

Union Calendar No. 179

106TH CONGRESS
1ST Session

H. R. 2559

[Report No. 106-300]

A BILL

To amend the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program, and for other purposes.

AUGUST 5, 1999

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1999

Mr. COMBEST (for himself, Mr. EWING, Mr. BARRETT of Nebraska, Mr. BLUNT, Mr. CANADY of Florida, Mr. WHITFIELD, Mr. BEREUTER, Mr. SESSIONS, and Mr. HAYES) introduced the following bill; which was referred to the Committee on Agriculture

AUGUST 5, 1999

Additional sponsors: Mr. HILL of Montana, Mr. GILMAN, Mr. SMITH of Michigan, and Mr. COOKSEY

AUGUST 5, 1999

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on July 20, 1999]

A BILL

To amend the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools

and improved protection from production and income loss, to improve the efficiency and integrity of 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; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the “Ag-*
 5 *ricultural Risk Protection Act of 1999”.*

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

Sec. 1. Short title; table of contents.

TITLE I—STRENGTHENING THE FARM SAFETY NET

- Sec. 101. Premium schedule for additional coverage.*
- Sec. 102. Premium schedule for other plans of insurance.*
- Sec. 103. Adjustment in actual production history to establish insurable yields.*
- Sec. 104. Review and adjustment in rating methodologies.*
- Sec. 105. Conduct of pilot programs, including livestock.*
- Sec. 106. Cost of production as a price election.*
- Sec. 107. Premium discounts for good performance.*
- Sec. 108. Options for catastrophic risk protection.*
- Sec. 109. Authority for nonprofit associations to pay fees on behalf of producers.*
- Sec. 110. Elections regarding prevented planting coverage.*
- Sec. 111. Limitations under noninsured crop disaster assistance program.*
- Sec. 112. Quality grade loss adjustment.*
- Sec. 113. Application of amendments.*

TITLE II—IMPROVING PROGRAM INTEGRITY

- Sec. 201. Limitation on double insurance.*
- Sec. 202. Improving program compliance and integrity.*
- Sec. 203. Sanctions for false information.*
- Sec. 204. Protection of confidential information.*
- Sec. 205. Records and reporting.*
- Sec. 206. Compliance with State licensing requirements.*

TITLE III—ADMINISTRATION

- Sec. 301. Board of Directors of Corporation.*
- Sec. 302. Promotion of submission of policies and related materials.*
- Sec. 303. Research and development, including contracts regarding underserved commodities.*
- Sec. 304. Funding for reimbursement and research and development.*
- Sec. 305. Board consideration of submitted policies and materials.*

Sec. 306. Contracting for rating of plans of insurance.

Sec. 307. Electronic availability of crop insurance information.

Sec. 308. Fees for use of new policies and plans of insurance.

Sec. 309. Clarification of producer requirement to follow good farming practices.

Sec. 310. Reimbursements and negotiation of standard reinsurance agreement.

TITLE I—STRENGTHENING THE FARM SAFETY NET

SEC. 101. PREMIUM SCHEDULE FOR ADDITIONAL COV- ERAGE.

(a) *PREMIUM AMOUNTS.*—Section 508(d)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is amended by striking subparagraphs (B) and (C) and inserting the following new subparagraph:

“(B) In the case of additional coverage equal to or greater than 50 percent of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount of the premium 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.”.

(b) *PAYMENT SCHEDULE.*—Section 508(e)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)) is

1 *amended by striking subparagraphs (B) and (C) and in-*
2 *serting the following new subparagraphs:*

3 “(B) *In the case of additional coverage*
4 *equal to or greater than 50 percent, but less than*
5 *55 percent, of the recorded or appraised average*
6 *yield indemnified at not greater than 100 per-*
7 *cent of the expected market price, or an equiva-*
8 *lent coverage, the amount shall be equal to the*
9 *sum of—*

10 “(i) *67 percent of the amount of the*
11 *premium established under subsection*
12 *(d)(2)(B)(i) for the coverage level selected;*
13 *and*

14 “(ii) *the amount determined under*
15 *subsection (d)(2)(B)(ii) for the coverage*
16 *level selected to cover operating and admin-*
17 *istrative expenses.*

18 “(C) *In the case of additional coverage*
19 *equal to or greater than 55 percent, but less than*
20 *65 percent, of the recorded or appraised average*
21 *yield indemnified at not greater than 100 per-*
22 *cent of the expected market price, or an equiva-*
23 *lent coverage, the amount shall be equal to the*
24 *sum of—*

1 “(i) 64 percent of the amount of the
2 premium established under subsection
3 (d)(2)(B)(i) for the coverage level selected;
4 and

5 “(ii) the amount determined under
6 subsection (d)(2)(B)(ii) for the coverage
7 level selected to cover operating and admin-
8 istrative expenses.

9 “(D) In the case of additional coverage
10 equal to or greater than 65 percent, but less than
11 75 percent, of the recorded or appraised average
12 yield indemnified at not greater than 100 per-
13 cent of the expected market price, or an equiva-
14 lent coverage, the amount shall be equal to the
15 sum of—

16 “(i) 59 percent of the amount of the
17 premium established under subsection
18 (d)(2)(B)(i) for the coverage level selected;
19 and

20 “(ii) the amount determined under
21 subsection (d)(2)(B)(ii) for the coverage
22 level selected to cover operating and admin-
23 istrative expenses.

24 “(E) In the case of additional coverage
25 equal to or greater than 75 percent, but less than

1 80 percent, of the recorded or appraised average
2 yield indemnified at not greater than 100 per-
3 cent of the expected market price, or an equiva-
4 lent coverage, the amount shall be equal to the
5 sum of—

6 “(i) 54 percent of the amount of the
7 premium established under subsection
8 (d)(2)(B)(i) for the coverage level selected;
9 and

10 “(ii) the amount determined under
11 subsection (d)(2)(B)(ii) for the coverage
12 level selected to cover operating and admin-
13 istrative expenses.

14 “(F) In the case of additional coverage
15 equal to or greater than 80 percent, but less than
16 85 percent, of the recorded or appraised average
17 yield indemnified at not greater than 100 per-
18 cent of the expected market price, or an equiva-
19 lent coverage, the amount shall be equal to the
20 sum of—

21 “(i) 40.6 percent of the amount of the
22 premium established under subsection
23 (d)(2)(B)(i) for the coverage level selected;
24 and

1 “(ii) the amount determined under
 2 subsection (d)(2)(B)(ii) for the coverage
 3 level selected to cover operating and admin-
 4 istrative expenses.

