

106TH CONGRESS
1ST SESSION

S. 1401

To amend the Federal Crop Insurance Act to promote the development and use of affordable crop insurance policies designed to meet the specific needs of producers of specialty crops, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 20, 1999

Mr. GRAHAM (for himself, Mr. MACK, Mrs. BOXER, Mrs. FEINSTEIN, and Mr. BINGAMAN) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Federal Crop Insurance Act to promote the development and use of affordable crop insurance policies designed to meet the specific needs of producers of specialty crops, 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.**

4 This Act may be cited as the “Specialty Crop Insur-
5 ance Act of 1999”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds that—

1 (1)(A) crop insurance policies under the Fed-
2 eral crop insurance program must be developed
3 through a streamlined and simplified process to
4 meet the specific needs of producers of specialty
5 crops, while providing sufficient and affordable crop
6 insurance coverage; and

7 (B) current crop insurance policies available for
8 specialty crops, which the Risk Management Agency
9 of the Department of Agriculture has based on the
10 needs of producers of program crops, do not cover
11 the unique characteristics associated with the plant-
12 ing, growing, and harvesting of specialty crops;

13 (2) the types of crop insurance policies needed
14 for the wide variety of specialty crops are not suffi-
15 cient and are not being developed quickly enough to
16 meet producers' needs;

17 (3) current application of the noninsured crop
18 disaster assistance program under section 196 of the
19 Federal Agriculture Improvement and Reform Act of
20 1996 (7 U.S.C. 7333) to specialty crops has not
21 been sufficient to address disastrous situations;

22 (4) the Federal crop insurance program is one
23 of the few programs available to specialty crop pro-
24 ducers that directly provide incentives and risk man-
25 agement tools, and therefore benefit specialty crops;

1 (5)(A) the current contribution of specialty
2 crops to the actuarial soundness of the Federal crop
3 insurance program is positive;

4 (B) despite the high market value of specialty
5 crops, the average loss ratio for specialty crops (as
6 calculated by dividing claims payments by total pre-
7 miums) from the time that the specialty crop insur-
8 ance was offered through 1998 was reported by the
9 General Accounting Office to be .99; and

10 (C) the average loss ratio for specialty crops is
11 less than the average loss ratio for nonspecialty
12 crops of 1.12;

13 (6)(A) specialty crops represent an important
14 segment to United States agriculture and the United
15 States economy as a whole; and

16 (B) the National Agricultural Statistics Service
17 of the Department of Agriculture reported in the
18 1997 Census of Agriculture that the total value of
19 fruits, nuts, berries, tobacco, nursery and green-
20 house vegetables, melons, and sweet corn rep-
21 resented 36 percent, or \$98,000,000,000, of the
22 total value of United States crops;

23 (7) involvement of trade associations and co-
24 operatives in group purchasing will expand coverage,

1 educate growers, spread risk, and increase overall
2 program participation; and

3 (8)(A) the Federal Agriculture Improvement
4 and Reform Act of 1996 (Public Law 104–127)
5 shifted agricultural policy away from traditional
6 price support programs to more market-oriented and
7 risk-bearing policies; and

8 (B) at the same time, the exposure of specialty
9 crop producers to market volatility, natural disas-
10 ters, and the pressure to reduce inputs has in-
11 creased, thus increasing the need for innovation,
12 education, and outreach to provide specialty crop
13 producers with the tools needed to make informed
14 decisions regarding risk management, production,
15 and marketing.

16 (b) PURPOSES.—The purposes of this Act are—

17 (1) to develop a Federal crop insurance pro-
18 gram to meet the needs of producers of specialty
19 crops, while achieving the overall objectives of the
20 Federal crop insurance program—

21 (A) to offer products that economically
22 provide sufficient risk management tools for ag-
23 ricultural producers; and

24 (B) to increase producer participation in
25 the program;

1 (2) to promote the development of crop insur-
 2 ance policies for specialty crops that are flexible
 3 enough to respond to changing conditions and are
 4 actuarially sound; and

5 (3) to reduce the reliance on, and eventually
 6 eliminate the need for, the noninsured crop disaster
 7 assistance program under section 196 of the Federal
 8 Agriculture Improvement and Reform Act of 1996
 9 (7 U.S.C. 7333), which provides basic coverage for
 10 specialty crops for which catastrophic risk protection
 11 under section 508(b) of the Federal Crop Insurance
 12 Act (7 U.S.C. 1508(b)) is not available.

13 **SEC. 3. SPECIALTY CROPS.**

14 The Federal Crop Insurance Act (7 U.S.C. 1501 et
 15 seq.) is amended by adding at the end the following:

16 **“SEC. 522. SPECIALTY CROPS.**

17 “(a) DEFINITIONS.—In this section:

18 “(1) PROGRAM CROP.—The term ‘program
 19 crop’ has the meaning given the term ‘loan com-
 20 modity’ in section 102 of the Agricultural Market
 21 Transition Act (7 U.S.C. 7202).

