

106TH CONGRESS
1ST SESSION

S. 1580

To amend the Federal Crop Insurance Act to assist agricultural producers in managing risk, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 13, 1999

Mr. ROBERTS (for himself, Mr. KERREY, Mr. CRAIG, Mr. BURNS, Mr. BAUCUS, Mr. GRASSLEY, Mr. SANTORUM, Mr. CRAPO, Mr. JOHNSON, Mr. THOMAS, Mr. BROWNBACK, Mr. HAGEL, Mr. DASCHLE, Mr. HARKIN, Mr. ENZI, Mr. INHOFE, and Mr. CONRAD) 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 assist agricultural producers in managing risk, 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 “Risk Management for the 21st Century Act”.

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

Sec. 1. Short title; table of contents.

TITLE I—CROP INSURANCE COVERAGE

Sec. 201. Administration and expansion of gross revenue pilot programs for specialty crops.

Sec. 202. Low-risk producer pilot program.

Sec. 203. Revenue insurance pilot program for hog and cattle producers.

Sec. 204. Pilot program for coverage of specialty crops and uninsured commodities and livestock through whole farm revenue insurance.

Sec. 205. Options pilot program for cattle and hog producers.

Sec. 206. Funding for pilot programs.

Sec. 301. Board of Directors of Corporation.
Sec. 302. Office of Risk Management.
Sec. 303. Office of Private Sector Partnership.
Sec. 304. Penalties for false information.
Sec. 305. Regulations.
Sec. 306. Program compliance.
Sec. 307. Specialty crops.
Sec. 308. Adequate coverage for agricultural commodities.
Sec. 309. Limitation on double insurance.
Sec. 310. Consultation with State committees of Farm Service Agency.
Sec. 311. Fees for plans of insurance.
Sec. 312. Reinsurance agreements.

Sec. 401. Definitions.

Sec. 402. Effective date.

3 SEC. 101. PREVENTED PLANTING.

(a) IN GENERAL.—Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by adding at the end the following:

7 “(7) PREVENTED PLANTING.—

1 “(A) EQUAL COVERAGE.—For each agri-
2 cultural commodity for which prevented plant-
3 ing coverage is available, the Corporation shall
4 offer an equal percentage level of prevented
5 planting coverage.

6 “(B) AREA CONDITIONS REQUIRED FOR
7 PAYMENT.—The Corporation shall limit pre-
8 vented planting payments to producers to situa-
9 tions in which producers in the area in which
10 the farm is located are generally affected by the
11 conditions that prevent an agricultural com-
12 modity from being planted.

13 “(C) SUBSTITUTE COMMODITY.—

14 “(i) AUTHORITY TO PLANT.—Subject
15 to clause (iv), a producer that has pre-
16 vented planting coverage and is eligible to
17 receive an indemnity under such coverage
18 may plant an agricultural commodity,
19 other than the commodity covered by the
20 prevented planting coverage, on the acre-
21 age originally prevented from being plant-
22 ed.

23 “(ii) NONAVAILABILITY OF INSUR-
24 ANCE.—A substitute agricultural com-
25 modity planted under clause (i) for harvest

1 in the same crop year shall not be eligible
2 for coverage under a policy or plan of in-
3 surance under this title or for noninsured
4 crop disaster assistance under section 196
5 of the Agricultural Market Transition Act
6 (7 U.S.C. 7333). For purposes of para-
7 graph (7) of subsection (b), the substitute
8 commodity shall be deemed to have at least
9 catastrophic risk protection so as to satisfy
10 the requirements of that paragraph.

11 “(iii) EFFECT ON ACTUAL PRODUC-
12 TION HISTORY.—If a producer plants a
13 substitute agricultural commodity under
14 clause (i) for a crop year, the Corporation
15 shall assign the producer a recorded yield,
16 for that crop year for the commodity that
17 was prevented from being planting, equal
18 to 60 percent of the producer’s actual pro-
19 duction history for that commodity for
20 purposes of determining the producer’s ac-
21 tual production history for subsequent crop
22 years.

23 “(iv) EFFECT ON PREVENTED PLANT-
24 ING PAYMENT.—If a producer plants a
25 substitute agricultural commodity under

1 clause (i) before the latest planting date
 2 established by the Corporation for the agri-
 3 cultural commodity prevented from being
 4 planted, the Corporation shall not make a
 5 prevented planting payment with regard to
 6 the commodity prevented from being plant-
 7 ed.”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 subsection (a) shall be reflected in the rates for applicable
 10 plans of insurance not later than crop year 2001.

11 **SEC. 102. ALTERNATIVE RATING METHODOLOGIES.**

12 Section 508(a) of the Federal Crop Insurance Act (7
 13 U.S.C. 1508(a)) (as amended by section 101) is amended
 14 by adding at the end the following:

15 “(8) ALTERNATIVE RATING METHODOLOGIES.—

16 “(A) IN GENERAL.—Not later than Sep-
 17 tember 30, 2000, the Corporation shall develop
 18 and implement alternative methodologies for
 19 rating plans of insurance under subsections (b)
 20 and (c), and rates for the plans of insurance,
 21 that take into account—

22 “(i) producers that elect not to par-
 23 ticipate in the Federal crop insurance pro-
 24 gram established under this title; and

1 “(ii) producers that elect only to ob-
 2 tain catastrophic risk protection under
 3 subsection (b).

4 “(B) REVIEW AND ADJUSTMENT.—Effec-
 5 tive for the 2001 and subsequent crop years,
 6 the Corporation shall review and make any nec-
 7 essary adjustments to methodologies and rates
 8 established under this paragraph, based on (as
 9 determined by the Corporation)—

10 “(i) expected future losses, with ap-
 11 propriate adjustment of any historical data
 12 used in rating to remove—

13 “(I) the impact of adverse selec-
 14 tion; and

15 “(II) data that no longer reflects
 16 the productive capacity of the area;

17 “(ii) program errors; and

18 “(iii) any other factor that can cause
 19 errors in methodologies and rates.

20 “(C) IMPLEMENTATION.—In developing,
 21 implementing, and adjusting rating methodolo-
 22 gies and rates under this paragraph, the Cor-
 23 poration shall—

24 “(i) use methodologies for rating
 25 plans of insurance under subsections (b)

and (c) that result in the lowest premiums payable by producers of an agricultural commodity in a geographic area, as determined by the Corporation; and

“(ii) update the manner in which rates are applied at the individual producer level, as determined by the Corporation.

“(D) PRIORITY.—In developing, implementing, and adjusting alternative methodologies for rating plans of insurance under subsections (b) and (c) for agricultural commodities, the Corporation shall provide the highest priority to agricultural commodities with (as determined by the Corporation)—

“(i) the largest average acreage; and

“(ii) the lowest percentage of producers that purchased coverage under subsection (c).”.

SEC. 103. QUALITY ADJUSTMENT.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) (as amended by section 102) is amended by adding at the end the following:

“(9) QUALITY ADJUSTMENT POLICIES.—The Corporation shall offer, only as an endorsement to a policy, coverage that permits a reduction in the

1 quantity of production of an agricultural commodity
 2 produced during a crop year, or any similar adjust-
 3 ment, that results from the agricultural commodity
 4 not meeting the quality standards established in the
 5 policy.”.

