

103^D CONGRESS
2^D SESSION

H. R. 4217

To reform the Federal crop insurance program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 1994

Mr. DE LA GARZA (for himself, Mr. JOHNSON of South Dakota, and Mr. MINGE) (all by request) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To reform the Federal crop insurance program, 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 “Federal Crop Insur-
5 ance Reform Act of 1994”.

6 **SEC. 2. CROP INSURANCE AMENDMENTS.**

7 (a) Section 505(a) of title V of the Agricultural Ad-
8 justment Act of 1938 (7 U.S.C. 1505) is amended—

9 (1) by striking “the” after “Federal crop insur-
10 ance program,” and inserting “one additional”; and

1 (2) by striking “responsible for the farm credit
2 programs of the Department of Agriculture” and in-
3 serting “as designated by the Secretary of Agri-
4 culture”.

5 (b) Section 506 of title V of the Agricultural Adjust-
6 ment Act of 1938 (7 U.S.C. 1506) is amended—

7 (1) by redesignating subsections (j), (k), (l),
8 (m), and (n) as subsections (k), (l), (m), (n), and
9 (o), respectively;

10 (2) by inserting after subsection (i) the follow-
11 ing new subsection:

12 “(j) **SETTLING CLAIMS.**—The Corporation shall have
13 the authority to make final and conclusive settlement and
14 adjustment of any claims by or against the Corporation
15 or the account of its fiscal officers.”;

16 (3) in subsection (1) (as redesignated), by strik-
17 ing “contracts or agreements” each place it appears
18 and inserting “contracts, agreements, or regula-
19 tions”;

20 (4) in subsection (n)(1) (as redesignated), by
21 striking paragraph (B) and inserting the following
22 new paragraph:

23 “(B) disqualify the person from purchasing
24 catastrophic risk protection or receiving
25 noninsured assistance for a period not to exceed

1 2 years and from receiving any other benefit
2 under this title for a period not to exceed 10
3 years.”;

4 (5) in subsection (o) (as redesignated), by strik-
5 ing paragraph (1) and inserting the following new
6 paragraph:

7 “(1) instituting appropriate requirements for
8 documentation of the actual production history of in-
9 sured producers to establish recorded or appraised
10 yields for Federal crop insurance coverage that more
11 accurately reflect the associated actuarial risk. The
12 Corporation may not carry out this paragraph in a
13 manner that would prevent beginning farmers, as
14 determined by the Secretary, from obtaining Federal
15 crop insurance.”; and

16 (6) by adding at the end thereof the following
17 new subsections:

18 “(p) REGULATIONS.—The Secretary and the Cor-
19 poration, respectively, are authorized to issue regulations
20 as may be necessary to carry out this title.

21 “(q) SOURCE OF FUNDING.—There is hereby appro-
22 priated, without fiscal year limitation, such sums as may
23 be necessary to carry out the purpose of the insurance
24 fund.”.

1 (c) Section 507 of title V of the Agricultural Adjust-
2 ment Act of 1938 (7 U.S.C. 1507) is amended—

3 (1) in subsection (a), by striking “, and county
4 crop insurance committeemen”;

5 (2) in subsection (c), by striking the words be-
6 ginning with “, in which case the agent or broker”
7 through “the agent or broker has caused the error
8 or omission”; and

9 (3) in subsection (d), by replacing the comma
10 with a period after the words “section 516 of this
11 Act”, and by deleting the remainder of the sub-
12 section.

13 (d) Section 508 of title V of the Agricultural Adjust-
14 ment Act of 1938 (7 U.S.C. 1508) is amended—

15 (1) by striking subsection (a) and inserting the
16 following new subsection:

17 “(a) AUTHORITY TO OFFER INSURANCE.—

18 (1) If sufficient actuarial data are available, as
19 determined by the Board, the Corporation may in-
20 sure or provide reinsurance for insurers of producers
21 of agricultural commodities grown in the United
22 States under any plan or plans of insurance deter-
23 mined by the Board to be adapted to the agricul-
24 tural commodity involved. To qualify for coverage
25 under these plans of insurance, the losses of the in-

1 sured commodity shall be due to drought, flood or
2 other natural disaster as determined by the Sec-
3 retary. Except in the case of tobacco, insurance shall
4 not extend beyond the period the insured commodity
5 is in the field. For the purpose of the foregoing sen-
6 tence, in the case of aquacultural species, the term
7 ‘field’ means the environment in which the commod-
8 ity is produced. Insurance provided under this sub-
9 section shall not cover losses due to—