22 “(2) SPECIALTY CROP.—

23 “(A) IN GENERAL.—The term ‘specialty
 24 crop’ means an agricultural commodity other
 25 than a program crop.

1 “(B) INCLUSIONS.—The term ‘specialty
2 crop’ includes fruits, nuts, vegetables, green-
3 house and nursery plants, timber, and
4 turfgrass.

5 “(3) SPECIALTY CROP ADMINISTRATOR.—The
6 term ‘specialty crop administrator’ means a non-
7 profit corporation that is—

8 “(A) established with the approval of the
9 National Association of Insurance Commis-
10 sioners;

11 “(B) organized to—

12 “(i) develop, assess, and rate new and
13 existing crop insurance policies;

14 “(ii) accumulate, tabulate, and ana-
15 lyze relevant annual statistics acquired by
16 standard reinsurance agreement holders;

17 “(iii) operate as a crop insurance ad-
18 visory organization and a crop insurance
19 statistical organization;

20 “(iv) provide statistics, loss expenses,
21 actuarial analyses, actuarial formulas, pro-
22 cedures, forms, and information to stand-
23 ard reinsurance agreement holders and
24 other purchasers;

1 “(v) consult and meet with groups or
 2 individuals throughout the United States
 3 having an interest in crop insurance, in-
 4 cluding representatives of Federal, State,
 5 and local governments, colleges and univer-
 6 sities, producers, and trade organizations;

7 “(vi) develop, provide, and publicize
 8 procedures and forms for adjustment of
 9 crop losses; and

10 “(vii) carry out research, training,
 11 and education activities to promote im-
 12 proved knowledge and understanding of
 13 the applicable aspects of crop insurance.

14 “(b) TRANSFER OF CROP INSURANCE PROGRAM
 15 FUNCTIONS FOR SPECIALTY CROPS.—

16 “(1) PURPOSE.—The purpose of this subsection
 17 is to authorize a contract between the Corporation
 18 and the specialty crop administrator that will enable
 19 greater flexibility, increased expertise, and a more
 20 rapid response needed for the development and
 21 maintenance of specialty crop insurance products
 22 and policies tailored to the different crops, varieties,
 23 growing conditions, planting dates, harvesting dates,
 24 geographical regions, and variable changes in crop
 25 value associated with specialty crops.

1 “(2) CONTRACT FOR TRANSFER.—Not later
2 than 120 days after the date of enactment of this
3 section, the Corporation shall offer to enter into a
4 contract with the specialty crop administrator, under
5 which the specialty crop administrator will assume
6 responsibility from the Risk Management Agency
7 for—

8 “(A) the administration of crop insurance
9 products, policies, and other risk management
10 tools for specialty crops under the Federal crop
11 insurance program;

12 “(B) the development of revised or new
13 products, policies, and risk management tools
14 for specialty crops; and

15 “(C) the procedures, data collection, re-
16 search, and forms-adjusting activities related to
17 that administration and development.

18 “(3) EXCEPTION.—Nothing in paragraph (2)
19 authorizes or requires the transfer to the specialty
20 crop administrator of the responsibility of the Risk
21 Management Agency over reinsurance and compli-
22 ance oversight activities carried out under the Fed-
23 eral crop insurance program.

24 “(4) SPECIALTY CROP ADMINISTRATOR PRO-
25 GRAM ADVISORY COMMITTEE.—

1 “(A) ESTABLISHMENT.—As part of the
2 contract described in paragraph (2), the Cor-
3 poration shall authorize the specialty crop ad-
4 ministrator to establish such advisory commit-
5 tees on a State or regional basis as the spe-
6 cialty crop administrator considers necessary
7 for each specialty crop program.

8 “(B) MEMBERSHIP.—Each advisory com-
9 mittee may consist of—

10 “(i) the specialty crop administrator;

11 “(ii) representatives from each State
12 or region in which the specialty crop pro-
13 gram is administered;

14 “(iii) producers;

15 “(iv) commodity group representa-
16 tives;

17 “(v) representatives from association
18 groups or cooperatives through which an
19 insurance product is offered (if applicable);

20 “(vi) members of the land grant uni-
21 versity system relevant to the program
22 area and region of the committee; and

23 “(vii) representatives of the insurance
24 companies actively engaged in selling and
25 servicing the program.

1 “(C) DUTIES.—Each advisory committee
2 shall—

3 “(i) meet on an annual basis or more
4 frequently as necessary to review the spe-
5 cialty crop program within the State or re-
6 gion; and

7 “(ii) report to the specialty crop ad-
8 ministrator and the Board of Directors of
9 the Corporation.

10 “(5) BOARD AUTHORITY.—

11 “(A) IN GENERAL.—Except as otherwise
12 provided by this subsection, the Board shall re-
13 tain authority over all program decisions, poli-
14 cies, risk management tools, loss adjustment
15 procedures, forms, rates and premiums associ-
16 ated with specialty crops.

