

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Parts 406 and 457

Nursery Crop Insurance Regulations; Common Crop Insurance Regulations; and Nursery Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Proposed rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes to revise and reissue the Nursery Crop Insurance Provisions. The intended effect of this action is to provide policy changes to better meet the needs of insureds, and to restrict the effect of the Nursery Crop Insurance Regulations (7 CFR part 406) to the 1995 and prior crop years.

DATES: Written comments and opinions on this proposed nursery rule will be accepted until the close of business March 16, 1998 and will be considered when the rule is to be made final. The comment period for information collections under the Paperwork Reduction Act of 1995 continues through March 30, 1998.

ADDRESSES: Interested persons are invited to submit written comments to the Director, Product Development Division, Federal Crop Insurance Corporation, United States Department of Agriculture, 9435 Holmes Road, Kansas City, MO 64131. A copy of each response will be available for public inspection and copying from 7 a.m. to 4:30 p.m., EDT, Monday through Friday, except holidays, at the above address.

FOR FURTHER INFORMATION CONTACT: Rob Cerda, Insurance Management Specialist, Research and Evaluation Division, Federal Crop Insurance Corporation, at the Kansas City, MO, address listed above, telephone (816) 926-6343.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

The Office of Management and Budget (OMB) has determined this rule to be not significant and, therefore, this rule has not been reviewed by OMB.

Paperwork Reduction Act of 1995

This rule proposes to amend the information collection requirements previously approved by OMB under OMB control number 0563-0053 through October 31, 2000. This rule increases the producer (respondent) audience participation due to expanded coverage to include in-ground plants and ornamental nurseries; to insure plants that produce edible berries or nuts as long as the fruits or nuts are not intended for sale; and to offer a Peak Inventory Endorsement and Optional Unit Endorsement. All of the forms cleared under OMB control number 0563-0053 represent the minimum requirement for information to determine eligibility and losses qualifying for payment due to nursery coverage.

Revised reporting estimates and requirements for usage of OMB control number 0563-0053 will be submitted to OMB for approval under the provisions of 44 U.S.C., chapter 35. The comment period for information collections under the Paperwork Reduction Act of 1995 continues through March 30, 1998.

The FCIC is seeking comments on the following Information Collection Request (ICR).

Title: Multiple Peril Crop Insurance.

Respondents/Affected Entities: Parties affected by the information collection requirements included in this rule are nursery producers.

Abstract: This rule proposes to expand nursery coverage to include in-ground plants and ornamental nurseries; to insure plants that produce edible berries or nuts as long as the fruits or nuts are not intended for sale; and to offer a Peak Inventory Endorsement and Optional Unit Endorsement. FCIC believes the proposed policy will increase participation in the nursery program and offer a better commodity to nursery producers.

Estimate of Burden: Public reporting burden for this collection of information is estimated at 68.7 minutes per participant because of the high degree of automation associated with the data collection.

Respondents: Nursery growers.

Estimated Number of Respondents: 1,689.

Estimated Number of Responses Per Respondent: 1.7.

Estimated Total Annual Burden on Respondents: 1,935 hours.

FCIC is requesting comments on the following: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information gathering technology.

Comments regarding paperwork reduction should be submitted to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

The Office of Management and Budget (OMB) is required to make a decision concerning the collections of information contained in this rule between 30 and 60 days after submission to OMB. Therefore, a comment to OMB is best assured of having full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment on the rule.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 12612

It has been determined under section 6(a) of Executive Order 12612, Federalism, that this rule does not have sufficient federalism implication to

warrant the preparation of a Federalism Assessment. The provisions contained in this rule will not have a substantial direct effect on States or their political subdivisions, or on the distribution of power and responsibilities among the various levels of government.

