

113TH CONGRESS
1ST SESSION

H. R. 1606

To amend the Federal Crop Insurance Act to make available to producers a supplemental coverage option based on both an individual yield and loss basis and an area yield and loss basis in order to allow producers to cover all or a portion of their deductible under the individual yield and loss policy, to improve the accuracy of actual production history determinations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2013

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

A BILL

To amend the Federal Crop Insurance Act to make available to producers a supplemental coverage option based on both an individual yield and loss basis and an area yield and loss basis in order to allow producers to cover all or a portion of their deductible under the individual yield and loss policy, to improve the accuracy of actual production history determinations, 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. SHORT TITLE.**

2 This Act may be cited as the “Crop Risk Options
3 Plan Act of 2013”.

4 **SEC. 2. SUPPLEMENTAL COVERAGE OPTION.**

5 (a) AVAILABILITY OF SUPPLEMENTAL COVERAGE
6 OPTION.—Paragraph (3) of section 508(c) of the Federal
7 Crop Insurance Act (7 U.S.C. 1508(c)) is amended to read
8 as follows:

9 “(3) YIELD AND LOSS BASIS OPTIONS.—A pro-
10 ducer shall have the option of purchasing additional
11 coverage based on—

12 “(A)(i) an individual yield and loss basis;

13 or

14 “(ii) an area yield and loss basis;

15 “(B) an individual yield and loss basis,
16 supplemented with coverage based on an area
17 yield and loss basis to cover a part of the de-
18 ductible under the individual yield and loss pol-
19 icy, as described in paragraph (4)(C); or

20 “(C) a margin basis alone or in combina-
21 tion with the coverages available in subpara-
22 graph (A) or (B).”.

23 (b) LEVEL OF COVERAGE.—Paragraph (4) of section
24 508(c) of the Federal Crop Insurance Act (7 U.S.C.
25 1508(c)) is amended to read as follows:

26 “(4) LEVEL OF COVERAGE.—

1 “(A) DOLLAR DENOMINATION AND PER-
2 CENTAGE OF YIELD.—Except as provided in
3 subparagraph (C), the level of coverage—

4 “(i) shall be dollar denominated; and

5 “(ii) may be purchased at any level
6 not to exceed 85 percent of the individual
7 yield or 95 percent of the area yield (as de-
8 termined by the Corporation).

9 “(B) INFORMATION.—The Corporation
10 shall provide producers with information on cat-
11 astrophic risk and additional coverage in terms
12 of dollar coverage (within the allowable limits of
13 coverage provided in this paragraph).

14 “(C) SUPPLEMENTAL COVERAGE OP-
15 TION.—

16 “(i) IN GENERAL.—Notwithstanding
17 subparagraph (A), in the case of the sup-
18 plemental coverage option described in
19 paragraph (3)(B), the Corporation shall
20 offer producers the opportunity to pur-
21 chase coverage in combination with a pol-
22 icy or plan of insurance offered under this
23 subtitle that would allow indemnities to be
24 paid to a producer equal to a part of the

deductible under the policy or plan of insurance—

“(I) at a county-wide level to the fullest extent practicable; or

“(II) in counties that lack sufficient data, on the basis of such larger geographical area as the Corporation determines to provide sufficient data for purposes of providing the coverage.

“(ii) TRIGGER.—Coverage offered under paragraph (3)(B) and clause (i) shall be triggered only if the losses in the area exceed 10 percent of normal levels (as determined by the Corporation).

“(iii) COVERAGE.—Subject to the trigger described in clause (ii), coverage offered under paragraph (3)(B) and clause (i) shall not exceed the difference between—

“(I) 90 percent; and

“(II) the coverage level selected by the producer for the underlying policy or plan of insurance.

1 “(iv) CALCULATION OF PREMIUM.—

2 Notwithstanding subsection (d), the pre-
3 mium for coverage offered under para-
4 graph (3)(B) and clause (i) shall—

5 “(I) be sufficient to cover antici-
6 pated losses and a reasonable reserve;
7 and

8 “(II) include an amount for oper-
9 ating and administrative expenses es-
10 tablished in accordance with sub-
11 section (k)(4)(F).”.

12 (c) PAYMENT OF PORTION OF PREMIUM BY COR-
13 PORATION.—Section 508(e)(2) of the Federal Crop Insur-
14 ance Act (7 U.S.C. 1508(e)(2)) is amended by adding at
15 the end the following new subparagraph:

16 “(H) In the case of the supplemental cov-
17 erage option authorized in subsection (c)(4)(C),
18 the amount shall be equal to the sum of—

19 “(i) 60 percent of the additional pre-
20 mium associated with the coverage; and

21 “(ii) the amount determined under
22 subsection (c)(4)(C)(vi)(II), subject to sub-
23 section (k)(4)(F), for the coverage to cover
24 operating and administrative expenses.”.

1 (d) EFFECTIVE DATE.—The Federal Crop Insurance
2 Corporation shall begin to provide additional coverage
3 based on an individual yield and loss basis, supplemented
4 with coverage based on an area yield and loss basis, not
5 later than for the 2014 crop year.

6 **SEC. 3. DATA SOURCES FOR DETERMINATION OF ACTUAL**
7 **PRODUCTION HISTORY.**

8 Section 508(g)(2) of the Federal Crop Insurance Act
9 (7 U.S.C. 1508(g)(2)) is amended by adding at the end
10 the following new subparagraph:

11 “(E) SOURCES OF YIELD DATA.—To deter-
12 mine yields under this paragraph, the Corpora-
13 tion shall use data collected by the Risk Man-
14 agement Agency or the National Agricultural
15 Statistics Service, or both.”.

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