6 **SEC. 104. CATASTROPHIC RISK PROTECTION.**

7 Section 508(b)(2) of the Federal Crop Insurance Act
 8 (7 U.S.C. 1508(b)(2)) is amended—

9 (1) in subparagraph (A), by striking “subpara-
 10 graph (B)” and inserting “subparagraphs (B) and
 11 (C)”; and

12 (2) by adding at the end the following:

13 “(C) RERATING.—The Office of Risk Man-
 14 agement shall rerate the levels of catastrophic
 15 risk protection offered for each of the 2000
 16 spring crop year, 2001 fall crop year, and sub-
 17 sequent crop years.”.

18 **SEC. 105. PAYMENT OF PORTION OF PREMIUM BY COR-**
 19 **PORATION.**

20 (a) EXPECTED MARKET PRICE.—Section 508(c) of
 21 the Federal Crop Insurance Act (7 U.S.C. 1508(c)) is
 22 amended by striking paragraph (5) and inserting the fol-
 23 lowing:

24 “(5) EXPECTED MARKET PRICE.—

1 “(A) IN GENERAL.—For the purposes of
 2 this title, the Corporation shall establish or ap-
 3 prove the price level (referred to in this title as
 4 the ‘expected market price’) of each agricultural
 5 commodity for which insurance is offered.

6 “(B) AMOUNT.—The expected market
 7 price of an agricultural commodity—

8 “(i) except as otherwise provided in
 9 this subparagraph, shall be not less than
 10 the projected market price of the agricul-
 11 tural commodity, as determined by the
 12 Corporation;

13 “(ii) may be based on the actual mar-
 14 ket price of the agricultural commodity at
 15 the time of harvest, as determined by the
 16 Corporation;

17 “(iii) in the case of revenue and other
 18 similar plans of insurance, shall be the ac-
 19 tual market price of the agricultural com-
 20 modity, as determined by the Corporation;
 21 or

22 “(iv) in the case of cost of production
 23 or similar plans of insurance, shall be the
 24 projected cost of producing the agricultural

1 commodity, as determined by the Corpora-
 2 tion.”.

3 (b) PREMIUM AMOUNTS.—Section 508(d)(2) of the
 4 Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is
 5 amended by striking subparagraph (C) and inserting the
 6 following:

7 “(C) In the case of additional coverage at
 8 greater than or equal to 65 percent of the re-
 9 corded or appraised average yield indemnified
 10 at 100 percent of the expected market price, or
 11 an equivalent coverage, but less than 75 percent
 12 of the recorded or appraised average yield in-
 13 demnified at 100 percent of the expected mar-
 14 ket price, or an equivalent coverage, the amount
 15 of the premium shall—

16 “(i) be sufficient to cover anticipated
 17 losses and a reasonable reserve; and

18 “(ii) include an amount for operating
 19 and administrative expenses, as determined
 20 by the Corporation, on an industry-wide
 21 basis as a percentage of the amount of the
 22 premium used to define loss ratio.

23 “(D) In the case of additional coverage
 24 equal to or greater than 75 percent of the re-
 25 corded or appraised average yield indemnified

at 100 percent of the expected market price, or
 an equivalent coverage, the amount of the pre-
 mium shall—

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

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

(c) PAYMENT OF PORTION OF PREMIUM BY COR-
 PORATION.—Section 508(e) of the Federal Crop Insurance
 Act (7 U.S.C. 1508(e)) is amended—

(1) by striking paragraph (1) and inserting the
 following:

“(1) IN GENERAL.—

“(A) MANDATORY PAYMENTS.—For the
 purpose of encouraging the broadest possible
 participation of producers in the crop insurance
 plans of insurance authorized to be insured or
 reinsured under subsections (b) and (c), the
 Corporation shall pay a part of the premium in
 the amounts determined under this subsection.

“(B) DISCRETIONARY PAYMENTS.—In the
 case of a plan of insurance approved by the

1 Corporation under subsections (a)(7) and (h),
2 the Corporation may pay a part of the premium
3 in the amounts not to exceed the amounts de-
4 termined under this subsection.”; and
5 (2) in paragraph (2), by striking subparagraphs
6 (B) and (C) and inserting the following:

7 “(B) In the case of additional coverage less
8 than or equal to 50 percent of the recorded or
9 appraised average yield indemnified at 100 per-
10 cent of the expected market price, or an equiva-
11 lent coverage, the amount shall be equal to the
12 sum of—

13 “(i) 55 percent of the amount of the
14 premium established under subsection
15 (d)(2)(B)(i); and

16 “(ii) the amount of operating and ad-
17 ministrative expenses determined under
18 subsection (d)(2)(B)(ii).

19 “(C) In the case of additional coverage at
20 greater than 50 percent, but less than 65 per-
21 cent, of the recorded or appraised average yield
22 indemnified at 100 percent of the expected mar-
23 ket price, or an equivalent coverage, the amount
24 shall be equal to the sum of—

1 “(i) 45 percent of the amount of the
2 premium established under subsection
3 (d)(2)(B)(i); and

4 “(ii) the amount of operating and ad-
5 ministrative expenses determined under
6 subsection (d)(2)(B)(ii).

7 “(D) In the case of coverage at greater
8 than or equal to 65 percent of the recorded or
9 appraised average yield indemnified at 100 per-
10 cent of the expected market price, or an equiva-
11 lent coverage, but less than 75 percent of the
12 recorded or appraised average yield indemnified
13 at 100 percent of the expected market price, or
14 an equivalent coverage, the amount shall be
15 equal to the sum of—

16 “(i) 50 percent of the amount of the
17 premium established under subsection
18 (d)(2)(C)(i); and

19 “(ii) the amount of operating and ad-
20 ministrative expenses determined under
21 subsection (d)(2)(C)(ii).

22 “(E) In the case of coverage equal to or
23 greater than 75 percent of the recorded or ap-
24 praised average yield indemnified at 100 per-
25 cent of the expected market price, or an equiva-

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

3 “(i) 55 percent of the amount of the
4 premium established for coverage at 75
5 percent of the recorded or appraised aver-
6 age yield indemnified at 100 percent of the
7 expected market price under subsection
8 (d)(2)(D)(i); and

9 “(ii) the amount of operating and ad-
10 ministrative expenses determined under
11 subsection (d)(2)(D)(ii).”.

12 (d) CONFORMING AMENDMENT.—Section 508(h)(2)
13 of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(2))
14 is amended by striking the second sentence.

15 **SEC. 106. ADDITIONAL PREMIUM SUBSIDY FOR RISK MAN-**
16 **AGEMENT ACTIVITIES.**

17 Section 508(e) of the Federal Crop Insurance Act (7
18 U.S.C. 1508(e)) is amended—

19 (1) in paragraph (2), by striking “The amount”
20 and inserting “Subject to paragraph (5), the
21 amount”; and

22 (2) by adding at the end the following:

23 “(5) RISK MANAGEMENT ACTIVITIES.—The
24 amount of the premium payable by the Corporation
25 for a plan of insurance issued to a producer for a

1 covered year under paragraph (2) shall be increased
2 by an amount equal to 5 percent of the premium
3 payable by the producer if the producer obtains or
4 uses for the covered year at least 2 of the following
5 risk management practices:

6 “(A) FUTURE OR OPTION.—The producer
7 may hedge price, revenue, or production risk by
8 entering into at least 1 standard exchange-trad-
9 ed contract for a future or option on a principal
10 agricultural commodity produced on the farm.