5 “(G) Subject to subsection (c)(4), in the case
 6 of additional coverage equal to or greater than
 7 85 percent of the recorded or appraised average
 8 yield indemnified at not greater than 100 per-
 9 cent of the expected market price, or an equiva-
 10 lent coverage, the amount shall be equal to the
 11 sum of—

12 “(i) 30.6 percent of the amount of the
 13 premium established under subsection
 14 (d)(2)(B)(i) for the coverage level selected;
 15 and

16 “(ii) the amount determined under
 17 subsection (d)(2)(B)(ii) for the coverage
 18 level selected to cover operating and admin-
 19 istrative expenses.”.

20 (c) *PREMIUM PAYMENT DISCLOSURE.*—Section 508(e)
 21 of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) is
 22 amended by adding at the end the following new paragraph:

23 “(5) *PREMIUM PAYMENT DISCLOSURE.*—Each
 24 policy or plan of insurance under this title shall
 25 prominently indicate the dollar amount of the portion

1 of the premium paid by the Corporation under this
 2 subsection or subsection (h)(2).”.

3 **SEC. 102. PREMIUM SCHEDULE FOR OTHER PLANS OF IN-**
 4 **SURANCE.**

5 Section 508(h)(2) of the Federal Crop Insurance Act
 6 (7 U.S.C. 1508(h)(2)) is amended—

7 (1) by striking “A policy” and inserting the fol-
 8 lowing:

9 “(A) *PREPARATION.*—A policy”;

10 (2) by striking the second sentence; and

11 (3) by adding at the end the following new sub-
 12 paragraph:

13 “(B) *PREMIUM SCHEDULE.*—In the case of
 14 a policy offered under this subsection (except
 15 paragraph (10)) or subsection (m)(4), the Cor-
 16 poration shall pay a portion of the premium of
 17 the policy that shall be equal to—

18 “(i) the percentage, specified in sub-
 19 section (e) for a similar level of coverage, of
 20 the total amount of the premium used to de-
 21 fine loss ratio; and

22 “(ii) the dollar amount of the adminis-
 23 trative and operating expenses that would
 24 be paid by the Corporation under subsection
 25 (e) for a similar level of coverage.”.

1 **SEC. 103. ADJUSTMENT IN ACTUAL PRODUCTION HISTORY**
 2 **TO ESTABLISH INSURABLE YIELDS.**

3 *(a) USE OF PERCENTAGE OF TRANSITIONAL YIELD.—*
 4 *Section 508(g) of the Federal Crop Insurance Act (7 U.S.C.*
 5 *1508(g)) is amended by adding at the end the following new*
 6 *paragraph:*

7 *“(4) ADJUSTMENT IN ACTUAL PRODUCTION HIS-*
 8 *TORY TO ESTABLISH INSURABLE YIELDS.—*

9 *“(A) APPLICATION.—This paragraph shall*
 10 *apply whenever the Corporation uses the actual*
 11 *production history of the producer to establish*
 12 *insurable yields for an agricultural commodity*
 13 *for the 2000 and subsequent crop years.*

14 *“(B) ELECTION TO USE PERCENTAGE OF*
 15 *TRANSITIONAL YIELD.—If, for one or more of the*
 16 *crop years used to establish the producer’s actual*
 17 *production history of an agricultural com-*
 18 *modity, the producer’s recorded or appraised*
 19 *yield of the commodity was less than 60 percent*
 20 *of the applicable transitional yield, as deter-*
 21 *mined by the Corporation, the Corporation shall,*
 22 *at the election of the producer—*

23 *“(i) exclude any of such recorded or*
 24 *appraised yield; and*

1 “(ii) replace each excluded yield with a
 2 yield equal to 60 percent of the applicable
 3 transitional yield.”.

4 (b) *APH ADJUSTMENT TO REFLECT PARTICIPATION*
 5 *IN MAJOR PEST CONTROL EFFORTS.*—Section 508(g) of the
 6 *Federal Crop Insurance Act (7 U.S.C. 1508(g))* is amended
 7 by inserting after paragraph (4), as added by subsection
 8 (a), the following new paragraph:

9 “(5) *ADJUSTMENT TO REFLECT INCREASED*
 10 *YIELDS FROM SUCCESSFUL PEST CONTROL EF-*
 11 *FORTS.*—

12 “(A) *SITUATIONS JUSTIFYING ADJUST-*
 13 *MENT.*—The Corporation shall develop a method-
 14 *ology for adjusting the actual production history*
 15 *of a producer when each of the following apply:*

16 “(i) *The producer’s farm is located in*
 17 *an area where systematic, area-wide efforts*
 18 *have been undertaken using certain oper-*
 19 *ations or measures, or the producer’s farm*
 20 *is a location at which certain operations or*
 21 *measures have been undertaken, to detect,*
 22 *eradicate, suppress, or control, or at least to*
 23 *prevent or retard the spread of, a plant dis-*
 24 *ease or plant pest, including a plant pest*
 25 *covered by the definition in section 102 of*

1 *the Department of Agriculture Organic Act*
 2 *of 1944 (7 U.S.C. 147a).*

3 “(ii) *The presence of the plant disease*
 4 *or plant pest has been found to adversely af-*
 5 *fect the yield of the agricultural commodity*
 6 *for which the producer is applying for in-*
 7 *surance.*

8 “(iii) *The efforts described in clause (i)*
 9 *have been effective.*

10 “(B) *ADJUSTMENT AMOUNT.—The amount*
 11 *by which the Corporation adjusts the actual pro-*
 12 *duction history of a producer of an agricultural*
 13 *commodity shall reflect the degree to which the*
 14 *success of the systematic, area-wide efforts de-*
 15 *scribed in paragraph (1)(A), on average, in-*
 16 *creases the yield of the commodity on the pro-*
 17 *ducer’s farm, as determined by the Corpora-*
 18 *tion.”.*

19 **SEC. 104. REVIEW AND ADJUSTMENT IN RATING METH-**
 20 **ODOLOGIES.**

21 *Section 508(a) of the Federal Crop Insurance Act (7*
 22 *U.S.C. 1508(a)) is amended by adding at the end the fol-*
 23 *lowing:*

24 “(7) *REVIEW AND ADJUSTMENT OF RATES.—*

1 “(A) *REVIEW REQUIRED.*—To maximize
 2 *participation in the Federal crop insurance pro-*
 3 *gram and to ensure equity for producers, the*
 4 *Corporation shall periodically review the meth-*
 5 *odologies employed for rating plans of insurance*
 6 *under this title consistent with section 507(c)(2).*

7 “(B) *PREMIUM ADJUSTMENT.*—The Cor-
 8 *poration shall analyze the rating and loss his-*
 9 *tory of approved policies and plans of insurance*
 10 *for agricultural commodities by area. If the Cor-*
 11 *poration makes a determination that premium*
 12 *rates are excessive for an agricultural commodity*
 13 *in an area relative to the requirements of sub-*
 14 *section (d)(2)(B) for that area, then, in the 2000*
 15 *crop year or as soon as practicable after the de-*
 16 *termination is made, the Corporation shall make*
 17 *appropriate adjustments in the premium rates*
 18 *for that area for that agricultural commodity.”.*

