

106TH CONGRESS  
1ST SESSION

# H. R. 2559

To amend the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1999

Mr. COMBEST (for himself, Mr. EWING, Mr. BARRETT of Nebraska, Mr. BLUNT, Mr. CANADY of Florida, Mr. WHITFIELD, Mr. BEREUTER, Mr. SESSIONS, and Mr. HAYES) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To amend the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Agricultural Risk Protection Act of 1999”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—STRENGTHENING THE FARM SAFETY NET

- Sec. 101. Premium schedule for additional coverage.  
 Sec. 102. Premium schedule for other plans of insurance.  
 Sec. 103. Adjustment in actual production history to establish insurable yields.  
 Sec. 104. Review and adjustment in rating methodologies.  
 Sec. 105. Conduct of pilot programs, including livestock.  
 Sec. 106. Cost of production as a price election.  
 Sec. 107. Premium discounts for good performance.  
 Sec. 108. Options for catastrophic risk protection.  
 Sec. 109. Authority for nonprofit associations to pay fees on behalf of producers.  
 Sec. 110. Elections regarding prevented planting coverage.  
 Sec. 111. Sales closing date.  
 Sec. 112. Area loss requirements to trigger assistance for noninsured crop disaster assistance program.  
 Sec. 113. Limitations under noninsured crop disaster assistance program.  
 Sec. 114. Application of amendments.

#### TITLE II—IMPROVING PROGRAM INTEGRITY

- Sec. 201. Limitation on double insurance.  
 Sec. 202. Improving program compliance and integrity.  
 Sec. 203. Sanctions for false information.  
 Sec. 204. Protection of confidential information.

#### TITLE III—ADMINISTRATION

- Sec. 301. Board of Directors of Corporation.  
 Sec. 302. Promotion of submission of policies and related materials.  
 Sec. 303. Research and development, including contracts regarding underserved commodities.  
 Sec. 304. Funding for reimbursement and research and development.  
 Sec. 305. Board consideration of submitted policies and materials.  
 Sec. 306. Contracting for rating of plans of insurance.

## 3 **TITLE I—STRENGTHENING THE** 4 **FARM SAFETY NET**

### 5 **SEC. 101. PREMIUM SCHEDULE FOR ADDITIONAL COV-** 6 **ERAGE.**

7 (a) PREMIUM AMOUNTS.—Section 508(d)(2) of the  
 8 Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is

1 amended by striking subparagraphs (B) and (C) and in-  
2 serting the following new subparagraph:

3           “(B) In the case of additional coverage  
4           equal to or greater than 50 percent of the re-  
5           corded or appraised average yield indemnified  
6           at not greater than 100 percent of the expected  
7           market price, or an equivalent coverage, the  
8           amount of the premium shall—

9                   “(i) be sufficient to cover anticipated  
10                   losses and a reasonable reserve; and

11                   “(ii) include an amount for operating  
12                   and administrative expenses, as determined  
13                   by the Corporation, on an industry-wide  
14                   basis as a percentage of the amount of the  
15                   premium used to define loss ratio.”.

16           (b) PAYMENT SCHEDULE.—Section 508(e)(2) of the  
17 Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)) is  
18 amended by striking subparagraphs (B) and (C) and in-  
19 serting the following new subparagraphs:

20           “(B) In the case of additional coverage  
21           equal to or greater than 50 percent, but less  
22           than 65 percent, of the recorded or appraised  
23           average yield indemnified at not greater than  
24           100 percent of the expected market price, or an

1 equivalent coverage, the amount shall be equal  
2 to the sum of—

3 “(i) 65 percent of the amount of the  
4 premium established under subsection  
5 (d)(2)(B)(i) for the coverage level selected;  
6 and

7 “(ii) the amount determined under  
8 subsection (d)(2)(B)(ii) for the coverage  
9 level selected to cover operating and ad-  
10 ministrative expenses.

11 “(C) In the case of additional coverage  
12 equal to or greater than 65 percent, but less  
13 than 70 percent, of the recorded or appraised  
14 average yield indemnified at not greater than  
15 100 percent of the expected market price, or an  
16 equivalent coverage, the amount shall be equal  
17 to the sum of—

18 “(i) 60 percent of the amount of the  
19 premium established under subsection  
20 (d)(2)(B)(i) for the coverage level selected;  
21 and

22 “(ii) the amount determined under  
23 subsection (d)(2)(B)(ii) for the coverage  
24 level selected to cover operating and ad-  
25 ministrative expenses.

1           “(D) In the case of additional coverage  
2 equal to or greater than 70 percent, but less  
3 than 75 percent, of the recorded or appraised  
4 average yield indemnified at not greater than  
5 100 percent of the expected market price, or an  
6 equivalent coverage, the amount shall be equal  
7 to the sum of—

8                   “(i) 55 percent of the amount of the  
9 premium established under subsection  
10 (d)(2)(B)(i) for the coverage level selected;  
11 and

12                   “(ii) the amount determined under  
13 subsection (d)(2)(B)(ii) for the coverage  
14 level selected to cover operating and ad-  
15 ministrative expenses.

16           “(E) In the case of additional coverage  
17 equal to or greater than 75 percent, but less  
18 than 80 percent, of the recorded or appraised  
19 average yield indemnified at not greater than  
20 100 percent of the expected market price, or an  
21 equivalent coverage, the amount shall be equal  
22 to the sum of—

23                   “(i) 52 percent of the amount of the  
24 premium established under subsection

1 (d)(2)(B)(i) for the coverage level selected;  
2 and

3 “(ii) the amount determined under  
4 subsection (d)(2)(B)(ii) for the coverage  
5 level selected to cover operating and ad-  
6 ministrative expenses.

7 “(F) In the case of additional coverage  
8 equal to or greater than 80 percent, but less  
9 than 85 percent, of the recorded or appraised  
10 average yield indemnified at not greater than  
11 100 percent of the expected market price, or an  
12 equivalent coverage, the amount shall be equal  
13 to the sum of—

14 “(i) 40 percent of the amount of the  
15 premium established under subsection  
16 (d)(2)(B)(i) for the coverage level selected;  
17 and

18 “(ii) the amount determined under  
19 subsection (d)(2)(B)(ii) for the coverage  
20 level selected to cover operating and ad-  
21 ministrative expenses.

22 “(G) Subject to subsection (e)(4), in the  
23 case of additional coverage equal to or greater  
24 than 85 percent of the recorded or appraised  
25 average yield indemnified at not greater than

1           100 percent of the expected market price, or an  
2           equivalent coverage, the amount shall be equal  
3           to the sum of—

4                   “(i) 35 percent of the amount of the  
5                   premium established under subsection  
6                   (d)(2)(B)(i) for the coverage level selected;  
7                   and

8                   “(ii) the amount determined under  
9                   subsection (d)(2)(B)(ii) for the coverage  
10                  level selected to cover operating and ad-  
11                  ministrative expenses.”.

12          (c) **PREMIUM PAYMENT DISCLOSURE.**—Section  
13 508(e) of the Federal Crop Insurance Act (7 U.S.C.  
14 1508(e)) is amended by adding at the end the following  
15 new paragraph:

16                  “(5) **PREMIUM PAYMENT DISCLOSURE.**—Each  
17                  policy or plan of insurance under this title shall  
18                  prominently indicate the dollar amount of the por-  
19                  tion of the premium paid by the Corporation under  
20                  this subsection or subsection (h)(2).”.

