

## Controlled Environment

Controlled Environment (CE) is a pilot crop insurance program that functions as an inventory-based form of insurance coverage. It provides coverage for unavoidable damage to CE plants by the unknown introduction of a regulated plant disease or contamination into the CE at no fault of the CE operator resulting in a destruction order or a quarantine, when certain qualifications are met.

### Where is CE available?

CE is available in the following states and counties:

State	County
Alabama	Autauga, Baldwin, Mobile
Arizona	Cochise, Graham, Santa Cruz
California	Los Angeles, San Bernardino, Santa Barbara, Santa Cruz
Colorado	Adams, Arapahoe, Douglas, Larimer, Weld
Delaware	New Castle
Florida	Alachua, Baker, Bay, Brevard, Broward, Calhoun, Charlotte, Citrus, Collier, Columbia, De Soto, Duvall, Escambia, Flagler, Gadsden, Glades, Hardy, Henry, Highlands, Hillsborough, Jefferson, Lafayette, Lake, Lee, Leon, Levy, Manatee, Marion, Martin, Miami-Dade, Okeechobee, Orange, Palm Beach, Pasco, Pinellas, Polk, Santa Rosa, Sarasota, Seminole, St. Lucie, Sumter, Suwannee, Volusia
Georgia	Chatham, Fulton, Glynn, Peach
Hawaii	Hawaii
Illinois	Cook, DuPage, Lake, McHenry, Ogle
Indiana	St. Joseph
Iowa	Cerro Gordo, Howard

<b>State</b>	<b>County</b>
Kentucky	Madison, Pulaski, Rowan
Louisiana	Plaquemines, West Carroll
Maine	Somerset
Maryland	Cecil
Massachusetts	Middlesex
Michigan	Allegan, Bay, Berrien, Branch, Genesee, Kalamazoo, Kent, Macomb, Monroe, Muskegon, Ottawa, Saginaw, Washtenaw, Wayne
Minnesota	Dakota, Hennepin, Ramsey, Steele, Washington
New Jersey	Atlantic, Cape May, Cumberland, Gloucester, Monmouth
New York	Erie, Suffolk
North Carolina	Buncombe
Oklahoma	Tulsa
Ohio	Cuyahoga, Erie, Franklin, Fulton, Lake, Lorain, Lucas, Wayne
Oregon	Clackamas, Linn, Marion, Multnomah, Polk, Washington, Yamhill
Pennsylvania	Beaver, Berks, Chester, Lancaster, Philadelphia, Schuylkill
South Carolina	Charleston, Greenville, Lexington, Richland, Spartanburg
Tennessee	Cannon, Coffee, De Kalb, Franklin, Grundy, Warren
Texas	Brazoria, Dallam, Fannin, Harris, Henderson, Jeff Davis, Johnson, Lubbock, Orange, Potter, Presidio, Randall, Smith, Van Zandt, Waller, Ward, Wharton, Wood
Utah	Juab
Virginia	Culpeper, Fauquier, Rockingham
Washington	Benton, Franklin, Grant, Yakima
West Virginia	Mercer, Upshur
Wisconsin	Dane, Jefferson, Kenosha, Milwaukee, Rock, Washington, Waukesha

## **What is a controlled environment?**

A controlled environment is a technology-based approach to production that:

- Uses fully-enclosed structures throughout the entirety of the crop year to produce specific crops with the aim of providing protection and maintaining optimal growing conditions throughout the development of the plants; and
- Grows plants and derives at least 40 percent of its gross income from the wholesale marketing of such plants.

### **Can I insure a specific plant under CE and Nursery Value Select (NVS) for the same crop year in the same county?**

Yes. You may insure a specific plant under a CE policy and under an NVS policy, unless restricted by the Special Provisions. However, the policies must be insured with the same approved insurance provider and you cannot receive an indemnity on the same specific plant under more than one policy.

### **What documentation do I need to provide to my crop insurance agent to obtain CE insurance?**

You must submit the following:

- Crop insurance application;
- Controlled Environment Value Report (CEVR) for each insured plant production practice.
  - The CEVR is a document that represents your declaration of the insurance choices you elect.
- Monthly Unit Value Report (MUVP) for each insured basic unit.
  - The MUVP is a document that represents your declaration for each basic unit by:
    - Month, from the first month to the last month of the insurance period; and
    - By the maximum value of all specific plants in each insured plant category that you expect to have in your nursery (during each month of the insurance period.)
- Submit two printed copies or one electronic copy of the most recent catalog or price list, by season or plant category, if appropriate.

- A copy of your biosecurity self-certification.

All documents must be acceptable and must be submitted on or before the sales closing date, except the MUVP\*, for insurance to attach on the first day of the insurance period.

\*If you are a carryover insured, you may certify on your CEVR in subsequent years that there were no material changes to your previously submitted MUVP and, therefore, an updated MUVP would not be required to be submitted.

## **What is the deadline to submit the required documentation?**

For insurance to attach on the start date of the crop year, all documentation must be submitted on or before the sales closing date for your county.

- For new and first-year insureds, if you're applying for coverage after the sales closing date:
  - Insurance does not attach until the 31st day (30-day waiting period) after acceptable documents are filed; and
  - Premium is owed from the first day of the month insurance attaches until the end of the insurance period.
- For carryover insureds, all documentation must be submitted on or before the sales closing date to have coverage for the upcoming crop year.

## **What unit structures are available under CE?**

Basic units are the only unit structure available under CE. For catastrophic level of coverage, a basic unit consists of the following:

- All insurable plants and all insurable plant categories in each plant production practice that you elect to insure.