11 “(B) CASH FORWARD OR OTHER MAR-
12 KETING CONTRACT.—The producer may cover
13 at least 20 percent of the value of a principal
14 agricultural commodity produced on the farm
15 with a cash forward or other type of marketing
16 contract.

17 “(C) AGRICULTURAL MARKETING AND
18 RISK MANAGEMENT EDUCATION.—The producer
19 may attend an agricultural marketing or risk
20 management class, including a seminar or class
21 conducted by a broker licensed by a futures ex-
22 change.

23 “(D) AGRICULTURAL TRADE OPTION.—
24 The producer may hedge price, revenue, or pro-
25 duction risk on at least 10 percent of the value

1 of a principal agricultural commodity produced
 2 on the farm by purchasing an agricultural trade
 3 option.

4 “(E) TRUST.—The producer may make a
 5 deposit of at least 10 percent of the payments
 6 of the producer under the Agricultural Market
 7 Transition Act (7 U.S.C. 7201 et seq.) into a
 8 trust authorized by statute for eligible farming
 9 businesses that may be established to accept tax
 10 deductible contributions.

11 “(F) FINANCIAL RISK REDUCTION.—The
 12 producer may reduce farm financial risk by re-
 13 ducing debt in an amount that reduces leverage
 14 or by increasing liquidity, as determined by the
 15 Secretary.”.

16 **SEC. 107. ASSIGNED YIELDS.**

17 Section 508(g)(2)(B) of the Federal Crop Insurance
 18 Act (7 U.S.C. 1508(g)(2)(B)) is amended—

19 (1) by striking “assigned a yield” and inserting
 20 “assigned—

21 “(i) a yield”;

22 (2) by striking the period at the end and insert-
 23 ing “; or”; and

24 (3) by adding at the end the following:

“(ii) a yield determined by the Corporation, in the case of—

“(I) a person that has not been actively engaged in farming for a share of the production of the insured crop for more than 2 crop years, as determined by the Secretary;

“(II) a producer that produces an agricultural commodity on land that has not been farmed by the producer; and

“(III) a producer that rotates a crop produced on a farm to a crop that has not been produced on the farm.”.

SEC. 108. MULTIYEAR DISASTER ACTUAL PRODUCTION HISTORY ADJUSTMENT.

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

“(4) TRANSITIONAL ADJUSTMENT FOR DISASTERS.—

“(A) DEFINITION OF A PRODUCER THAT HAS SUFFERED A MULTIYEAR DISASTER.—In this paragraph, the term ‘a producer that has

1 suffered a multiyear disaster’ means a producer
2 that has suffered a natural disaster during at
3 least 3 of the immediately preceding 5 crop
4 years that resulted in a cumulative reduction of
5 at least 25 percent in the actual production his-
6 tory of the crop of an agricultural commodity.

7 “(B) ELIMINATION OF CERTAIN YEARS OF
8 PRODUCTION HISTORY.—Effective beginning
9 with the 2000 crop year, for the purpose of cal-
10 culating the actual production history for a crop
11 of an agricultural commodity, a producer that
12 has suffered a multiyear disaster with respect
13 to the crop may exclude 1 year of production
14 history for each 5 years included in the actual
15 production history calculation of the crop for
16 which the producer purchased crop insurance.

17 “(C) CORPORATION’S SHARE OF CHANGED
18 COSTS.—In the case of an exclusion under sub-
19 paragraph (B), in addition to any other author-
20 ity to pay any portion of premium, the Corpora-
21 tion shall pay—

22 “(i) the portion of the premium that
23 represents the increase in premium associ-
24 ated with the exclusion;

1 “(ii) all additional indemnities associ-
2 ated with the exclusion; and

3 “(iii) any amounts that result from
4 the difference in the administrative and op-
5 erating expenses owed to an approved in-
6 surance provider as the result of an adjust-
7 ment in actual production history under
8 this paragraph.

9 “(D) INCREASE IN ACTUAL PRODUCTION
10 HISTORY AFTER EXCLUSIONS.—In the case of a
11 producer that has received an exclusion under
12 subparagraph (B), the Corporation shall not
13 limit the increase of the actual production his-
14 tory based on the producer’s actual production
15 of the crop of an agricultural commodity in suc-
16 ceeding crop years until the actual production
17 history for the producer reaches the level for
18 the crop year immediately preceding the first
19 year of the multiyear disaster.

20 “(E) TERMINATION OF EXCLUSION AU-
21 THORITY.—The authority to apply this para-
22 graph to a producer shall terminate with re-
23 spect to the first crop year in which crop insur-
24 ance is available to the producer that ade-
25 quately insures against natural disasters that

1 occur in multiple crop years, as determined by
 2 the Corporation.”.

3 **SEC. 109. NONINSURED CROP DISASTER ASSISTANCE PRO-**
 4 **GRAM.**

5 (a) OPERATION AND ADMINISTRATION OF PRO-
 6 GRAM.—Section 196(a)(2) of the Agricultural Market
 7 Transition Act (7 U.S.C. 7333(a)(2)) is amended by add-
 8 ing at the end the following:

9 “(C) COMBINATION OF SIMILAR TYPES OR
 10 VARIETIES.—At the option of the Secretary, all
 11 types or varieties of a crop or commodity de-
 12 scribed in subparagraph (A) or (B) may be con-
 13 sidered to be a single eligible crop under this
 14 section.”.

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

17 (1) by striking paragraph (2) and inserting the
 18 following:

19 “(2) RECORDS.—To be eligible for assistance
 20 under this section, on payment of the service fee, a
 21 producer shall provide annually to the Secretary
 22 records of crop acreage, acreage yields, and produc-
 23 tion for each crop, as required by the Secretary.”;
 24 and

1 (2) in paragraph (3), by inserting “annual”
 2 after “shall provide”.

3 (c) LOSS REQUIREMENTS.—Section 196 of the Agri-
 4 cultural Market Transition Act (7 U.S.C. 7333) is amend-
 5 ed by striking subsection (c) and inserting the following:

6 “(c) LOSS REQUIREMENTS.—

7 “(1) DISASTER.—To be eligible for assistance
 8 under this section, a producer of an eligible crop
 9 shall have suffered a loss of a noninsured commodity
 10 as the result of a natural disaster described in sub-
 11 section (a)(3).

12 “(2) ASSISTANCE.—On the declaration of a
 13 natural disaster described in subsection (a)(3), the
 14 Secretary shall make assistance under this section to
 15 producers of an eligible crop that have suffered a
 16 loss as a result of the disaster.

17 “(3) AREA TRIGGER.—The Secretary may pro-
 18 vide assistance to individual producers without any
 19 requirement of an area loss.”.

