

**MULTIPLE PERIL CROP INSURANCE  
CULTIVATED CLAM PILOT CROP INSURANCE PROVISIONS**

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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.**

**Age 1** - Clams that have attained the size specified for the age as defined in the Special Provisions.

**Age 2** - Clams that have attained the size specified for the age as defined in the Special Provisions.

**Age value** - The dollar value of the inventory of all insurable clams at age 1 and age 2, based on the survival factors and the prices shown in the actuarial documents in each basic unit on your inventory value report, including any report that increases the value of your insurable inventory.

**Amount of insurance** - For each basic unit, your inventory value multiplied by the coverage level percentage you elect, and multiplied by your share. The coverage level percentage for catastrophic risk protection for this purpose is 27.5 percent. Your accumulated paid indemnities during the crop year for each basic or optional unit may not exceed your amount of insurance.

**Basic unit value before loss** - The age value of all undamaged insurable clams within the basic unit immediately prior to the occurrence. This value is used to ensure that you have not under reported your clam inventory value.

**Clam** - A cultivated *Mercenaria mercenaria* (quahog).

**Crop year** - The twelve month period beginning December 1 and extending through November 30 of the next calendar year, designated by the year in which insurance ends.

**Crop year deductible** - The deductible percentage multiplied by the sum of the inventory values within each basic unit. The crop year deductible will be increased for any increases in the inventory value on the inventory value report. The crop year deductible will be reduced by any previously incurred deductible if you timely report each loss to us.

**Deductible percentage** - An amount equal to 100 percent minus the percent of coverage you select. The percentage is 50 percent for catastrophic risk protection coverage.

**Disease** - Any pathogen or group of pathogens, parasitic infestation or plague shown to be a primary cause to the mortality of the insured clams that occurs during the crop year.

**Growing location** - A lease parcel, permit or licensed area, whose boundaries are discernable, and identified on a map that shows enough detail to distinguish seeded areas within the site.

**Harvest** - Removal of marketable clams from the unit.

**Inventory value** - The total of the age values from the inventory value report.

**Inventory value report** - Your report that declares the age values of insurable clams in accordance with section 6.

**Land** - The land under a body of water suitable for planting clams and the column of water above the land.

**Lease** - A contract that grants use of land in or assigned to a county for a specified term and for a specified payment and provides the lessee with the exclusive use of the land to plant clams.

**Lease parcel** - A legally identifiable tract or plot of land covered by a lease, permit, or license.

**License** - Official or legal permission that grants use of land in or assigned to a county for a specified term and provides

the licensee with the exclusive use of the land to plant clams.

**Noncontiguous** - In lieu of the definition in the Basic Provisions, any two or more tracts of land whose boundaries do not touch at any point and are separated by land of at least 30 feet not under lease or leased to another.

**Occurrence deductible** - The lesser of: a) the deductible percentage multiplied by unit value before loss multiplied by the under report factor; or b) the crop year deductible. This deductible allows a smaller deductible than the crop year deductible to be used when: 1) inventory values are less than the reported basic unit value; or 2) you have elected optional units.

**Permit** - A document giving official or legal permission to use land in or assigned to a county for a specified term and provides the permittee with the exclusive use of the land to plant clams.

**Planting** - The placing of seed clams into the appropriate growing medium for the practice specified.

**Pollution** - The presence in the water of a substance that directly causes death of the clams. The substance shall not be parasitical, bacterial, fungal or viral, or any substance used by you for medicinal purposes. Pollution will also include any increase or decrease in the content of any normal soluble or insoluble constituent of water including mud and silt, feed residues, solid or liquid fish wastes, dissolved salts and gases and any other substance normally present in the water of the lease parcel.

**Practice** - Cultural methods of producing clams such as trays, mesh bags, round pens, lantern nets or bottom planting.

**Salinity** - The dissolved solids (typically salts such as chloride, sodium, and potassium) in ocean water expressed as parts per thousand.

**Seed clam** -

(a) For clams placed in a field nursery or a nursery bag - a clam that is a minimum of 5 millimeters, measured as the longest shell distance that is parallel to the hinge.

(b) For all others - a clam which is a minimum of 10 millimeters, measured as the longest shell distance that is parallel to the hinge.

**Shellfish harvest ban** - A State or Federal order that prohibits harvesting clams for human food in areas where monitoring program data indicates that fecal material, pathogenic microorganisms, poisonous or deleterious substances, marine toxins, or radio nuclides have reached excessive concentrations.

