United States Department of Agriculture

Risk Management Agency

Valdosta Regional Office

2108 E. Hill Ave.
Valdosta, GA
31601

December 12, 2024

INFORMATIONAL MEMORANDUM

TO: Reinsured Companies servicing Alabama, Florida, and Georgia

FROM: Davina S. Lee /s/
Director

SUBJECT: Crop Year 2025 Regional Approved Insurance Provider (AIP) Underwriting Guidelines for Pecan Revenue Policies in Alabama, Florida, and Georgia Impacted by Hurricanes Debby and/or Helene

BACKGROUND:

The 2025 FCIC 18010 (06-2024) Crop Insurance Handbook (CIH) authorizes the Risk Management Agency (RMA) Regional Offices (ROs) to issue Underwriting Guidelines for perennial crops.

Part 21, Section 6, Subparagraph 2171 provides procedures for submitting RO Determined Yield requests. These underwriting procedures will provide authorization to AIPs for calculating approved Average Revenue in lieu of requesting RO Determined Yields and to extend the time to complete Pre-Acceptance Inspection Reports (PAIR) when excessive PAIRs are triggered by a regional catastrophic weather event.

Hurricane/Tropical Storm Debby impacted the region on August 5 and 6, 2024. In addition, Hurricane Helene impacted Alabama, Florida, and Georgia on September 27 and 28, 2024 and caused widespread damage to pecan orchards in these states. The damage caused by these weather events must be reported by producers on the Pre-acceptance Worksheet (PAW) for the 2025 crop year and is expected to cause excessive RO Determined Yield requests. To expedite the approved revenue process and decrease the number of RO Determined Yield requests required by the AIP, the Valdosta RO issues the following guidelines.

ACTION:

The following 2025 crop year AIP Underwriting Guidelines are in effect for Pecan Revenue policies in the Valdosta RO Region.

1. Deadline to Complete Pre-Acceptance Inspection Report (PAIR)

In accordance with CIH Subparagraph 2154, the PAW will trigger a new inspection (PAIR) when the insured answers:

- "**YES**" to whether or not "…damage (e.g., disease, hail, freeze) occurred to Trees/Vines/Bushes/Bog that will reduce the insured crop's production from previous crop years?";
- "**YES**" to whether or not "have practices or production methods (e.g. removal, dehorning, grafting, transitioning to organic) been performed that will reduce the insured crop's production from previous crop years?"; or
- "**NO**" to "Is the current water supply (surface allotment/well) adequate to produce a normal crop for the crop year being certified above?" for irrigated acreage.

The purpose of the perennial crop inspection is to assess the yield potential of the unit and to identify conditions that may limit the yield potential. Conditions that may limit yield potential for the block or unit should be noted on a new inspection report when completed. It is important that company inspectors accurately assess the current condition of the orchard and evaluate the level of management for the insured unit.

In accordance with CIH Subparagraph 2158, the PAIR must be completed within 30 calendar days after the acreage reporting date (ARD) of March 15. When the AIP expects that PAIRs cannot be completed within the established deadline, the AIP may request an extension in writing from the RO. Due to the extent of the damage and the high number of expected inspections, the Valdosta RO authorizes a 30-day extension to complete PAIRs for all AIPs. The deadline to complete PAIRs for the 2025 crop year will be May 14, 2025, for all carry-over policies. All new applications and AIP transfers will still require a PAIR not later than 30 days after the sales closing date of January 31, 2025.

2. Acreage Reduction Due to Removed or Damaged Trees.

The Pecan Revenue Crop Provisions (FCIC 25-0020) requires an annual report of acreage by the date specified in the Special Provisions. For Alabama, Florida, and Georgia, the ARD is March 15, 2025, for the 2025 crop year. The required

report of damage to trees, removal of trees, change in practices, etc. is accomplished with the submission of the PAW. In accordance with 6 (b) of the Crop Provisions, the AIP must reduce the amount of insurable acreage based on its estimate of the removal of a contiguous block of trees or damage to trees of the insured crop.

Insurable acreage must be reduced when a contiguous block of trees has been removed. Insurable acreage may also be reduced when damaged trees have been removed from a contiguous sub-block of the insured orchard. The amount of acreage reduction will be based on the measurement of the contiguous block or sub-block of land from which trees have been removed.

Acreage is not reduced for a change in percent stand due to removal of trees within an orchard (e.g. removed trees are scattered throughout the grove). Trees which are dehorned will not be counted as removed trees for the purpose of acreage reduction. Acreage impacted by the conditions in this paragraph must be evaluated for a reduction in the amount of insurance per acre through a RO Determined Yield Request or through the use of the Alternative Procedures for RO Determined Yield Requests below, as applicable.

Due to the extent of the damage to some orchards, clean-up and pruning may be ongoing throughout the crop year. During ongoing clean-up and tree rehabilitation, acreage may continue to be insured if it is in the second year of the 2-year coverage module. However, insured acreage which will be abandoned and no longer cared for should not be reported as insurable acreage on the acreage report.

Damaged acreage which will be in the first crop year of the 2-year coverage module for the 2025 crop year will have coverage provided to the extent the crop was insured the previous crop year. New acreage must be inspected for an insurability determination by the AIP. New acreage which was damaged may be insured if the AIP determines that the acreage has been cleaned up to the extent that good farming practices may be carried out, the acreage meets all insurability requirements, and the acreage is considered acceptable.