20 (d) NEW ELIGIBLE CROPS.—Section 196 of the Agri-
 21 cultural Market Transition Act (7 U.S.C. 7333) is
 22 amended—

23 (1) in subsection (d)(1)—

24 (A) by inserting “(except as provided in
 25 subsection (j))” after “percent”; and

1 (B) by inserting “determined under sub-
 2 section (e)” after “for the crop”;

3 (2) by redesignating subsection (j) as sub-
 4 section (l); and

5 (3) by inserting after subsection (i) the fol-
 6 lowing:

7 “(j) NEW ELIGIBLE CROPS.—

8 “(1) IN GENERAL.—Subject to paragraph (2),
 9 if a producer produces an eligible crop that is new
 10 to an area (as determined by the Secretary), a pay-
 11 ment for the producer shall be computed by sub-
 12 stituting the following percentages of yields for the
 13 percentages of yields specified in subsection (d)(1):

14 “(A) In the case of the first crop year of
 15 the eligible crop produced by the producer, 35
 16 percent of the established yield for the crop de-
 17 termined under subsection (e).

18 “(B) In the case of each of the second
 19 through fourth years of the eligible crop pro-
 20 duced by the producer—

21 “(i) 45 percent of the established yield
 22 for the crop determined under subsection
 23 (e); or

24 “(ii) if the producer received a pay-
 25 ment under this section for the first crop

1 year of the eligible crop produced by the
 2 producer, 35 percent of the established
 3 yield for the crop determined under sub-
 4 section (e).

5 “(2) TEMPORARY INELIGIBILITY.—If a pro-
 6 ducer of an eligible crop described in paragraph (1)
 7 receives a payment under this section in both the
 8 first and second crop years of the eligible crop, the
 9 producer shall be ineligible for a payment under this
 10 section until the producer has successfully produced
 11 the crop for at least 3 consecutive crop years with
 12 no loss reported, as determined by the Secretary.”.

13 (e) SERVICE FEE.—Section 196 of the Agricultural
 14 Market Transition Act (7 U.S.C. 7333) (as amended by
 15 subsection (d)) is amended by inserting after subsection
 16 (j) the following:

17 “(k) SERVICE FEE.—

18 “(1) IN GENERAL.—To be eligible to receive as-
 19 sistance for an eligible crop for a crop year under
 20 this section, a producer shall pay to the Secretary a
 21 service fee for each eligible crop in an amount that
 22 is equal to the per policy fee for catastrophic risk
 23 protection otherwise available under section 508(b)
 24 of the Federal Crop Insurance Act (7 U.S.C.
 25 1508(b)).

1 “(2) USE.—The Secretary shall use service fees
2 collected under this subsection to offset the adminis-
3 trative and operating expenses of carrying out this
4 section.”.

5 **TITLE II—PILOT PROGRAMS**

6 **SEC. 201. ADMINISTRATION AND EXPANSION OF GROSS** 7 **REVENUE PILOT PROGRAMS FOR SPECIALTY** 8 **CROPS.**

9 Section 507(g) of the Federal Crop Insurance Act (7
10 U.S.C. 1507(g)) is amended by adding at the end the fol-
11 lowing:

12 “(4) ADMINISTRATION AND EXPANSION OF
13 GROSS REVENUE PILOT PROGRAMS FOR SPECIALTY
14 CROPS.—

15 “(A) ADMINISTRATION.—The Specialty
16 Crops Coordinator shall administer the gross
17 revenue pilot programs that are in effect for
18 specialty crops.

19 “(B) EXPANSION.—For crop year 2000,
20 the pilot programs shall be expanded to include
21 any additional counties in the States of Ari-
22 zona, California, Florida, Georgia, Idaho,
23 Maine, Michigan, New Mexico, New York,
24 North Carolina, Oregon, and Texas and other
25 States that are determined by the Specialty

1 Crops Coordinator to be appropriate for inclu-
 2 sion.”.

3 **SEC. 202. LOW-RISK PRODUCER PILOT PROGRAM.**

4 Section 508(a) of the Federal Crop Insurance Act (7
 5 U.S.C. 1508(a)) (as amended by section 103) is amended
 6 by adding at the end the following:

7 “(10) LOW-RISK PRODUCER PILOT PROGRAM.—

8 “(A) IN GENERAL.—For each of the 2000
 9 through 2003 crop years, the Corporation shall
 10 carry out a pilot program that is designed to
 11 encourage participation in the Federal crop in-
 12 surance program established under this title by
 13 producers who rarely suffer insurable losses.

14 “(B) SCOPE.—The Corporation shall carry
 15 out the pilot program in at least 40 counties
 16 that are determined by the Corporation to be
 17 adequate to provide a comprehensive evaluation
 18 of the feasibility, effectiveness, and demand
 19 among producers for a low-risk producer pro-
 20 gram.

21 “(C) PREMIUM REFUND.—Notwith-
 22 standing section 506(o) and subsection (d)(1),
 23 if a producer participating in the pilot program
 24 incurs a yield loss in any crop year that is more
 25 than 10 percent but not more than 35 percent

of the yield determined under subsection (g),
the Corporation shall—

“(i) refund all or part, as determined
by the Corporation, of the premium that
was paid by the producer for a plan of in-
surance for the crop that incurred the
qualifying loss; or

“(ii) apply the amount to be refunded
under clause (i) against the premium pay-
able by the producer for equivalent cov-
erage for the subsequent crop year.

“(D) REGULATIONS.—The Corporation
shall promulgate such regulations as are nec-
essary to carry out the pilot program.”.

**SEC. 203. REVENUE INSURANCE PILOT PROGRAM FOR HOG
AND CATTLE PRODUCERS.**

Section 508(a) of the Federal Crop Insurance Act (7
U.S.C. 1508(a)) (as amended by section 202) is amended
by adding at the end the following:

“(11) REVENUE INSURANCE PILOT PROGRAM
FOR HOG AND CATTLE PRODUCERS.—

“(A) IN GENERAL.—The Secretary shall
carry out a pilot program in a limited number
of counties under which an eligible producer of
hogs or cattle described in subparagraph (B)

1 may elect to receive insurance, through ap-
2 proved insurance providers with reinsurance
3 provided through futures markets, against loss
4 of revenue.

5 “(B) ELIGIBLE PRODUCERS.—The Sec-
6 retary shall offer revenue insurance under this
7 paragraph to—

8 “(i) hog producers in Hardin, Scott,
9 and Warren counties of the State of Iowa;
10 and

11 “(ii) cattle producers in Sioux, Jack-
12 son, and Wayne counties in the State of
13 Iowa.

14 “(C) COVERAGE.—Under the pilot pro-
15 gram, a participating producer may elect cov-
16 erage that is based on the expected gross profit
17 of the producer from the sale of slaughter-ready
18 hogs or cattle during a covered year.

19 “(D) WHOLE FARM COVERAGE.—The Sec-
20 retary shall permit a participating producer
21 that produces corn or soybeans to—

22 “(i) combine coverage for the corn or
23 soybeans under this title and coverage for
24 hogs or cattle under this paragraph; and

1 “(ii) obtain a lower rate of premium
2 for the combined coverage.