17 “(B) TYPES OF AUTHORITY.—In carrying
18 out subparagraph (A), the Board may order, on
19 reasonable notice—

20 “(i) changes or adjustments in prior-
21 ities;

22 “(ii) changes in policies or programs;

23 “(iii) changes in procedures or forms;

24 “(iv) changes in rates; or

1 “(v) adoption of other risk manage-
2 ment tools, on a pilot or permanent basis.

3 “(6) PRIORITIES FOR SPECIALTY CROP ADMIN-
4 ISTRATOR.—

5 “(A) INITIAL ESTABLISHMENT.—Not later
6 than 90 days after the date on which the con-
7 tract described in paragraph (2) is entered into,
8 the Corporation shall establish the initial prior-
9 ities of the specialty crop administrator.

10 “(B) CONTINUING ESTABLISHMENT.—
11 After the establishment of the initial priorities,
12 during the fourth quarter of each fiscal year,
13 the Corporation shall establish the priorities of
14 the specialty crop administrator for the next fis-
15 cal year.

16 “(C) SOLICITATION OF PROPOSED INITIAL
17 PRIORITIES.—

18 “(i) IN GENERAL.—The Corporation
19 shall solicit proposed initial priorities for
20 the specialty crop administrator from—

21 “(I) Members of Congress;

22 “(II) the Risk Management
23 Agency and other agencies of the De-
24 partment;

1 “(III) the specialty crop adminis-
2 trator;

3 “(IV) advisory committees estab-
4 lished by the specialty crop adminis-
5 trator under paragraph (4);

6 “(V) approved insurance pro-
7 viders;

8 “(VI) associations of producers;

9 “(VII) commodity groups;

10 “(VIII) insurance agents; and

11 “(IX) the public.

12 “(ii) PROCEDURES FOR RECEIPT OF
13 PROPOSED PRIORITIES.—The Corporation
14 shall—

15 “(I) establish procedures to en-
16 sure that proposed priorities are re-
17 ceived by the Corporation in a timely
18 fashion so that the priorities can be
19 established in accordance with the
20 schedule established under subpara-
21 graph (A); and

22 “(II) publish the procedures in
23 the Federal Register not later than 5
24 days after the date of adoption of the
25 procedures.

1 “(7) POLICY APPROVAL PROCEDURES.—

2 “(A) IN GENERAL.—The specialty crop ad-
3 ministrator shall submit all insurance plans,
4 products, policies, procedures, and other mate-
5 rial that the specialty crop administrator devel-
6 ops for specialty crops to the Board for ap-
7 proval and reinsurance.

8 “(B) SUBMISSION TO RISK MANAGEMENT
9 AGENCY.—

10 “(i) IN GENERAL.—After development
11 by the specialty crop administrator of a
12 proposed program for a new policy or a
13 proposed program to revise a previously
14 published policy for a specialty crop and
15 before submission of the proposed program
16 (referred to in this paragraph as the ‘pro-
17 posed program’) for approval to the Board,
18 the specialty crop administrator shall sub-
19 mit the proposed program to the Risk
20 Management Agency for review and com-
21 ment.

22 “(ii) COMMENTS FROM OTHER AGEN-
23 CIES.—

24 “(I) IN GENERAL.—The Risk
25 Management Agency shall promptly

1 forward copies of the proposed pro-
2 gram to the Office of Management
3 and Budget and to any other agency
4 that is required to review a new or re-
5 vised crop insurance policy under this
6 title or other law.

7 “(II) DEADLINE FOR ANAL-
8 YSES.—Notwithstanding any other
9 provision of law, each agency shall
10 complete an analysis of, and prepara-
11 tion of comments with respect to, the
12 proposed program during the 75-day
13 period described in subparagraph (C)
14 (referred to in this subsection as the
15 ‘75-day period’).

16 “(iii) PUBLIC COMMENT.—

17 “(I) PUBLICATION.—The Risk
18 Management Agency shall—

19 “(aa) promptly publish the
20 proposed program in the Federal
21 Register; and

22 “(bb) direct that all com-
23 ments be provided to the Risk
24 Management Agency not later

1 than 45 days after the date of
2 publication.

3 “(II) DISTRIBUTION OF COM-
4 MENTS.—The Risk Management
5 Agency shall make available copies of
6 all comments received under subclause
7 (I)(bb), upon request, to the specialty
8 crop administrator, the Board, or any
9 member of the Board.

10 “(C) PROVISION OF COMMENTS TO SPE-
11 CIALTY CROP ADMINISTRATOR.—Not later than
12 75 days after the date of receipt of the pro-
13 posed program, the Risk Management Agency
14 shall provide to—

15 “(i) the specialty crop administrator
16 in writing any comments that the Risk
17 Management Agency has regarding the
18 proposed program and the comments of
19 other agencies under subparagraph (B)(ii);
20 and

21 “(ii) the specialty crop administrator
22 and the Board a summary of public com-
23 ments received under subparagraph (B)(iii)
24 during the 75-day period.