21 **SEC. 102. PREMIUM SCHEDULE FOR OTHER PLANS OF IN-**  
22 **SURANCE.**

23          Section 508(h)(2) of the Federal Crop Insurance Act  
24 (7 U.S.C. 1508(h)(2)) is amended—

1 (1) by striking “A policy” and inserting the fol-  
2 lowing:

3 “(A) PREPARATION.—A policy”;

4 (2) by striking the second sentence; and

5 (3) by adding at the end the following new sub-  
6 paragraph:

7 “(B) PREMIUM SCHEDULE.—In the case of  
8 a policy offered under this subsection (except  
9 paragraph (10)) or subsection (m)(4), the Cor-  
10 poration shall pay a portion of the premium of  
11 the policy that shall be equal to—

12 “(i) the percentage, specified in sub-  
13 section (e) for a similar level of coverage,  
14 of the total amount of the premium used  
15 to define loss ratio; and

16 “(ii) the dollar amount of the admin-  
17 istrative and operating expenses that would  
18 be paid by the Corporation under sub-  
19 section (e) for a similar level of coverage.”.

20 **SEC. 103. ADJUSTMENT IN ACTUAL PRODUCTION HISTORY**  
21 **TO ESTABLISH INSURABLE YIELDS.**

22 Section 508(g) of the Federal Crop Insurance Act (7  
23 U.S.C. 1508(g)) is amended by adding at the end the fol-  
24 lowing new paragraph:

1           “(4) ADJUSTMENT IN ACTUAL PRODUCTION  
2 HISTORY TO ESTABLISH INSURABLE YIELDS.—

3           “(A) APPLICATION.—This paragraph shall  
4 apply whenever the Corporation uses the actual  
5 production history of the producer to establish  
6 insurable yields for an agricultural commodity.

7           “(B) EXCLUSION OF YIELDS FOR PRO-  
8 DUCERS WITH 10-YEAR PRODUCTION HIS-  
9 TORY.—If, by the 2000 crop year, the producer  
10 has an established actual production history of  
11 10 consecutive crop years for which an agricul-  
12 tural commodity was produced, the Corporation  
13 shall—

14           “(i) exclude for the 2000 crop year, at  
15 the election of the producer, any 2 years of  
16 production history for that commodity se-  
17 lected by the producer from that 10-year  
18 history; and

19           “(ii) continue the exclusion of the  
20 years of production history selected under  
21 clause (i) for the subsequent applicable  
22 crop years.

23           “(C) EXCLUSION OF YIELD FOR PRO-  
24 DUCERS WITH 5-YEAR PRODUCTION HISTORY.—  
25 If, by the 2000 crop year, the producer has an

1 established actual production history of at least  
2 5 consecutive crop years for which an agricul-  
3 tural commodity was produced, but less than 10  
4 years, the Corporation shall—

5 “(i) exclude for the 2000 crop year, at  
6 the election of the producer, any 1 year of  
7 production history for that commodity se-  
8 lected by the producer from that history;  
9 and

10 “(ii) continue the exclusion of the  
11 year of production history selected under  
12 clause (i) for the subsequent applicable  
13 crop years.

14 “(D) PERCENTAGE LIMITATION ON RE-  
15 Duction.—Beginning with the 2000 crop year,  
16 the Corporation may not reduce the producer’s  
17 actual production history for an agricultural  
18 commodity by more than 5 percent from one  
19 year to the next as a result of a decrease in the  
20 production of that agricultural commodity in a  
21 crop year.”.

1 **SEC. 104. REVIEW AND ADJUSTMENT IN RATING METH-**  
2 **ODOLOGIES.**

3 Section 508(a) of the Federal Crop Insurance Act (7  
4 U.S.C. 1508(a)) is amended by adding at the end the fol-  
5 lowing:

6 “(7) REVIEW AND ADJUSTMENT OF RATES.—

7 “(A) REVIEW REQUIRED.—To maximize  
8 participation in the Federal crop insurance pro-  
9 gram and to ensure equity for producers, the  
10 Corporation shall periodically review the meth-  
11 odologies employed for rating plans of insur-  
12 ance under this title consistent with section  
13 507(c)(2).

14 “(B) ADJUSTMENT.—If, before the 2000  
15 crop year, the Corporation determines that pre-  
16 mium rates are excessive for an agricultural  
17 commodity relative to the requirements of sub-  
18 section (d)(2)(B), the Corporation shall make  
19 appropriate adjustments in the premium rates  
20 for that area for that agricultural commodity in  
21 time for the 2000 crop year.”.

22 **SEC. 105. CONDUCT OF PILOT PROGRAMS, INCLUDING**  
23 **LIVESTOCK.**

24 (a) REPEAL OF OBSOLETE PILOT PROGRAMS.—Sec-  
25 tion 508(h) of the Federal Crop Insurance Act (7 U.S.C.  
26 1508(h)) is amended by striking paragraphs (6) and (8).

1 (b) GENERAL REQUIREMENTS.—Section 508(h) of  
2 the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is  
3 amended by inserting after paragraph (7) the following  
4 new paragraph:

5 “(8) GENERAL REQUIREMENTS APPLICABLE TO  
6 PILOT PROGRAMS.—In conducting any pilot program  
7 of insurance or reinsurance authorized or required  
8 by this title, the Corporation—

9 “(A) may offer the pilot program on a re-  
10 gional, whole State, or national basis after con-  
11 sidering the interests of affected producers and  
12 the interests of and risks to the Corporation;

13 “(B) may operate the pilot program, in-  
14 cluding any modifications thereof, for a period  
15 of up to 3 years; and

16 “(C) may extend the time period for the  
17 pilot program for additional periods, as deter-  
18 mined appropriate by the Corporation.”.

19 (c) EXPEDITED CONSIDERATION.—Section 508(h)(4)  
20 of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(4))  
21 is amended—

22 (1) by redesignating subparagraphs (A), (B),  
23 (C), and (D) as clauses (i), (ii), (iii), and (iv), re-  
24 spectively;

1           (2) by moving the text of the clauses (as so des-  
2           ignated) 2 ems to the right;

3           (3) by striking “The Corporation” in the first  
4           sentence and inserting the following:

5                   “(A) GUIDELINES REQUIRED.—Not later  
6                   than 180 days after the date of the enactment  
7                   of the Agricultural Risk Protection Act of 1999,  
8                   the Corporation”; and

9           (4) by adding at the end the following new sub-  
10          paragraph:

11                   “(B) EXPEDITED CONSIDERATION OF PRO-  
12                   POSED PILOT PROGRAMS.—The regulations re-  
13                   quired by subparagraph (A) shall include  
14                   streamlined guidelines for the submission, and  
15                   Board review, of pilot programs that the Board  
16                   determines are limited in scope and duration  
17                   and involve a reduced level of liability to the  
18                   Federal Government, and an increased level of  
19                   risk to approved insurance providers partici-  
20                   pating in the pilot program, relative to other  
21                   policies or materials submitted under this sub-  
22                   section. The streamlined guidelines shall be con-  
23                   sistent with the guidelines established under  
24                   subparagraph (A), except as follows:

1           “(i) Not later than 60 days after sub-  
2 mission of the proposed pilot program, the  
3 Corporation shall provide an applicant with  
4 notification of its intent to recommend dis-  
5 approval of the proposal to the Board.

