period</b>  | 30 days          | 30 days                       | 14 days                   |
| <b>Insurance year</b>  | 6/1-5/31         | 3/15-3/15** or 11/20-11/20*** | same as underlying policy |
| Provide plant inventory value report (PIVR): Existing policy | 5/1              | n/a                           | n/a                       |
| Provide plant inventory value report (PIVR): New policy      | with application | n/a                           | n/a                       |
| <b>Premium billing date</b>                                  | 3/1              | 8/15                          | same as underlying policy |

\*For full year coverage; coverage can be obtained anytime during the year subject to a 30-day waiting period. May 31 is the deadline for making changes to existing policies. \*\*For calendar year or early fiscal year tax filers. \*\*\*For late fiscal year tax filers.

## How Can I Find a Crop Insurance Agent?

Although crop insurance is a federally subsidized program, it is sold by private crop insurance agents:

- Ask your neighbors for their recommendations. Other growers are one of the best sources of information on where to find a knowledgeable crop insurance agent.
- Check with the insurance agency where you purchase other types of insurance. Often you can obtain crop insurance through an agent you already use for your farm, automobile, liability, fire, health, or life insurance needs. Many insurance agencies have agents who specialize in crop insurance.
- Check with businesses or organizations you use for farm business management services. Your banker, cooperative, or a farm organization you belong to may be able to recommend insurance agencies who handle crop insurance.
- A list of crop insurance agents in your area can be found on the USDA Risk Management Agency’s [Agent Locator website](#).

## Farm Service Agency Risk Management Programs

**Noninsured Disaster Assistance Program (NAP).** The Noninsured Crop Disaster Assistance Program (NAP) provides benefits to producers of commercial agriculture products for which multi-peril crop insurance coverage is not available. NAP is designed to reduce financial losses when natural disasters cause catastrophic reduction in production. NAP provides coverage that is very similar to that provided by CAT policies available through crop insurance agents. NAP coverage is available through your local USDA, Farm Service Agency office.

Eligible producers include landowners, tenants, and sharecroppers who produce eligible crops and who have less than \$900,000 in adjusted gross revenue annually. Payments are limited to \$125,000 for basic coverage or up to \$300,000 for higher levels of coverage per crop year. To purchase NAP coverage, you pay a service fee of \$325 per crop per county (with fees capped at \$825 per producer per county, but not to exceed a total of \$1,950 for producers growing crops in multiple counties). For higher levels of coverage, a 5.25% premium also applies (maximum premium is \$15,570 based on the \$300,000 maximum payment limitation). Sign up deadlines for the NAP program vary by state and by crop; contact your local USDA-FSA office for more information. [USDA-FSA's factsheet on NAP](#) can be found online.

**Tree Assistance Program (TAP).** TAP was reauthorized under the 2018 Farm Bill and provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines lost by natural disasters. Plantings eligible for TAP include fruit, nut, ornamental, and Christmas trees produced for commercial sale. To qualify for TAP assistance, eligible nurserymen must have tree, bush, or vine mortality losses in excess of 15 percent for the stand (adjusted for normal mortality) from an eligible natural disaster. Mortality loss on a stand of eligible trees, bushes, or vines is based on each eligible disaster event, except for losses due to plant disease where the time period for when the stand could be infected is determined by USDA-FSA. Losses must have been unpreventable using reasonable and available management practices and must be visible and obvious to the USDA-FSA inspector. If the loss is no longer visible, USDA-FSA may accept other evidence of the loss and determine if this evidence substantiates that an eligible loss occurred. USDA-FSA may require information from a qualified expert to determine the extent of loss in the case of plant disease or insect infestation.

If USDA-FSA rules that you are eligible for compensation under TAP, you must replace the trees, bushes, or vines within 12 months of the date the application is approved. For tree, bush, or vine replacement, TAP payments start when mortality exceeds 15 percent (adjusted for normal mortality) and are set at 65 percent of the actual cost of replanting or 50 percent of the actual cost of rehabilitation. An individual or entity is eligible for payment under TAP if the average Adjusted Gross Income (AGI) of the individual or entity is less than \$900,000. If you believe you have suffered an eligible loss to your trees, bushes, or vines and would like to file a claim, you must submit an application and supporting documentation to USDA-FSA within 90 calendar days of each disaster event or the date when the loss became apparent to you. For more information on TAP eligibility or to file a claim, contact your local USDA-FSA office.

Additional information on TAP can be found on the [USDA-FSA website](#).

## More information:

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United States Department of Agriculture, [Risk Management Agency](#)

United States Department of Agriculture, [Farm Service Agency](#)

United States Department of Agriculture, [New Farmers](#)

Pennsylvania Department of Agriculture, [Risk Management](#)

[National Ag Risk Education Library](#)

[Northeast Center for Risk Management Education](#)

This publication is for educational purposes only and does not cover all aspects of the risk management options described. For specific information about how crop insurance can help you manage risk on your operation, make an appointment to go over your options with a crop insurance agent. For more information about the NAP and TAP programs, contact your local USDA-FSA office.

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