

SUBCHAPTER I—FEDERAL CROP
INSURANCE

§ 1501. Short title and application of other provisions

This subchapter may be cited as the “Federal Crop Insurance Act”. Except as otherwise expressly provided the provisions in titles I to IV, inclusive, shall not apply with respect to this subchapter, and the term “Act” wherever it appears in such titles shall not be construed to include this subchapter.

(Feb. 16, 1938, ch. 30, title V, § 501, 52 Stat. 72; Pub. L. 110-234, title XII, § 12033(c), May 22, 2008, 122 Stat. 1405; Pub. L. 110-246, § 4(a), title XII, § 12033(c), June 18, 2008, 122 Stat. 1664, 2167.)

Editorial Notes

REFERENCES IN TEXT

“Titles I to IV, inclusive,” and “such titles”, referred to in text, are references to titles I to IV of act Feb. 16, 1938, ch. 30, 52 Stat. 31, known as the Agricultural Adjustment Act of 1938, which is classified principally to chapter 35 (§ 1281 et seq.) of this title. For complete classification of this Act to the Code, see section 1281 of this title and Tables.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2008—Pub. L. 110-246, § 12033(c), inserted section catchline and substituted “subchapter” for “chapter” wherever appearing in text.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

EFFECTIVE DATE OF 2000 AMENDMENT

Pub. L. 106-224, title I, § 171, June 20, 2000, 114 Stat. 397, provided that:

“(a) IN GENERAL.—Except as provided in subsection (b), this Act [probably means this title, see Tables for classification] and the amendments made by this Act take effect on the date of the enactment of this Act [June 20, 2000].

“(b) EXCEPTIONS.—

“(1) 2001 FISCAL YEAR.—The following provisions and the amendments made by the provisions take effect on October 1, 2000:

“(A) Subtitle C [§§ 131-134 of Pub. L. 106-224, enacting sections 1522 to 1524 of this title and amending sections 1518 and 7331 of this title].

“(B) Section 146 [amending section 1508 of this title].

“(C) Section 163 [114 Stat. 395].

“(2) 2001 CROP YEAR.—The amendments made by the following provisions apply beginning with the 2001 crop of an agricultural commodity:

“(A) Subsections (a), (b), and (c) of section 101 [amending section 1508 of this title].

“(B) Section 102(a) [amending section 1508 of this title].

“(C) Subsections (a), (b), and (c) of section 103 [amending section 1508 of this title and provisions set out as a note under section 1508 of this title].

“(D) Section 104 [amending section 1508 of this title].

“(E) Section 105(b) [amending section 1508 of this title].

“(F) Section 108 [enacting section 1508a of this title].

“(G) Section 109 [amending section 7333 of this title].

“(H) Section 162 [amending section 1508 of this title].

“(3) 2001 REINSURANCE YEAR.—The amendments made by the following provisions apply beginning with the 2001 reinsurance year:

“(A) Section 101(d) [amending section 1508 of this title].

“(B) Section 102(b) [amending section 1508 of this title].

“(C) Section 103(d) [amending section 1508 of this title].”

SHORT TITLE OF 2000 AMENDMENT

Pub. L. 106-224, § 1(a), June 20, 2000, 114 Stat. 358, provided that: “This Act [see Tables for classification] may be cited as the ‘Agricultural Risk Protection Act of 2000’.”

SHORT TITLE OF 1994 AMENDMENT

Pub. L. 103-354, title I, § 101(a), Oct. 13, 1994, 108 Stat. 3179, provided that: “This title [enacting sections 1433f, 1515, 1521, and 2008f of this title, amending sections 1441-2, 1444-2, 1444f, 1445b-3a, 1502 to 1509, 1511, 1513, 1516, and 1518 to 1520 of this title, sections 901 and 902 of Title 2, The Congress, and section 1014 of Title 18, Crimes and Criminal Procedure, repealing sections 1446i and 1508a of this title, enacting provisions set out as notes under sections 1502, 1506, and 1508 of this title and sections 901 and 902 of Title 2, and repealing provisions set out as a note under section 1421 of this title] may be cited as the ‘Federal Crop Insurance Reform Act of 1994’.”