19 **SEC. 105. CONDUCT OF PILOT PROGRAMS, INCLUDING LIVE-**
 20 **STOCK.**

21 (a) *REPEAL OF OBSOLETE PILOT PROGRAMS.*—Sec-
 22 *tion 508(h) of the Federal Crop Insurance Act (7 U.S.C.*
 23 *1508(h)) is amended by striking paragraphs (6) and (8).*

24 (b) *GENERAL REQUIREMENTS.*—Section 508(h) of the
 25 *Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended*

1 by inserting after paragraph (7) the following new para-
 2 graph:

3 “(8) *GENERAL REQUIREMENTS APPLICABLE TO*
 4 *PILOT PROGRAMS.*—*In conducting any pilot program*
 5 *of insurance or reinsurance authorized or required by*
 6 *this title, the Corporation—*

7 “(A) *may offer the pilot program on a re-*
 8 *gional, whole State, or national basis after con-*
 9 *sidering the interests of affected producers and*
 10 *the interests of and risks to the Corporation;*

11 “(B) *may operate the pilot program, in-*
 12 *cluding any modifications thereof, for a period of*
 13 *up to 3 years; and*

14 “(C) *may extend the time period for the*
 15 *pilot program for additional periods, as deter-*
 16 *mined appropriate by the Corporation.”.*

17 (c) *EXPEDITED CONSIDERATION.*—*Section 508(h)(4)*
 18 *of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(4))*
 19 *is amended—*

20 (1) *by redesignating subparagraphs (A), (B),*
 21 *(C), and (D) as clauses (i), (ii), (iii), and (iv), re-*
 22 *spectively;*

23 (2) *by moving the text of the clauses (as so des-*
 24 *ignated) 2 ems to the right;*

1 (3) by striking “The Corporation” in the first
2 sentence and inserting the following:

3 “(A) *GUIDELINES REQUIRED.*—Not later
4 than 180 days after the date of the enactment of
5 the Agricultural Risk Protection Act of 1999, the
6 Corporation”; and

7 (4) by adding at the end the following new sub-
8 paragraph:

9 “(B) *EXPEDITED CONSIDERATION OF PRO-*
10 *POSED PILOT PROGRAMS.*—The regulations re-
11 quired by subparagraph (A) shall include
12 streamlined guidelines for the submission, and
13 Board review, of pilot programs that the Board
14 determines are limited in scope and duration
15 and involve a reduced level of liability to the
16 Federal Government, and an increased level of
17 risk to approved insurance providers partici-
18 pating in the pilot program, relative to other
19 policies or materials submitted under this sub-
20 section. The streamlined guidelines shall be con-
21 sistent with the guidelines established under sub-
22 paragraph (A), except as follows:

23 “(i) Not later than 60 days after sub-
24 mission of the proposed pilot program, the
25 Corporation shall provide an applicant

1 *with notification of its intent to recommend*
 2 *disapproval of the proposal to the Board.*

3 “(ii) Not later than 90 days after the
 4 proposed pilot program is submitted to the
 5 Board, the Board shall make a determina-
 6 tion to approve or disapprove the pilot pro-
 7 gram. Any determination by the Board to
 8 disapprove the pilot program shall be ac-
 9 companied by a complete explanation of the
 10 reasons for the Board’s decision to deny ap-
 11 proval. In the event the Board fails to make
 12 a determination within the prescribed time
 13 period, the pilot program submitted shall be
 14 deemed approved by the Board for the ini-
 15 tial reinsurance year designated for the
 16 pilot program, except in the case where the
 17 Board and the applicant agree to an exten-
 18 sion.”.

19 (d) *LIVESTOCK PILOT PROGRAMS.*—

20 (1) *PROGRAMS REQUIRED.*—Section 508(h) of
 21 the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is
 22 amended by striking paragraph (10) and inserting
 23 the following new paragraph:

24 “(10) *LIVESTOCK PILOT PROGRAMS.*—

1 “(A) *PROGRAMS REQUIRED.*—The Corpora-
2 tion shall conduct one or more pilot programs to
3 evaluate the effectiveness of risk management
4 tools for livestock producers, including the use of
5 futures and options contracts and policies and
6 plans of insurance that provide livestock pro-
7 ducers with reasonable protection from the finan-
8 cial risks of price or income fluctuations inher-
9 ent in the production and marketing of livestock,
10 provide protection for production losses, and oth-
11 erwise protect the interests of livestock producers.
12 To the maximum extent practicable, the Cor-
13 poration shall evaluate the greatest number and
14 variety of such programs to determine which of
15 the offered risk management tools are best suited
16 to protect livestock producers from the financial
17 risks associated with the production and mar-
18 keting of livestock.

19 “(B) *IMPLEMENTATION; ASSISTANCE.*—The
20 Corporation shall begin conducting livestock
21 pilot programs under this paragraph during fis-
22 cal year 2001, and any policy or plan of insur-
23 ance offered under this paragraph may be pre-
24 pared without regard to the limitations con-
25 tained in this title. As part of such a pilot pro-

1 *gram, the Corporation may provide assistance to*
2 *producers to purchase futures and options con-*
3 *tracts or policies and plans of insurance offered*
4 *under that pilot program. However, no action*
5 *may be undertaken with respect to a risk under*
6 *this paragraph if the Corporation determines*
7 *that insurance protection for livestock producers*
8 *against the risk is generally available from pri-*
9 *vate companies.*

10 “(C) *LOCATION.*—The Corporation shall
11 *conduct the livestock pilot programs under this*
12 *paragraph in a number of counties that is deter-*
13 *mined by the Corporation to be adequate to pro-*
14 *vide a comprehensive evaluation of the feasi-*
15 *bility, effectiveness, and demand among pro-*
16 *ducers for the risk management tools evaluated*
17 *in the pilot programs.*

18 “(D) *ELIGIBLE PRODUCERS; LIVESTOCK.*—
19 *Any producer of a type of livestock covered by a*
20 *pilot program under this paragraph who owns*
21 *or operates a farm or ranch in a county selected*
22 *as a location for that pilot program shall be eli-*
23 *gible to participate in that pilot program. In*
24 *this paragraph, the term ‘livestock’ means cattle,*
25 *sheep, swine, goats, and poultry.*