10 “(i) the neglect or malfeasance of the pro-
11 ducer;

12 “(ii) the failure of the producer to reseed
13 to the same crop in those areas and under such
14 circumstances where it is customary to so re-
15 seed; or

16 “(iii) the failure of the producer to follow
17 good farming practices, as determined by the
18 Corporation.”;

19 (2) by striking subsections (c), (e), (g), (l) and
20 (n);

21 (3) by redesignating subsections (b), (d), (f),
22 (h), (i), (j), (k), and (m) as subsections (g), (h), (i),
23 (j), (k), (l), (m), and (n), respectively;

24 (4) by inserting after subsection (a) the follow-
25 ing new subsections:

1 “(b) CATASTROPHIC RISK PROTECTION.—

2 “(1) The Corporation shall offer a catastrophic
3 risk protection plan to indemnify producers for crop
4 loss due to loss of yield and prevented planting when
5 the producer is unable because of drought, flood or
6 other natural disaster, as determined by the Sec-
7 retary, to plant other crops for harvest on that acre-
8 age for that crop year.

9 “(2) Catastrophic risk protection shall offer the
10 producer 50 percent loss in yield coverage, on an
11 area or individual yield basis, indemnified at 60 per-
12 cent of the expected market price or a comparable
13 coverage, as determined by the Corporation.

14 “(3) Producers shall have the option of basing
15 their catastrophic coverage on either an individual
16 yield and loss basis or on an area yield and loss
17 basis when both options are offered by the Corpora-
18 tion.

19 “(4) For catastrophic risk protection, producers
20 shall pay an administrative fee. The administrative
21 fees shall be \$50 per crop per county, not to exceed
22 \$100 per producer per county. The administrative
23 fee shall be paid at the service point—the United
24 States Department of Agriculture office or the ap-
25 proved private insurance provider—at the time of

1 application. This administrative fee shall be waived
2 for limited resource farmers, as defined by the Cor-
3 poration, or if the producer elects to purchase addi-
4 tional protection at 65 percent or more of the re-
5 corded or appraised average yield and 100 percent
6 of the expected market price, or an equivalent cov-
7 erage, offered by approved crop insurance providers.
8 Funds collected as administrative fees shall be avail-
9 able, subject to appropriations, for salaries and ex-
10 penses.

11 “(5) Participation in the catastrophic risk cov-
12 erage for any producer’s crop on any land in the
13 county requires participation for that producer’s
14 crop on all insurable land of the producer in the
15 county.

16 “(6) To be eligible for any price support, pro-
17 duction adjustment, or conservation program admin-
18 istered by the United States Department of Agri-
19 culture for any crop, or for loans under any program
20 of the Farmers Home Administration or any succes-
21 sor agency, the producer must obtain at least the
22 catastrophic level of insurance for all crops of eco-
23 nomic significance grown on all farms in the county
24 in which the producer has an interest, if insurance
25 is available in the county for those crops. The term

1 'economic significance' shall mean any crop that has
2 contributed, or is expected to contribute, 10 percent
3 or more of the total expected value of all crops
4 grown by the producer.

5 "(7) The Board may limit insurance in any
6 county or area, or on any farm, on the basis of the
7 insurance risk involved.

8 "(c) COVERAGE LEVELS GENERALLY.—

9 "(1) The Corporation shall offer plans of insur-
10 ance providing levels of coverage greater than that
11 available under catastrophic risk protection. Produc-
12 ers may only purchase there other plans from ap-
13 proved private insurance providers, if such private
14 insurance is available. Nothing contained herein re-
15 stricts the Corporation from offering insurance if
16 coverage from private insurance providers is unavail-
17 able. If the producer has already applied for cata-
18 strophic risk protection at the United States Depart-
19 ment of Agriculture office and elects to purchase ad-
20 ditional coverage, the insurance file for that pro-
21 ducer shall be transferred to the approved private
22 insurance provider servicing the additional coverage
23 policy and the administrative fee for the crop for
24 which additional coverage at 65 percent or more of
25 the recorded or appraised average yield and 100 per-

1 cent of the expected market price, or an equivalent
2 coverage, is obtained shall be refunded to the in-
3 sured.

4 “(2) Producers shall have the option of pur-
5 chasing additional coverage based on either an indi-
6 vidual yield and loss basis or on an area yield and
7 loss basis when both options are offered by the Cor-
8 poration.