SHORT TITLE OF 1980 AMENDMENT

Pub. L. 96-365, § 1, Sept. 26, 1980, 94 Stat. 1312, provided: “That this Act [amending sections 1441, 1444, 1444c, 1445b, 1504, 1505, 1506, 1507, 1508, 1516, and 1518 and repealing section 1515 of this title and enacting provisions set out as notes under sections 1504, 1508, and 1516 of this title] may be cited as the ‘Federal Crop Insurance Act of 1980’.”

REGULATIONS

Pub. L. 106-224, title I, § 172, June 20, 2000, 114 Stat. 397, provided that: “Not later than 120 days after the date of the enactment of this Act [June 20, 2000], the Secretary of Agriculture shall promulgate regulations to carry out this Act [probably means this title, see Tables for classification] and the amendments made by this Act.”

SAVINGS CLAUSE

Pub. L. 106-224, title I, § 173, June 20, 2000, 114 Stat. 398, provided that: “The Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333), as in effect on day before the date of the enactment of this Act [June 20, 2000], shall—

“(1) continue to apply with respect to the 1999 crop year; and

“(2) apply with respect to the 2000 crop year, to the extent the application of an amendment made by this Act [probably means this title, see Tables for classification] is delayed under section 171(b) [set out as an Effective Date of 2000 Amendment note above] or by the terms of the amendment.”

§ 1502. Purpose; definitions; protection of information; relation to other laws

(a) Purpose

It is the purpose of this subchapter to promote the national welfare by improving the economic

stability of agriculture through a sound system of crop insurance and providing the means for the research and experience helpful in devising and establishing such insurance.

(b) Definitions

As used in this subchapter:

(1) Additional coverage

The term “additional coverage” means a plan of crop insurance coverage providing a level of coverage greater than the level available under catastrophic risk protection.

(2) Approved insurance provider

The term “approved insurance provider” means a private insurance provider that has been approved by the Corporation to provide insurance coverage to producers participating in the Federal crop insurance program established under this subchapter.

(3) Beginning farmer or rancher

The term “beginning farmer or rancher” means a farmer or rancher who has not actively operated and managed a farm or ranch with a bona fide insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than 5 crop years, as determined by the Secretary.

(4) Board

The term “Board” means the Board of Directors of the Corporation established under section 1505(a) of this title.

(5) Corporation

The term “Corporation” means the Federal Crop Insurance Corporation established under section 1503 of this title.

(6) Cover crop termination

The term “cover crop termination” means a practice that historically and under reasonable circumstances results in the termination of the growth of a cover crop.

(7) Department

The term “Department” means the United States Department of Agriculture.

(8) Farm financial benchmarking

The term “farm financial benchmarking” means—

(A) the process of comparing the performance of an agricultural enterprise against the performance of other similar enterprises, through the use of comparable and reliable data, in order to identify business management strengths, weaknesses, and steps necessary to improve management performance and business profitability; and

(B) benchmarking of the type conducted by farm management and producer associations consistent with the activities described in or funded pursuant to section 5925f of this title.

(9) Hemp

The term “hemp” has the meaning given the term in section 1639o of this title.

(10) Loss ratio

The term “loss ratio” means the ratio of all sums paid by the Corporation as indemnities

under any eligible crop insurance policy to that portion of the premium designated for anticipated losses and a reasonable reserve, other than that portion of the premium designated for operating and administrative expenses.

(11) Organic crop

The term “organic crop” means an agricultural commodity that is organically produced consistent with section 6502 of this title.

(12) Secretary

The term “Secretary” means the Secretary of Agriculture.

(13) Transitional yield

The term “transitional yield” means the maximum average production per acre or equivalent measure that is assigned to acreage for a crop year by the Corporation in accordance with the regulations of the Corporation whenever the producer fails—

(A) to certify that acceptable documentation of production and acreage for the crop year is in the possession of the producer; or

(B) to present the acceptable documentation on the demand of the Corporation or an insurance company reinsured by the Corporation.