1 “(E) *RELATION TO OTHER LAWS.*—The
2 *terms and conditions of any policy or plan of in-*
3 *surance offered under this paragraph that is re-*
4 *insured by the Corporation is not subject to the*
5 *jurisdiction of the Commodity Futures Trading*
6 *Commission or the Securities and Exchange*
7 *Commission or considered as accounts, agree-*
8 *ments (including any transaction which is of the*
9 *character of, or is commonly known to the trade*
10 *as, an ‘option’, ‘privilege’, ‘indemnity’, ‘bid’,*
11 *‘offer’, ‘put’, ‘call’, ‘advance guaranty’, or ‘de-*
12 *cline guaranty’), or transactions involving con-*
13 *tracts of sale of a commodity for future delivery,*
14 *traded or executed on a contract market for the*
15 *purposes of the Commodity Exchange Act (7*
16 *U.S.C. 1 et seq.). Nothing in this subparagraph*
17 *is intended to affect the jurisdiction of the Com-*
18 *modity Futures Trading Commission or the ap-*
19 *plicability of the Commodity Exchange Act to*
20 *any transaction conducted on a designated con-*
21 *tract market (as that term is used in such Act)*
22 *by an approved insurance provider to offset the*
23 *provider’s risk under a plan or policy of insur-*
24 *ance under this paragraph.*

1 “(F) *LIMITATION ON EXPENDITURES.*—The
 2 *Corporation shall conduct all livestock programs*
 3 *under this title so that, to the maximum extent*
 4 *practicable, all costs associated with conducting*
 5 *the livestock programs (other than research and*
 6 *development costs covered by paragraph (6) or*
 7 *subsection (m)(4)) are not expected to exceed the*
 8 *following:*

9 “(i) \$20,000,000 for fiscal year 2001.

10 “(ii) \$30,000,000 for fiscal year 2002.

11 “(iii) \$40,000,000 for fiscal year 2003.

12 “(iv) \$55,000,000 for fiscal year 2004

13 *and each subsequent fiscal year.”.*

14 (2) *CONFORMING AMENDMENT TO DEFINITION OF*
 15 *AGRICULTURAL COMMODITY.*—Section 518 of the *Fed-*
 16 *eral Crop Insurance Act (7 U.S.C. 1518) is amended*
 17 *by striking “livestock and” after “commodity, exclud-*
 18 *ing”.*

19 (e) *FUNDING OF LIVESTOCK PILOT PROGRAMS.*—

20 (1) *AUTHORIZATION OF APPROPRIATIONS.*—Sec-
 21 *tion 516(a)(2) of the Federal Crop Insurance Act (7*
 22 *U.S.C. 1516(a)(2)) is amended—*

23 (A) *by striking “years—” and inserting*

24 *“years the following:”;*

1 (B) by capitalizing the first letter of the
2 first word of each subparagraph;

3 (C) by striking “; and” at the end of sub-
4 paragraph (A) and inserting a period; and

5 (D) by adding at the end the following new
6 subparagraph:

7 “(C) Costs associated with the conduct of
8 livestock pilot programs carried out under sec-
9 tion 508(h)(10), subject to subparagraph (F) of
10 such section.”.

11 (2) USE OF INSURANCE FUND.—Section
12 516(b)(1) of the Federal Crop Insurance Act (7
13 U.S.C. 1516(b)(1)) is amended—

14 (A) by striking “including—” and inserting
15 “including the following.”;

16 (B) by capitalizing the first letter of the
17 first word of each subparagraph;

18 (C) by striking the semicolon at the end of
19 subparagraph (A) and inserting a period;

20 (D) by striking “; and” at the end of sub-
21 paragraph (B) and inserting a period; and

22 (E) by adding at the end the following new
23 subparagraph:

24 “(D) Costs associated with the conduct of
25 livestock pilot programs carried out under sec-

1 tion 508(h)(10), subject to subparagraph (F) of
2 such section.”.

3 **SEC. 106. COST OF PRODUCTION AS A PRICE ELECTION.**

4 Section 508(c)(5) of the Federal Crop Insurance Act
5 (7 U.S.C. 1508(c)(5)) is amended—

6 (1) by striking “The Corporation shall establish
7 a price” in the matter preceding subparagraph (A)
8 and inserting “For purposes of this title, the Corpora-
9 tion shall establish or approve a price”;

10 (2) by striking “or” at the end of subparagraph
11 (A);

12 (3) by striking the period at the end of subpara-
13 graph (B) and inserting “; or”; and

14 (4) by adding at the end the following—

15 “(C) in the case of cost of production or
16 similar plans of insurance, shall be the projected
17 cost of producing the agricultural commodity (as
18 determined by the Corporation).”.

19 **SEC. 107. PREMIUM DISCOUNTS FOR GOOD PERFORMANCE.**

20 Section 508(d) of the Federal Crop Insurance Act (7
21 U.S.C. 1508(d)) is amended by adding at the end the fol-
22 lowing new paragraph:

23 “(3) **PREMIUM DISCOUNTS.**—

24 “(A) **PERFORMANCE-BASED DISCOUNT.**—

25 The Corporation may provide a performance-

1 *based premium discount for a producer of an ag-*
 2 *ricultural commodity who has good insurance or*
 3 *production experience relative to other producers*
 4 *of that agricultural commodity in the same area,*
 5 *as determined by the Corporation.*

6 *“(B) DISCOUNT FOR REDUCED PRICE FOR*
 7 *CERTAIN COMMODITIES.—A producer who in-*
 8 *sured wheat, barley, oats, or rye during at least*
 9 *2 of the 1995 through 1999 crop years may be*
 10 *eligible to receive an additional 20 percent pre-*
 11 *mium discount on the producer-paid premium*
 12 *for any 2000 crop policy if the producer dem-*
 13 *onstrates that the producer’s wheat, barley, oats,*
 14 *or rye crop was subjected to a discounted price*
 15 *due to Scab or Vomitoxin damage, or both, dur-*
 16 *ing any 2 years of that period. The 2000 insured*
 17 *crop or crops need not be wheat, barley, oats, or*
 18 *rye to qualify for the discount under this sub-*
 19 *paragraph. The 2 years of insurance and the 2*
 20 *years of discounted prices need not be the same.”.*

21 **SEC. 108. OPTIONS FOR CATASTROPHIC RISK PROTECTION.**

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

1 “(3) *ALTERNATIVE CATASTROPHIC COVERAGE.*—
2 *Beginning with the 2000 crop year, the Corporation*
3 *shall offer producers of an agricultural commodity the*
4 *option of selecting either of the following:*

5 “(A) *The catastrophic risk protection cov-*
6 *erage available under paragraph (2)(A).*

7 “(B) *An alternative catastrophic risk pro-*
8 *tection coverage that—*

9 “(i) *indemnifies the producer on an*
10 *area yield and loss basis if such a plan of*
11 *insurance is offered for the agricultural*
12 *commodity in the county in which the farm*
13 *is located;*

14 “(ii) *provides, on a uniform national*
15 *basis, a higher combination of yield and*
16 *price protection than the coverage available*
17 *under paragraph (2)(A); and*

