Controlled Environment

Fact Sheet

General Information

Controlled Environment (CE) is a pilot product that offers insurance for destruction orders and quarantines, that meet certain qualifications, for plant diseases and contamination introduced from the environment where all biosecurity protocols were followed.

Availability

CE is available in select counties in Alabama, Arizona, California, Colorado, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Oklahoma, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Utah, Washington, West Virginia, and Wisconsin.

Crop Insured

The insured crop will be all plants, for which you have a share, within each insured plant production practice for catastrophic (CAT) level of coverage, and each plant category you choose to insure within each insured plant production practice for additional levels of coverage. The plants must:

- Be grown in a controlled environment that receives at least 40 percent of its gross income from the wholesale marketing of plants;
- Meet all the requirements for insurability; and
- Be grown in an appropriate medium.

Plants may not be insurable if they:

- Are grown in containers containing two or more different genera, species, subspecies, varieties, or cultivars;
- Are any plant classified by a state or county as illegal to grow or sell in the county in which the nursery is located; or
- Are grown as stock plants.

Your controlled environment must be inspected and approved as acceptable before insurance coverage begins.

Causes of Loss

Insurance is provided for unavoidable damage caused only by the unknown introduction of a regulated plant disease or contamination into the controlled environment at no fault of the operator resulting in:

- A destruction order; or
- A quarantine due to the regulated plant disease or contamination found in the environment and the alternate quarantine release strategy:
  - Requires destruction, and the plants are destroyed; or
  - Offers or recommends the option of destruction, and the plants are destroyed.

Plant damage or losses in value because of the following situations are not covered:

- The inability to market the specific plants resulting solely from:

Important Dates

For all Atlantic Coast states, Gulf Coast states, and West Virginia:

Contract Change Date
January 31

Sales Closing/Cancellation
May 1

Insurance Period Begins
June 1

For all other states:

Contract Change Date
April 30

Sales Closing/Cancellation
September 1

Insurance Period Begins
October 1

Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private crop insurance agents.

A list of crop insurance agents is available at all USDA service centers and on the RMA website.

Risk Management Agency Office
1400 Independence Ave SW
Washington, D.C. 20250

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

- The refusal of a buyer to accept such plants; or
- Boycott.

- Any damage or loss of production for any reason other than a disease or contamination that requires destruction of the insured plants;
- Any cause of loss if the only damage suffered is a failure of specific plants to grow to an expected size; or
- Damage to specific plants due to failure to follow recognized good production practices.

Duties in the Event of Damage or Loss

Notify your agent within 72 hours (3 days) of your initial discovery of damage and submit a claim for indemnity no later than 60 days after the end of the insurance period.

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Coverage Percentages and Premium Subsidies

Coverage percentages range from 50 to 85 percent. The premium subsidy for all coverage percentages for additional levels of coverage is 65 percent. The premium subsidy for the CAT level of coverage is 100 percent.

For example, if you selected the 75 percent coverage percentage, your premium share would be 65 percent of the base premium. The CAT level of coverage percentage is fixed at 27.5 percent (50 percent coverage percentage multiplied by 55 percent of price election) of your plant inventory value.

The only cost for the catastrophic coverage percentage is an administrative fee of $655 for each insured plant production practice.

Loss Example

Your share = 1.000
Price election percentage = 1.000

$500,000 Selected value
× 0.75 Coverage percentage

$375,000 Amount of insurance

In the event of a loss
Pre-loss actual unit value = $600,000
Post-loss damage value = $300,000

Percent of loss	= post-loss damage value ($300,000) ÷ pre-loss actual unit value ($600,000) = 50.00%
Percent of loss × coverage percentage	= 50.00% × 75% = .3750
Amount of loss	= lesser of (pre-loss actual unit value ($600,000) or selected value ($500,000)) × (previous step (.3750)) = $187,500
Amount of loss × price election percentage	= $187,500 × 1.000 = $187,500
Indemnity	= loss ($187,500) × share (1.000) = $187,500