For additional levels of coverage, a basic unit consists of the following:

- All insurable plants in each plant category you elect to insure under each insured plant production practice.

An administrative fee is due for each insured plant category if additional coverage is elected, and for each insured plant production practice if catastrophic level of coverage is elected.

## **Must I insure all my plants under CE?**

No. Whether you have the catastrophic level of coverage or additional levels of coverage, CE allows you to insure one or more plant production practices. Moreover, for additional levels of coverage only, CE allows you to choose which plant categories within the insured plant production practice you wish to insure. The plant categories may be insured at different coverage levels. Once you have selected the plant categories you wish to insure, all plants within those plant categories must be insured.

## **What is the insured crop?**

The insured crop will be all specific plants grown in a CE within each insured plant production practice for catastrophic level of coverage, and each plant category you choose to insure within each insured plant production practice for additional level of coverage and that:

- You have an insurable share;
- Are specific plants determined by the approved insurance provider (AIP) to be acceptable;
- Are grown in a county for which a premium rate is provided in the actuarial documents;
- Are grown in a CE determined by the AIP to be acceptable;
- Are irrigated unless otherwise provided by the Special Provisions (you must have adequate irrigation equipment and water to irrigate all insurable plants at the time coverage attaches and throughout the insurance period);
- Are grown in accordance with the plant production practices for which premium rates have been established;
- Are grown in an appropriate medium;
- Are not grown solely as stock plants;
- May produce edible fruits, nuts, buds, flowers, or greenery for sale; and

- Are not any plant classified by a state or county as illegal to grow or sell in the county in which the CE is located. For example, growing or selling plants classified as invasive species is illegal in many states and counties. No indemnity will be paid on any such plant.

## **How is my amount of insurance determined?**

Amount of insurance is calculated by multiplying the coverage level you elect by the Selected Value (SV). The SV is the value you declare on your CEVR of the insurable specific plants in each insured plant category.

- For additional levels of coverage:
  - The SV may not exceed the highest maximum value for the same plant category reported on your MUVF; and
  - You may be required at time of inspection to provide inventory records or comprehensive business plan to support the maximum values reported.
- For catastrophic level of coverage, your SV for each insured plant production practice cannot exceed the lesser of:
  - 110 percent of the maximum value for all the plant categories in any given month during any of the preceding three crop years; or
  - maximum of the monthly values reported on the MUVF. At the time of an inspection or at any time upon our request, you must provide inventory records to support the monthly values reported.

## **What are the insurable causes of loss?**

Insurance is provided for unavoidable damage caused only by the unknown introduction of a regulated plant disease or contamination into the CE at no fault of the CE 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 (AQRS):
- Requires destruction, and the plants are destroyed; or

- Offers or recommends the option of destruction, and the plants are destroyed.

An AQRS is defined as guidance provided by the Animal and Plant Health Inspection Service (APHIS), or similar guidance issued by a Federal or State agency, that outlines options you have in response to a quarantine. Examples include, but are not limited to, recommending destruction of plants and providing the option to destroy plants to avoid or to be released from a quarantine.

## **What information do I need to provide if I have a loss?**

If you have a loss, you must:

- First protect the plants from further damage by providing sufficient care;
- Then notify your insurance company within 72 hours of initial discovery of damage (but not later than 15 days after the end of the insurance period); and
- Cooperate with the insurance company in the settlement of your claim.

To complete a settlement of claim, the insurance company will need the following information:

- Documentation that supports your CEVR and inventory immediately prior to the loss occurrence.
  - Required documentation includes, but is not limited to, the following:
    - A detailed listing that includes the full name of each specific plant;
    - Acceptable sales records for any specific plants that were sold the previous 60 days or 12 months, as applicable, that support the determination of approved sales value for each specific plant as described in section 1 of the CE Crop Provisions; and
    - Documentation or demonstrated performance of your ability to properly obtain specific plants and carry out good production practices related to the maintenance of the specific plants.
- A copy of the destruction order or, in the event of a quarantine, the AQRS.
- If requested, you must provide:
  - Your most recent inventory; and
  - Purchase and verifiable sales records from the date of your most recent inventory to the date of loss occurrence.

## **How are losses determined?**

To determine the loss, the loss adjuster needs to know the pre-loss actual unit value and the post-loss damage value.

- The pre-loss actual unit value is the total dollar value of all insurable specific plants in a basic unit, immediately prior to the occurrence of the loss event, determined by multiplying the approved sales value by the number of each specific plant and summing the results.
- The post-loss damage value is the total dollar value lost in a basic unit due to an insured cause of loss determined in section 12 of the CE Crop Provisions using Federal Crop Insurance Corporation approved procedures and the damage factors contained in the Special Provisions.

Once the loss adjuster knows those two values, the loss adjuster determines the percent of loss by dividing the post-loss damage value by the pre-loss actual unit value.

The percent of loss is then multiplied by the coverage percentage and lesser of the pre-loss actual unit value or the SV to arrive at the value of the loss.

The indemnity is then calculated by multiplying loss by your price election percentage and share.

The total of all indemnities paid for the crop year will not exceed the amount of insurance.

## **How and where do I purchase CE insurance?**

CE is available for purchase from your local crop insurance agent. You can find a crop insurance agent at the following link on the Risk Management Agency (RMA) website: [www.rma.usda.gov/tools-reports/agent-locator](http://www.rma.usda.gov/tools-reports/agent-locator).

These agents work for insurance companies that have reinsurance agreements with the RMA.