1 “(D) RESPONSE TO RISK MANAGEMENT
2 AGENCY COMMENTS.—If the Risk Management
3 Agency provides comments under subparagraph
4 (C) during the 75-day period, the specialty crop
5 administrator shall—

6 “(i) consider the comments of the
7 Risk Management Agency and make ap-
8 propriate revisions to the proposed pro-
9 gram; and

10 “(ii) after carrying out clause (i), sub-
11 mit the proposed program to the Board for
12 approval.

13 “(E) EFFECT OF FAILURE OF RISK MAN-
14 AGEMENT AGENCY TO PROVIDE COMMENTS.—If
15 the Risk Management Agency does not provide
16 comments under subparagraph (C) during the
17 75-day period—

18 “(i) the specialty crop administrator
19 may submit the proposed program to the
20 Board for consideration;

21 “(ii) the specialty crop administrator
22 shall advise the Board of the absence of
23 timely comments by the Risk Management
24 Agency; and

1 “(iii) the absence of timely comments
2 shall be deemed to constitute the concu-
3 rence of the Risk Management Agency
4 with the proposed program.

5 “(F) COMPLETENESS OF PROPOSED PRO-
6 GRAMS SUBMITTED TO BOARD.—A proposed
7 program submitted by the specialty crop admin-
8 istrator to the Board for approval shall be suffi-
9 ciently complete so that, if approved by the
10 Board, the program can be priced and sold to
11 producers without any necessity for further pol-
12 icy development, actuarial study, initial pre-
13 mium rating, or similar activity.

14 “(G) CONSIDERATION OF PROPOSED PRO-
15 GRAMS BY BOARD.—

16 “(i) PUBLIC MEETING.—After receiv-
17 ing from the specialty crop administrator
18 for approval a proposed program, the
19 Board shall consider the proposed program
20 at a public meeting held not later than 45
21 days after receipt of the proposed program.

22 “(ii) PUBLIC REVIEW.—Copies of the
23 proposed program shall be available for
24 public review by any interested person.

1 “(H) APPROVAL OR DISAPPROVAL OF PRO-
2 POSED PROGRAMS BY BOARD.—

3 “(i) IN GENERAL.—Not later than 30
4 days after the date of the public meeting
5 under subparagraph (G)(i), the Board
6 shall approve or disapprove the proposed
7 program.

8 “(ii) DISAPPROVAL.—

9 “(I) STATEMENT OF REASONS.—
10 If the Board disapproves a proposed
11 program submitted by the specialty
12 crop administrator, the Board, not
13 later than 30 days after the vote by
14 the Board disapproving the proposed
15 program, shall provide to the specialty
16 crop administrator a written state-
17 ment of the reasons for the dis-
18 approval that is sufficiently detailed to
19 permit the specialty crop adminis-
20 trator to prepare and resubmit a re-
21 vised proposed program that the spe-
22 cialty crop administrator reasonably
23 can assume will be approved by the
24 Board.

1 “(II) PROCEDURES.—Submission
 2 to and review by the Risk Manage-
 3 ment Agency and the Board of a re-
 4 vised proposed program shall be in ac-
 5 cordance with the procedures estab-
 6 lished by this paragraph.

7 “(iii) APPROVAL.—After approving a
 8 proposed program, the Board shall publish
 9 in the Federal Register not later than 5
 10 days after the vote of approval—

11 “(I) a description of the proposed
 12 program;

13 “(II) a statement that the pro-
 14 posed program is an approved insur-
 15 ance policy; and

16 “(III) a statement of the date on
 17 which the approved insurance policy
 18 will be available to approved insurance
 19 providers.

20 “(I) PROCEDURES FOR DISTRIBUTION OF
 21 INFORMATION TO APPROVED INSURANCE PRO-
 22 VIDERS.—The Board shall ensure that the spe-
 23 cialty crop administrator has established proce-
 24 dures for distributing actuarial data and loss
 25 adjustment procedures to approved insurance

1 providers and their agents and adjusters in
 2 order to permit the timely processing and sale
 3 of any policy or adjustment of losses approved
 4 by the Board under this section.

5 “(8) CONTINUING AUTHORITY OF SPECIALTY
 6 CROP ADMINISTRATOR.—The specialty crop
 7 administrator—

8 “(A) in connection with the administration
 9 of policies for specialty crops, including policies
 10 developed by the specialty crop administrator,
 11 may monitor the policies for their actuarial
 12 soundness and recommend to the Board adjust-
 13 ments in premium rates and other changes that
 14 promote an actuarially sound system of crop in-
 15 surance; but

16 “(B) may not change the coverage under
 17 any policy without approval by the Board.