6           “(ii) Not later than 90 days after the  
7 proposed pilot program is submitted to the  
8 Board, the Board shall make a determina-  
9 tion to approve or disapprove the pilot pro-  
10 gram. Any determination by the Board to  
11 disapprove the pilot program shall be ac-  
12 companied by a complete explanation of  
13 the reasons for the Board’s decision to  
14 deny approval. In the event the Board fails  
15 to make a determination within the pre-  
16 scribed time period, the pilot program sub-  
17 mitted shall be deemed approved by the  
18 Board for the initial reinsurance year des-  
19 ignated for the pilot program, except in the  
20 case where the Board and the applicant  
21 agree to an extension.”.

22       (d) LIVESTOCK PILOT PROGRAMS.—

23           (1) PROGRAMS REQUIRED.—Section 508(h) of  
24 the Federal Crop Insurance Act (7 U.S.C. 1508(h))

1 is amended by striking paragraph (10) and inserting  
2 the following new paragraph:

3 “(10) LIVESTOCK PILOT PROGRAMS.—

4 “(A) PROGRAMS REQUIRED.—The Cor-  
5 poration shall conduct one or more pilot pro-  
6 grams to evaluate the effectiveness of risk man-  
7 agement tools for livestock producers, including  
8 futures and options contracts and policies and  
9 plans of insurance that provide livestock pro-  
10 ducers with reasonable protection from the fi-  
11 nancial risks of price or income fluctuations in-  
12 herent in the production and marketing of live-  
13 stock, provide protection for production losses,  
14 and otherwise protect the interests of livestock  
15 producers. To the maximum extent practicable,  
16 the Corporation shall evaluate the greatest  
17 number and variety of such programs to deter-  
18 mine which of the offered risk management  
19 tools are best suited to protect livestock pro-  
20 ducers from the financial risks associated with  
21 the production and marketing of livestock.

22 “(B) IMPLEMENTATION; ASSISTANCE.—

23 The Corporation shall begin conducting live-  
24 stock pilot programs under this paragraph dur-  
25 ing fiscal year 2001, and any policy or plan of

1 insurance offered under this paragraph may be  
2 prepared without regard to the limitations con-  
3 tained in this title. As part of such a pilot pro-  
4 gram, the Corporation may provide assistance  
5 to producers to purchase futures and options  
6 contracts or policies and plans of insurance of-  
7 fered under that pilot program.

8 “(C) LOCATION.—The Corporation shall  
9 conduct the livestock pilot programs under this  
10 paragraph in a number of counties that is de-  
11 termined by the Corporation to be adequate to  
12 provide a comprehensive evaluation of the feasi-  
13 bility, effectiveness, and demand among pro-  
14 ducers for the risk management tools evaluated  
15 in the pilot programs.

16 “(D) ELIGIBLE PRODUCERS; LIVESTOCK.—  
17 Any producer of a type of livestock covered by  
18 a pilot program under this paragraph who owns  
19 or operates a farm or ranch in a county selected  
20 as a location for that pilot program shall be eli-  
21 gible to participate in that pilot program. In  
22 this paragraph, the term ‘livestock’ means cat-  
23 tle, sheep, swine, goats, and poultry.

24 “(E) RELATION TO OTHER LAWS.—The  
25 terms and conditions of any policy or plan of

1 insurance offered under this paragraph that is  
2 reinsured by the Corporation is not subject to  
3 the jurisdiction of the Commodity Futures  
4 Trading Commission or the Securities and Ex-  
5 change Commission or considered as accounts,  
6 agreements (including any transaction which is  
7 of the character of, or is commonly known to  
8 the trade as, an ‘option’, ‘privilege’, ‘indemnity’,  
9 ‘bid’, ‘offer’, ‘put’, ‘call’, ‘advance guaranty’, or  
10 ‘decline guaranty’), or transactions involving  
11 contracts of sale of a commodity for future de-  
12 livery, traded or executed on a contract market  
13 for the purposes of the Commodity Exchange  
14 Act (7 U.S.C. 1 et seq.). Nothing in this sub-  
15 paragraph is intended to affect the jurisdiction  
16 of the Commodity Futures Trading Commission  
17 or the applicability of the Commodity Exchange  
18 Act to any transaction conducted on a des-  
19 ignated contract market (as that term is used  
20 in such Act) by an approved insurance provider  
21 to offset the provider’s risk under a plan or pol-  
22 icy of insurance under this paragraph.

23 “(F) LIMITATION ON EXPENDITURES.—

24 The Corporation shall conduct all livestock pro-  
25 grams under this title so that, to the maximum

1 extent practicable, all costs associated with con-  
2 ducting the livestock programs (other than re-  
3 search and development costs covered by para-  
4 graph (6) or subsection (m)(4)) are not ex-  
5 pected to exceed \$55,000,000 for any fiscal  
6 year.”.

7 (2) CONFORMING AMENDMENT TO DEFINITION  
8 OF AGRICULTURAL COMMODITY.—Section 518 of the  
9 Federal Crop Insurance Act (7 U.S.C. 1518) is  
10 amended by striking “livestock and” after “com-  
11 modity, excluding”.

12 (e) FUNDING OF LIVESTOCK PILOT PROGRAMS.—

13 (1) AUTHORIZATION OF APPROPRIATIONS.—  
14 Section 516(a)(2) of the Federal Crop Insurance Act  
15 (7 U.S.C. 1516(a)(2)) is amended—

16 (A) by striking “years—” and inserting  
17 “years the following:”;

18 (B) by capitalizing the first letter of the  
19 first word of each subparagraph;

20 (C) by striking “; and” at the end of sub-  
21 paragraph (A) and inserting a period; and

22 (D) by adding at the end the following new  
23 subparagraph:

1           “(C) Costs associated with the conduct of  
2           livestock pilot programs carried out under sec-  
3           tion 508(h)(10).”.

4           (2) USE OF INSURANCE FUND.—Section  
5           516(b)(1) of the Federal Crop Insurance Act (7  
6           U.S.C. 1516(b)(1)) is amended—

7                   (A) by striking “including—” and insert-  
8                   ing “including the following:”;

9                   (B) by capitalizing the first letter of the  
10                  first word of each subparagraph;

11                  (C) by striking the semicolon at the end of  
12                  subparagraph (A) and inserting a period;

13                  (D) by striking “; and” at the end of sub-  
14                  paragraph (B) and inserting a period; and

15                  (E) by adding at the end the following new  
16                  subparagraph:

17                   “(D) Costs associated with the conduct of  
18                   livestock pilot programs carried out under sec-  
19                   tion 508(h)(10).”.

20 **SEC. 106. COST OF PRODUCTION AS A PRICE ELECTION.**

21           Section 508(c)(5) of the Federal Crop Insurance Act  
22 (7 U.S.C. 1508(c)(5)) is amended—

23                   (1) by striking “The Corporation shall establish  
24                   a price” in the matter preceding subparagraph (A)

1 and inserting “For purposes of this title, the Cor-  
2 poration shall establish or approve a price”;

3 (2) by striking “or” at the end of subparagraph  
4 (A);

5 (3) by striking the period at the end of sub-  
6 paragraph (B) and inserting “; or”; and

7 (4) by adding at the end the following—

8 “(C) in the case of cost of production or  
9 similar plans of insurance, shall be the pro-  
10 jected cost of producing the agricultural com-  
11 modity (as determined by the Corporation).”.