(14) Veteran farmer or rancher

The term “veteran farmer or rancher” means a farmer or rancher who—

(A) has served in the Armed Forces (as defined in section 101 of title 38); and

(B)(i) has not operated a farm or ranch;

(ii) has operated a farm or ranch for not more than 5 years; or

(iii) is a veteran (as defined in section 101 of that title) who has first obtained status as a veteran (as so defined) during the most recent 5-year period.

(c) Protection of confidential information

(1) General prohibition against disclosure

Except as provided in paragraph (2), the Secretary, any other officer or employee of the Department or an agency thereof, an approved insurance provider and its employees and contractors, and any other person may not disclose to the public information furnished by a producer under this subchapter.

(2) Authorized disclosure

(A) Disclosure in statistical or aggregate form

Information described in paragraph (1) may be disclosed to the public if the information has been transformed into a statistical or aggregate form that does not allow the identification of the person who supplied particular information.

(B) Consent of producer

A producer may consent to the disclosure of information described in paragraph (1). The participation of the producer in, and the receipt of any benefit by the producer under, this subchapter or any other program administered by the Secretary may not be conditioned on the producer providing consent under this paragraph.

(3) Violations; penalties

Section 2276(c) of this title shall apply with respect to the release of information collected in any manner or for any purpose prohibited by this subsection.

(4) Information**(A) Request**

Subject to subparagraph (B), the Farm Service Agency shall, in a timely manner, provide to an agent or an approved insurance provider authorized by the producer any information (including Farm Service Agency Form 578s (or any successor form)) or maps (or any corrections to those forms or maps) that may assist the agent or approved insurance provider in insuring the producer under a policy or plan of insurance under this subchapter.

(B) Privacy

Except as provided in subparagraph (C), an agent or approved insurance provider that receives the information of a producer pursuant to subparagraph (A) shall treat the information in accordance with paragraph (1).

(C) Sharing

Nothing in this section prohibits the sharing of the information of a producer pursuant to subparagraph (A) between the agent and the approved insurance provider of the producer.

(d) Relation to other laws**(1) Terms and conditions of policies and plans**

The terms and conditions of any policy or plan of insurance offered under this subchapter that is reinsured by the Corporation shall not—

(A) be subject to the jurisdiction of the Commodity Futures Trading Commission or the Securities and Exchange Commission; or

(B) be considered to be accounts, agreements (including any transaction that is of the character of, or is commonly known to the trade as, an “option”, “privilege”, “indemnity”, “bid”, “offer”, “put”, “call”, “advance guaranty”, or “decline guaranty”), or transactions involving contracts of sale of a commodity for future delivery, traded or executed on a contract market for the purposes of the Commodity Exchange Act (7 U.S.C. 1 et seq.).

(2) Effect on CFTC and Commodity Exchange Act

Nothing in this subchapter affects the jurisdiction of the Commodity Futures Trading Commission or the applicability of the Commodity Exchange Act (7 U.S.C. 1 et seq.) to any transaction conducted on a contract market under that Act by an approved insurance provider to offset the approved insurance provider’s risk under a plan or policy of insurance under this subchapter.

(Feb. 16, 1938, ch. 30, title V, §502, 52 Stat. 72; June 21, 1941, ch. 214, §1, 55 Stat. 255; Aug. 1, 1947, ch. 440, §4, 61 Stat. 719; Pub. L. 103-354, title I, §102(a), Oct. 13, 1994, 108 Stat. 3180; Pub. L. 106-224, title I, §122, 141, June 20, 2000, 114 Stat.

377, 389; Pub. L. 110-234, title XII, §§12001, 12033(c)(2)(B), May 22, 2008, 122 Stat. 1371, 1405; Pub. L. 110-246, §4(a), title XII, §§12001, 12033(c)(2)(B), June 18, 2008, 122 Stat. 1664, 2133, 2167; Pub. L. 113-79, title XI, §§11001, 11016(a), 11027(a), Feb. 7, 2014, 128 Stat. 954, 963, 977; Pub. L. 115-334, title XI, §11101, title XII, §12306(b)(1), Dec. 20, 2018, 132 Stat. 4919, 4968.)