9 “(3) The level of coverage shall be dollar de-
10 nominated and may be purchased at any level not to
11 exceed 85 percent of the individual yield or 95 per-
12 cent of the area yield, as determined by the Corpora-
13 tion.

14 “(4) The Corporation shall establish a price
15 level for each commodity on which insurance is of-
16 fered that—

17 “(A) shall not be less than the projected
18 market price for the commodity as determined
19 by the Corporation; or

20 “(B) at the discretion of the Corporation,
21 may be based on the actual market price at the
22 time of harvest, as determined by the Corpora-
23 tion.

24 “(5) Insurance coverage shall be made available
25 to the producer on the basis of any price election

1 that equals or is less than that established by the
2 Board and the coverage shall be quoted in terms of
3 dollars per acre: *Provided*, That the Corporation
4 may establish minimum price elections below which
5 levels of insurance shall not be offered.

6 “(6) For levels of coverage 65 percent or more
7 of the recorded or appraised average yield and 100
8 percent of the expected market price, or an equiva-
9 lent coverage, the producer may elect to delete from
10 the insurance coverage provided under this title cov-
11 erage against damage caused by fire and hail, pro-
12 vided an equivalent or greater dollar amount of cov-
13 erage for damage caused by fire and hail is obtained
14 from a private hail/fire insurance provider. Upon
15 written notice of such election to the company issu-
16 ing the policy providing coverage under this title and
17 submission of evidence of substitute coverage on the
18 commodity insured, the producer’s premium shall be
19 reduced by an amount determined by the Corpora-
20 tion to be actuarially appropriate, taking into ac-
21 count the actuarial value of the remaining coverage
22 provided by the Corporation. In no event shall the
23 producer be given credit for an amount of premium
24 determined to be greater than the actuarial value of
25 the protection against losses caused by fire and hail

1 that is included in the coverage under this title for
2 the crop.

3 “(7) The Board may enter into agreements
4 with any State or agency of a State under which
5 such State or agency may pay to the approved insur-
6 ance provider an additional premium subsidy to fur-
7 ther reduce the portion of the premium paid by
8 farmers in such State.

9 “(8) The Board may limit or refuse insurance
10 in any county or area, or on any farm, on the basis
11 of the insurance risk involved.

12 “(d) PREMIUMS.—

13 “(1) The Corporation shall fix adequate pre-
14 miums for all its plans of insurance at such rates as
15 the Board deems actuarially sufficient to attain an
16 expected loss ratio of not greater than 1.1.

17 “(A) For catastrophic risk protection cov-
18 erage, the amount of premium shall be suffi-
19 cient to cover anticipated losses and a reason-
20 able reserve.

21 “(B) For levels of coverage below 65 per-
22 cent of the recorded or appraised average yield
23 and 100 percent of the expected market price,
24 or an equivalent coverage, but greater than cat-
25 astrophic risk protection, the amount of pre-

1 mium shall be sufficient to cover anticipated
2 losses, a reasonable reserve, and an amount for
3 operating and administrative expenses, as deter-
4 mined by the Corporation, that is less than the
5 amount established for coverage at 65 percent
6 and 100 percent of the expected market price,
7 or an equivalent coverage.

8 “(C) For levels of coverage of at least 65
9 percent of the recorded or appraised average
10 yield and 100 percent of the expected market
11 price, or an equivalent coverage, the amount of
12 premium shall be sufficient to cover anticipated
13 losses, a reasonable reserve, and an amount to
14 pay the operating and administrative expenses
15 as determined by the Corporation on an indus-
16 try-wide basis as a percent of the total pre-
17 mium.

18 “(2) For the purpose of encouraging the broad-
19 est possible participation, the Corporation shall pay
20 a part of the premium equivalent to—

21 “(A) for catastrophic risk protection cov-
22 erage, an amount equal to the premium estab-
23 lished in paragraph (1)(A) of this section;

24 “(B) for levels of coverage below 65 per-
25 cent of the recorded or appraised average yield

1 and 100 percent of the expected market price
2 or an equivalent coverage, but greater than cat-
3 astrophic risk protection, the amount of pre-
4 mium established for catastrophic risk protec-
5 tion coverage, a reasonable reserve, plus the
6 amount of operating and administrative ex-
7 penses established in paragraph (1)(B) of this
8 section; and

9 “(C) for levels of coverage at or greater
10 than 65 percent of the recorded and appraised
11 yield and 100 percent of the expected market
12 price, or an equivalent coverage, on an individ-
13 ual or area basis, an amount equal to the pre-
14 mium established for 50 percent loss in yield in-
15 demnified at 75 percent of the expected market
16 price, a reasonable reserve, plus the amount of
17 operating and administrative expenses estab-
18 lished in paragraph (1)(C) of this section.