12 **SEC. 107. PREMIUM DISCOUNTS FOR GOOD PERFORMANCE.**

13 Section 508(d) of the Federal Crop Insurance Act (7  
14 U.S.C. 1508(d)) is amended by adding at the end the fol-  
15 lowing new paragraph:

16 “(3) PREMIUM DISCOUNTS.—The Corporation  
17 may provide a performance-based discount for a pro-  
18 ducer of an agricultural commodity who has good in-  
19 surance or production experience relative to other  
20 producers of that agricultural commodity in the  
21 same area, as determined by the Corporation, except  
22 that any such discount shall be consistent with sec-  
23 tion 506(o)(2).”.

1 **SEC. 108. OPTIONS FOR CATASTROPHIC RISK PROTECTION.**

2 Section 508(b) of the Federal Crop Insurance Act (7  
3 U.S.C. 1508(b)) is amended by striking paragraph (3) and  
4 inserting the following new paragraph:

5 “(3) ALTERNATIVE CATASTROPHIC COV-  
6 ERAGE.—Beginning with the 2000 crop year, the  
7 Corporation shall offer producers of an agricultural  
8 commodity the option of selecting either of the fol-  
9 lowing:

10 “(A) The catastrophic risk protection cov-  
11 erage available under paragraph (2)(A).

12 “(B) An alternative catastrophic risk pro-  
13 tection coverage that—

14 “(i) indemnifies the producer on an  
15 area yield and loss basis if such a plan of  
16 insurance is offered for the agricultural  
17 commodity in the county in which the farm  
18 is located;

19 “(ii) provides, on a uniform national  
20 basis, a higher combination of yield and  
21 price protection than the coverage available  
22 under paragraph (2)(A); and

23 “(iii) the Corporation determines is  
24 equivalent to the coverage available under  
25 paragraph (2)(A).”.

1 **SEC. 109. AUTHORITY FOR NONPROFIT ASSOCIATIONS TO**  
2 **PAY FEES ON BEHALF OF PRODUCERS.**

3 Section 508(b)(5) of the Federal Crop Insurance Act  
4 (7 U.S.C. 1508(b)(5)) is amended by adding at the end  
5 the following new subparagraph:

6 “(F) PAYMENT OF FEES ON BEHALF OF  
7 PRODUCERS.—

8 “(i) PAYMENT AUTHORIZED.—Not-  
9 withstanding any other subparagraph of  
10 this paragraph, a cooperative association of  
11 agricultural producers or a nonprofit trade  
12 association may pay, on behalf of a mem-  
13 ber of the association who consents to be  
14 insured under such an arrangement, all or  
15 a portion of the fees imposed under sub-  
16 paragraphs (A) and (B) for catastrophic  
17 risk protection. At the election of the mem-  
18 ber, the amount that would be paid on be-  
19 half of the member for catastrophic risk  
20 protection may be used by the member to  
21 purchase additional coverage under this  
22 title.

23 “(ii) TREATMENT OF LICENSING  
24 FEES.—A licensing fee or other payment  
25 made by the insurance provider to the co-  
26 operative association or trade association

1 in connection with the issuance of cata-  
2 strophic risk protection or additional cov-  
3 erage under this section to members of the  
4 cooperative association or trade association  
5 shall not be considered to be a rebate to  
6 the members under any reinsurance agree-  
7 ment between the Corporation and the in-  
8 surance provider if the members are in-  
9 formed in advance of the fee or payment.  
10 The amount of any such licensing fee or  
11 other payment in excess of the amount  
12 paid by the cooperative association or trade  
13 association under clause (i) shall be dis-  
14 tributed to the producers whose participa-  
15 tion in the Federal crop insurance program  
16 prompted the licensing fee or other pay-  
17 ment to be made.

18 “(iii) SELECTION OF PROVIDER; DE-  
19 LIVERY.—Nothing in this subparagraph  
20 shall be construed so as to limit the ability  
21 of a producer to choose the licensed insur-  
22 ance agent or other approved insurance  
23 provider from whom the producer will pur-  
24 chase a policy or plan of insurance or to  
25 refuse coverage for which a payment is of-

1           ferred to be made under clause (i). A policy  
 2           or plan of insurance for which a payment  
 3           is made under clause (i) shall be delivered  
 4           by a licensed insurance agent or other ap-  
 5           proved insurance provider.

6           “(iv) **ADDITIONAL COVERAGE EN-**  
 7           **COURAGED.**—Cooperatives and trade asso-  
 8           ciations and any approved insurance pro-  
 9           vider with whom a licensing fee or other  
 10          arrangement under this subparagraph is  
 11          made shall encourage producer members to  
 12          purchase appropriate levels of additional  
 13          coverage in order to meet the risk manage-  
 14          ment needs of such member producers.”.

15 **SEC. 110. ELECTIONS REGARDING PREVENTED PLANTING**  
 16 **COVERAGE.**

17          Section 508(a) of the Federal Crop Insurance Act (7  
 18 U.S.C. 1508(a)) is amended by inserting after paragraph  
 19 (7), as added by section 104, the following new paragraph:

20           “(8) **PREVENTED PLANTING COVERAGE.**—

21           “(A) **ELECTION NOT TO RECEIVE COV-**  
 22           **ERAGE.**—

23           “(i) **ELECTION.**—A producer may  
 24           elect not to receive coverage for prevented  
 25           planting of an agricultural commodity.

1           “(ii) DISCOUNT.—In the case of an  
2           election under clause (i), the Corporation  
3           shall provide a discount in the premium  
4           payable by the producer for a plan of in-  
5           surance in an amount equal to the pre-  
6           mium for the prevented planting coverage,  
7           as determined by the Corporation.

8           “(B) EQUAL COVERAGE.—For each agri-  
9           cultural commodity for which prevented plant-  
10          ing coverage is available, the Corporation shall  
11          offer an equal percentage value of prevented  
12          planting coverage.

13          “(C) SUBSTITUTE COMMODITY.—

14               “(i) AUTHORITY TO PLANT.—A pro-  
15               ducer who has prevented planting coverage  
16               and who is eligible to receive an indemnity  
17               under such coverage may plant an agricul-  
18               tural commodity, other than the com-  
19               modity covered by the prevented planting  
20               coverage, on the acreage originally pre-  
21               vented from being planted.

22               “(ii) NONAVAILABILITY OF INSUR-  
23               ANCE.—A substitute agricultural com-  
24               modity planted as authorized by clause (i)  
25               for harvest in the same crop year shall not

1 be eligible for coverage under a policy or  
2 plan of insurance under this title or for  
3 noninsured crop disaster assistance under  
4 section 196 of the Federal Agriculture Im-  
5 provement and Reform Act of 1996 (7  
6 U.S.C. 7333).