18 “(9) REPORTS TO UNDER SECRETARY FOR
 19 FARM AND FOREIGN AGRICULTURAL SERVICES.—
 20 The specialty crop administrator shall report peri-
 21 odically, but not less often than quarterly, to the
 22 Under Secretary for Farm and Foreign Agricultural
 23 Services on the progress of the specialty crop admin-
 24 istrator in developing proposed programs for new

1 policies or proposed programs to revise previously
2 published policies for specialty crops.

3 “(10) REPORT BY COMPTROLLER GENERAL.—

4 Not later than 5 years after the date of enactment
5 of this section, the Comptroller General of the
6 United States shall submit to Congress a report that
7 reviews the actuarial soundness of the specialty crop
8 program established under this section and evaluates
9 the adequacy of the program to meet the needs of
10 specialty crops.

11 “(c) RESEARCH AND OTHER ASSISTANCE FOR NEW
12 OR REVISED CROP INSURANCE PRODUCTS FOR SPE-
13 CIALTY CROPS.—To encourage the development of new or
14 revised crop insurance policies and other materials for spe-
15 cialty crops and submission of those insurance policies and
16 other materials to the Corporation under section 508(h),
17 the specialty crop administrator may—

18 “(1) make grants on a competitive basis for the
19 research and development of insurance products for
20 underserved specialty crops;

21 “(2) reimburse research costs associated with
22 product development;

23 “(3) enter into contracts for the research and
24 development of insurance products for underserved
25 specialty crops; and

1 “(4) enter into contracts and reimburse costs
 2 associated with the reassessment and reformatting
 3 of existing insurance products for specialty crops.

4 “(d) FUNDING FOR SPECIALTY CROP COVERAGE.—

5 “(1) MAINTENANCE OF EFFORT.—Expenditures
 6 from the insurance fund established under section
 7 516(c) for the benefit of specialty crops shall be
 8 maintained at a level equal to, at a minimum, the
 9 greatest of the following:

10 “(A) The level of expenditures for specialty
 11 crops for the reinsurance year in effect as of
 12 the date of enactment of this section.

13 “(B) The percentage expended for spe-
 14 cialty crops of the total expenditures from the
 15 insurance fund for that reinsurance year.

16 “(C) \$50,000,000 for each fiscal year.

17 “(2) USE OF SAVINGS.—Any Federal crop in-
 18 surance program savings resulting from the reforms
 19 required by this section and from the phase-out of
 20 the noninsured crop disaster assistance program
 21 should be applied only to the crop insurance pro-
 22 gram for specialty crops.

23 “(e) MINIMUM CATASTROPHIC RISK PROTECTION FI-
 24 NANCING AND COVERAGE FOR SPECIALTY CROPS.—Ex-
 25 cept as otherwise specifically provided by law, the Cor-

1 poration shall not change the following aspects of the cata-
 2 strophic risk protection plan required to be offered to pro-
 3 ducers of specialty crops under section 508(b):

4 “(1) Catastrophic risk protection shall offer a
 5 producer coverage for a 50 percent loss in yield, on
 6 an individual yield or area yield basis, indemnified at
 7 55 percent of the expected market price, or a com-
 8 parable coverage (as determined by the Corpora-
 9 tion), as specified in section 508(b)(2)(A)(ii).

10 “(2) The administrative fee for catastrophic
 11 risk protection may not exceed \$60 per crop, as
 12 specified in section 508(b)(5).

13 “(3) The Corporation shall pay the premium es-
 14 tablished for catastrophic risk protection under sec-
 15 tion 508(d)(2)(A).

16 “(4) The 11 percent level of excess loss adjust-
 17 ment expense and the existing underwriting gain for-
 18 mula shall be maintained.

19 “(f) RETENTION OF MINIMUM SUBSIDY LEVELS FOR
 20 ADDITIONAL COVERAGE FOR SPECIALTY CROPS.—Except
 21 as otherwise specifically provided by law, the percentage
 22 of the premium for additional coverage for a specialty crop
 23 paid by the Corporation under section 508(e) may not be
 24 reduced below the percentage in effect on the date of en-

1 actment of this section for that same level of additional
2 coverage.

3 “(g) PREMIUM DISCOUNTS AND SURCHARGES.—

4 “(1) IN GENERAL.—Notwithstanding sections
5 506(o) and 508(d)(1), the Corporation may provide
6 a discount for, or impose a surcharge on, the
7 amount of the premium payable by an individual
8 producer for catastrophic risk protection or addi-
9 tional coverage for a specialty crop based on the pro-
10 ducer’s actual loss experience.

11 “(2) AMOUNT.—

12 “(A) IN GENERAL.—The Corporation shall
13 base the amount of the discount or surcharge
14 for a specialty crop of an individual producer on
15 the actuarial experience of the producer with
16 the specialty crop as compared to the actuarial
17 experience of other producers in the region that
18 produce the specialty crop.

19 “(B) LIMITATION ON SURCHARGES.—The
20 Corporation shall not apply a surcharge on the
21 amount of the premium payable by an indi-
22 vidual producer under paragraph (1) if the
23 losses experienced by the producer are the re-
24 sult of damaging weather or related condition
25 that is beyond the control of the producer.