Editorial Notes

REFERENCES IN TEXT

The Commodity Exchange Act, referred to in subsec. (d)(1)(B), (2), is act Sept. 21, 1922, ch. 369, 42 Stat. 998, which is classified generally to chapter 1 (§1 et seq.) of this title. For complete classification of this Act to the Code, see section 1 of this title and Tables.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2018—Subsec. (b)(6) to (13). Pub. L. 115-334, §11101, added pars. (6) and (9) and redesignated former pars. (6) to (11) as (7), (8), and (10) to (13), respectively.

Subsec. (b)(14). Pub. L. 115-334, §12306(b)(1), added par. (14).

2014—Subsec. (b)(3) to (6). Pub. L. 113-79, §11016(a), added par. (3) and redesignated former pars. (3) to (5) as (4) to (6), respectively. Former par. (6) redesignated (7).

Subsec. (b)(7) to (10). Pub. L. 113-79, §11027(a), added par. (7) and redesignated former pars. (7) to (9) as (8) to (10), respectively. Former par. (10) redesignated (11).

Pub. L. 113-79, §11016(a)(1), redesignated pars. (6) to (9) as (7) to (10), respectively.

Subsec. (b)(11). Pub. L. 113-79, §11027(a)(1), redesignated par. (10) as (11).

Subsec. (c)(4). Pub. L. 113-79, §11001, added par. (4).

2008—Pub. L. 110-246, §12033(c)(2)(B), substituted “this subchapter” for “this chapter” wherever appearing.

Subsec. (b)(7) to (9). Pub. L. 110-246, §12001, added par. (7) and redesignated former pars. (7) and (8) as (8) and (9), respectively.

2000—Subsec. (c). Pub. L. 106-224, §122, added subsec. (c).

Subsec. (d). Pub. L. 106-224, §141, added subsec. (d).

1994—Pub. L. 103-354 substituted “Purpose and definitions” for “Declaration of purpose” in section catchline, designated existing text as subsec. (a) and added heading, and added subsec. (b).

1947—Act Aug. 1, 1947, amended section generally, restating purpose of chapter to improve all agriculture by crop insurance instead of being limited only to wheat.

1941—Act June 21, 1941, substituted “crop” for “wheat-crop” and “agricultural commodities” for “wheat”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-354, title I, §120, Oct. 13, 1994, 108 Stat. 3208, provided that: “Except as otherwise provided in this title, this title [enacting sections 1433f, 1515, 1521, and 2008f of this title, amending this section and sections 1441-2, 1444-2, 1444f, 1445b-3a, 1503 to 1509, 1511, 1513, 1516, and 1518 to 1520 of this title, sections 901 and

902 of Title 2, The Congress, and section 1014 of Title 18, Crimes and Criminal Procedure, repealing sections 1446i and 1508a of this title, enacting provisions set out as notes under sections 1501, 1506, and 1508 of this title and sections 901 and 902 of Title 2, and repealing provisions set out as a note under section 1421 of this title] and the amendments made by this title shall become effective on the date of enactment of this Act [Oct. 13, 1994] and shall apply to the provision of crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with the 1995 crop year. With respect to the 1994 crop year, the Federal Crop Insurance Act (as in effect on the day before the date of enactment of this Act) shall continue to apply.”

§ 1503. Federal Crop Insurance Corporation; creation; offices

To carry out the purposes of this subchapter, there is hereby created as an agency of and within the Department a body corporate with the name “Federal Crop Insurance Corporation”. The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under rules and regulations prescribed by the Board.

(Feb. 16, 1938, ch. 30, title V, § 503, 52 Stat. 72; Pub. L. 103-354, title I, § 102(b)(1), (4)(A), (B), Oct. 13, 1994, 108 Stat. 3180, 3181; Pub. L. 110-234, title XII, § 12033(c)(2)(B), May 22, 2008, 122 Stat. 1405; Pub. L. 110-246, § 4(a), title XII, § 12033(c)(2)(B), June 18, 2008, 122 Stat. 1664, 2167.)