7 “(iii) EFFECT ON ACTUAL PRODUC-  
8 TION HISTORY.—If a producer plants a  
9 substitute agricultural commodity as au-  
10 thorized by clause (i) for a crop year, the  
11 Corporation shall assign the producer a re-  
12 corded yield for that crop year for the com-  
13 modity covered by the prevented planting  
14 coverage equal to 60 percent of the pro-  
15 ducer’s actual production history for the  
16 original commodity for purposes of deter-  
17 mining the producer’s actual production  
18 history for the original commodity for sub-  
19 sequent crop years.”.

20 **SEC. 111. SALES CLOSING DATE.**

21 Section 508(f)(2) of the Federal Crop Insurance Act  
22 (7 U.S.C. 1508 (f)(2)) is amended by striking the last sen-  
23 tence.

1 **SEC. 112. AREA LOSS REQUIREMENTS TO TRIGGER ASSIST-**  
2 **ANCE FOR NONINSURED CROP DISASTER AS-**  
3 **SISTANCE PROGRAM.**

4 Section 196(c)(1) of the Federal Agriculture Im-  
5 provement and Reform Act of 1996 (7 U.S.C. 7333(c)(1))  
6 is amended by striking paragraph (1) and inserting the  
7 following new paragraph:

8 (1) by striking “A producer” and inserting the  
9 following:

10 “(A) REDUCED AREA YIELD.—Except as  
11 provided in subparagraph (B), a producer”; and

12 (2) by adding at the end the following new sub-  
13 paragraph:

14 “(B) DISASTER DECLARATION.—A pro-  
15 ducer of an eligible crop may also receive non-  
16 insured crop disaster assistance if the pro-  
17 ducer’s affected crop acreage is located in an  
18 area where eligible crops were substantially af-  
19 fected by a natural disaster resulting in a Presi-  
20 dential declaration of major disaster issued  
21 under section 401 of the Robert T. Stafford  
22 Disaster Relief and Emergency Assistance Act  
23 (42 U.S.C. 5170) or a designation as a disaster  
24 area by the Secretary under subpart A of part  
25 1945 of title 7, Code of Federal Regulations.”.

1 **SEC. 113. LIMITATIONS UNDER NONINSURED CROP DIS-**  
2 **ASTER ASSISTANCE PROGRAM.**

3 (b) LIMITATION.—Section 196(i) of the Federal Agri-  
4 culture Improvement and Reform Act of 1996 (7 U.S.C.  
5 7333(i)) is amended—

6 (1) in paragraph (1)(B)—

7 (A) by striking “GROSS REVENUES” in the  
8 subparagraph heading and inserting “AD-  
9 JUSTED GROSS INCOME”; and

10 (B) by striking “gross revenue” each place  
11 it appears and inserting “adjusted gross in-  
12 come”; and

13 (2) by striking paragraph (4) and inserting the  
14 following new paragraph—

15 “(4) LIMITATION.—A person who has quali-  
16 fying adjusted gross income in excess of \$2,000,000  
17 during the taxable year shall not be eligible to re-  
18 ceive any noninsured crop disaster assistance pay-  
19 ment under this section.”.

20 **SEC. 114. APPLICATION OF AMENDMENTS.**

21 Except where the context specifically provides other-  
22 wise, the amendments made by this title shall apply begin-  
23 ning with the 2000 crop year.

1 **TITLE II—IMPROVING PROGRAM**  
2 **EFFICIENCIES**

3 **SEC. 201. LIMITATION ON DOUBLE INSURANCE.**

4 Section 508(a) of the Federal Crop Insurance Act (7  
5 U.S.C. 1508(a)) is amended by inserting after paragraph  
6 (8), as added by section 110, the following new paragraph:

7 “(9) LIMITATION ON DOUBLE INSURANCE.—

8 “(A) RESTRICTED TO CATASTROPHIC RISK  
9 PROTECTION.—Except for situations covered by  
10 subparagraph (B), no policy or plan of insur-  
11 ance may be offered under this title for more  
12 than one agricultural commodity planted on the  
13 same acreage in the same crop year unless the  
14 coverage for the additional crop is limited to  
15 catastrophic risk protection available under sub-  
16 section (b).

17 “(B) EXCEPTION FOR DOUBLE-CROP-  
18 PING.—A policy or plan of insurance may be of-  
19 fered under this title for an agricultural com-  
20 modity and for an additional agricultural com-  
21 modity when both agricultural commodities are  
22 normally harvested within the same crop year  
23 on the same acreage if the following conditions  
24 are met:

1           “(i) There is an established practice  
2           of double-cropping in the area and the ad-  
3           ditional agricultural commodity is custom-  
4           arily double-cropped in the area with the  
5           first agricultural commodity, as determined  
6           by the Corporation.

7           “(ii) A policy or plan of insurance for  
8           the first agricultural commodity and the  
9           additional agricultural commodity is avail-  
10          able under this title.

11          “(iii) The additional commodity is  
12          planted on or before the final planting date  
13          or late planting date for that additional  
14          commodity, as established by the Corpora-  
15          tion.”.

16 **SEC. 202. IMPROVING PROGRAM COMPLIANCE AND INTEG-**  
17 **RITY.**

18          (a) **ADDITIONAL METHODS.**—Section 506(q) of the  
19 Federal Crop Insurance Act (7 U.S.C. 1506(q)) is  
20 amended—

21               (1) by redesignating paragraphs (1) and (2) as  
22 paragraphs (2) and (3);

23               (2) by inserting after the subsection heading  
24 the following new paragraph (1):

1           “(1) PURPOSE.—The purpose of this subsection  
2 is to improve compliance with the Federal crop in-  
3 surance program and to improve program integ-  
4 rity.”; and

5           (3) by adding at the end the following new  
6 paragraphs:

7           “(4) RECONCILING PRODUCER INFORMATION.—  
8 The Secretary shall develop and implement a coordi-  
9 nated plan for the Corporation and the Adminis-  
10 trator of the Farm Service Agency to reconcile all  
11 relevant information received by the Corporation or  
12 the Farm Service Agency from a producer who ob-  
13 tains crop insurance coverage under this title. Begin-  
14 ning with the 2000 crop year, the Secretary shall re-  
15 quire that the Corporation and the Farm Service  
16 Agency reconcile such producer-derived information  
17 on at least an annual basis in order to identify and  
18 address any discrepancies.

19           “(5) IDENTIFICATION AND ELIMINATION OF  
20 FRAUD, WASTE, AND ABUSE.—

21           “(A) FSA MONITORING PROGRAM.—The  
22 Secretary shall develop and implement a coordi-  
23 nated plan for the ongoing monitoring by the  
24 Farm Service Agency of programs carried out  
25 under this title, including—

1           “(i) conducting fact finding relative to  
2           allegations of program fraud, waste, and  
3           abuse, both at the request of the Corpora-  
4           tion or on its own initiative after consulta-  
5           tion with the Corporation;

6           “(ii) reporting any allegation of fraud,  
7           waste, and abuse or identified program  
8           vulnerabilities to the Corporation in a  
9           timely manner; and

10           “(iii) assisting the Corporation and  
11           approved insurance providers in auditing a  
12           statistically appropriate number of claims  
13           made under any policy or plan of insurance  
14           under this title.

15           “(B) USE OF FIELD INFRASTRUCTURE.—  
16           The plan required by this paragraph shall use  
17           the field infrastructure of the Farm Service  
18           Agency, and the Secretary shall ensure that rel-  
19           evant Farm Service Agency personnel are ap-  
20           propriately trained for any responsibilities as-  
21           signed to them under the plan. At a minimum,  
22           such personnel shall receive the same level of  
23           training and pass the same basic competency  
24           tests as required of loss adjusters of reinsured

1 companies under the standard reinsurance  
2 agreement.