Regulatory Flexibility Act

This regulation will not have a significant economic impact on a substantial number of small entities. New provisions included in this rule will not impact small entities to a greater extent than large entities. Under the current regulations, a producer is required to complete an application and a report of plant inventory. If the crop is damaged or destroyed, the insured is required to give notice of loss and provide the necessary information to complete a claim for indemnity. This regulation does not alter those requirements. The amount of work required of the insurance companies and insured may actually decrease because the plant inventory report has been simplified and insureds no longer have to report all their plants. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605), and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order 12988

This rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. The administrative appeal provisions published at 7 CFR part 11 must be exhausted before any action against FCIC for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental

Assessment nor an Environmental Impact Statement is needed.

National Performance Review

This regulatory action is being taken as part of the National Performance Review Initiative to eliminate unnecessary or duplicative regulations and improve those that remain in force.

Background

FCIC proposes to revise and reissue the nursery crop insurance provisions found at 7 CFR 457.114. The new provisions will be effective for the 1999 and succeeding crop years. FCIC also proposes to amend 7 CFR part 406 to limit its effect to the 1995 and prior crop years.

This rule makes minor editorial and format changes to improve the Nursery Crop Insurance Provisions. In addition, FCIC is proposing substantive changes in the provisions for insuring nursery as follows:

1. Section 1—Adds definitions for the terms “amount of insurance,” “brownout,” “crop year,” “crop year deductible,” “eligible plant listing,” “field grown,” “in-ground fabric bag,” “irrigated practice,” “largest dimension,” “nursery,” “occurrence deductible,” “plant inventory value report,” “plant price schedule,” “policy renewal date,” “price level,” “sales closing date,” and “stock plants.”

The definition of “crop year loss deductible,” has been changed to “crop year deductible” for clarification. Revised the definitions of “standard nursery containers,” “field market value A,” and “field market value B” for clarification.

2. Section 2—Changed “Unit Division” guidelines to permit only one unit per county but allows for optional units by endorsement. Optional units will generally be by plant type unless otherwise provided in the Special Provisions.

3. Section 4—Change the contract change date to March 31 of the crop year for policies with a policy renewal date after July 1. Producers with policy renewal dates between March 31 and June 30 can elect to delay the effect of contract changes until the next crop year.

4. Section 5—Change the cancellation and termination dates to the day preceding the policy renewal dates. This change will give the insured year-round coverage.

5. Section 6(b)—Specify that the nursery plant inventory value report must be submitted with the application or not later than the policy renewal date for subsequent crop years in order to determine the amount of insurance

before insurance attaches for the next crop year.

6. Section 6(c)—Add provisions to clarify the nursery inventory will be valued according to the plant price schedule in order to standardize prices and make the program more fair and equitable to all producers and reduce the risk of fraud.

7. Section 6(h)—Specify that the insured must ensure the full value of the insurable nursery plant inventory.

8. Section 7(a)—Add provisions to specify that the “annual premium” for each unit will be calculated by multiplying the amount of insurance by the appropriate premium rate listed on the actuarial documents by the insured share.

9. Section 8(b)—Add provisions to expand coverage to include the ornamental nursery industry as required by the Federal Agricultural Improvement and Reform Act of 1996.

10. Section 8(c)—Add provisions to expand coverage to include plants that produce edible berries or nuts as long as the fruits or nuts are not intended for sale.

11. Section 9—Add provisions specifying that insurance coverage commences on each unit 30 days after the application is signed and submitted, provided the premium has been paid, and at 12:01 a.m. of each subsequent annual policy renewal date. Currently, coverage begins on each unit or part of a unit on the later of October 1 or the date the insurance inventory is accepted. This provision will allow time for the insurance provider to inspect and accept or deny the insurance inventory.

12. Section 10(b)—Add provisions to exclude insects and plant disease as an insurable cause of loss, unless a disease or insect infestation occurs for which no approved control measures exists, or coverage is specifically provided by the Special Provisions.

13. Section 12—Add provisions clarifying indemnity calculations.

14. Section 13—Add provisions making the late and prevented planting provisions in the Basic Provisions not applicable to nursery.

15. Add a new section to include the Nursery Peak Inventory Endorsement.

List of Subjects in 7 CFR Parts 406 and 457

Crop insurance, Nursery, Reporting and record keeping requirements.