3 “(E) FUNDING.—From funds made avail-
4 able to carry out this title, the Secretary shall
5 use not more than \$200,000 to carry out this
6 paragraph.”.

7 **SEC. 204. PILOT PROGRAM FOR COVERAGE OF SPECIALTY**
8 **CROPS AND UNINSURED COMMODITIES AND**
9 **LIVESTOCK THROUGH WHOLE FARM REV-**
10 **ENUE INSURANCE.**

11 Section 508(a) of the Federal Crop Insurance Act (7
12 U.S.C. 1508(a)) (as amended by section 203) is amended
13 by adding at the end the following:

14 “(12) PILOT PROGRAM FOR COVERAGE OF SPE-
15 CIALTY CROPS AND UNINSURED COMMODITIES AND
16 LIVESTOCK THROUGH WHOLE FARM REVENUE IN-
17 SURANCE.—The Secretary shall carry out (directly
18 or by contract) a pilot program in a limited number
19 of counties, as determined by the Secretary, to de-
20 termine the feasibility of using whole farm revenue
21 insurance to insure—

22 “(A) specialty crops that are insured under
23 this title; and

24 “(B) commodities and livestock that are
25 not insured under this title.”.

1 **SEC. 205. OPTIONS PILOT PROGRAM FOR CATTLE AND HOG**
 2 **PRODUCERS.**

3 Section 191 of the Agricultural Market Transition
 4 Act (7 U.S.C. 7331) is amended—

5 (1) in the first sentence of subsection (a), by in-
 6 serting “and cattle and hogs” after “under this
 7 title”; and

8 (2) in subsection (c)(1), by inserting before the
 9 semicolon the following: “, except that this para-
 10 graph shall not apply to a cattle or hog producer”.

11 **SEC. 206. FUNDING FOR PILOT PROGRAMS.**

12 Section 516(b) of the Federal Crop Insurance Act (7
 13 U.S.C. 1516(b)) is amended by adding at the end the fol-
 14 lowing:

15 “(3) PILOT PROGRAMS.—

16 “(A) IN GENERAL.—Except as provided in
 17 subparagraph (B), from funds made available
 18 to carry out this title, the Secretary shall use
 19 not more than \$50,000,000 for any fiscal year
 20 to carry out pilot programs under this title.

21 “(B)) REVENUE INSURANCE PILOT PRO-
 22 GRAM FOR HOG AND CATTLE PRODUCERS.—
 23 Subparagraph (A) shall not apply to the rev-
 24 enue insurance pilot program for hog and cattle
 25 producers carried out under section
 26 508(a)(11).”.

1 **TITLE III—ADMINISTRATION**

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

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

6 “(a) BOARD OF DIRECTORS.—

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

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

12 “(A) 4 members who are active agricul-
13 tural producers with or without crop insurance,
14 with 1 member appointed from each of the 4 re-
15 gions of the United States (as determined by
16 the Secretary);

17 “(B) 1 member who is active in the crop
18 insurance business;

19 “(C) 1 member who is active in the rein-
20 surance business;

21 “(D) the Under Secretary for Farm and
22 Foreign Agricultural Services;

23 “(E) the Under Secretary for Rural Devel-
24 opment; and

1 “(F) 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), (B), and (C) 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) CHAIRPERSON.—The Board shall select a
16 member of the Board described in subparagraph
17 (A), (B), or (C) of paragraph (2) to serve as Chair-
18 person of the Board.

19 “(5) STAFF.—The Board shall employ or con-
20 tract with 1 or more individuals who are knowledge-
21 able and experienced in quantitative mathematics
22 and actuarial rating to assist the Board in reviewing
23 and approving policies and materials with respect to
24 plans of insurance authorized or submitted under
25 section 508.”.

1 **SEC. 302. OFFICE OF RISK MANAGEMENT.**

2 Section 226A of the Department of Agriculture Reor-
3 ganization Act of 1994 (7 U.S.C. 6933) is amended—

4 (1) by redesignating subsections (a) through (d)
5 as subsections (b) through (e), respectively;

6 (2) by inserting after the section heading the
7 following:

8 “(a) DEFINITION OF SPECIALTY CROP.—In this sec-
9 tion, the term ‘specialty crop’ has the meaning given the
10 term in section 502(b) of the Federal Crop Insurance Act
11 (7 U.S.C. 1502(b)).”;

12 (3) by striking subsection (b) (as so redesign-
13 ated) and inserting the following:

14 “(b) ESTABLISHMENT.—The Secretary shall estab-
15 lish and maintain in the Department an Office of Risk
16 Management, which shall be under the direction of the
17 Board of Directors of the Federal Crop Insurance Cor-
18 poration.”;

19 (4) in subsection (c) (as so redesignated)—

20 (A) by striking paragraph (1) and insert-
21 ing the following:

22 “(1) Assistance to the Board in developing, re-
23 viewing, and recommending plans of insurance under
24 section 508(a)(7) of the Federal Crop Insurance Act
25 (7 U.S.C. 1508(a)(7)) to ensure that each agricul-

1 tural commodity (including each new or specialty
2 crop) is adequately served by plans of insurance.”;

3 (B) in paragraph (3), by inserting before
4 the period at the end the following: “, except
5 that the Office shall not impose a limitation on
6 the quantity of livestock that may be covered by
7 any whole farm revenue insurance pilot pro-
8 gram conducted by the Office”;

9 (C) by redesignating paragraph (4) as
10 paragraph (5); and

11 (D) by inserting after paragraph (3) the
12 following:

13 “(4) Administration of the research and devel-
14 opment programs of the Office (directly or by con-
15 tract) for each of the 2001 and subsequent crop
16 years, including—

17 “(A) as 1 of the 3 highest research and de-
18 velopment priorities of the Office, development
19 of a pasture, range, and forage program to pro-
20 mote land stewardship; and

21 “(B) the use of at least 50 percent of the
22 funds used by the Office for each fiscal year for
23 research and development programs on research
24 and development activities related to specialty
25 crops, with at least 50 percent of the funds ex-

1 pended each fiscal year for the activities by en-
 2 tering into contracts.”; and

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

4 “(f) PARTNERSHIPS FOR RISK MANAGEMENT DE-
 5 VELOPMENT AND IMPLEMENTATION.—

6 “(1) PURPOSE.—The purpose of this subsection
 7 is to authorize the Risk Management Agency to
 8 enter into partnerships with public and private enti-
 9 ties for the purpose of increasing the availability of
 10 risk management tools for specialty crop producers.

11 “(2) AUTHORITY.—The Risk Management
 12 Agency is authorized to use for each fiscal year not
 13 more than \$20,000,000 of funds made available
 14 under section 516(b)(2) of the Federal Crop Insur-
 15 ance Act (7 U.S.C. 1516(b)(2)) to enter into part-
 16 nerships with the Cooperative State Research, Edu-
 17 cation, and Extension Service, the Agricultural Re-
 18 search Service, the National Oceanic and Atmos-
 19 pheric Administration, and other appropriate public
 20 and private entities with demonstrated capabilities in
 21 developing and implementing risk management and
 22 marketing options for specialty crops.