19 “(3) If a private insurance provider determines
20 that it may provide insurance more efficiently than
21 the expense reimbursement amount set by the Cor-
22 poration, the private insurance provider, if approved
23 by the Board, may reduce the premium charged the
24 insured by the amount of such efficiency. Any such

1 reductions shall be subject to the rules, limitations,
2 and procedures established by the Corporation.

3 “(e) ELIGIBILITY.—To participate in catastrophic
4 risk protection coverage under this title, producers may
5 make application at the local United States Department
6 of Agriculture office or to an approved private crop insur-
7 ance provider. For all coverages, producers shall be re-
8 quired to—

9 “(1) purchase crop insurance on or before the
10 sales closing date for the crop by providing the re-
11 quired information and executing the required docu-
12 ments. Such sales closing date shall be established
13 by the Corporation to maximize convenience to pro-
14 ducers in obtaining benefits under price and produc-
15 tion adjustment programs of the Department when-
16 ever feasible; however, the Corporation will establish
17 all sales closing dates to assure that the goal of ac-
18 tuarial soundness for the crop insurance program is
19 met;

20 “(2) provide records, acceptable to the Corpora-
21 tion, of previous acreage and production or accept a
22 Corporation determined yield; and

23 “(3) report acreage planted and prevented from
24 planting by the designated acreage reporting date

1 for that crop and location as established by the Cor-
2 poration.

3 “(f) YIELD DETERMINATIONS.—

4 “(1) IN GENERAL.—The Corporation shall im-
5 plement crop insurance underwriting rules that en-
6 sure that yield coverage, as specified in subsection
7 (f)(2) of this section, is provided to all producers
8 participating in the Federal crop insurance program.

9 “(2) YIELD COVERAGE PLANS.—

10 “(A) ACTUAL PRODUCTION HISTORY.—

11 “(i) This plan uses the producer’s ac-
12 tual production history for the 4 previous
13 consecutive crop years without penalty, up
14 to a production data base of 10 consecutive
15 years, subject to paragraph (ii), to deter-
16 mine yield coverage.

17 “(ii) If the producer does not submit
18 adequate documentation of history for a
19 crop, the producer shall be assigned, as the
20 producer’s farm program yield, not less
21 than 65 percent of the transitional yield of
22 the producer (adjusted to reflect actual
23 production reflected in the records accept-
24 able to the Corporation for continuous
25 years), as specified in regulations issued by

1 the Corporation based on production his-
2 tory requirements.

3 “(B) AREA YIELD.—The Corporation may
4 offer a crop insurance plan based on an area
5 yield that allows an insured producer to qualify
6 for an indemnity if a loss has occurred in an
7 area, as specified by the Corporation, in which
8 the farm of the producer is located. Under an
9 area yield plan, an insured producer shall be al-
10 lowed to select the level of area production at
11 which an indemnity will be paid consistent with
12 the terms and conditions established by the
13 Corporation.

14 “(C) COMMODITY-BY-COMMODITY BASIS.—
15 A producer may choose between either individ-
16 ual yield or area yield coverage, where available,
17 on a commodity-by-commodity basis.

18 “(D) NOTICE.—The Corporation shall en-
19 sure that, whenever the yield coverage provi-
20 sions of this section are effective, producers are
21 given adequate notice of such provisions in ad-
22 vance of the crop insurance application period
23 for the crops to which such provisions first will
24 apply.”;

25 (5) in subsection (g) (as redesignated)—

1 (A) in paragraph (1), by striking “(a)”
2 and inserting “(c)”;

3 (B) by striking paragraph (2) and insert-
4 ing the following new paragraph:

5 “(2) PREPARATION OF POLICIES.—A policy or
6 other material submitted to the Board under this
7 subsection may be prepared without regard to the
8 limitations contained in this title, including the re-
9 quirements concerning the levels of coverage and
10 rates and the requirement that a price level for each
11 commodity insured must equal the projected market
12 price for the commodity as established by the Board.
13 Such policy may only be subsidized at an amount
14 equivalent to coverage that is authorized under this
15 title.”;