Proposed Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation hereby proposes to amend the Nursery Crop Insurance Regulations

(7 CFR part 406) and revise and reissue the Common Crop Insurance Regulations (7 CFR part 457), effective for the 1999 and succeeding crop years, to read as follows:

PART 406—NURSERY CROP INSURANCE REGULATIONS FOR THE 1989 THROUGH THE 1995 CROP YEARS

1. The authority citation for 7 CFR part 406 is revised to read as follows:

Authority: 7 U.S.C. 1506(1), 1506(p).

2. The part heading is revised to read as set forth above.

3. The subpart heading "Subpart—Regulations for the 1989 and succeeding crop years" is removed.

PART 457—COMMON CROP INSURANCE REGULATIONS; REGULATIONS FOR THE 1994 AND SUBSEQUENT CONTRACT YEARS

4. The authority citation for 7 CFR part 457 continues to read as follows:

Authority: 7 U.S.C. 1506(1), 1506(p).

4a. The part heading is revised as set forth above.

5. Section 457.114 is revised to read as follows:

§ 457.114 Nursery crop insurance provisions.

The Nursery Crop Insurance Provisions for the 1999 and succeeding crop years are as follows:

FCIC policies:

United States Department of Agriculture

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

Nursery Crop Insurance Provisions

If a conflict exists among the policy provisions, the order of priority is as follows: (1) The Catastrophic Risk Protection Endorsement, if applicable; (2) the Special Provisions; (3) these Crop Provisions, and (4) the Basic Provisions, with (1) controlling (2), etc.

1. *Definitions.*

Amount of insurance. The value reported on the plant inventory value report (including any revised report accepted by us) multiplied by the coverage level percentage you elect, multiplied by the price level you elect, and multiplied by your share.

Crop year. In lieu of the definition in the Basic Provisions, the 12 month period beginning the day we accept the insurance inventory and extending until 11:59 p.m. of the day preceding the policy renewal date and designated by the year in which the insurance period ends.

Crop year deductible. The greater of: (1) The value reported on the plant inventory value report times 100 percent minus your

coverage level percentage; or (2) field market value A times 100 percent minus your coverage level percentage.

Eligible plant listing. A listing published by FCIC that specifies the plants eligible for insurance as well as insurability requirements for such plants.

Field grown. Nursery plants planted and grown in the ground without the use of any artificial root containment device. In-ground fabric bags will not be considered as an artificial root containment device.

Field market value A. The value of the insurable plants, based on the plant prices contained in the plant price schedule, in the unit immediately prior to the occurrence of any loss.

Field market value B. The value of the insurable plants, based on the plant prices contained in the plant price schedule, in the unit following the occurrence of a loss, as determined by our appraisal of a loss, plus any loss in value due to an uninsured cause.

In-ground fabric bag. Also called a grow bag or a root control bag, is a porous fabric bag made of a nonbiodegradable material such as polypropylene, that typically has a plastic bottom, and is used for growing woody plants in the ground.

Irrigated practice. In lieu of the definition in the Basic Provisions the application of water, using appropriate systems and at the proper times, to provide the quantity of water needed to maintain your insured plant inventory.

Nursery. A business enterprise that produces nursery plant materials, a majority of which are sold in the wholesale market.

Plant inventory value report. Your report that declares the value of insurable plants in accordance with section 6.

Plant price schedule. A listing provided by FCIC of the maximum amount we will pay for insurable plants.

Policy renewal date. The policy renewal date is each anniversary of the original beginning of the insurance coverage (e.g. if insurance begins on October 1, 1998, the first policy renewal date is October 1, 1999).

Price level. The percentage of the plant price schedule price, up to 100 percent, that you elect and that is used to determine the amount of insurance and any indemnity.

Standard nursery containers. Rigid containers not less than 3 inches across the largest interior dimension at the top of the container, and which are appropriate in size and have drainage holes appropriate for the plant. In-ground fabric bags, trays, and cellpacks with individual cells less than 3 inches across the largest dimension, and burlap are not considered standard nursery containers under these crop provisions.