3. RO Determined Yield Request.

In accordance with CIH Subparagraph 2171 D., damage resulting in any reduction in production and damage to the trees of 15 percent or more across the orchard triggers a PAIR and subsequent RO Determined Yield request. It will be the AIP’s responsibility to determine if damage to the trees exceeds 15 percent or more when the insured responds “Yes” to questions on reduction of production due to damage or a change in practice or production methods (see Section 1 above).

Required acreage reduction should be determined before determination of the percent of damage to the orchard. After acreage is reduced for removal of damaged/destroyed trees, if there is 15 percent or greater damage to the remaining acreage in the unit, a RO Determined Yield must be submitted unless the Alternative Procedures for RO Determined Yield Requests below are utilized. Requirements for RO Determined Yield requests are specified in the CIH Subparagraph 2205 D.

In accordance with CIH Subparagraph 2203 D., the deadline for RO Determined Yields to be signed by the producer will be extended to 60 days after the ARD because the deadline to complete PAIRs is extended for all AIP under the authority of these Underwriting Guidelines.

4. Alternative Procedure for RO Determined Yield Requests.

To expedite the underwriting process and to reduce the number of PAIRs and RO Determined Yield requests, the Valdosta RO authorizes the following procedure for AIPs to determine the adjustment to the amount of insurance per acre due to hurricane damage. This procedure is applicable **only** for policies entering the second year of the 2-year coverage module. Policies entering the first year of the 2-year coverage module will still require a RO Determined Yield, if applicable.

In lieu of requesting a RO Determined Yield, the AIP is authorized to reduce the amount of insurance per acre by multiplying the average revenue by the factor resulting from the following calculation. The factor is calculated on a revenue history database basis.

$$\text{Reduction Factor} = \min\{1 - [\text{TR} + ((1 - \text{TR}) \times \text{C}) - 0.15], 1\}$$

Where:

TR = percent trees removed/toppled/dehorned on insurable acreage; expressed as a decimal

C = average percent canopy damage of remaining trees across the orchard; expressed as a decimal

When calculating TR, trees that were in acreage that is no longer insurable are not considered. For the purpose of this underwriting guide, dehorned trees will be considered those with all scaffold limbs cut back to within 4 feet of the trunk or trees heavily pruned to the extent that more than 90 percent of the fruiting wood has been removed. The database average revenue will be multiplied by the reduction factor for calculation of the amount of insurance per acre.

For example, a block of damaged trees, represented in one revenue history database, had 105 acres with 2,100 trees insured for the 2024 crop year and an average revenue of $2,000 per acre. Due to damage, a sub-block of 100 trees was removed from an area measuring 5 acres and the insured acreage for the 2025 crop year is reduced to 100 acres. On the remaining insurable acreage, 350 trees were removed, 160 trees were dehorned, and there is an estimate of 40 percent canopy damage due to broken and removed/pruned limbs on the remaining trees. The Reduction Factor is calculated as follows.

Step 1: Adjust the original number of trees by subtracting the number of trees on the removed sub-block.

$$2{,}100 - 100 = 2{,}000$$

Step 2: Determine the total number of trees removed from and dehorned on the remaining insurable acreage.

$$350 + 160 = 510$$

Step 3: Determine TR by dividing the result of Step 2 by the result of Step 1, expressed as a decimal rounded to two places.

$$510 \div 2{,}000 = 0.26$$

Step 4: Use the result of Step 3 and the percent canopy damage, expressed as a decimal rounded to two places, in the Reduction Factor formula. Round the result to two decimal places.

$$\text{Reduction Factor} = \min\{1 - [0.26 + ((1 - 0.26) \times 0.40) - 0.15], 1\} = 0.59$$

Step 5: Determine the Approved Average Revenue by multiplying the database average revenue by the result of Step 4.

$$\$2{,}000 \times 0.59 = \$1{,}180$$

The resulting Approved Average Revenue of $1,180 is used in calculating the amount of insurance per acre.

All databases using these procedures for determination of the Approved Average Revenue for calculating the amount of insurance per acre must report Special Case Yield Indicator “PS” and Yield Limitation Flag “11” when reporting to PASS.

5. Report of Previously Irrigated Acreage with Damaged Irrigation Systems.

Irrigation systems were damaged in orchards where trees were uprooted due to the high winds produced by Hurricanes Helene and Debby. In many cases, the damage to irrigation systems was extensive. AIPs should use the Irrigation Practice Guidelines in Exhibit 64 in the 2025 Document and Supplemental Standards Handbook (DSSH) when the irrigation system for previously irrigated acreage was not repaired and functional when insurance attaches on February 1, 2025.

The guidelines are substantive and are to be given to the insured in administration of their crop insurance policy. The Guidelines define Adequacy of Irrigation Facilities as: *"Irrigation facilities are considered adequate if it is determined that, at the time insurance attaches to planted or perennial acreage, they will be available and usable at the times needed and have the capacity to timely deliver water in sufficient quantities to carry out a good irrigation practice for the acreage insured under the irrigated practice."*

6. Change in Irrigation Practice

When previously irrigated acreage will be non-irrigated acreage for the 2025 crop year, the revenue history in the database for the irrigated orchard does not transfer to the revenue history database for the non-irrigated practice. A producer must request a RO Determined Yield for change in practice or production methods.

If you have any questions or if we can be of any assistance, please contact our office.

Disposal date: January 31, 2026.