16 (C) in paragraph (3)—

17 (i) by striking “taking into consider-
18 ation the risks covered by the policy or
19 other material”;

20 (ii) by inserting after “more than one
21 reinsurance agreement” the words “with
22 the private insurance provider”; and

23 (iii) by striking title “V” and insert-
24 ing “title 5”; and

1 (D) by striking paragraph (4) and insert-
2 ing the following new paragraph:

3 “(4) REQUIRED PUBLICATION.—Any policies,
4 provisions of policies, and rates approved under this
5 subsection shall be published as a notice in the Fed-
6 eral Register and made available to all persons con-
7 tracting with or reinsured by the Corporation under
8 the same terms and conditions as between the Cor-
9 poration and the submitting person.”;

10 (6) by striking subsection (i) (as redesignated)
11 and inserting the following new subsection:

12 “(i) CLAIMS FOR LOSSES.—The Corporation may
13 provide for adjustment and payment of claims for losses
14 as provided under subsection (a) of this section under
15 rules prescribed by the Board. The rules prescribed by the
16 Board shall establish standards to ensure that all claims
17 for losses are adjusted, to the extent practicable, in a uni-
18 form and timely manner. If any claim for indemnity is
19 denied by the Corporation, an action on such claim may
20 be brought against the Corporation and the insurance pro-
21 vider in the United States district court for the district
22 in which the insured farm is located: *Provided*, That no
23 suit on such claim may be allowed under this section un-
24 less it shall have been brought within one year after the

1 date when written notice of denial of the claim is provided
2 to the claimant.”;

3 (7) by striking subsection (j) (as redesignated)
4 and inserting the following new subsection:

5 “(j) REINSURANCE.—Notwithstanding any other pro-
6 vision of this title, the Corporation is directed, to the maxi-
7 mum extent practicable, to provide reinsurance upon such
8 terms and conditions as the Board may determine to be
9 consistent with subsections (b) and (c) of this section and
10 sound reinsurance principles to insurers, as defined by the
11 Corporation, that insure producers of any agricultural
12 commodity under a plan or plans acceptable to the Cor-
13 poration. The Corporation’s reinsurance agreements with
14 the reinsured companies shall require the reinsured com-
15 panies to bear a sufficient share of any potential loss
16 under such agreement so as to ensure that the reinsured
17 company will sell and service policies of insurance in a
18 sound and prudent manner, taking into consideration the
19 availability of private reinsurance.”;

20 (8) in subsection (k) (as redesignated), by strik-
21 ing “provide” after “The Corporation may” and in-
22 sserting “offer plans of”; and

23 (9) by striking subsection (n) (as redesignated)
24 and inserting the following new subsection:

1 “(n) INFORMATION COLLECTION ON CROP INSUR-
2 ANCE.—The Corporation shall make available to produc-
3 ers through local offices of the Department of Agri-
4 culture—

5 “(1) current and complete information on all
6 aspects of Federal crop insurance; and

7 “(2) a listing of insurance agents.”.

8 (e) Section 508A of title V of the Agricultural Adjust-
9 ment Act of 1938 (7 U.S.C. 1508A) is repealed.

10 (f) Section 511 of title V of the Agricultural Adjust-
11 ment Act of 1938 (7 U.S.C. 1511) is amended by inserting
12 “its contracts of insurance and premium thereon, whether
13 insured directly or reinsured by the Corporation,” after
14 “The Corporation, including”.

15 (g) Title V of the Agricultural Adjustment Act of
16 1938 is amended by striking section 516 and inserting the
17 following new section:

18 **“SEC. 516. AUTHORIZATION OF APPROPRIATIONS.**

19 “(a) APPROPRIATIONS.—There are hereby authorized
20 to be appropriated such sums as may be necessary, includ-
21 ing funds collected as administrative fees, to cover the ad-
22 ministrative and operating expenses of the Corporation.

23 “(b) INSURANCE FUND.—There shall be established
24 an insurance fund for deposit of premium income, income
25 from reinsurance operations, and appropriations provided

1 by this Act. The Corporation will pay amounts due under
2 its reinsurance agreements with private insurance provid-
3 ers, including premium subsidies, from the fund.”.