Stock plants. Plants used solely for propagation that are not intended for sale during the crop year.

2. *Unit Division.*

(a) In lieu of the definition of "basic unit" contained in section 1 of the Basic Provisions, a basic unit consists of all insurable plant inventory in the county in which you have a share.

(b) Inventory that would otherwise be one basic unit may be divided by electing an optional unit endorsement when you submit your application or prior to the policy renewal date for any subsequent crop year.

(c) The optional unit provisions in the Basic Provisions are not applicable.

3. *Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities.*

(a) The production reporting requirements contained in section 3 of the Basic Provisions are not applicable.

(b) In lieu of the requirement in section 3(b) of the Basic Provisions that specifies that changes to the coverage level, price, or amount of insurance must be made by the sales closing date, you must give us written notice of such changes not later than 15 days prior to the policy renewal date.

4. *Contract Changes.*

In accordance with section 4 of the Basic Provisions:

(a) The contract change date is March 31 of each year.

(b) If your policy renewal date is on or after July 1, your insurance coverage will be in accordance with the policy, as changed, if any, by the March 31 contract change date. If your policy renewal date is between March 31 and June 30 inclusive, you may elect to convert your policy to the changed policy or keep your current policy for one year. For the subsequent crop year, the changed policy terms will apply. The election must be made on our form by June 30 and the elected policy terms will be effective July 1.

5. *Cancellation and Termination Dates.*

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are the day preceding the policy renewal date.

6. *Plant Inventory Value Report.*

(a) Section 6 of the Basic Provisions is not applicable.

(b) You must submit a plant inventory value report to us with your application not later than the day preceding each subsequent policy renewal date.

(c) The plant inventory value report must include all growing locations, the value of your inventory, and your share. At our option, you will be required to provide documentation in support of your plant inventory value report including but not limited to a detailed plant inventory listing that includes each type of plant, the number of each plant type, and the value of each plant type; detailed individual sales and purchases of plants for the 3 previous crop years; sales totals for the previous 3 years; purchases of plant material, etc., and your ability to properly obtain and maintain nursery stock.

(d) Your plant inventory value report will be used to determine your premium and amount of insurance. If you do not submit a plant inventory value report or other information that may be required under section 6(c) by the date required, we will determine the plant inventory value or deny liability. Errors in reporting may be corrected by us at the time of loss adjustment.

(e) Your inventory must be valued according to the plant price schedule.

(f) You may revise your plant inventory value report to correct or change the value reported. If you wish to revise your plant inventory value report to reflect an increase in inventory value, you must notify us in writing at least 14 days before the change in inventory value will become effective. We

may inspect the inventory. Insurance will not attach on any proposed increase in inventory value until we accept the plant inventory in writing.

(g) You may choose the optional Peak Inventory Endorsement to cover temporary increases in your inventory value.

(h) You must insure the full value of your insurable plant inventory. Failure to insure the full value of your insurable plant inventory will result in the reduction of any claim in accordance with section 12(b)(1).

7. Annual Premium.

In lieu of section 7 of the Basic Provisions:

(a) We will determine your premium for the plant inventory value by multiplying the amount of insurance by the appropriate premium rate for basic units listed on the actuarial documents and by your share.

(b) The annual premium will be earned in full when insurance attaches. It is due and payable as follows:

(1) Forty percent on the date we accept the insurance inventory;

(2) If you apply or your policy renewal date is between January 1 and June 30 inclusive, you must pay the remaining premium by September 30 of the same year; and

(3) If you apply, or your policy renewal date is at any other time, you must pay the remaining premium by March 31 of the following year.

(c) Additional premium from an increase in the plant inventory value report is due and payable when the revised plant inventory value report is accepted by us.

(d) Interest will accrue at the rate of one and one-fourth percent simple interest per calendar month, or any part thereof, on any unpaid amount due us. For the purpose of premium amounts due us, interest will start on the first day of the month following the premium due dates specified in paragraph 7(b) above.

(e) Premium will not be reduced due to a decrease in the plant inventory value once the insurance period has begun.