18 “(iii) *the Corporation determines is*
19 *comparable to the coverage available under*
20 *paragraph (2)(A) for purposes of subsection*
21 *(e)(2)(A).”.*

1 **SEC. 109. AUTHORITY FOR NONPROFIT ASSOCIATIONS TO**
2 **PAY FEES ON BEHALF OF PRODUCERS.**

3 *Section 508(b)(5) of the Federal Crop Insurance Act*
4 *(7 U.S.C. 1508(b)(5)) is amended by adding at the end the*
5 *following new subparagraph:*

6 “(F) *PAYMENT OF FEES ON BEHALF OF*
7 *PRODUCERS.—*

8 “(i) *PAYMENT AUTHORIZED.—Notwith-*
9 *standing any other subparagraph of this*
10 *paragraph, a cooperative association of ag-*
11 *ricultural producers or a nonprofit trade*
12 *association may pay to the Corporation, on*
13 *behalf of a member of the association who*
14 *consents to be insured under such an ar-*
15 *rangement, all or a portion of the fees im-*
16 *posed under subparagraphs (A) and (B) for*
17 *catastrophic risk protection.*

18 “(ii) *TREATMENT OF LICENSING*
19 *FEES.—A licensing fee or other payment*
20 *made by the insurance provider to the coop-*
21 *erative association or trade association in*
22 *connection with the issuance of catastrophic*
23 *risk protection or additional coverage under*
24 *this section to members of the cooperative*
25 *association or trade association shall not be*
26 *considered to be a rebate to the members if*

1 the members are informed in advance of the
2 fee or payment.

3 “(iii) *SELECTION OF PROVIDER; DE-*
4 *LIVERY.*—Nothing in this subparagraph
5 shall be construed so as to limit the ability
6 of a producer to choose the licensed insur-
7 ance agent or other approved insurance pro-
8 vider from whom the member will purchase
9 a policy or plan of insurance or to refuse
10 coverage for which a payment is offered to
11 be made under clause (i). A policy or plan
12 of insurance for which a payment is made
13 under clause (i) shall be delivered by a li-
14 censed insurance agent or other approved
15 insurance provider.

16 “(iv) *ADDITIONAL COVERAGE ENCOUR-*
17 *AGED.*—Cooperatives and trade associations
18 and any approved insurance provider with
19 whom a licensing fee or other arrangement
20 under this subparagraph is made shall en-
21 courage producer members to purchase ap-
22 propriate levels of additional coverage in
23 order to meet the risk management needs of
24 such member producers.”.

1 **SEC. 110. ELECTIONS REGARDING PREVENTED PLANTING**
 2 **COVERAGE.**

3 *Section 508(a) of the Federal Crop Insurance Act (7*
 4 *U.S.C. 1508(a)) is amended by inserting after paragraph*
 5 *(7), as added by section 104, the following new paragraph:*

6 “(8) *PREVENTED PLANTING COVERAGE.*—

7 “(A) *ELECTION NOT TO RECEIVE COV-*
 8 *ERAGE.*—

9 “(i) *ELECTION.*—*A producer may elect*
 10 *not to receive coverage for prevented plant-*
 11 *ing of an agricultural commodity.*

12 “(ii) *REDUCTION.*—*In the case of an*
 13 *election under clause (i), the Corporation*
 14 *shall provide a reduction in the premium*
 15 *payable by the producer for a plan of insur-*
 16 *ance in an amount equal to the premium*
 17 *for the prevented planting coverage, as de-*
 18 *termined by the Corporation.*

19 “(B) *EQUAL COVERAGE.*—*For each agricul-*
 20 *tural commodity for which prevented planting*
 21 *coverage is available, the Corporation shall offer*
 22 *an equal percentage level of prevented planting*
 23 *coverage.*

24 “(C) *AREA CONDITIONS REQUIRED FOR PAY-*
 25 *MENT.*—*The Corporation shall limit prevented*
 26 *planting payments to producers to those situa-*

tions in which producers in the area in which the farm is located are generally affected by the conditions that prevent an agricultural commodity from being planted.

“(D) SUBSTITUTE COMMODITY.—

“(i) AUTHORITY TO PLANT.—Subject to clause (iv), a producer who has prevented planting coverage and who is eligible to receive an indemnity under such coverage may plant an agricultural commodity, other than the commodity covered by the prevented planting coverage, on the acreage originally prevented from being planted.

“(ii) NONAVAILABILITY OF INSURANCE.—A substitute agricultural commodity planted as authorized by clause (i) for harvest in the same crop year shall not be eligible for coverage under a policy or plan of insurance under this title or for noninsured crop disaster assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333). For purposes of subsection (b)(7) only, the substitute commodity shall be deemed to have at least catastrophic risk

1 *protection so as to satisfy the requirements*
2 *of that subsection.*

3 “(iii) *EFFECT ON ACTUAL PRODUCTION*
4 *HISTORY.—If a producer plants a substitute*
5 *agricultural commodity as authorized by*
6 *clause (i) for a crop year, the Corporation*
7 *shall assign the producer a recorded yield,*
8 *for that crop year for the commodity that*
9 *was prevented from being planting, equal to*
10 *60 percent of the producer’s actual produc-*
11 *tion history for such commodity for pur-*
12 *poses of determining the producer’s actual*
13 *production history for subsequent crop*
14 *years.*

15 “(iv) *EFFECT ON PREVENTED PLANT-*
16 *ING PAYMENT.—If a producer plants a sub-*
17 *stitute agricultural commodity as author-*
18 *ized by clause (i) before the latest planting*
19 *date established by the Corporation for the*
20 *agricultural commodity prevented from*
21 *being planted, the Corporation shall not*
22 *make a prevented planting payment with*
23 *regard to the commodity prevented from*
24 *being planted.”.*

1 **SEC. 111. LIMITATIONS UNDER NONINSURED CROP DIS-**
 2 **ASTER ASSISTANCE PROGRAM.**

3 (b) *LIMITATION.*—Section 196(i) of the Federal Agri-
 4 culture Improvement and Reform Act of 1996 (7 U.S.C.
 5 7333(i)) is amended—

6 (1) in paragraph (1)(B)—

7 (A) by striking “GROSS REVENUES” in the
 8 subparagraph heading and inserting “ADJUSTED
 9 GROSS INCOME”; and

10 (B) by striking “gross revenue” and “gross
 11 revenues” each place they appear and inserting
 12 “adjusted gross income”; and

13 (2) by striking paragraph (4) and inserting the
 14 following new paragraph:

15 “(4) *LIMITATION.*—A person who has qualifying
 16 adjusted gross income in excess of \$2,000,000 during
 17 the taxable year shall not be eligible to receive any
 18 noninsured crop disaster assistance payment under
 19 this section.”.