4 (h) Title V of the Agricultural Adjustment Act of
5 1938 is amended by striking section 520 and inserting the
6 following new section:

7 **“SEC. 520. PRODUCER ELIGIBILITY.**

8 “Except as otherwise provided in this title, no pro-
9 ducer shall be denied insurance under this title if—

10 “(1) for purposes of catastrophic risk protection
11 coverage, the producer meets the definition of per-
12 son, as defined by the Secretary; and

13 “(2) for purposes of any other plan of insur-
14 ance, the producer is eighteen years of age and has
15 a bona fide insurable interest in a crop as an owner-
16 operator, landlord, tenant, or sharecropper.”.

17 **SEC. 3. ADVISORY COMMITTEE.**

18 Title V of the Agricultural Adjustment Act of 1938
19 is amended by adding the following new section:

20 **“SEC. 521. ADVISORY COMMITTEE FOR FEDERAL CROP IN-**
21 **SURANCE.**

22 “(a) ESTABLISHMENT.—The Secretary may establish
23 within the Department of Agriculture a committee to be
24 known as the Advisory Committee for Federal Crop Insur-

1 ance which shall remain in existence until September 30,
2 1998.

3 “(b) MEMBERSHIP.—The Advisory Committee shall
4 be composed of the Manager of the Corporation, the Sec-
5 retary or his designee, and not less than ten representa-
6 tives of organizations or agencies involved with the Fed-
7 eral crop insurance program, which may include the fol-
8 lowing: insurance companies; insurance agents; farm pro-
9 ducer organizations; experts on agronomic practices; and
10 banking and lending institutions.

11 “(c) ADMINISTRATIVE PROVISIONS.—

12 “(1) TERMS.—Members of the Advisory Com-
13 mittee shall be appointed by the Secretary for a
14 term of up to two years from nominations made by
15 the participating organizations. The terms of the
16 members shall be staggered.

17 “(2) CHAIRPERSON.—The Advisory Committee
18 shall be chaired by the Manager of the Corporation.

19 “(3) MEETINGS.—The Advisory Committee
20 shall meet at least annually. The meetings of the
21 Advisory Committee shall be publicly announced in
22 advance and shall be open to the public. Appropriate
23 records of the activities of the Advisory Committee
24 shall be kept and made available to the public on re-
25 quest.

1 “(d) PRIMARY RESPONSIBILITY.—The primary re-
2 sponsibility of the Advisory Committee shall be to advise
3 the Secretary on the implementation of this title and on
4 other issues related to crop insurance, as determined by
5 the Manager.

6 “(e) REPORTS.—Not later than June 30 of each year,
7 the Advisory Committee shall prepare, and submit to the
8 Secretary, a report specifying its conclusions on—

9 “(1) the progress toward implementation of the
10 provisions of this title;

11 “(2) the actuarial soundness of the Federal
12 crop insurance program; and

13 “(3) the rate of participation in both the cata-
14 strophic and the additional coverage programs.”.

15 **SEC. 4. NONINSURED ASSISTANCE.**

16 Title V of the Agricultural Adjustment Act of 1938
17 is amended by adding the following new section:

18 **“SEC. 522. NONINSURED ASSISTANCE PROGRAM.**

19 “(a) ELIGIBILITY.—

20 “(1) A noninsured assistance program is estab-
21 lished to provide coverage equivalent to the cata-
22 strophic risk protection insurance for crops for
23 which catastrophic risk protection insurance is not
24 available. Crops covered include all commercial crops
25 and commodities for which catastrophic risk protec-

1 tion coverage is not available and that are produced
2 for food or fiber on a commercial basis but shall not
3 include livestock. Noninsured assistance shall not
4 cover losses due to—

5 “(i) the neglect or malfeasance of the pro-
6 ducer;

7 “(ii) the failure of the producer to reseed
8 to the same crop in those areas and under such
9 circumstances where it is customary to so re-
10 seed; or

11 “(iii) the failure of the producer to follow
12 good farming practices, as determined by the
13 Corporation.

14 “(2) Producers shall make a timely application
15 for noninsured assistance at the United States De-
16 partment of Agriculture office.

17 “(3) Producers shall provide records, acceptable
18 to the Corporation, of previous crop acreage and
19 production or the producers shall accept a yield as
20 determined by the Corporation.

21 “(4) Producers shall report acreage planted and
22 prevented from being planted by the designated
23 acreage reporting date for that crop and location as
24 established by the Corporation.

1 “(5) Producers of non-program crops shall not
2 be eligible for noninsured assistance unless the area,
3 as determined by the Corporation, average yield, or
4 an equivalent measure in the event yield data are
5 not available, for that crop falls below 65 percent of
6 the expected area yield as established by the Cor-
7 poration.