8. Insured Plants.

In lieu of the provisions of sections 8 and 9 of the Basic Provisions, the insured nursery plant inventory will be all the nursery plants in the county that:

(a) Are contained in the eligible plant listing, unless a written agreement provides otherwise;

(b) Are classified as woody, herbaceous or foliage ornamental plants;

(c) Produce edible fruits or nuts, provided the fruit or nuts are not intended for sale;

(d) Are determined by us to be acceptable;

(e) Are grown in a county for which a premium rate is provided in the actuarial documents;

(f) Are grown under an irrigation practice for which you have adequate irrigation equipment and water to carry out a good irrigation practice at the time coverage begins, unless otherwise provided by the actuarial documents or written agreement.

(g) Are not stock plants;

(h) Are grown in accordance with the production practices for which premium rates have been established;

(i) Are grown in an appropriate medium; and

(j) Are grown in nursery facilities or at locations inspected by us and determined to be acceptable.

9. Insurance Period.

In lieu of the provisions of section 11 of the Basic Provisions, if you have paid your premium in accordance with section 7(b)(1), coverage begins 30 days after your application is signed by you, or the date the insurance inventory is accepted whichever is later, and at 12:01 a.m. of each subsequent policy renewal date as long as the policy remains in force and your plant inventory value report is received. Insurance ends at the earliest of:

(a) The date of final adjustment of a loss when the total indemnities paid equal the amount of insurance; or

(b) 11:59 p.m. of the day preceding the policy renewal date.

10. Causes of Loss.

(a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided for unavoidable damage caused only by the following causes of loss that occur within the insurance period:

(1) Adverse weather conditions, except as specified in section 10(b)(4);

(2) Fire, except where weeds and other forms of undergrowth in the vicinity of the plants or buildings on your insured site are not controlled by chemical or mechanical means or by removal;

(3) Wildlife;

(4) Earthquake;

(5) Volcanic eruption; or

(6) Failure of the irrigation water supply due to a cause of loss specified in section 10(a)(1) through (5) that occurs within the insurance period.

(b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we do not insure against any loss caused by:

(1) Disease or insect infestation, unless:

(i) A disease or insect infestation occurs for which no effective control measure exists; or

(ii) Coverage is specifically provided by the Special Provisions.

(2) A failure of or a reduction in the power supply, unless such failure is due to an insurable cause of loss specified in section 10(a);

(3) The inability to market the nursery plants as a direct result of quarantine, boycott, or refusal of a buyer to accept production;

(4) Frost or freeze, if frost or freeze protection is shown as being required in the eligible plant listing, unless:

(i) You have installed adequate frost or freeze protection equipment or facilities and there is a failure or breakdown that is directly caused by an insurable cause of loss specified in section 10(a). The insured plants must be damaged by cold temperatures and the damage must occur within 72 hours of the failure of such equipment or facilities unless you establish that repair or replacement was not possible between the time of failure or breakdown and the time the damaging temperatures occurred; or

(ii) The lowest temperature reached exceeded the ability of the required frost or freeze protection equipment to keep the insured plants from sustaining cold damage.

(5) Collapse or failure of buildings or structures, unless the damage to the building or structures results from a cause of loss specified in section 10(a).

11. Duties in the Event of Damage or Loss.

In addition to your duties contained under section 14 of the Basic Provisions, you must:

(a) Obtain our written consent prior to:

(1) Destroying, selling or otherwise disposing of any plant inventory that is damaged; or

(2) Changing or discontinuing your normal growing practices with respect to care and maintenance of the insured plant inventory.

(b) Failure to obtain our written consent will result in the denial of your claim.

(c) Submit a claim for indemnity to us on our form, not later than 60 days after the date of your loss, but in no event later than 60 days after the end of the insurance period.