20 **SEC. 112. QUALITY GRADE LOSS ADJUSTMENT.**

21 Section 508(a) of the Federal Crop Insurance Act (7
 22 U.S.C. 1508(a)) is amended by inserting after paragraph
 23 (8), as added by section 110, the following new paragraph:

24 “(9) *QUALITY GRADE LOSS ADJUSTMENT.*—Con-
 25 sistent with subsection (m)(4), by the 2000 crop year,
 26 the Corporation shall enter into a contract to analyze

1 *its quality loss adjustment procedures and make such*
 2 *adjustments as may be necessary to more accurately*
 3 *reflect local quality discounts that are applied to ag-*
 4 *ricultural commodities insured under this title, tak-*
 5 *ing into consideration the actuarial soundness of the*
 6 *adjustment and the prevention of fraud, waste and*
 7 *abuse.”.*

8 **SEC. 113. APPLICATION OF AMENDMENTS.**

9 *Except where the context specifically provides other-*
 10 *wise, the amendments made by this title shall apply begin-*
 11 *ning with the 2000 crop year.*

12 ***TITLE II—IMPROVING PROGRAM***
 13 ***EFFICIENCIES***

14 **SEC. 201. LIMITATION ON DOUBLE INSURANCE.**

15 *Section 508(a) of the Federal Crop Insurance Act (7*
 16 *U.S.C. 1508(a)) is amended by inserting after paragraph*
 17 *(9), as added by section 112, the following new paragraph:*

18 *“(10) LIMITATION ON DOUBLE INSURANCE.—*

19 *“(A) RESTRICTED TO CATASTROPHIC RISK*
 20 *PROTECTION.—Except for situations covered by*
 21 *subparagraph (B), no policy or plan of insur-*
 22 *ance may be offered under this title for more*
 23 *than one agricultural commodity planted on the*
 24 *same acreage in the same crop year unless the*
 25 *coverage for the additional crop is limited to cat-*

1 *astrophic risk protection available under sub-*
2 *section (b).*

3 “(B) *EXCEPTION FOR DOUBLE-CROPPING.—*
4 *A policy or plan of insurance may be offered*
5 *under this title for an agricultural commodity*
6 *and for an additional agricultural commodity*
7 *when both agricultural commodities are nor-*
8 *mally harvested within the same crop year on*
9 *the same acreage if the following conditions are*
10 *met:*

11 “(i) *There is an established practice of*
12 *double-cropping in the area and the addi-*
13 *tional agricultural commodity is custom-*
14 *arily double-cropped in the area with the*
15 *first agricultural commodity, as determined*
16 *by the Corporation.*

17 “(ii) *A policy or plan of insurance for*
18 *the first agricultural commodity and the*
19 *additional agricultural commodity is avail-*
20 *able under this title.*

21 “(iii) *The additional commodity is*
22 *planted on or before the final planting date*
23 *or late planting date for that additional*
24 *commodity, as established by the Corpora-*
25 *tion.”.*

1 **SEC. 202. IMPROVING PROGRAM COMPLIANCE AND INTEG-**
 2 **RITY.**

3 (a) *ADDITIONAL METHODS.*—Section 506(q) of the
 4 *Federal Crop Insurance Act* (7 U.S.C. 1506(q)) is
 5 amended—

6 (1) by redesignating paragraphs (1) and (2) as
 7 paragraphs (2) and (3);

8 (2) by inserting after the subsection heading the
 9 following new paragraph (1):

10 “(1) *PURPOSE.*—The purpose of this subsection
 11 is to improve compliance with the Federal crop insur-
 12 ance program and to improve program integrity.”;
 13 and

14 (3) by adding at the end the following new para-
 15 graphs:

16 “(4) *RECONCILING PRODUCER INFORMATION.*—
 17 The Secretary shall develop and implement a coordi-
 18 nated plan for the Corporation and the Administrator
 19 of the Farm Service Agency to reconcile all relevant
 20 information received by the Corporation or the Farm
 21 Service Agency from a producer who obtains crop in-
 22 surance coverage under this title. Beginning with the
 23 2000 crop year, the Secretary shall require that the
 24 Corporation and the Farm Service Agency reconcile
 25 such producer-derived information on at least an an-

1 *nual basis in order to identify and address any dis-*
2 *crepancies.*

3 “(5) *IDENTIFICATION AND ELIMINATION OF*
4 *FRAUD, WASTE, AND ABUSE.—*

5 “(A) *FSA MONITORING PROGRAM.—The*
6 *Secretary shall develop and implement a coordi-*
7 *nated plan for the Farm Service Agency to assist*
8 *the Corporation in the ongoing monitoring of*
9 *programs carried out under this title,*
10 *including—*

11 “(i) *conducting fact finding relative to*
12 *allegations of program fraud, waste, and*
13 *abuse, both at the request of the Corporation*
14 *or on its own initiative after consultation*
15 *with the Corporation;*

16 “(ii) *reporting any allegation of fraud,*
17 *waste, and abuse or identified program*
18 *vulnerabilities to the Corporation in a time-*
19 *ly manner; and*

20 “(iii) *assisting the Corporation and*
21 *approved insurance providers in auditing a*
22 *statistically appropriate number of claims*
23 *made under any policy or plan of insurance*
24 *under this title.*

1 “(B) *USE OF FIELD INFRASTRUCTURE.*—

2 *The plan required by this paragraph shall use*
3 *the field infrastructure of the Farm Service*
4 *Agency, and the Secretary shall ensure that rel-*
5 *evant Farm Service Agency personnel are appro-*
6 *priately trained for any responsibilities assigned*
7 *to them under the plan. At a minimum, such*
8 *personnel shall receive the same level of training*
9 *and pass the same basic competency tests as re-*
10 *quired of loss adjusters of approved insurance*
11 *providers.*

12 “(C) *MAINTENANCE OF PROVIDER EFFORT;*

13 *COOPERATION.*—*The activities of the Farm Serv-*
14 *ice Agency under this paragraph do not affect*
15 *the responsibility of approved insurance pro-*
16 *viders to conduct any audits of claims or other*
17 *program reviews required by the Corporation. If*
18 *an insurance provider reports to the Corporation*
19 *that it suspects intentional misrepresentation,*
20 *fraud, waste, or abuse, the Corporation shall*
21 *make a determination and provide a written re-*
22 *sponse within 90 days after receiving the report.*
23 *The insurance provider and the Corporation*
24 *shall take coordinated action in any case where*

1 misrepresentation, fraud, waste, or abuse has oc-
2 curred.

3 “(6) CONSULTATION WITH STATE COMMIT-
4 TEES.—The Corporation shall establish a mechanism
5 under which State committees of the Farm Service
6 Agency are consulted concerning policies and plans of
7 insurance offered in a State under this title.