23 “(3) OBJECTIVES.—The Risk Management
 24 Agency may enter into a partnership under para-
 25 graph (2) to—

1 “(A) enhance the notice and timeliness of
2 notice of weather conditions that could nega-
3 tively affect specialty crop yields, quality, and
4 final product use in order to allow producers to
5 take preventive actions to increase end-product
6 profitability and marketability and to reduce
7 the possibility of crop insurance claims;

8 “(B) develop a multifaceted approach to
9 pest management to decrease inputs, decrease
10 the development of pest resistance, and increase
11 the effectiveness of pest prevention applications;

12 “(C) develop a multifaceted approach to
13 fertilization to decrease inputs, decrease exces-
14 sive nutrient loading to the environment, and
15 increase application efficiency;

16 “(D) develop or improve techniques for
17 planning, breeding, growing, maintaining, har-
18 vesting, storage, and shipping that will address
19 quality and quantity challenges for specialty
20 crops and livestock associated with year-to-year
21 and regional variations;

22 “(E) clarify labor requirements and assist
23 producers in complying with requirements that
24 allow specialty crop producers to better meet
25 the physically intense and time-compressed

1 planting, tending, and harvesting requirements
2 associated with specialty crop production;

3 “(F) provide assistance to State foresters
4 or equivalent officials for the prescribed use of
5 burning on private forest land for the preven-
6 tion, control, and suppression of fire; and

7 “(G) develop other risk management tools
8 that specialty crop producers can use to further
9 increase their economic and production sta-
10 bility.”.

11 **SEC. 303. OFFICE OF PRIVATE SECTOR PARTNERSHIP.**

12 (a) IN GENERAL.—The Federal Crop Insurance Act
13 is amended by inserting after section 507 (7 U.S.C. 1507)
14 the following:

15 **“SEC. 507A. OFFICE OF PRIVATE SECTOR PARTNERSHIP.**

16 “(a) ESTABLISHMENT.—Not later than 90 days after
17 the date of enactment of this section, the Secretary shall
18 establish and maintain in the Department an Office of
19 Private Sector Partnership, which shall be under the di-
20 rection of the Board.

21 “(b) FUNCTIONS.—The Office shall—

22 “(1) provide at least monthly reports to the
23 Board on crop insurance issues, which shall be based
24 on comments received from producers, approved in-

1 surance providers, and other sources that the Office
2 considers appropriate;

3 “(2)(A) review policies and materials with re-
4 spect to—

5 “(i) subsidized plans of insurance author-
6 ized under section 508; and

7 “(ii) unsubsidized plans of insurance sub-
8 mitted to the Board under section 508(h); and

9 “(B) make recommendations to the Board with
10 respect to approval of the policies and materials, in-
11 cluding recommendations with respect to the dis-
12 approval of any policies and materials that contain
13 terms or conditions that promote fraud;

14 “(3) make recommendations to the Board to
15 encourage cooperation between United States attor-
16 neys, the Corporation, and approved insurance pro-
17 viders to minimize fraud in connection with an in-
18 surance plan or policy under this title;

19 “(4) administer the reinsurance functions de-
20 scribed in section 508(k) on behalf of the Corpora-
21 tion;

22 “(5) review and make recommendations to the
23 Board with respect to methodologies for rating plans
24 of insurance under this title; and

1 “(6) perform such other functions as the Board
2 considers appropriate.

3 “(c) ADMINISTRATOR.—The Office shall be headed
4 by an Administrator who shall be appointed by the Sec-
5 retary.

6 “(d) STAFF.—The Administrator shall appoint such
7 employees pursuant to title 5, United States Code, as are
8 necessary for the administration of the Office, including
9 employees who have commercial reinsurance, actuarial,
10 and specialty crop experience.”.

11 (b) FUNDING.—Section 516 of the Federal Crop In-
12 surance Act (7 U.S.C. 1516) is amended—

13 (1) in subsection (a)(2)—

14 (A) in subparagraph (A), by striking
15 “and” at the end;

16 (B) in subparagraph (B), by striking the
17 period at the end and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(C) salaries and expenses of the Office of
20 Private Sector Partnership.”; and

21 (2) in subsection (b)(1)—

22 (A) in subparagraph (B), by striking “;
23 and” and inserting a semicolon;

1 (B) in subparagraph (C), by striking the
 2 period at the end and inserting a semicolon;
 3 and

4 (C) by adding at the end the following:

5 “(D) salaries and expenses of the Office of
 6 Private Sector Partnership, but not to exceed
 7 \$5,000,000 for each fiscal year; and”.

8 **SEC. 304. PENALTIES FOR FALSE INFORMATION.**

9 Section 506(n)(1) of the Federal Crop Insurance Act
 10 (7 U.S.C. 1506(n)(1)) is amended—

11 (1) in subparagraph (A), by inserting “for each
 12 claim” after “\$10,000”; and

13 (2) in subparagraph (B), by striking “non-
 14 insured assistance” and inserting “any loan, pay-
 15 ment, or benefit described in section 1211 of the
 16 Food Security Act of 1985 (16 U.S.C. 3811)”.

17 **SEC. 305. REGULATIONS.**

18 Section 506(p) of the Federal Crop Insurance Act (7
 19 U.S.C. 1506(p)) is amended—

20 (1) by striking “The Secretary” and inserting
 21 the following:

22 “(1) IN GENERAL.—The Secretary”; and

23 (2) by adding at the end the following:

24 “(2) TERMS OF INSURANCE.—

“(A) IN GENERAL.—Regulations issued by the Secretary and the Corporation specifying the terms of insurance under section 508 shall be issued without regard to—

“(i) the notice and comment provisions of section 553 of title 5, United States Code;

“(ii) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

“(iii) chapter 35 of title 44, United States Code (commonly known as the ‘Paperwork Reduction Act’).

“(B) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this paragraph, the Secretary shall use the authority provided under section 808 of title 5, United States Code.”.

SEC. 306. PROGRAM COMPLIANCE.

Section 506(q) of the Federal Crop Insurance Act (7 U.S.C. 1506(q)) is amended—

(1) by redesignating paragraph (2) as paragraph (6); and

1 (2) by striking paragraph (1) and inserting the
2 following:

3 “(1) IN GENERAL.—Not later than 180 days
4 after the date of enactment of the Risk Management
5 for the 21st Century Act, the Corporation shall es-
6 tablish a program for monitoring compliance with
7 this title by all Federal crop insurance participants,
8 including producers, agents, adjusters, and approved
9 insurance providers.

10 “(2) CONSULTATION.—The Corporation shall
11 consult with approved insurance providers in devel-
12 oping the compliance program.

13 “(3) OVERSIGHT OF LOSS ADJUSTMENT.—As
14 part of the compliance program, the Corporation
15 shall provide for a mechanism to independently re-
16 view the performance of loss adjusters.

17 “(4) PROGRAM REVIEW.—Not later than 90
18 days after the date of enactment of the Risk Man-
19 agement for the 21st Century Act, the Corporation
20 shall submit to the Board and the Office of Private
21 Sector Partnership for their review the proposed
22 compliance program under this subsection.