1 “(h) TIME PERIODS FOR PURCHASE OF COVERAGE
2 FOR SPECIALTY CROPS.—

3 “(1) MINIMUM SALES CLOSING DATE.—Subject
4 to paragraph (2), the sales closing date for obtaining
5 coverage for a specialty crop under this title may not
6 expire before the end of the 120-day period begin-
7 ning on the date of the final release of materials for
8 policies from the Risk Management Agency and the
9 specialty crop administrator.

10 “(2) RELEASE OF PRODUCT DELAYED TO FOL-
11 LOWING CROP YEAR.—If the date of release of an in-
12 surance product for a specialty crop for a crop year
13 does not allow sufficient time for the dissemination
14 of policies and related materials or jeopardizes the
15 integrity and actuarial soundness of the crop insur-
16 ance program for specialty crops, the Board may
17 delay the release and offering of the product until
18 the following crop year.

19 “(3) PURCHASE DURING INSURANCE PERIOD.—
20 A producer of a specialty crop may purchase new
21 coverage for the specialty crop, or increase coverage
22 levels, at any time during the insurance period, sub-
23 ject to a 30-day waiting period for the coverage to
24 take effect to permit an inspection to verify accept-
25 ability by the insurance provider.

1 “(i) AUTHORIZED PAYMENT OF FEES REQUIRED
2 FOR CATASTROPHIC RISK PROTECTION ON BEHALF OF
3 PRODUCERS.—

4 “(1) PAYMENT BY COOPERATIVES OR TRADE
5 ASSOCIATIONS.—A cooperative association of agricul-
6 tural producers or a nonprofit trade association may
7 pay, on behalf of its members, the basic fee or addi-
8 tional fee required for catastrophic risk protection
9 for a specialty crop under section 508(b)(5).

10 “(2) TREATMENT OF PAYMENT.—A licensing
11 fee or other payment made by an insurance provider
12 to the cooperative association or trade association in
13 connection with the issuance of catastrophic risk
14 protection or additional coverage under this title to
15 members of the cooperative association or trade as-
16 sociation shall not be considered to be a rebate to
17 the members under the standard reinsurance agree-
18 ment between the Corporation and the insurance
19 provider if the members are informed in advance of
20 the fee or payment.

21 “(3) MAXIMUM AMOUNT OF ENDORSEMENT
22 FEES OR OTHER PAYMENTS.—Any endorsement fee
23 or other payment paid by an insurance provider to
24 a cooperative association or trade association that is
25 allowed under State law shall not exceed the amount

1 of fees or premiums paid by the insurance provider
2 for the coverage involved.

3 “(4) AUTHORIZATION.—In order to purchase
4 catastrophic risk protection for an individual mem-
5 ber, a cooperative association or trade association
6 must have the written authorization of the individual
7 member in advance of the group purchase.

8 “(j) ENFORCEMENT.—

9 “(1) IN GENERAL.—For the purpose of discour-
10 aging the submission of false claims or the inten-
11 tional destruction of an insured crop, the functions
12 of sales agent and adjuster may not be conducted by
13 the same person.

14 “(2) PURCHASE OF CATASTROPHIC RISK PRO-
15 TECTION BY COOPERATIVES AND TRADE ASSOCIA-
16 TIONS.—

17 “(A) COMPLIANCE.—A cooperative associa-
18 tion or trade association that purchases cata-
19 strophic risk protection for members under sub-
20 section (i) shall provide such information to the
21 Risk Management Agency as is required to en-
22 sure the compliance of the members with this
23 title.

24 “(B) UNFAIR PROFITS.—The Risk Man-
25 agement Agency shall ensure that cooperative

1 associations and trade associations do not profit
 2 unfairly from the sale of catastrophic risk pro-
 3 tection, or offering of premium discounts, to
 4 members of the associations.

5 “(C) SIMILAR COVERAGE.—A member may
 6 not individually purchase catastrophic risk pro-
 7 tection for the same crop and time period that
 8 is covered by the cooperative association or
 9 trade association payment under subsection (i).

10 “(3) NONPREEMPTION.—Except as otherwise
 11 specifically provided in this section, nothing in this
 12 section preempts any State insurance law.

13 “(k) PARTNERSHIPS FOR RISK MANAGEMENT DE-
 14 VELOPMENT AND IMPLEMENTATION.—

15 “(1) PURPOSE.—The purpose of this subsection
 16 is authorize the Risk Management Agency to enter
 17 into partnerships with public and private entities for
 18 the purpose of increasing the availability of risk
 19 management tools for specialty crop producers.

20 “(2) AUTHORITY.—The Risk Management
 21 Agency is authorized to use each fiscal year not
 22 more than \$20,000,000 of funds made available
 23 under section 516(b)(2) to enter into partnerships
 24 with the Cooperative State Research, Education, and
 25 Extension Service, the Agricultural Research Serv-

1 ice, the National Oceanic and Atmospheric Adminis-
 2 tration, and other appropriate public and private en-
 3 tities with demonstrated capabilities in developing
 4 and implementing risk management and marketing
 5 options for specialty crops.