**Storm surge** - A deviation, positive or negative, of the observed tide caused by a continuous strong flow of winds either onshore or offshore.

**Survival factor** - A factor shown on the actuarial documents that represents the expected percentage of clams that will normally survive at each age. If you provide production records for two consecutive years, your records will be used to determine the survival factor.

**Tidal wave** - A large water wave, wave train, or a series of waves, generated in a body of water by an impulsive disturbance that vertically displaces the water column or a destructive type of wave motion in seas and oceans,

associated either with strong winds or underwater earthquakes.

**Under report factor** - The factor that adjusts your indemnity for under reporting of inventory values. The factor is always used in determining any indemnity. The under report factor is the lesser of: a) 1.000 or; b) the sum of all age values reported on all the inventory value reports, less any previous indemnities as adjusted by any previous under report factor, divided by basic unit value before loss.

**Unit value after loss** - The value of the insurable clams in each basic or optional unit based on the prices contained in the actuarial materials, following the occurrence of a loss as determined by our appraisal plus any reduction in value due to uninsured causes. This is used to determine the loss of value for each individual unit so that losses can be paid on an individual unit basis, optional or basic, as applicable.

**Unit value before loss** - The value of undamaged insurable clams in the basic or optional unit, as applicable, immediately prior to the occurrence. The determined value will include the number and ages that existed on the date of the inventory value report, adjusted for changes, including but not limited to, seeding, harvesting and changing in age; the prices contained in the actuarial materials; and the applicable survival factors. This allows the amount of insurance under the policy to be divided among the individual units in accordance with the value of the clams in the unit at the time of loss for the purpose of determining whether you are entitled to an indemnity for insured losses in the unit, optional or basic, as applicable.

## 2. Unit Division.

- (a) In addition to the definition of basic unit contained in section 1 of the Basic Provisions, a basic unit may be divided into optional units in accordance with section 2(b). You will still be considered to have a basic unit that will be used to establish the amount of insurance, crop year deductible, under report factor, premium, and the total amount of indemnity payable under this policy.
- (b) In lieu of the optional unit provisions in the Basic Provisions, if you elect either limited or additional levels of coverage, for an additional premium, inventory that would otherwise be a basic unit may be divided into optional units by non-contiguous lease parcel. If you elect optional units, you must provide separate inventory reports for each unit and keep all records of seeding, harvest, and uninsured losses separately by unit. Failure to keep separate records will result in all optional unit inventory under a basic unit being combined in a basic unit at loss time. If you elect optional units, your amount of insurance will be divided among optional units in relation to unit value before loss of clams in each optional unit. If, at the time of loss, the aggregate value of the clams in your optional units exceeds your basic unit inventory value, you will be subject to the under report factor provisions.

## 3. Amount of Insurance.

- (a) In addition to the requirements of section 3 of the Basic Provisions, you must select one coverage level percentage for all clams, regardless of age, insured under this policy.
- (b) Your amount of insurance will be reduced by the amount of any indemnity paid under this policy.
- (c) You may increase your amount of insurance in accordance with section 6(f) if you restock your inventory.
- (d) The production reporting requirements contained in section 3 of the Basic Provisions are not applicable.

## 4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is August 31 of each year.

## 5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are November 30 preceding the crop year.

## 6. Clam Inventory Value Report.

In lieu of section 6 of the Basic Provisions;

- (a) You must submit an inventory value report to us with your application and for each subsequent crop year, not later than November 30 preceding the crop year. If you do not submit a clam inventory value report by November 30, we may elect to determine the inventory values in effect as of November 30.
- (b) The inventory value report must be revised yearly and include all growing locations, the age values, and your share. At our option and at any time, you may be required to provide documentation in support of any of your reports, including, but not limited to, a detailed listing of growing locations, unit values, the numbers and the sizes of clams seeded or placed for grow-out; your share, sales of clams and purchases of seed clams for the 3 previous crop years, and of your ability to properly obtain and maintain clams. For catastrophic level policies only, you must report your clam sales for the previous crop year on the clam inventory value report. You may be required to provide documentation to support such sales.
- (c) Your inventory value report, including any revised report, will be used to determine your premium and amount of insurance.
- (d) You may revise your inventory value report to increase the reported inventory value. We may inspect the inventory. Your revised inventory value report will be considered accepted by us and coverage will begin on any proposed increase in inventory value 30 days after your written request is received by us unless we reject the proposed increase in your inventory value in writing. We will reject any requested increase if a loss occurs within 30 days of the date the request is made.
- (e) You must report the full value of your age value in accordance with section 6(b). Failure to report the full value of your age value will result in the reduction of any claim in accordance with section 13(d). Your initial inventory value report may reflect any planned increases in value you expect during the insurance period.
- (f) For catastrophic insurance coverage only: Your inventory value report for all clams cannot exceed the lesser of the value from section 6(b) or the percent shown on the actuarial documents of your previous year's sales of clams unless you provide acceptable records to prove your actual inventory value.
- (g) Your inventory value report must reflect your insurable clam inventory according to the prices contained in the actuarial documents. In no instance will we be liable for values greater than those contained in the actuarial documents.

