



United States
Department of
Agriculture

November 7, 2022

Farm Production
and Conservation

Risk
Management
Agency

Valdosta Regional
Office

106 S. Patterson
Street, Suite 250
Valdosta, GA
31601

INFORMATIONAL MEMORANDUM

TO: All Approved Insurance Providers writing in the states of Alabama, Florida, and Georgia

FROM: Davina S. Lee /s/
Director

SUBJECT: Crop Year 2023 Regional Underwriting Guidelines for Pecan Revenue Policies in Alabama, Florida, and Georgia impacted by Hurricane Michael

BACKGROUND:

Pecan orchards in Alabama, Florida, and Georgia experienced severe damage from Hurricane Michael in October 2018. The damage also affected bloom and production in 2019. With good management practices, the damaged orchards can return to pre-hurricane productivity and the orchards have had increased productivity for the 2021 and succeeding crop years.

On November 3, 2020, the Valdosta Regional Office (RO) issued underwriting guidelines, "2021 and 2022 Crop Years Regional Underwriting Guidelines for Pecan Revenue Policies in Alabama, Florida, and Georgia impacted by Hurricane Michael" (2021/2022 UG). The 2021/2022 UG provides alternate procedures for calculating crop years 2021 and 2022 Approved Average Revenue in orchards recovering from Hurricane Michael damage.

The 2023 FCIC 18010 Crop Insurance Handbook (CIH) gives the Risk Management Agency (RMA) ROs the authority to issue Underwriting Guidelines for perennial crops.

ACTION:

CIH Part 18, Section 8, paragraph 1881 and Part 21, Section 6, paragraph 2171, and Part 22 provide procedures for submitting RO Determined Yield requests. The CIH procedures allow a RO Determined Yield Request for a Higher Yield when there is a cause for expecting a higher yield. RO Determined Yields for a Higher Yield may only be requested at the beginning of the first year of the two-year coverage module.

To expedite the Approved Average Revenue process and decrease the number of RO Determined Yield requests, the Valdosta RO is issuing these underwriting guidelines to

CY 2023 Regional Underwriting Guidelines for Pecan Revenue Policies with Hurricane Michael Damage in Alabama, Florida, and Georgia

authorize AIPs to calculate Approved Average Revenue with these procedures in lieu of requesting a RO Determined Yield. This authorization applies only to policies renewing in crop year 2023 with Summary of Revenue History (SRH) databases for which:

- 1) the acreage meets insurability requirements in the Pecan Revenue Crop Provisions and the county Special Provisions,
- 2) the first year of the two-year coverage module is crop year 2023, and
- 3) the AIP utilized the 2021/2022 UG procedures and reported Special Case Yield Indicator “H” to the Policy Acceptance and Storage System (PASS) for crop years 2021 and 2022 Approved Average Revenue.

If the SRH databases meet these criteria, AIPs may calculate crop years 2023 and 2024 Approved Average Revenue with the same 2018 and 2019 revenue adjustment values used in the 2021/2022 UG Approved Average Revenue calculation.

Adjusted SRH databases will retain all reported actual average gross sales per acre. The calculated revenue adjustment values are used only in the determination of the Approved Average Revenue and are not used for determination of insurability or calculation of the rate yield (Average Yield)¹. Minimum production insurability requirements still apply.

The Approved Average Revenue calculated using these procedures will apply to both years of the two-year coverage module (crop years 2023 and 2024) and will be subject to the terms and conditions in section 3 (Insurance Guarantees and Coverage Levels) and in section 6 (Report of Acreage) of the Pecan Revenue Crop Provisions (FCIC 23-0020). All databases using these procedures for determination of the Approved Average Revenue per acre must report Special Case Yield Indicator “H” and Yield Limitation Flag “01” when reporting to PASS.

See Exhibit A: RO Determined Yield Type, Yield Limitation Flag, and Rate Yield Chart (Excerpt from CIH Exhibit 22) for procedure on use of special case yield indicators. This chart is for AIP Policy processing and consistent with the CIH Exhibit 22 and Appendix III.

If you have any questions or if we can be of any assistance, please contact the Valdosta Regional Office at (229) 242-7235.

¹ For Pecan Revenue, “Average Yield” equals the simple average of the yearly Average Gross Sales.

CY 2023 Regional Underwriting Guidelines for Pecan Revenue Policies with Hurricane Michael Damage in Alabama, Florida, and Georgia

Exhibit A: RO Determined Yield Type, Yield Limitation Flag, and Rate Yield Chart (Excerpt from CIH Exhibit 22)

| RO Determined Yield Type | Applicable Crop | Special Case Yield Indicator | Rate Yield | YA | Yield Limitation Flag YLF (applies whether RO UG or RO DY) |
|--------------------------|----------------------------|------------------------------|----------------------|----|--|
| Higher Yield Request | Category C & Pecan Revenue | H | Equal Average Yield* | No | 01 |

*For Pecan Revenue, "Average Yield" equals the simple average of the yearly Average Gross Sales.

DISPOSAL DATE:

January 31, 2025, unless rescinded.