23 “(5) ANNUAL REPORTS.—Beginning with fiscal
24 year 2001, the Corporation shall submit an annual
25 report to the Committee on Agriculture of the House

1 of Representatives, the Committee on Agriculture,
 2 Nutrition, and Forestry of the Senate, the Board,
 3 and the Office of Private Sector Partnership con-
 4 cerning the compliance program established under
 5 this subsection, including any recommendations for
 6 legislative or administrative changes that could fur-
 7 ther improve program compliance.”.

8 **SEC. 307. SPECIALTY CROPS.**

9 (a) IN GENERAL.—Section 507(g) of the Federal
 10 Crop Insurance Act (7 U.S.C. 1507(g)) (as amended by
 11 section 201) is amended by adding at the end the fol-
 12 lowing:

13 “(5) RESEARCH AND OTHER ASSISTANCE FOR
 14 NEW OR REVISED CROP INSURANCE POLICIES FOR
 15 SPECIALTY CROPS.—To encourage the development
 16 of new or revised crop insurance policies and other
 17 materials for specialty crops and submission of those
 18 insurance policies and other materials to the Cor-
 19 poration under section 508(h), the Specialty Crops
 20 Coordinator may—

21 “(A) make grants on a competitive basis
 22 for the research and development of insurance
 23 policies for underserved specialty crops;

24 “(B) reimburse research costs associated
 25 with product development;

1 “(C) enter into contracts for the research
2 and development of insurance policies for un-
3 derserved specialty crops; and

4 “(D) enter into contracts and reimburse
5 costs associated with the reassessment and re-
6 formatting of existing insurance policies for
7 specialty crops.

8 “(6) TIME PERIODS FOR PURCHASE OF COV-
9 ERAGE FOR SPECIALTY CROPS.—

10 “(A) SALES CLOSING DATE.—Subject to
11 subparagraph (B), the sales closing date for ob-
12 taining coverage for a specialty crop under this
13 title may not expire before the end of the 120-
14 day period beginning on the date of the final re-
15 lease of materials for policies from the Risk
16 Management Agency and the Specialty Crops
17 Coordinator.

18 “(B) RELEASE OF PRODUCT DELAYED TO
19 FOLLOWING CROP YEAR.—If the date of release
20 of an insurance product for a specialty crop for
21 a crop year does not allow sufficient time for
22 the dissemination of policies and related mate-
23 rials or jeopardizes the integrity and actuarial
24 soundness of the crop insurance program for
25 specialty crops, the Board shall delay the re-

1 lease and offering of the product until the fol-
 2 lowing crop year.

3 “(C) PURCHASE DURING INSURANCE PE-
 4 RIOD.—A producer of a specialty crop may pur-
 5 chase new coverage for the specialty crop, or in-
 6 crease coverage levels, at any time during the
 7 insurance period, subject to a 30-day waiting
 8 period for the coverage to take effect to permit
 9 an inspection to verify acceptability by the in-
 10 surance provider.”.

11 (b) STUDY OF NEW SPECIALTY CROP INSURANCE
 12 POLICIES.—

13 (1) IN GENERAL.—The Federal Crop Insurance
 14 Corporation and the Specialty Crops Coordinator
 15 shall jointly study the feasibility of developing new
 16 insurance policies for specialty crops, including poli-
 17 cies based on the cost of production or adjusted
 18 gross income, quality-based policies, or an inter-
 19 mediate base program with a higher coverage and
 20 cost than catastrophic risk protection offered on the
 21 date of enactment of this Act.

22 (2) SUBMISSION OF RESULTS.—Not later than
 23 1 year after the date of enactment of this Act, the
 24 Corporation and the Specialty Crops Coordinator

1 shall submit to Congress a report containing the re-
2 sults of the study required by this subsection.

3 **SEC. 308. ADEQUATE COVERAGE FOR AGRICULTURAL COM-**
4 **MODITIES.**

5 Section 508(a) of the Federal Crop Insurance Act (7
6 U.S.C. 1508(a)) (as amended by section 204) is amended
7 by adding at the end the following:

8 “(13) ADEQUATE COVERAGE FOR AGRICUL-
9 TURAL COMMODITIES.—

10 “(A) REVIEW.—The Board shall review
11 the plans of insurance that are offered by ap-
12 proved insurance providers under this Act to
13 determine if each agricultural commodity (in-
14 cluding each new or specialty crop) is ade-
15 quately served by the plans.

16 “(B) RECOMMENDATIONS.—If the Board
17 determines that an agricultural commodity (in-
18 cluding a new or specialty crop) is not ade-
19 quately served by the plans, the Board may rec-
20 ommend to the Office of Risk Management that
21 the Office—

22 “(i) develop or (through the Corpora-
23 tion) contract to develop plans of insurance
24 for the agricultural commodity; and

1 “(ii) provide the plans to approved in-
2 surance providers, to be offered for sale to
3 producers.

4 “(C) PARTICIPATION PERCENTAGES.—

5 “(i) IN GENERAL.—The Secretary
6 shall annually review the participation per-
7 centage of eligible acreage insured under
8 this Act with respect to each State and
9 county and with respect to each agricul-
10 tural commodity.

11 “(ii) DETERMINATION.—If the Sec-
12 retary determines that the participation
13 percentage in a State or county for an ag-
14 ricultural commodity is more than 75 per-
15 cent below the aggregate national average
16 participation percentage for the agricul-
17 tural commodity, and the Secretary deter-
18 mines that there is no acceptable reason
19 for the disparity, the Secretary shall imple-
20 ment program changes necessary to adjust
21 the participation percentage in the State or
22 county to not less than 75 percent below
23 the national average.

1 “(iii) AUTHORITY.—The Secretary
2 shall carry out this subparagraph without
3 regard to any other provision of law.”.

4 **SEC. 309. LIMITATION ON DOUBLE INSURANCE.**

5 Section 508(a) of the Federal Crop Insurance Act (7
6 U.S.C. 1508(a)) (as amended by section 308) is amended
7 by adding at the end the following:

8 “(14) LIMITATION ON DOUBLE INSURANCE.—

9 The Corporation may offer plans of insurance or re-
10 insurance for only 1 agricultural commodity on spe-
11 cific acreage during a crop year, unless—

12 “(A) there is an established practice of
13 double-cropping in an area, as determined by
14 the Corporation;

15 “(B) the additional plan of insurance is of-
16 fered with respect to an agricultural commodity
17 that is customarily double-cropped in the area;
18 and

19 “(C) the producer has a history of double
20 cropping or the acreage has historically been
21 double-cropped.”.

1 **SEC. 310. CONSULTATION WITH STATE COMMITTEES OF**
 2 **FARM SERVICE AGENCY.**

3 Section 508(a) of the Federal Crop Insurance Act (7
 4 U.S.C. 1508(a)) (as amended by section 309) is amended
 5 by adding at the end the following:

6 “(15) CONSULTATION WITH STATE COMMIT-
 7 TEES OF FARM SERVICE AGENCY.—The Corporation
 8 shall establish a mechanism under which State com-
 9 mittees of the Farm Service Agency are consulted
 10 concerning policies of insurance offered in a State
 11 under this title.”.