3 “(C) MAINTENANCE OF PROVIDER EF-  
4 FORT; COOPERATION.—The activities of the  
5 Farm Service Agency under this paragraph do  
6 not affect the responsibility of approved insur-  
7 ance providers to conduct any audits of claims  
8 or other program reviews required by the Cor-  
9 poration. If an insurance provider reports to the  
10 Corporation that it suspects intentional mis-  
11 representation, fraud, waste, or abuse, the Cor-  
12 poration shall make a determination and pro-  
13 vide a written response within 90 days after re-  
14 ceiving the report. The insurance provider and  
15 the Corporation shall take coordinated action in  
16 any case where misrepresentation, fraud, waste,  
17 or abuse has occurred.

18 “(6) CONSULTATION WITH STATE COMMIT-  
19 TEES.—The Corporation shall establish a mecha-  
20 nism under which State committees of the Farm  
21 Service Agency are consulted concerning policies and  
22 plans of insurance offered in a State under this title.

23 “(7) ANNUAL REPORT ON COMPLIANCE EF-  
24 FORTS.—The Secretary shall submit to the Com-  
25 mittee on Agriculture of the House of Representa-

1       tives and the Committee on Agriculture, Nutrition,  
2       and Forestry of the Senate an annual report con-  
3       taining findings relative to the efforts undertaken  
4       pursuant to paragraphs (4) and (5). The report  
5       shall identify specific occurrences of waste, fraud,  
6       and abuse and contain an outline of actions that  
7       have been or are being taken to eliminate the identi-  
8       fied waste, fraud, and abuse.”.

9       (b) **TECHNICAL CORRECTION.**—Paragraph (3) of sec-  
10      tion 506(q) of the Federal Crop Insurance Act (7 U.S.C.  
11      1506(q)), as redesignated by subsection (a), is amended  
12      by striking “this subsection” and inserting “this para-  
13      graph”.

14      **SEC. 203. SANCTIONS FOR FALSE INFORMATION.**

15      (a) **CLARIFICATION OF PERSONS COVERED.**—Section  
16      506(n)(1) of the Federal Crop Insurance Act (7 U.S.C.  
17      1506(n)) is amended by striking “If a person” and insert-  
18      ing “If a producer, an agent, a loss adjuster, an approved  
19      insurance provider, or any other person”.

20      (b) **AUTHORIZED SANCTIONS.**—Section 506(n) of the  
21      Federal Crop Insurance Act (7 U.S.C. 1506(n)) is  
22      amended—

23              (1) in the subsection heading, by striking  
24              “PENALTIES” and inserting “SANCTIONS FOR VIO-  
25              LATIONS”;

1           (2) in paragraph (1), by striking “on the  
2 record—” and all that follows through the end of  
3 the paragraph and inserting “on the record, impose  
4 one or more of the sanctions specified in paragraph  
5 (2).”;

6           (3) by redesignating paragraph (2) as para-  
7 graph (3) and, in such paragraph, by striking “PEN-  
8 ALTY” and “assessing penalties” and inserting  
9 “SANCTION” and “imposing a sanction”, respec-  
10 tively; and

11           (4) by inserting after paragraph (1) the fol-  
12 lowing new paragraph:

13           “(2) AUTHORIZED SANCTIONS.—The following  
14 sanctions may be imposed for a violation under  
15 paragraph (1):

16           “(A) The Corporation may impose a civil  
17 fine for each violation not to exceed the greater  
18 of—

19           “(i) the amount of the pecuniary gain  
20 obtained by the person as a result of the  
21 false or inaccurate information provided; or

22           “(ii) \$10,000.

23           “(B) If the violation is committed by a  
24 producer, the producer may be disqualified for  
25 a period of up to 5 years from—

1           “(i) participating in, or receiving any  
2 benefit provided under this title, the non-  
3 insured crop disaster assistance program  
4 under section 196 of the Federal Agri-  
5 culture Improvement and Reform Act of  
6 1996 (7 U.S.C. 7333), the Agricultural  
7 Market Transition Act (7 U.S.C. 7201 et  
8 seq.), the Agricultural Act of 1949 (7  
9 U.S.C. 1421 et seq.), the Commodity Cred-  
10 it Corporation Charter Act (15 U.S.C. 714  
11 et seq.), or the Agricultural Adjustment  
12 Act of 1938 (7 U.S.C. 1281 et seq.);

13           “(ii) receiving any loan made, insured,  
14 or guaranteed under the Consolidated  
15 Farm and Rural Development Act (7  
16 U.S.C. 1921 et. seq.);

17           “(iii) receiving any benefit provided,  
18 or indemnity made available, under any  
19 other law to assist a producer of an agri-  
20 cultural commodity due to a crop loss or a  
21 decline in commodity prices; or

22           “(iv) receiving any cost share assist-  
23 ance for conservation or any other assist-  
24 ance provided under title XII of the Food  
25 Security Act (16 U.S.C. 3801 et seq.).

1           “(C) If the violation is committed by an  
2           agent, loss adjuster, approved insurance pro-  
3           vider, or any other person (other than a pro-  
4           ducer), the violator may be disqualified for a  
5           period of up to 5 years from participating in,  
6           or receiving any benefit provided under this  
7           title.

8           “(D) If the violation is committed by a  
9           producer, the Corporation may require the pro-  
10          ducer to forfeit any premium owed under the  
11          policy, notwithstanding a denial of claim or col-  
12          lection of an overpayment, if the false or inac-  
13          curate information was material.”.

14          (c) DISCLOSURE OF SANCTIONS.—Section 506(n) of  
15          the Federal Crop Insurance Act (7 U.S.C. 1506(n)) is  
16          amended by adding at the end the following new para-  
17          graph:

18                 “(4) DISCLOSURE OF SANCTIONS.—Each policy  
19                 or plan of insurance under this title shall promi-  
20                 nently indicate the sanctions prescribed under para-  
21                 graph (2) for willfully and intentionally providing  
22                 false or inaccurate information to the Corporation or  
23                 to any insurer.”.

1 **SEC. 204. PROTECTION OF CONFIDENTIAL INFORMATION.**

2 Section 502 of the Federal Crop Insurance Act (7  
3 U.S.C. 1502) is amended by adding at the end the fol-  
4 lowing new subsection:

5 “(c) PROTECTION OF CONFIDENTIAL INFORMA-  
6 TION.—

7 “(1) AUTHORIZED DISCLOSURE.—In the case of  
8 information furnished by a producer to participate in  
9 or receive any benefit under this title, the Secretary,  
10 any other officer or employee of the Department or  
11 an agency thereof, an approved insurance provider  
12 and its employees and contractors, and any other  
13 person may not disclose the information to the pub-  
14 lic, unless the information has been transformed into  
15 a statistical or aggregate form that does not allow  
16 the identification of the person who supplied par-  
17 ticular information.

18 “(2) VIOLATIONS; PENALTIES.—Subsection (c)  
19 of section 1770 of the Food Security Act of 1985 (7  
20 U.S.C. 2276) shall apply with respect to the release  
21 of information collected in any manner or for any  
22 purpose prohibited by paragraph (1).”.

