

110TH CONGRESS
1ST SESSION

H. R. 1825

To amend the Federal Crop Insurance Act to require the Federal Crop Insurance Corporation to offer farmers supplemental crop insurance based on an area yield and loss plan of insurance or an area revenue plan of insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2007

Mr. NEUGEBAUER introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Federal Crop Insurance Act to require the Federal Crop Insurance Corporation to offer farmers supplemental crop insurance based on an area yield and loss plan of insurance or an area revenue plan of insurance, 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,*

1 **SECTION 1. AVAILABILITY OF SUPPLEMENTAL CROP IN-**
2 **SURANCE BASED ON AREA YIELD AND LOSS**
3 **PLAN OF INSURANCE OR AREA REVENUE**
4 **PLAN OF INSURANCE.**

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

8 **“(11) SUPPLEMENTAL AREA COVERAGE.—**

9 **“(A) AVAILABILITY OF COVERAGE.—**Not-
10 withstanding paragraph (4), if area coverage is
11 available in an area (as determined by the Cor-
12 poration under paragraph (3)), the Corporation
13 shall provide eligible producers in that area
14 with the option to purchase supplemental insur-
15 ance coverage based on—

16 “(i) an area yield and loss plan of in-
17 surance; or

18 “(ii) an area revenue plan of insur-
19 ance that includes coverage for a loss in
20 yield.

21 **“(B) ELIGIBLE PRODUCERS.—**To be eligi-
22 ble to obtain supplemental coverage under this
23 paragraph, a producer must purchase either an
24 individual yield and loss plan of insurance or a
25 revenue plan of insurance that includes cov-
26 erage for a loss in yield at an additional cov-

3 “(C) LIMITATION.—In providing supple-
4 mental coverage to a producer under this para-
5 graph, the sum of the following shall not exceed
6 100 percent:

7 “(i) The coverage level expressed in
8 percentage terms for the individual yield
9 and loss plan of insurance or the revenue
10 plan of insurance that includes coverage
11 for a loss in yield that is purchased by the
12 producer for the same crop covered by the
13 supplemental coverage, as required by sub-
14 paragraph (B).

22 “(D) PAYMENT OF PORTION OF PRE-
23 MIUM.—As provided in subsection (e), the Cor-
24 poration shall pay a portion of the premium for
25 supplemental coverage under this paragraph

1 and the associated individual area yield and loss
2 plan of insurance or revenue plan of insurance
3 that includes coverage for a loss in yield.

4 “(E) AMOUNT OF INDEMNITY PAID UNDER
5 SUPPLEMENTAL COVERAGE.—The indemnity
6 payable under supplemental coverage provided
7 under this paragraph shall be calculated as—

8 “(i) the total indemnity for the area
9 yield and loss plan of insurance or area
10 revenue plan of insurance, at the coverage
11 level chosen by the producer; multiplied by

12 “(ii) the share of the coverage of the
13 area yield and loss plan of insurance or
14 area revenue plan of insurance selected by
15 the producer.

16 “(F) SPECIAL RULE RELATING TO QUALI-
17 FYING LOSSES.—In the case of a qualifying loss
18 in an area (as determined by the Corporation)
19 under supplemental coverage provided under
20 this paragraph, subject to the applicable cov-
21 erage limits, the total amount of the indemnity
22 shall be available to the producer regardless of
23 the loss incurred under the individual yield and
24 loss plan of insurance or the revenue plan of in-

1 surance that includes coverage for a loss in
2 yield of the producer.

3 “(G) REINSURANCE YEAR.—Subject to the
4 availability of area yield and loss or revenue
5 coverage for an insurable crop in an area (as
6 determined by the Corporation), the Corpora-
7 tion shall provide supplemental coverage under
8 this paragraph not later than the 2008 reinsur-
9 ance year.”.

10 (b) CONFORMING AMENDMENTS.—Section 508(d)(2)
11 of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2))
12 is amended—

13 (1) by striking “additional coverage” in the
14 matter preceding subparagraph (A) and inserting
15 “additional and supplemental coverages”; and

16 (2) by adding at the end the following new sub-
17 paragraph:

18 “(C) In the case of supplemental coverage
19 provided under subsection (c)(11) that, in com-
20 bination with either the individual yield and loss
21 coverage, or a comparable coverage for a policy
22 or plan of insurance that is not based on indi-
23 vidual yield and does not insure more than 100
24 percent of the recorded or appraised average
25 yield indemnified at not greater than 100 per-

1 cent of the expected market price, the amount
2 of the premium shall—

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

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

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