8 “(6) The Corporation shall make a prevented
9 planting noninsured assistance payment if the pro-
10 ducer is prevented from planting more than 35 per-
11 cent of the acreage intended for the crop because of
12 drought, flood, or other natural disaster as deter-
13 mined by the Secretary.

14 “(7) If, because of drought, flood, or other nat-
15 ural disaster as determined by the Secretary, the
16 total quantity of the crop that a producer is able to
17 harvest on any farm is less than 50 percent of the
18 expected area yield for the crop, as determined by
19 the Corporation, factored for the producer’s interest
20 for the crop, the Corporation shall make a reduced
21 yield noninsured assistance payment.

22 “(8) A person who has qualifying gross reve-
23 nues in excess of \$2,000,000 annually, as deter-
24 mined by the Secretary, shall not be eligible to re-
25 ceive any noninsured assistance payments. For pur-

1 poses of this section, the term ‘qualifying gross reve-
2 nues’ means—

3 “(A) if a majority of the person’s gross
4 revenue is received from farming, ranching, and
5 forestry operations, the gross revenue from the
6 person’s farming, ranching, and forestry oper-
7 ations; and

8 “(B) if less than a majority of the person’s
9 gross revenue is received from farming, ranch-
10 ing, and forestry operations, the person’s gross
11 revenue from all sources.

12 “(b) PAYMENT RATE.—If the producer is eligible for
13 noninsured assistance, payments shall be made for losses
14 in excess of 50 percent of the established yield for the crop
15 at 60 percent of the average market price for that crop
16 or any comparable coverage as determined by the Corpora-
17 tion.

18 “(c) FARM YIELDS.—

19 “(1) The Corporation shall establish noninsured
20 assistance program farm yields for crops for the
21 purposes of this section.

22 “(2) If the producer can provide satisfactory
23 evidence of the producer’s actual production history
24 for the four previous consecutive crop years, up to
25 a production data base of ten consecutive crop years,

1 the yield of the farm shall be based on such proven
2 yield.

3 “(3) If the producer does not submit adequate
4 documentation of such history for the crop, the pro-
5 ducer shall be assigned as the producer’s farm pro-
6 gram yield not less than 65 percent of the transi-
7 tional yield (adjusted to reflect actual experience), as
8 specified in regulations issued by the Corporation
9 based on production history requirements.

10 “(d) PAYMENT OF LOSSES.—Payments for
11 noninsured assistance losses under this section shall be
12 made from the insurance fund and shall be reimbursed
13 from appropriations provided under this Act. Such losses
14 shall not be included in calculating the premiums charged
15 to producers for insurance.

16 “(e) PAYMENT LIMITATIONS.—

17 “(1) The total amount of payments that a per-
18 son shall be entitled to receive annually under this
19 section may not exceed \$100,000.

20 “(2) The Corporation shall issue regulations de-
21 fining the term ‘person’ that shall conform, to the
22 extent practicable, to the regulations defining ‘per-
23 son’ issued under section 1001 of the Food Security
24 Act of 1985 (7 U.S.C. 1308).”.

1 **SEC. 5. CONFORMING AMENDMENTS.**

2 (a) The Agricultural Act of 1949 is amended—

3 (1) in section 101B (7 U.S.C. 1441–2)—

4 (A) by striking subsection (c)(1)(F); and

5 (B) in subsection (c) by striking paragraph

6 (2) and inserting in lieu thereof the following:

7 “(2) CROP INSURANCE REQUIREMENT.—As a
8 condition of receiving any benefits (including pay-
9 ments) under this section, the producer must, if of-
10 fered by the Federal Crop Insurance Corporation,
11 obtain at least the catastrophic risk protection insur-
12 ance coverage for the crop and crop year in which
13 the benefit is sought.”;

14 (2) in section 103(h) (7 U.S.C. 1444), by add-
15 ing at the end the following new paragraph:

16 “(17) As a condition of receiving any benefits
17 (including payments) under this section, the pro-
18 ducer must, if offered by the Federal Crop Insur-
19 ance Corporation, obtain at least the catastrophic
20 risk protection insurance coverage for the crop and
21 crop year in which the benefit is sought.”;

22 (3) in section 103B (7 U.S.C. 1444–2)—

23 (A) by striking subsection (c)(1)(F); and

24 (B) in subsection (c) by striking paragraph

25 (2) and inserting in lieu thereof the following:

1 “(2) CROP INSURANCE REQUIREMENT.—As a
2 condition of receiving any benefits (including pay-
3 ments) under this section, the producer must, if of-
4 fered by the Federal Crop Insurance Corporation,
5 obtain at least the catastrophic risk protection insur-
6 ance coverage for the crop and crop year in which
7 the benefit is sought.”;

8 (4) in section 105B (7 U.S.C. 1444f)—

9 (A) by striking subsection (c)(1)(G); and

10 (B) in subsection (c) by striking paragraph

11 (2) and inserting in lieu thereof the following:

12 “(2) CROP INSURANCE REQUIREMENT.—As a
13 condition of receiving any benefits (including pay-
14 ments) under this section, the producer must, if of-
15 fered by the Federal Crop Insurance Corporation,
16 obtain at least the catastrophic risk protection insur-
17 ance coverage for the crop and crop year in which
18 the benefit is sought.”;

19 (5) in section 107B (7 U.S.C. 1444b-3a)—

20 (A) by striking subsection (c)(1)(G); and

21 (B) in subsection (c) by striking paragraph

22 (2) and inserting in lieu thereof the following:

23 “(2) CROP INSURANCE REQUIREMENT.—As a
24 condition of receiving any benefits (including pay-
25 ments) under this section, the producer must, if of-

1 fered by the Federal Crop Insurance Corporation,
2 obtain at least the catastrophic risk protection insur-
3 ance coverage for the crop and crop year in which
4 the benefit is sought.”;

5 (6) in section 108B (7 U.S.C. 1445c-3), by
6 adding at the end the following new subsection:

7 “(i) CROP INSURANCE REQUIREMENT.—As a condi-
8 tion of receiving any benefits (including payments) under
9 this section, the producer must, if offered by the Federal
10 Crop Insurance Corporation, obtain at least the cata-
11 strophic risk protection insurance coverage for the crop
12 and crop year in which the benefit is sought.”;

13 (7) in section 205 (7 U.S.C. 1446f), by adding
14 at the end the following new subsection:

15 “(o) CROP INSURANCE REQUIREMENT.—As a condi-
16 tion of receiving any benefits (including payments) under
17 this section, the producer must, if offered by the Federal
18 Crop Insurance Corporation, obtain at least the cata-
19 strophic risk protection insurance coverage for the crop
20 and crop year in which the benefit is sought.”;

21 (8) in section 206 (7 U.S.C. 1446g), by adding
22 at the end the following new subsection:

23 “(k) CROP INSURANCE REQUIREMENT.—As a condi-
24 tion of receiving any benefits under this section, the pro-
25 ducer must, if offered by the Federal Crop Insurance Cor-

1 poration, obtain at least the catastrophic risk protection
2 insurance coverage for the crop and crop year in which
3 the benefit is sought.”;

4 (9) in section 207 (7 U.S.C. 1446h), by adding
5 at the end the following new subsection:

6 “(k) CROP INSURANCE REQUIREMENT.—As a condi-
7 tion of receiving any benefits (including payments) under
8 this section, the producer must, if offered by the Federal
9 Corp Insurance Corporation, obtain at least the cata-
10 strophic risk protection insurance coverage for the crop
11 and crop year in which the benefit is sought.”; and

12 (10) by repealing section 208 (7 U.S.C. 1446i).

13 (b) The Food, Agriculture, Conservation, and Trade
14 Act of 1990 is amended by striking chapters 1, 2, and
15 3 of subtitle B of title XXII.

16 (c) Section 251(b)(2)(D) of the Balanced Budget and
17 Emergency Deficit Control Act of 1985 (2 U.S.C.
18 901(b)(2)(D)), is amended effective July 1, 1995, by strik-
19 ing subparagraph (i) and inserting the following new sub-
20 paragraph:

21 “(i) If, for any fiscal year, appropriations for discre-
22 tionary accounts are enacted that the President designates
23 as emergency requirements and that Congress so des-
24 ignates in statute, the adjustment shall be the total of
25 such appropriations in discretionary accounts designated

1 as emergency requirements and the outlays flowing in all
2 years from such appropriations: *Provided*, That this provi-
3 sion shall not apply to appropriations to cover agricultural
4 crop disaster assistance.”.

5 **SEC. 6. EFFECTIVE DATE.**

6 Except as otherwise specifically provided in section
7 5(c), this Act shall become effective beginning with the
8 crop year immediately following the date of enactment.

○

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