23 **TITLE III—ADMINISTRATION**

24 **SEC. 301. BOARD OF DIRECTORS OF CORPORATION.**

25 (a) CHANGE IN COMPOSITION.—Section 505 of the  
26 Federal Crop Insurance Act (7 U.S.C. 1505) is amended

1 by striking the section heading, “SEC. 505.”, and sub-  
2 section (a) and inserting the following:

3 **“SEC. 505. MANAGEMENT OF CORPORATION.**

4 “(a) BOARD OF DIRECTORS.—

5 “(1) ESTABLISHMENT.—The management of  
6 the Corporation shall be vested in a Board of Direc-  
7 tors subject to the general supervision of the Sec-  
8 retary.

9 “(2) COMPOSITION.—The Board shall consist of  
10 only the following members:

11 “(A) The manager of the Corporation, who  
12 shall serve as a nonvoting ex officio member.

13 “(B) The Under Secretary of Agriculture  
14 responsible for the Federal crop insurance pro-  
15 gram.

16 “(C) One additional Under Secretary of  
17 Agriculture (as designated by the Secretary).

18 “(D) The Chief Economist of the Depart-  
19 ment of Agriculture.

20 “(E) One person experienced in the crop  
21 insurance business.

22 “(F) One person experienced in the regula-  
23 tion of insurance.

1           “(G) Four active farmers who are policy  
2           holders and who are from different geographic  
3           areas of the United States.

4           “(3) APPOINTMENT OF PRIVATE SECTOR MEM-  
5           BERS.—The members of the Board described in sub-  
6           paragraphs (E), (F), and (G) of paragraph (2)—

7                   “(A) shall be appointed by, and hold office  
8                   at the pleasure of, the Secretary; and

9                   “(B) shall not be otherwise employed by  
10                  the Federal Government.

11           “(4) CHAIRPERSON.—The Board shall select a  
12           member of the Board to serve as Chairperson.”.

13           (b) EFFECTIVE DATE.—The amendment made by  
14           subsection (a) shall take effect 30 days after the date of  
15           the enactment of this Act.

16           (c) EFFECT ON EXISTING BOARD.—A member of the  
17           Board of Directors of the Federal Crop Insurance Cor-  
18           poration on the effective date specified in subsection (b)  
19           may continue to serve as a member of the Board until  
20           the earlier of the following:

21                   (1) The date the replacement Board is ap-  
22                   pointed.

23                   (2) The end of the 180-day period beginning on  
24                   the effective date specified in subsection (b).

1 **SEC. 302. PROMOTION OF SUBMISSION OF POLICIES AND**  
2 **RELATED MATERIALS.**

3 (a) REIMBURSEMENT AUTHORITY.—Section 508(h)  
4 of the Federal Crop Insurance Act (7 U.S.C. 1508(h)),  
5 as amended by section 105(a) of this Act, is amended by  
6 inserting after paragraph (5) the following new paragraph:

7 “(6) REIMBURSEMENT OF RESEARCH, DEVEL-  
8 OPMENT, AND MAINTENANCE COSTS.—

9 “(A) REIMBURSEMENT PROVIDED.—Sub-  
10 ject to the conditions of this paragraph, the  
11 Corporation shall provide a payment to reim-  
12 burse an applicant for research, development,  
13 and maintenance costs directly related to a pol-  
14 icy or other material that is—

15 “(i) submitted to, and approved by,  
16 the Board under this subsection for rein-  
17 surance; and

18 “(ii) if applicable, offered for sale to  
19 producers.

20 “(B) DURATION.—Payments under sub-  
21 paragraph (A) may be made available beginning  
22 in fiscal year 2001. Payments with respect to  
23 the maintenance of an approved policy or other  
24 material may be provided for a period of not  
25 more than 4 reinsurance years following Board  
26 approval. Upon the expiration of that 4-year pe-

1           riod, or earlier upon the agreement of the Cor-  
2           poration and the person receiving the payment,  
3           the Corporation shall assume responsibility for  
4           maintenance of a successful policy, as deter-  
5           mined by the Corporation based on the market  
6           share attained by the policy, the total number  
7           of policies sold, the total amount of premium  
8           paid, and the performance of the policy in the  
9           States where the policy is sold.

10           “(C) TREATMENT OF PAYMENT.—Pay-  
11           ments made under subparagraph (A) for a pol-  
12           icy or other material shall be considered as pay-  
13           ment in full for the research and development  
14           conducted with regard to the policy or material  
15           and any property rights to the policy or mate-  
16           rial.

17           “(D) REIMBURSEMENT AMOUNT.—The  
18           Corporation shall determine the amount of the  
19           payment under subparagraph (A) for an ap-  
20           proved policy or other material based on the  
21           complexity of the policy or material and the size  
22           of the area in which the policy or material is ex-  
23           pected to be used.”.

1 (b) ISSUANCE OF REGULATIONS.—Not later than Oc-  
2 tober 1, 2000, the Corporation shall issue final regulations  
3 to carry out the amendment made by subsection (a).

4 **SEC. 303. RESEARCH AND DEVELOPMENT, INCLUDING CON-**  
5 **TRACTS REGARDING UNDERSERVED COM-**  
6 **MODITIES.**

7 (a) SUPPORT FOR PRIVATE RESEARCH AND DEVEL-  
8 OPMENT.—Section 508(m) of the Federal Crop Insurance  
9 Act (7 U.S.C. 1508(m)) is amended by adding at the end  
10 the following new paragraph:

11 “(4) PRIVATE RESEARCH AND DEVELOPMENT  
12 OF POLICIES AND OTHER MATERIALS.—

13 “(A) USE OF REIMBURSEMENT AUTHOR-  
14 ITY.—To encourage and promote the necessary  
15 research and development for policies, plans of  
16 insurance, and related materials, including poli-  
17 cies, plans, and materials under the livestock  
18 pilot programs under subsection (h)(10), the  
19 Corporation shall make full use of private re-  
20 sources by providing payment for research and  
21 development for approved policies and plans of  
22 insurance, and related materials, pursuant to  
23 subsection (h)(6).

24 “(B) CONTRACTS FOR UNDERSERVED COM-  
25 MODITIES.—In the event the Corporation deter-

1 mines that an agricultural commodity, including  
2 a specialty crop, is not adequately served by  
3 policies and plans of insurance and related ma-  
4 terials submitted under subsection (h) or any  
5 other provision of this title, the Corporation  
6 may enter into a contract with any person or  
7 entity with experience in crop insurance or farm  
8 or ranch risk management, including univer-  
9 sities, providers of crop insurance, and trade  
10 and research organizations, to carry out re-  
11 search and development for policies and plans  
12 of insurance and related materials for that agri-  
13 cultural commodity without regard to the limi-  
14 tations contained in this title. A contract en-  
15 tered into under this subparagraph may not  
16 take effect before October 1, 2000.

17 “(C) USE OF RESULTING POLICIES AND  
18 PLANS.—The Corporation may offer any policy  
19 or plan of insurance developed under subpara-  
20 graph (B) that is approved by the Board.”.