8 “(7) ANNUAL REPORT ON COMPLIANCE EF-
9 FORTS.—The Secretary shall submit to the Committee
10 on Agriculture of the House of Representatives and
11 the Committee on Agriculture, Nutrition, and For-
12 estry of the Senate an annual report containing find-
13 ings relative to the efforts undertaken pursuant to
14 paragraphs (4) and (5). The report shall identify spe-
15 cific occurrences of waste, fraud, and abuse and con-
16 tain an outline of actions that have been or are being
17 taken to eliminate the identified waste, fraud, and
18 abuse.”.

19 (b) TECHNICAL CORRECTION.—Paragraph (3) of sec-
20 tion 506(q) of the Federal Crop Insurance Act (7 U.S.C.
21 1506(q)), as redesignated by subsection (a), is amended by
22 striking “this subsection” and inserting “this paragraph”.

1 **SEC. 203. SANCTIONS FOR FALSE INFORMATION.**

2 (a) *AUTHORIZED SANCTIONS.*—Section 506(n) of the
3 *Federal Crop Insurance Act* (7 U.S.C. 1506(n)) is
4 amended—

5 (1) in the subsection heading, by striking “PEN-
6 ALTIES” and inserting “SANCTIONS FOR VIOLA-
7 TIONS”;

8 (2) by redesignating paragraph (2) as para-
9 graph (3) and, in such paragraph, by striking “PEN-
10 ALTY” and “assessing penalties” and inserting “SANC-
11 TION” and “imposing a sanction”, respectively; and

12 (3) by striking paragraph (1) and inserting the
13 following new paragraphs:

14 “(1) *FALSE INFORMATION.*—If a producer, an
15 agent, a loss adjuster, an approved insurance pro-
16 vider, or any other person willfully and intentionally
17 provides any false or inaccurate information to the
18 Corporation or to an approved insurance provider
19 with respect to a policy or plan of insurance under
20 this title, the Corporation may, after notice and an
21 opportunity for a hearing on the record, impose one
22 or more of the sanctions specified in paragraph (2).

23 “(2) *AUTHORIZED SANCTIONS.*—The following
24 sanctions may be imposed for a violation under para-
25 graph (1):

1 “(A) *The Corporation may impose a civil*
2 *fine for each violation not to exceed the greater*
3 *of—*

4 “(i) *the amount of the pecuniary gain*
5 *obtained as a result of the false or inac-*
6 *curate information provided; or*

7 “(ii) *\$10,000.*

8 “(B) *If the violation is committed by a pro-*
9 *ducer, the producer may be disqualified for a pe-*
10 *riod of up to 5 years from—*

11 “(i) *participating in, or receiving any*
12 *benefit provided under this title, the non-*
13 *insured crop disaster assistance program*
14 *under section 196 of the Federal Agriculture*
15 *Improvement and Reform Act of 1996 (7*
16 *U.S.C. 7333), the Agricultural Market*
17 *Transition Act (7 U.S.C. 7201 et seq.), the*
18 *Agricultural Act of 1949 (7 U.S.C. 1421 et*
19 *seq.), the Commodity Credit Corporation*
20 *Charter Act (15 U.S.C. 714 et seq.), or the*
21 *Agricultural Adjustment Act of 1938 (7*
22 *U.S.C. 1281 et seq.);*

23 “(ii) *receiving any loan made, insured,*
24 *or guaranteed under the Consolidated Farm*

1 *and Rural Development Act (7 U.S.C. 1921*
2 *et. seq.);*

3 “(iii) receiving any benefit provided,
4 or indemnity made available, under any
5 other law to assist a producer of an agricul-
6 tural commodity due to a crop loss or a de-
7 cline in commodity prices; or

8 “(iv) receiving any cost share assist-
9 ance for conservation or any other assist-
10 ance provided under title XII of the Food
11 Security Act (16 U.S.C. 3801 et seq.).

12 “(C) If the violation is committed by an
13 agent, loss adjuster, approved insurance pro-
14 vider, or any other person (other than a pro-
15 ducer), the violator may be disqualified for a pe-
16 riod of up to 5 years from participating in, or
17 receiving any benefit provided under this title.

18 “(D) If the violation is committed by a pro-
19 ducer, the Corporation may require the producer
20 to forfeit any premium owed under the policy,
21 notwithstanding a denial of claim or collection
22 of an overpayment, if the false or inaccurate in-
23 formation was material.”.

1 (b) *DISCLOSURE OF SANCTIONS.*—Section 506(n) of
 2 the Federal Crop Insurance Act (7 U.S.C. 1506(n)) is
 3 amended by adding at the end the following new paragraph:

4 “(4) *DISCLOSURE OF SANCTIONS.*—Each policy
 5 or plan of insurance under this title shall promi-
 6 nently indicate the sanctions prescribed under para-
 7 graph (2) for willfully and intentionally providing
 8 false or inaccurate information to the Corporation or
 9 to an approved insurance provider.”.

10 **SEC. 204. PROTECTION OF CONFIDENTIAL INFORMATION.**

11 Section 502 of the Federal Crop Insurance Act (7
 12 U.S.C. 1502) is amended by adding at the end the following
 13 new subsection:

14 “(c) *PROTECTION OF CONFIDENTIAL INFORMATION.*—

15 “(1) *AUTHORIZED DISCLOSURE.*—In the case of
 16 information furnished by a producer to participate in
 17 or receive any benefit under this title, the Secretary,
 18 any other officer or employee of the Department or an
 19 agency thereof, an approved insurance provider and
 20 its employees and contractors, and any other person
 21 may not disclose the information to the public, unless
 22 the information has been transformed into a statis-
 23 tical or aggregate form that does not allow the identi-
 24 fication of the person who supplied particular infor-
 25 mation.

1 “(2) *VIOLATIONS; PENALTIES.*—*Subsection (c) of*
 2 *section 1770 of the Food Security Act of 1985 (7*
 3 *U.S.C. 2276) shall apply with respect to the release*
 4 *of information collected in any manner or for any*
 5 *purpose prohibited by paragraph (1).”.*

6 **SEC. 205. RECORDS AND REPORTING.**

7 (a) *CONDITION OF OBTAINING COVERAGE.*—*Section*
 8 *508(f)(3)(A) of the Federal Crop Insurance Act (7 U.S.C.*
 9 *1508(f)(3)(A)) is amended by striking “provide, to the ex-*
 10 *tent required by the Corporation, records acceptable to the*
 11 *Corporation of historical acreage and production of the*
 12 *crops for which the insurance is sought” and inserting*
 13 *“provide annually records acceptable to the Secretary re-*
 14 *garding crop acreage, acreage yields, and production for*
 15 *each agricultural commodity insured under this title”.*

16 (b) *COORDINATION OF RECORDS.*—*Section 506(h) of*
 17 *the Federal Crop Insurance Act (7 U.S.C. 1506(h)) is*
 18 *amended—*