12 **SEC. 311. FEES FOR PLANS OF INSURANCE.**

13 (a) IN GENERAL.—Section 508(h)(5) of the Federal
 14 Crop Insurance Act (7 U.S.C. 1508(h)(5))) is amended—

15 (1) by striking “Any policy” and inserting the
 16 following:

17 “(A) IN GENERAL.—Any policy”; and

18 (2) by adding at the end the following:

19 “(B) FEES FOR EXISTING PLANS OF IN-
 20 SURANCE.—

21 “(i) IN GENERAL.—Effective begin-
 22 ning with the 2000 reinsurance year, if an
 23 approved insurance provider elects to sell a
 24 plan of insurance that was developed by
 25 another approved insurance provider and
 26 the plan of insurance was approved by the

1 Board before January 1, 1999, the ap-
2 proved insurance provider that developed
3 the plan of insurance shall have the right
4 to receive a fee from the approved insur-
5 ance provider that elects to sell the plan of
6 insurance.

7 “(ii) AMOUNT.—The amount of the
8 fee that is payable by an approved insur-
9 ance provider for a plan of insurance
10 under clause (i) shall be—

11 “(I) for each of the first 5 crop
12 years that the plan is sold, \$2.00 for
13 each policy under the plan that is sold
14 by the approved insurance provider;

15 “(II) for each of the next 3 crop
16 years that the plan is sold, \$1.00 for
17 each policy under the plan that is sold
18 by the approved insurance provider;
19 and

20 “(III) for each crop year there-
21 after that the plan is sold, 50 cents
22 for each policy under the plan that is
23 sold by the approved insurance pro-
24 vider.

1 “(C) FEES FOR NEW PLANS OF INSUR-
2 ANCE.—

3 “(i) IN GENERAL.—Effective begin-
4 ning with the 2000 reinsurance year, if an
5 approved insurance provider elects to sell a
6 plan of insurance that was developed by
7 another approved insurance provider, the
8 plan of insurance was approved by the
9 Board on or after January 1, 1999, and
10 the plan of insurance was not available at
11 the time the plan of insurance was ap-
12 proved by the Board, the approved insur-
13 ance provider that developed the plan of
14 insurance shall have the right to receive a
15 fee from the approved insurance provider
16 that elects to sell the plan of insurance.

17 “(ii) AMOUNT.—

18 “(I) IN GENERAL.—Subject to
19 subclause (II), the amount of the fee
20 that is payable by an approved insur-
21 ance provider for a plan of insurance
22 under clause (i) shall be an amount
23 that is—

1 “(aa) determined by the ap-
2 proved insurance provider that
3 developed the plan; and

4 “(bb) approved by the
5 Board.

6 “(II) APPROVAL.—The Board
7 shall not approve the amount of a fee
8 under clause (i) if the amount of the
9 fee unnecessarily inhibits the use of
10 the plan of insurance, as determined
11 by the Board.

12 “(D) PAYMENTS.—The Corporation shall
13 annually—

14 “(i) collect from an approved insur-
15 ance provider the amount of any fees that
16 are payable by the approved insurance pro-
17 vider under subparagraphs (B) and (C);
18 and

19 “(ii) credit any fees that are payable
20 to an approved insurance provider under
21 subparagraphs (B) and (C).

22 “(E) EXCEPTIONS.—In the case of a policy
23 developed by an approved insurance provider
24 that does not conduct business in a State—

1 “(i) the approved policy may be mar-
 2 keted in the State by another approved in-
 3 surance provider if the approved insurance
 4 provider marketing the policy pays any fee
 5 for marketing the policy imposed by the
 6 developing provider; and

7 “(ii) the developing provider shall not
 8 deny payment of a fee by another provider
 9 to maintain full marketing rights of the
 10 approved policy.”.

11 (b) FUNDING.—Section 516 of the Federal Crop In-
 12 surance Act (7 U.S.C. 1516) (as amended by section
 13 303(b)(2)) is amended—

14 (1) in subsection (b)(1), by adding at the end
 15 the following:

16 “(E) payment of fees in accordance with
 17 section 508(h)(5)(C).”; and

18 (2) in subsection (c)(1), by inserting “and fees”
 19 after “premium income”.

20 **SEC. 312. REINSURANCE AGREEMENTS.**

21 Section 508(k) of the Federal Crop Insurance Act (7
 22 U.S.C. 1508(k)) is amended by striking paragraph (3) and
 23 inserting the following:

24 “(3) REINSURANCE AGREEMENTS.—

1 “(A) SHARE OF RISK.—Each reinsurance
2 agreement of the Corporation with a reinsured
3 company shall require the reinsured company to
4 bear a sufficient share of any potential loss
5 under the agreement so as to ensure that the
6 reinsured company will sell and service policies
7 of insurance in a sound and prudent manner,
8 taking into consideration the financial condition
9 of the reinsured company and the availability of
10 private reinsurance.

11 “(B) COMPLIANCE.—To promote program
12 compliance and integrity, the Corporation, after
13 notice and an opportunity for a hearing on the
14 record—

15 “(i)(I) shall assess civil fines in an
16 amount not to exceed \$10,000 per viola-
17 tion against agents, loss adjusters, and ap-
18 proved insurance providers that are deter-
19 mined by the Corporation to have recur-
20 ring compliance problems; and

21 “(II) may deposit any civil fines col-
22 lected under subclause (I) in the insurance
23 fund established under section 516(c); and

24 “(ii) shall disqualify the agents, loss
25 adjusters, and approved insurance pro-

viders described in clause (i)(I) from participation in the Federal crop insurance program for a period not to exceed 5 years.

“(C) REVIEW OF AGREEMENTS.—As soon as practicable after the date of enactment of this subparagraph and regularly thereafter, in consultation with the Office of Private Sector Partnership, the Corporation may review the Standard Reinsurance Agreement issued by the Corporation to ensure that the allocation of risk between the Corporation and the reinsured companies is equitable, as determined by the Corporation.”.

TITLE IV—MISCELLANEOUS

SEC. 401. DEFINITIONS.

Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

(1) by redesignating paragraphs (7) and (8) as paragraphs (8) and (10), respectively;

(2) by inserting after paragraph (6) the following:

“(7) PROGRAM CROP.—The term ‘program crop’ has the meaning given the term ‘loan commodity’ in section 102 of the Agricultural Market Transition Act (7 U.S.C. 7202).”; and

1 (3) by inserting after paragraph (8) (as so re-
2 designated) the following:

3 “(9) SPECIALTY CROP.—

4 “(A) IN GENERAL.—The term ‘specialty
5 crop’ means an agricultural commodity other
6 than a program crop.

7 “(B) INCLUSIONS.—The term ‘specialty
8 crop’ includes fruits, nuts, vegetables, green-
9 house and nursery plants, timber, and
10 turfgrass.”.

11 **SEC. 402. EFFECTIVE DATE.**

12 (a) IN GENERAL.—Except as provided in subsection
13 (b), this Act and the amendments made by this Act take
14 effect on the date of enactment of this Act.

15 (b) EXCEPTIONS.—The amendments made by sec-
16 tions 101, 103, 105, 106, 108, 109, 201, 202, 203, 204,
17 205, 206, 302(f), and 307 take effect on October 1, 2000.

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