21 (b) RELIANCE ON PRIVATE DEVELOPMENT OF NEW  
22 POLICIES.—Section 508(m)(2) of the Federal Crop Insur-  
23 ance Act (7 U.S.C. 1508(m)(2)) is amended—

24 (1) by striking “EXCEPTION.—No action” and  
25 inserting—

1 “(2) EXCEPTIONS.—

2 “(A) PRIVATE AVAILABILITY.—No action”;

3 and—

4 (2) by adding at the end the following new sub-  
5 paragraph:

6 “(B) PROHIBITED RESEARCH AND DEVEL-  
7 OPMENT BY CORPORATION.—Notwithstanding  
8 paragraph (1), on and after October 1, 2000,  
9 the Corporation shall not conduct research and  
10 development for any new policy or plan of in-  
11 surance for an agricultural commodity offered  
12 under this title. Any policy, plan of insurance,  
13 or other material developed by the Corporation  
14 under paragraph (1) before that date shall, at  
15 the discretion of the Corporation, continue to be  
16 offered for sale to producers consistent with  
17 paragraph (4), except that such policies, plans  
18 of insurance, or other material shall be consid-  
19 ered to have satisfied the private contracting re-  
20 quirements of such paragraph.”.

21 **SEC. 304. FUNDING FOR REIMBURSEMENT AND RESEARCH**  
22 **AND DEVELOPMENT.**

23 (a) EXPENDITURES.—Section 508(h)(6) of the Fed-  
24 eral Crop Insurance Act (7 U.S.C. 1508(h)(6)), as added

1 by section 302(a) of this Act, is amended by adding at  
2 the end the following new subparagraph:

3 “(E) EXPENDITURES.—

4 “(i) UNDERSERVED COMMODITIES.—

5 Of the total amount made available to pro-  
6 vide payments under this paragraph and  
7 subsection (m)(4)(B) for a fiscal year,  
8 \$10,000,000 shall be reserved for research  
9 and development contracts under sub-  
10 section (m)(4)(B). The Corporation may  
11 use a portion of the reserved amount for  
12 other purposes under this paragraph if the  
13 Corporation determines that the entire  
14 amount is not needed for such contracts  
15 or, if the reserved amount is insufficient  
16 for a fiscal year, may use amounts in ex-  
17 cess of the reserved amount for such con-  
18 tracts.

19 “(ii) LIMITATION.—In providing pay-  
20 ments under this paragraph and subsection  
21 (m)(4)(B), the Corporation shall not obli-  
22 gate or expend more than \$55,000,000  
23 during any fiscal year. ”.

24 (b) FUNDING.—

1           (1) AUTHORIZATION OF APPROPRIATIONS.—  
2           Section 516(a)(2) of the Federal Crop Insurance Act  
3           (7 U.S.C. 1516(a)(2)) is amended by adding at the  
4           end the following new subparagraph:

5                   “(D) Costs associated with the reimburse-  
6                   ment for research, development, and mainte-  
7                   nance costs of approved policies and other ma-  
8                   terials provided under section 508(h)(6) and  
9                   contracting for research and development under  
10                  section 508(m)(4)(B).”.

11           (2) USE OF INSURANCE FUND.—Section  
12           516(b)(1) of the Federal Crop Insurance Act (7  
13           U.S.C. 1516(b)(1)) is amended by adding at the end  
14           the following new subparagraph:

15                   “(E) Reimbursement for research, develop-  
16                   ment, and maintenance costs of approved poli-  
17                   cies and other materials provided under section  
18                   508(h)(6) and contracting for research and de-  
19                   velopment under section 508(m)(4)(B).”.

20 **SEC. 305. BOARD CONSIDERATION OF SUBMITTED POLI-**  
21 **CIES AND MATERIALS.**

22           (a) PERSONS AUTHORIZED TO SUBMIT.—Section  
23           508(h)(1) of the Federal Crop Insurance Act (7 U.S.C.  
24           1508(h)(1)) is amended by inserting after “a person” the  
25           following: “(including an approved insurance provider, a

1 college or university, a cooperative or trade association,  
2 or any other person”.

3 (b) SALE BY APPROVED INSURANCE PROVIDERS.—  
4 Section 508(h)(3) of the Federal Crop Insurance Act (7  
5 U.S.C. 1508(h)(3)) is amended by inserting after “for re-  
6 insurance” the following: “by approved insurance pro-  
7 viders”.

8 (c) TIME PERIODS FOR APPROVAL OR DIS-  
9 APPROVAL.—Section 508(h)(4)(A) of the Federal Crop In-  
10 surance Act (7 U.S.C. 1508(h)(4)(A)), as amended by sec-  
11 tion 105(c), is amended—

12 (1) in clause (iii), as redesignated by section  
13 105(c), by striking “of the applicant.” and all that  
14 follows through the end of the clause and inserting  
15 “, and such application, as modified, shall be consid-  
16 ered by the Board in the manner provided in clause  
17 (iv) within the 30-day period beginning on the date  
18 the modified application is submitted. Any notifica-  
19 tion of intent to disapprove a policy or other mate-  
20 rial submitted under this subsection shall be accom-  
21 panied by a complete explanation as to the reasons  
22 for the Board’s intention to deny approval.”; and

23 (2) by striking clause (iv), as redesignated by  
24 section 105(c), and inserting the following new  
25 clause:

1           “(iv) Not later than 120 days after a  
2           policy or other material is submitted under  
3           this subsection, the Board shall make a de-  
4           termination to approve or disapprove such  
5           policy or material. Any determination by  
6           the Board to disapprove any policy or  
7           other material shall be accompanied by a  
8           complete explanation of the reasons for the  
9           Board’s decision to deny approval. In the  
10          event the Board fails to make a determina-  
11          tion within the prescribed time period, the  
12          submitted policy or other material shall be  
13          deemed approved by the Board for the ini-  
14          tial reinsurance year designated for the  
15          policy or material, except in the case where  
16          the Board and the applicant agree to an  
17          extension.”.

18          (d) FUNDING TO EXPEDITE CONSIDERATION.—Ef-  
19          fective October 1, 2000, section 516(b)(2) of the Federal  
20          Crop Insurance Act (7 U.S.C. 1516(b)(2)) is amended—

21                  (1) by striking “RESEARCH AND DEVELOPMENT  
22                  EXPENSES.—” and inserting “(2) POLICY CONSID-  
23                  ERATION EXPENSES.—”; and

24                  (2) in subparagraph (A), by striking “research  
25                  and development expenses of the Corporation” and

1 inserting “costs associated with considering for ap-  
2 proval or disapproval policies and other materials  
3 under subsections (h) and (m)(4) of section 508,  
4 costs associated with implementing such subsection  
5 (m)(4), and costs to contract out for assistance in  
6 considering such policies and other materials”.

7 **SEC. 306. CONTRACTING FOR RATING OF PLANS OF INSUR-**  
8 **ANCE.**

9 Section 507(c)(2) of the Federal Crop Insurance Act  
10 (7 U.S.C. 1507(c)(2)) is amended—

11 (1) by striking “actuarial, loss adjustment,”  
12 and inserting “actuarial services, services relating to  
13 loss adjustment and rating plans of insurance,”; and

14 (2) by inserting after “private sector” the fol-  
15 lowing: “and to enable the Corporation to con-  
16 centrate on regulating the provision of insurance  
17 under this title and evaluating new products and  
18 materials submitted under section 508(h)”.

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