USDA
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Agriculture

A Risk Management Agency Fact Sheet

Pecan Revenue Insurance

Revised October 2015

Crop Insured

Pecans are insurable in Alabama, Arizona, Florida, Georgia, Mississippi, New Mexico, Oklahoma, and Texas. For pecan acreage to be insured, the trees must be grown in an orchard that is a minimum of 1 contiguous acre. Insurable trees must have produced a minimum of 600 pounds of in-shell pecans per acre in at least 1 of the previous 4 crop years, except that some states may allow a lower minimum production amount for native pecan trees through the special provisions. You must also insure all the pecan acreage (in which you have a share) in the county where your pecans are grown for harvest. If pecan revenue insurance is not available in your county or your acreage does not meet the minimum insurability requirements, you may be able to get insurance through a written agreement. Please contact an insurance agent or your RMA regional office for more information.

Causes of Loss

You are protected against the following:

- Adverse weather conditions from natural perils such as hail, frost, freeze, wind, drought, and excess moisture;
- Decline in price;
- Failure of irrigation water supply, If caused by an insured peril during the insurance period;
- Fire, unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed;
- Insects, but not damage due to insufficient or improper application of control measures;
- Plant disease, but not damage due to insufficient or improper application of control measures; or
- Wildlife, unless wildlife control measures have not been taken.

Insurance Period

Pecan insurance coverage is available only in 2-year modules. You must stay in the program for at least 2 consecutive years. You must apply for coverage with a crop insurance agent before January 31 to insure the crop you plan to harvest in both years. Coverage begins on February 1 of each crop year. In the year that you apply, we will inspect all your pecan acreage and will notify you if we accept or reject your application no later than 30 days after the sales closing date. All policies automatically renew after the end of each 2-year coverage module unless you notify your crop insurance agent in writing that you want to cancel coverage by the January 31, cancellation date.

Important Dates

Sales Closing/Cancellation ….……………... January 31
Acreage Report Due ……………...………… March 15

Insurance Guarantees, Coverage Levels, and Premium Subsidies

The coverage level, premium rate, and insurance amount (guarantee) remain the same for each year in the 2-year coverage module. The guarantee is based on your approved average revenue per acre. Your approved average revenue per acre is determined from your average gross sales of pecans per acre for the most recent 4 to 6 years. If you do not have production records for at least 4 years, you will be assigned a transitional revenue yield (T-Revenue). Indemnity payments are calculated for each year individually.

You can choose a coverage level from 50 to 75 percent of your approved average revenue, or Catastrophic Risk Protection (CAT) coverage based on 27.5 percent of your approved average revenue.

For CAT coverage, you pay an administrative fee of $300, and 100 percent of the premium is subsidized. Higher coverage levels are subsidized at lower rates, and USDA pays at least 50 percent of the premium. Premium and administrative fees are due annually for each year of the 2-year module. For more information about coverage levels and premiums, please contact a crop insurance agent or your local county USDA Farm Service Agency office for an agent listing.

Unit Division

Enterprise Units - Generally, include all insured crop acreage in a county. Premium discounts apply. To qualify for an enterprise unit, you are required to have at least two parcels of non-contiguous land and at least two of the parcels must contain at least the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit.
Basic Units - Include all of your insurable pecan acreage in the county by share arrangement. Premiums are reduced for a basic unit.
Optional Units - If a basic unit consists of two or more parcels of non-contiguous land, you provide separate production records for at least the most recent consecutive 2 crop years, and you meet recordkeeping requirements, you may apply for optional units. Optional units must be chosen and identified on the acreage report by the acreage reporting date of the first year of the 2-year coverage module. Premium discounts will not apply.

Exclusions

Certain pecan varieties may be excluded from insurability through the Special Provisions of Insurance if they are found to be unproductive or an incompatible pollinator. Direct-marketed pecans and pecans grown on trees that have been hedged are not insurable unless allowed by the Special Provisions or written agreement. Please talk to your insurance agent for more details.

Prices

Revenue-to-count is determined using the price you receive for your pecans. Excluding pecans sold under contract, the price you receive will be equal to or greater than 95 percent of the lowest USDA Agricultural Marketing Service (AMS) price, or if AMS prices are not published for the week you sold your pecans, the price you receive will be equal to or greater than 95 percent of the lowest price offered by buyers in the area you normally market your pecans. However, if the price you received is not verifiable by sales receipts or you directly marketed your pecans, the market price will be used. The market price is based on the average price published by AMS, or if AMS prices are not available for the week you sold your pecans, the market price will be based on the average price offered by buyers in the area you normally market your pecans.

Loss Example

Assume you have chosen a 65-percent coverage level and you have average approved revenue of $1,280. Due to an insured cause of loss, you only produced 800 pounds per acre in the 2014 crop year with an average price of $0.75 per pound equaling $600 per acre.

65	Coverage level
x $1,280	Average gross sales
$832	Amount of insurance per acre
- $600	Value of production per acre
$232	**Indemnity per acre**

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 at www.rma.usda.gov/tools/agent.html.

Contact Us

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