## 7. Premium.

- (a) In lieu of section 7(c) of the Basic Provisions, we will determine your premium by multiplying the amount of insurance by the appropriate premium rate and by the premium adjustment factors listed in the actuarial documents.

- (b) Additional premium from an increase in the inventory value report is due when the revised inventory value report is accepted by us.

**8. Insured Crop.**

In lieu of the provisions of section 8 and section 9 of the Basic Provisions, the insured crop is all the clams in the county that:

- (a) Meet all the requirements for insurability and for which prices are provided in the actuarial materials;
- (b) Are acceptable;
- (c) Are grown in a county for which a premium rate is provided in the actuarial documents;
- (d) Are in a growing location acceptable to us; and
- (e) Use a practice that fixes the insurable clams to the land within the growing location.

**9. Insurance Period.**

(a) In accordance with the provisions of section 11 of the Basic Provisions, coverage begins:

- (1) On December 1 for new applications submitted by November 15.
- (2) On the fifteenth day after we accept your application, for applications submitted after November 15 and before December 1. No application will be accepted after December 1.
- (3) For subsequent crop years, the insurance period begins December 1.

(b) Insurance ends at the earliest of:

- (1) The date of final adjustment of a loss when the total indemnities due equal the amount of insurance; or
- (2) November 30.

(c) If you acquire a financial interest in any insurable clams after coverage begins, but after December 1 of the crop year, and our inspection determines that the clams are acceptable, insurance will be considered to have attached to such clams when a revised inventory report is accepted by us indicating the age value of the acquired clams.

(d) Insurance ceases immediately on any clams removed from the unit.

**10. Causes of Loss.**

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

- (1) Oxygen depletion due to vegetation, microbial activity, harmful algae bloom, or high water temperature;
- (2) Disease;
- (3) Freeze;
- (4) Hurricane;
- (5) Increase or decrease in salinity;
- (6) Tidal wave;
- (7) Storm surge; or
- (8) Windstorm.

(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) Your inability to market clams as a direct result of quarantine, shellfish harvest ban, boycott, or refusal of a buyer to accept production;
- (2) Collapse or failure of buildings or structures;
- (3) Loss of market value;
- (4) Vandalism;
- (5) Theft;
- (6) Pollution;

(7) Predation (unless allowed by the Special Provisions);

(8) Dredging; or

(9) Any cause of loss that occurred prior to or after the insurance period.

(c) We do not insure any unexplained shortages of inventory value.

**11. Duties in the Event of Damage or Loss.**

In addition to your duties contained in section 14 of the Basic Provisions:

(a) You must obtain our written consent prior to changing or discontinuing your normal growing practices with respect to care and maintenance of the insured clams. Failure to obtain our written consent will result in the denial of your claim.

(b) You must, at your expense, substantiate mortality due to disease by isolating a sample of the clams and identifying the disease following histological or pathological examination conducted by a veterinarian who is a certified fish pathologist or a person approved by us.

**12. Access to Insured Crop and Records, and Record Retention.**

In addition to the requirements of section 21 of the Basic Provisions, you must permit us to inspect the insurable clams at any time and take samples of damaged and undamaged clams for inspection, testing, and analysis, and examine and make copies of your records.

**13. Settlement of Claim.**

We will determine indemnities for any unit as follows:

- (a) Determine the under report factor for the basic unit;
- (b) Determine the occurrence deductible;
- (c) Subtract unit value after loss from unit value before loss;
- (d) Multiply the result of 13(c) by the under report factor;
- (e) Subtract the occurrence deductible from the result in section 13(d); and
- (f) If the result of section 13(e) is greater than zero, and subject to the limit of section 13(g):
  - (i) For other than catastrophic risk protection coverage, your indemnity equals the result of section 13(e), multiplied by your share.
  - (ii) For catastrophic risk protection coverage, your indemnity equals the result of section 13(e) multiplied by fifty five percent, multiplied by your share.
- (g) The total of all indemnities for the crop year will not exceed the amount of insurance.