Editorial Notes

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2008—Pub. L. 110-246, § 12033(c)(2)(B), substituted “this subchapter” for “this chapter”.

1994—Pub. L. 103-354 in first sentence struck out “of Agriculture” after “Department” and “(herein called the Corporation)” before period at end, and in second sentence struck out “of Directors” after “Board”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-354 effective Oct. 13, 1994, and applicable to provision of crop insurance under Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with 1995 crop year, with such Act, as in effect on the day before Oct. 13, 1994, to continue to apply with respect to 1994 crop year, see section 120 of Pub. L. 103-354, set out as a note under section 1502 of this title.

Executive Documents

TRANSFER OF FUNCTIONS

Under authority of Ex. Ord. No. 9577, June 29, 1945, Secretary of Agriculture consolidated administration of program of Federal Crop Insurance Corporation in Production and Marketing Administration by Memorandum 1118, Aug. 18, 1945. 1946 Reorg. Plan No. 3, § 501,

eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100, set out in the Appendix to Title 5, Government Organization and Employees, transferred administration of program of Federal Crop Insurance Corporation to Secretary of Agriculture. In his letter to Congress President stated that purpose of this transfer was to permit Secretary of Agriculture to continue consolidation already effected in Production and Marketing Administration.

Federal Crop Insurance Corporation consolidated with other agencies into Agricultural Conservation and Adjustment Administration for duration of war, see Ex. Ord. No. 9069.

§ 1504. Capital stock of Corporation

(a) Subscription by United States

The Corporation shall have a capital stock of \$500,000,000 subscribed by the United States of America, payment for which shall, with the approval of the Secretary, be subject to call in whole or in part by the Board.

(b) Appropriations

There is authorized to be appropriated such sums as are necessary for the purpose of subscribing to the capital stock of the Corporation.

(c) Issuance of stock to Secretary of the Treasury

Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership by the United States of America.

(d) Cancellation of receipts; nonliability of Corporation

Within thirty days after September 26, 1980, the Secretary of the Treasury shall cancel, without consideration, receipts for payments for or on account of the stock of the Corporation outstanding on September 26, 1980, and such receipts shall cease to be liabilities of the Corporation.

(Feb. 16, 1938, ch. 30, title V, § 504, 52 Stat. 72; Aug. 25, 1949, ch. 512, §§ 4, 6, 63 Stat. 665; Pub. L. 95-47, June 16, 1977, 91 Stat. 228; Pub. L. 95-181, § 1, Nov. 15, 1977, 91 Stat. 1373; Pub. L. 96-365, title I, § 101, Sept. 26, 1980, 94 Stat. 1312; Pub. L. 103-354, title I, § 102(b)(2), (4)(C), Oct. 13, 1994, 108 Stat. 3180, 3181.)

Editorial Notes

AMENDMENTS

1994—Subsec. (a). Pub. L. 103-354, § 102(b)(2)(A), (4)(C), struck out “of Agriculture” after “Secretary” and “of Directors of the Corporation” after “Board”.

Subsec. (d). Pub. L. 103-354, § 102(b)(2)(B), struck out “Federal Crop Insurance” before “Corporation outstanding”.

1980—Subsec. (a). Pub. L. 96-365, § 101(a), substituted “\$500,000,000” for “\$200,000,000”.

Subsec. (d). Pub. L. 96-365, § 101(b), added subsec. (d). 1977—Subsec. (a). Pub. L. 95-181 substituted “\$200,000,000” for “\$150,000,000”.

Pub. L. 95-47 substituted “\$150,000,000” for “\$100,000,000”.

1949—Subsec. (a). Act Aug. 25, 1949, § 4, struck out second sentence relating to restoration of impairment of capital stock.

Subsec. (b). Act Aug. 25, 1949, § 6, authorized appropriations for subscribing to corporation’s capital stock in order to offset losses suffered prior to time program was placed on an experimental basis in 1947.