6 “(3) OBJECTIVES.—The Risk Management
 7 Agency may enter into a partnership under para-
 8 graph (2) to—

9 “(A) enhance the notice and timeliness of
 10 notice of weather conditions that could nega-
 11 tively affect specialty crop yields, quality, and
 12 final product use in order to allow producers to
 13 take preventive actions to increase end-product
 14 profitability and marketability and to reduce
 15 the possibility of crop insurance claims;

16 “(B) develop a multifaceted approach to
 17 pest management to decrease inputs, decrease
 18 the development of pest resistance, and increase
 19 the effectiveness of pest prevention applications;

20 “(C) develop a multifaceted approach to
 21 fertilization to decrease inputs, decrease exces-
 22 sive nutrient loading to the environment, and
 23 increase application efficiency;

24 “(D) develop or improve techniques for
 25 planning, breeding, growing, maintaining, har-

1 vesting, storage, and shipping that will address
 2 quality and quantity challenges for specialty
 3 crops and livestock associated with year-to-year
 4 and regional variations;

5 “(E) clarify labor requirements and assist
 6 producers in complying with requirements that
 7 allow specialty crop producers to better meet
 8 the physically intense and time-compressed
 9 planting, tending, and harvesting requirements
 10 associated with specialty crop production;

11 “(F) provide assistance to State foresters
 12 or equivalent officials for the prescribed use of
 13 burning on private forest land for the preven-
 14 tion, control, and suppression of fire; and

15 “(G) develop other risk management tools
 16 that specialty crop producers can use to further
 17 increase their economic and production sta-
 18 bility.

19 “(I) STUDY OF NEW SPECIALTY CROP INSURANCE
 20 PRODUCTS.—

21 “(1) IN GENERAL.—As part of the contract de-
 22 scribed in subsection (b), the Corporation and the
 23 specialty crop administrator shall jointly study the
 24 feasibility of developing new insurance products for
 25 specialty crops, including products based on the cost

1 of production or adjusted gross income, quality-
 2 based policies, or an intermediate base program with
 3 a higher coverage and cost than catastrophic risk
 4 protection offered on the date of enactment of this
 5 section.

6 “(2) SUBMISSION OF RESULTS.—Not later than
 7 1 year after the date of enactment of this section,
 8 the Secretary and the specialty crop administrator
 9 shall submit to Congress a report containing the re-
 10 sults of the study required by this subsection.

11 “(m) ADMINISTRATION AND EXPANSION OF GROSS
 12 REVENUE PILOT PROGRAMS FOR SPECIALTY CROPS.—

13 “(1) ADMINISTRATION.—As part of the con-
 14 tract described in subsection (b), the Corporation
 15 shall use the specialty crop administrator to admin-
 16 ister the gross revenue pilot programs that are in ef-
 17 fect for specialty crops.

18 “(2) EXPANSION.—For crop year 2000, the
 19 pilot programs shall be expanded to include any ad-
 20 ditional counties in the States of Arizona, California,
 21 Florida, Georgia, Idaho, Maine, Michigan, New Mex-
 22 ico, New York, North Carolina, Oregon, Texas, and
 23 other States that are determined appropriate by the
 24 specialty crop administrator.”.

1 **SEC. 4. BOARD OF DIRECTORS OF CORPORATION.**

2 Section 505 of the Federal Crop Insurance Act (7
3 U.S.C. 1505) is amended by striking subsection (a) and
4 inserting the following:

5 “(a) BOARD OF DIRECTORS.—

6 “(1) IN GENERAL.—The management of the
7 Corporation shall be vested in a Board subject to the
8 general supervision of the Secretary.

9 “(2) COMPOSITION.—The Board shall consist
10 of—

11 “(A) 4 members who are active agricul-
12 tural producers with or without crop insurance,
13 representing the various regions and agricul-
14 tural commodities of the United States;

15 “(B) 1 member who is active in the crop
16 insurance business;

17 “(C) 1 member who represents specialty
18 crop production;

19 “(D) 1 member who represents coopera-
20 tives and trade associations;

21 “(E) the Under Secretary for Farm and
22 Foreign Agricultural Services, who shall serve
23 as chairperson;

24 “(F) 1 additional Under Secretary of Agri-
25 culture (as designated by the Secretary of Agri-
26 culture); and

1 “(G) the Chief Economist of the Depart-
2 ment of Agriculture.

3 “(3) APPOINTMENT AND TERMS OF PRIVATE
4 SECTOR MEMBERS.—The members of the Board de-
5 scribed in subparagraphs (A) through (D) of para-
6 graph (2)—

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

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

11 “(C) shall be appointed to staggered 4-year
12 terms, as determined by the Secretary; and

13 “(D) shall serve not more than 2 consecu-
14 tive terms.