**14. Written Agreements.**

The written agreement provisions in the Basic Provisions do not apply.

**15. Replanting Payment**

Provisions of section 13 of the Basic Provisions do not apply.

**16. Late Planting**

Provisions of section 16 of the Basic Provisions do not apply.

**17. Prevented Planting.**

Provisions of section 17 of the Basic Provisions do not apply.

**18. Examples**

Single Unit Example

Assume you have a 100 percent share and the inventory value reported by you is \$100,000 and your coverage level is 75 percent. Your amount of insurance is \$75,000 (\$100,000 x .75). At the time of loss, unit value before loss is \$95,000, unit value after loss is \$30,000, and basic unit

value before loss is \$100,000. The deductible percentage is 25 percent (100-75), the crop year deductible is \$25,000 (.25 x \$100,000). Your indemnity would be calculated as follows:

- Step (1) Determine the under report factor;  
 $\$100,000 \div \$95,000 = 1.000$ ;
- Step (2) Determine the occurrence deductible;  
 $.25 \times \$95,000 \times 1.000 = \$23,750$ ;
- Step (3) Unit value before loss minus unit value after loss;  
 $\$95,000 - \$30,000 = \$65,000$ ;
- Step (4) Result of step 3 multiplied by the under report factor (step 1);  
 $\$65,000 \times 1.000 = \$65,000$ ;
- Step (5) Result of step 4 minus the occurrence deductible;  
 $\$65,000 - \$23,750 = \$41,250$ ;
- Step (6) Result of step 5 multiplied by your share;  
 $\$41,250 \times 1.000 = \$41,250$  indemnity payment.

**Multiple Unit Multiple Loss Example**

Assume you have a 100 percent share and the inventory value reported by you is \$100,000 and your coverage level is 75 percent. You have two optional units, unit 1 and unit 2. Your amount of insurance is \$75,000 (\$100,000 x .75). You have a loss on unit 1 and no loss on unit 2. At the time of loss, unit value before loss on unit 1 is \$60,000, unit value after loss on unit 1 is \$18,000, and basic unit value before loss is \$125,000. The deductible percentage is 25 percent (100-75), the crop year deductible is \$25,000 (.25 x \$100,000). Your indemnity would be calculated as follows:

- Step (1) Determine the under report factor;  
 $\$100,000 \div \$125,000 = .80$ ;
- Step (2) Determine the occurrence deductible;  
 $.25 \times \$60,000 \times .80 = \$12,000$ ;
- Step (3) Unit value before loss minus unit value after loss;  
 $\$60,000 - \$18,000 = \$42,000$ ;
- Step (4) Result of step 3 multiplied by the under report factor (step 1);  
 $\$42,000 \times .80 = \$33,600$ ;
- Step (5) Result of step 4 minus the occurrence deductible;  
 $\$33,600 - \$12,000 = \$21,600$ ;
- Step (6) Result of step 5 multiplied by your share;  
 $\$21,600 \times 1.000 = \$21,600$  indemnity payment.

Your crop year deductible is reduced to \$13,000 (\$25,000 - \$12,000). Your amount of insurance is reduced to \$53,400 (\$75,000 - \$21,600). You do not restock unit 1 after the first loss. Values on unit 2 do not change from those measured at the time of the loss on unit 1. Assume you have a loss later in the crop year on unit 2. Unit value before loss on unit 2 is \$65,000, unit value after loss on unit 2 is \$0.00 and basic unit value before loss on the basic unit is \$83,000. Your loss would be determined as follows:

- Step (1) Determine the under report factor;  
 $\$66,400^* \div \$83,000 = .800$ ;
- Step (2) Determine the occurrence deductible;  
 $\$25,000 - \$12,000 = \$13,000$ ;
- Step (3) Unit value before loss minus unit value after loss;  
 $\$65,000 - \$0.00 = \$65,000$ ;
- Step (4) Result of step 3 multiplied by the under report factor (step 1);  
 $\$65,000 \times .800 = \$52,000$ ;

- Step (5) Result of step 4 minus the occurrence deductible;  
 $\$52,000 - \$13,000 = \$39,000$ ;
- Step (6) Result of step 5 multiplied by your share;  
 $\$39,000 \times 1.000 = \$39,000$  indemnity payment.

\* \$100,000 (Inventory value report) - \$33,600 (Previous Losses)