12. Settlement of Claim.

(a) If at the time of loss, field market value A does not exceed the value on your accepted plant inventory value report, including any peak inventory endorsement, your indemnity will be determined by us for each unit as follows:

(1) Subtract field market value B from field market value A;

(2) Subject to section 12(c), subtract the crop year deductible from the result of section 12(a)(1) to obtain the loss amount;

(3) If the result of section 12(a)(2) is greater than zero, and subject to the limit of section 12(d), your indemnity equals the result of multiplying the result of section 12(a)(2) by your price level and by your share.

(b) If at the time of loss, field market value A exceeds the amount shown on your accepted plant inventory value report, we will pay any indemnity in the following manner:

(1) Divide the value shown on your accepted plant inventory value report by field market value A (rounded off to the nearest hundredth);

(2) Subtract field market value B from field market value A;

(3) Subject to section 12(c), subtract the crop year deductible from the result in section 12(b)(2) to obtain the loss amount; and

(4) If the result of section 12(b)(3) is greater than zero, and subject to the limit of section 12(d), your indemnity equals the result of section 12(b)(3) multiplied by section 12(b)(1), multiplied by your price level, and multiplied by your share.

(c) Individual insured losses occurring during the crop year may be accumulated to satisfy the crop year deductible if you timely report each loss to us. Sections 12(a)(2) and 12(b)(3) will not apply to any subsequent individual loss determinations when the total amount of accumulated losses is equal to or greater than the crop year deductible. However, no indemnities will be paid for subsequent losses after the crop year deductible has been met unless the value of the damaged plants exceeds the lesser of one percent of your inventory value or \$250.

(d) The total of all indemnities for the crop year will not exceed the amount of insurance.

(e) The value of any insured plant inventory will be determined on the basis of our appraisals.

13. Late and prevented planting.

The late and prevented planting provisions in the Basic Provisions are not applicable.

14. Written agreements.

(a) In lieu of section 18(g) of the Basic Provisions each agreement must be applied for by the insured in writing with the application or not later than the policy renewal date;

(b) In addition to the requirements of section 18 of the Basic Provisions:

(1) Any written agreement is valid only until 11:59 p.m. of the day preceding the policy renewal date;

(2) Written agreements will not be approved to insure container plants if the container does not qualify as a standard nursery container; and

(3) In lieu of section 18(c), an application for a written agreement submitted after the year of application for insurance or the policy renewal date may be approved if you demonstrate your physical inability to have applied timely with your application for insurance or provide by the policy renewal date, and after physical inspection of the nursery plant inventory, we determine that the inventory will be salable at the value shown in the plant inventory value report as the actual date of the application.

Nursery Crop Insurance—Peak Inventory Endorsement

This endorsement is not a continuous contract.

In return for payment of premium for the coverage contained herein, this endorsement will be attached to and made part of the Nursery Crop Insurance Policy, subject to the terms and conditions described herein.

1. Definitions.

Coverage commencement date. The later of the date you declare as the beginning of the coverage or 30 days after a properly completed peak inventory value report is accepted by us.

Coverage term. The coverage term begins on the coverage commencement date and ends on the coverage termination date. It is calculated in months (rounded to the nearest tenth) by dividing the number of calendar days in the coverage term by 30. The minimum coverage term for premium calculation purposes is one month.

Coverage termination date. The date you declare that the peak amount of insurance for your nursery insurance contract will cease. This date cannot be later than the end of the crop year.

Peak amount of insurance. The additional value reported on the peak inventory value report multiplied by the coverage level and price level you elected under the Crop Provisions, and multiplied by your share.

Peak inventory value report. A report that declares the increase in aggregated wholesale market value of insurable plants over the value reported on the plant inventory value report, the coverage commencement and termination dates, and the other requirements of section 6 of the Nursery Crop Provisions.

2. Eligibility.

(a) You must have a Nursery crop insurance policy in effect for the crop year that this endorsement applies;

(b) You must have elected either the limited or additional level of coverage. This endorsement is not available if you have elected the Catastrophic Risk Protection Endorsement.

(c) You must submit a peak inventory value report that will serve as the application for coverage under this endorsement. We may reject the peak inventory value report if all requirements in this endorsement and the Nursery Crop Provisions are not met.