15 “(4) SPECIALTY CROPS.—The Board shall have
16 independent oversight authority over all program de-
17 cisions with respect to specialty crops made by the
18 Corporation, the Risk Management Agency, and the
19 specialty crop administrator (under the contract de-
20 scribed in section 522(b)).

21 “(5) MAINTENANCE OF BOARD INDEPEND-
22 ENCE.—No official or employee of the Corporation,
23 the Risk Management Agency, or the specialty crop
24 administrator may serve on the Board.”.

1 **SEC. 5. FEES COLLECTED BY APPROVED INSURANCE PRO-**
 2 **VIDERS.**

3 Section 508(b)(5)(D) of the Federal Crop Insurance
 4 Act (7 U.S.C. 1508(b)(5)(D)) is amended—

5 (1) in clause (i), by striking “The amounts”
 6 and inserting “Except as provided in clause (ii), the
 7 amounts”; and

8 (2) by striking clause (ii) and inserting the fol-
 9 lowing:

10 “(ii) FEES COLLECTED BY APPROVED
 11 INSURANCE PROVIDERS.—Not more than
 12 \$120 of the administrative fees paid by a
 13 producer for catastrophic risk coverage for
 14 specialty crops that are collected by an ap-
 15 proved insurance provider shall be retained
 16 by the provider as a payment for operating
 17 and administrative expenses incurred for
 18 the delivery of catastrophic risk protec-
 19 tion.”.

20 **SEC. 6. PILOT PROGRAM AUTHORITY.**

21 Section 508(m) of the Federal Crop Insurance Act
 22 (7 U.S.C. 1508(m)) is amended by adding at the end the
 23 following:

24 “(4) PILOT PROGRAMS.—Except as otherwise
 25 provided in this title, in carrying out a pilot program

1 of insurance or reinsurance under this title, the 18
 2 Corporation and the Secretary may—

3 “(A) offer the pilot program on a regional,
 4 State, or national basis, based on the interests
 5 of affected producers and the interests and
 6 risks of the Corporation;

7 “(B) operate the pilot program for a pe-
 8 riod of up to 3 years; and

9 “(C) extend the duration of the pilot pro-
 10 gram for additional periods, as determined by
 11 the Corporation and the Secretary, respec-
 12 tively.”.

13 **SEC. 7. EXPANSION OF REVENUE INSURANCE.**

14 Section 508 of the Federal Crop Insurance Act (7
 15 U.S.C. 1508) is amended by—

16 (1) in subsection (a)(1) by striking the second
 17 sentence and inserting “To qualify for coverage
 18 under a plan of insurance, the losses associated with
 19 the insured commodity must be due to a change in
 20 the price level or drought, flood, or other natural
 21 disaster (as determined by the Corporation).”; and

22 (2) striking subsection (h)(9).

1 **SEC. 8. FUNDING FOR PARTNERSHIPS FOR RISK MANAGE-**
 2 **MENT DEVELOPMENT AND IMPLEMENTA-**
 3 **TION.**

4 Section 516(b)(2) of the Federal Crop Insurance Act
 5 (7 U.S.C. 1516(b)(2)) is amended by adding at the end
 6 the following:

7 “(C) PARTNERSHIPS FOR RISK MANAGE-
 8 MENT DEVELOPMENT AND IMPLEMENTATION.—
 9 For each of the 2000 and subsequent reinsur-
 10 ance years, the Corporation may pay from the
 11 insurance fund established under subsection (c)
 12 \$20,000,000 to carry out section 522(k).”.

13 **SEC. 9. NONINSURED CROP DISASTER ASSISTANCE PRO-**
 14 **GRAM.**

15 Section 196(c) of the Agricultural Market Transition
 16 Act (7 U.S.C. 7333(c)) is amended—

17 (1) by striking paragraph (1);

18 (2) in paragraph (2)—

19 (A) by striking “Subject to paragraph (1),
 20 the” and inserting “The”; and

21 (B) by striking “because of drought, flood,
 22 or other natural disaster, as determined by the
 23 Secretary”;

24 (3) in paragraph (3)—

25 (A) by striking “Subject to paragraph (1),
 26 the” and inserting “The”; and

1 (B) by striking “, because of drought,
 2 flood, or other natural disaster as determined
 3 by the Secretary,”;

4 (4) by redesignating paragraphs (2) and (3) as
 5 paragraphs (1) and (2), respectively; and

6 (5) by adding at the end the following:

7 “(3) AREA TRIGGER.—The Secretary shall pro-
 8 vide assistance to individual producers without any
 9 requirement of an area loss.”.

10 **SEC. 10. EFFECTIVE DATE AND APPLICATION.**

11 This Act and the amendments made by this Act—

12 (1) take effect on the date of enactment of this
 13 Act; and

14 (2) shall apply beginning with the 2000 crop
 15 year for a specialty crop.