3. Coverage.

(a) The amount of insurance provided under the Nursery Crop Provisions is increased by the peak amount of insurance for the coverage term.

(b) Indemnities paid on the peak amount of insurance will apply to your crop year deductible in the same proportion as your peak amount of insurance under this endorsement has to your amount of insurance under the Nursery Crop Provisions.

(c) Except as provided herein, this endorsement does not change, amend or otherwise modify any other provision of your Nursery Crop Insurance Policy.

4. Peak insurance period.

Coverage begins on the coverage commencement date, provided you paid the required premium in accordance with section 5, and ends on the coverage termination date.

5. Premium.

(a) The premium for this endorsement is determined by multiplying the peak amount of insurance times the appropriate premium rate in the actuarial documents, times the coverage term and times your share.

(b) The premium for this endorsement is due and payable when the peak amount of insurance becomes effective.

6. Reporting requirements.

(a) In addition to the reporting requirements of section 6 of the Nursery Crop Provisions, you must submit a peak inventory value report on our form.

(b) If you have in effect an Optional Unit Endorsement, you must submit a peak inventory value report for each unit to which such report is applicable.

7. Liability limit.

The peak amount of insurance is limited to an amount equal to the amount of insurance you declare under the Nursery Crop Provisions.

Nursery Crop Insurance—Optional Unit Endorsement

This is a continuous endorsement.

In return for payment of premium for the coverage contained herein, this endorsement will be attached to and made part of the Basic Crop Insurance Policy and the Nursery Crop Provisions subject to the terms and conditions described herein.

1. Definitions.

Occurrence Deductible. Field market value A times (100 percent minus your coverage level election percentage.)

2. Eligibility.

(a) You must have a Nursery crop insurance policy in effect for the crop year that this endorsement applies.

(b) You must have elected either the limited or additional level of coverage. This endorsement is not available if you have

elected the Catastrophic Risk Protection Endorsement.

3. Reports.

(a) In addition to information required under section 6 of the Nursery Crop Provisions, you must also provide the maximum value of insurable plants for each unit during the insurance period on the plant inventory value report. We will use no more than the value reported for each unit in calculating a claim under section 12 of the Nursery Crop Provisions.

(b) If you elect to obtain a Peak Inventory Endorsement and you have optional units under this endorsement, you must submit a peak inventory value report for each optional unit to which the Peak Inventory Endorsement will apply.

4. Unit Division.

(a) Your indemnity will be determined for each unit.

(b) This endorsement provides optional units for each practice for which a separate rate is established in the actuarial documents and for each plant group listed in section 3(c).

(c) Plant Groups.

1. Deciduous Trees (Shade and Flower);
2. Broadleaf Evergreen Trees;
3. Coniferous Evergreen Trees;
4. Fruit and Nut Trees;
5. Deciduous Shrubs;
6. Broadleaf Evergreen Shrubs;
7. Coniferous Evergreen Shrubs;
8. Small Fruits;
9. Herbaceous Perennials;
10. Roses;
11. Ground Cover and Vines;
12. Annuals;
13. Foliage; and

14. In addition, other plant groupings as listed in the Special Provisions, if the type of plant would meet the criteria for more than one of the plant groups specified in this subsection, you must elect only one plant group and all plants of that type must be included in that group.

5. Premium.

In lieu of section 7(a) of the Nursery Crop Provisions, your premium will be calculated by multiplying the amount of insurance determined under the Nursery Crop Provisions by the appropriate premium rate for basic units listed on the actuarial documents, by the premium rate for optional units listed on the actuarial documents, and by your share.

6. Settlement of claim.

(a) In lieu of section 12(a)(2) of the Nursery Crop Provisions, and subject to section 12(c), subtract the occurrence deductible from the result of section 12(a)(1).

(b) In lieu of section 12(b)(3) of the Nursery Crop Provisions, and subject to section 12(c), subtract the occurrence deductible from the result of section 12(b)(2).

Signed in Washington, DC, on January 22, 1998.

Kenneth D. Ackerman,
Manager, Federal Crop Insurance Corporation.

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