19 (1) *by striking “The Corporation” and inserting*
 20 *the following:*

21 “(1) *IN GENERAL.*—*The Corporation*”; and

22 (2) *by adding at the end the following new para-*
 23 *graph:*

24 “(2) *COORDINATION AND USE OF RECORDS.*—

1 “(A) *COORDINATION BETWEEN AGENCIES.*—
2 *The Secretary shall ensure that recordkeeping*
3 *and reporting requirements under this title and*
4 *section 196 of the Federal Agriculture Improve-*
5 *ment and Reform Act of 1996 (7 U.S.C. 7333)*
6 *are coordinated by the Corporation and the*
7 *Farm Service Agency to avoid duplication of*
8 *such records, to streamline procedures involved*
9 *with the submission of such records, and to en-*
10 *hance the accuracy of such records.*

11 “(B) *USE OF RECORDS.*—*Notwithstanding*
12 *section 502(c), records submitted in accordance*
13 *with this title and section 196 of the Federal Ag-*
14 *riculture Improvement and Reform Act of 1996*
15 *(7 U.S.C. 7333) shall be available to agencies*
16 *and local offices of the Department, appropriate*
17 *State and Federal agencies and divisions, and*
18 *approved insurance providers for use in carrying*
19 *out this title and such section 196 as well as*
20 *other agricultural programs and related respon-*
21 *sibilities.”.*

22 “(c) *NONINSURED CROP DISASTER ASSISTANCE PRO-*
23 *GRAM.*—*Section 196(b) of the Federal Agriculture Improve-*
24 *ment and Reform Act of 1996 (7 U.S.C. 7333(b)) is*
25 *amended—*

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

3 “(2) *RECORDS.*—*To be eligible for assistance*
 4 *under this section, a producer shall provide annually*
 5 *to the Secretary, acting through the Agency, records*
 6 *of crop acreage, acreage yields, and production for*
 7 *each eligible crop.”; and*

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

10 **SEC. 206. COMPLIANCE WITH STATE LICENSING REQUIRE-**
 11 **MENTS.**

12 *Section 508 of the Federal Crop Insurance Act (7*
 13 *U.S.C. 1508) is amended by adding at the end the following*
 14 *new subsection:*

15 “(o) *COMPLIANCE WITH STATE LICENSING REQUIRE-*
 16 *MENTS.*—*Any person who sells or solicits the purchase of*
 17 *a policy or plan of insurance under this title, including*
 18 *catastrophic risk protection, in any State shall be licensed*
 19 *and otherwise qualified to do business in that State.”.*

20 **TITLE III—ADMINISTRATION**

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

22 (a) *CHANGE IN COMPOSITION.*—*Section 505 of the*
 23 *Federal Crop Insurance Act (7 U.S.C. 1505) is amended*
 24 *by striking the section heading, “SEC. 505.”, and subsection*
 25 *(a) and inserting the following:*

1 **“SEC. 505. MANAGEMENT OF CORPORATION.**

2 “(a) *BOARD OF DIRECTORS.*—

3 “(1) *ESTABLISHMENT.*—*The management of the*
4 *Corporation shall be vested in a Board of Directors*
5 *subject to the general supervision of the Secretary.*

6 “(2) *COMPOSITION.*—*The Board shall consist of*
7 *only the following members:*

8 “(A) *The manager of the Corporation, who*
9 *shall serve as a nonvoting ex officio member.*

10 “(B) *The Under Secretary of Agriculture re-*
11 *sponsible for the Federal crop insurance pro-*
12 *gram.*

13 “(C) *One additional Under Secretary of Ag-*
14 *riculture (as designated by the Secretary).*

15 “(D) *The Chief Economist of the Depart-*
16 *ment of Agriculture.*

17 “(E) *One person experienced in the crop in-*
18 *surance business.*

19 “(F) *One person experienced in the regula-*
20 *tion of insurance.*

21 “(G) *Four active producers who are policy*
22 *holders, are from different geographic areas of*
23 *the United States, and represent a cross-section*
24 *of agricultural commodities grown in the United*
25 *States. At least one of the four shall be a spe-*
26 *cialty crop producer.*

1 “(3) *APPOINTMENT OF PRIVATE SECTOR MEM-*
 2 *BERS.—The members of the Board described in sub-*
 3 *paragraphs (E), (F), and (G) of paragraph (2)—*

4 “(A) *shall be appointed by, and hold office*
 5 *at the pleasure of, the Secretary; and*

6 “(B) *shall not be otherwise employed by the*
 7 *Federal Government.*

8 “(4) *CHAIRPERSON.—The Board shall select a*
 9 *member of the Board to serve as Chairperson.”.*

10 (b) *EFFECTIVE DATE.—The amendment made by sub-*
 11 *section (a) shall take effect 30 days after the date of the*
 12 *enactment of this Act.*

13 (c) *EFFECT ON EXISTING BOARD.—A member of the*
 14 *Board of Directors of the Federal Crop Insurance Corpora-*
 15 *tion on the effective date specified in subsection (b) may*
 16 *continue to serve as a member of the Board until the earlier*
 17 *of the following:*

18 (1) *The date the replacement Board is appointed.*

19 (2) *The end of the 180-day period beginning on*
 20 *the effective date specified in subsection (b).*

21 **SEC. 302. PROMOTION OF SUBMISSION OF POLICIES AND**
 22 **RELATED MATERIALS.**

23 (a) *REIMBURSEMENT AUTHORITY.—Section 508(h) of*
 24 *the Federal Crop Insurance Act (7 U.S.C. 1508(h)), as*

1 *amended by section 105(a) of this Act, is amended by in-*
2 *serting after paragraph (5) the following new paragraph:*

3 “(6) *REIMBURSEMENT OF RESEARCH, DEVELOP-*
4 *MENT, AND MAINTENANCE COSTS.—*

5 “(A) *REIMBURSEMENT PROVIDED.—Subject*
6 *to the conditions of this paragraph, the Corpora-*
7 *tion shall provide a payment to reimburse an*
8 *applicant for research, development, and mainte-*
9 *nance costs directly related to a policy or other*
10 *material that is—*

11 “(i) *submitted to, and approved by, the*
12 *Board under this subsection for reinsurance;*
13 *and*

14 “(ii) *if applicable, offered for sale to*
15 *producers.*

16 “(B) *DURATION.—Payments under sub-*
17 *paragraph (A) may be made available beginning*
18 *in fiscal year 2001. Payments with respect to the*
19 *maintenance of an approved policy or other ma-*
20 *terial may be provided for a period of not more*
21 *than 4 reinsurance years following Board ap-*
22 *proval. Upon the expiration of that 4-year pe-*
23 *riod, or earlier upon the agreement of the Cor-*
24 *poration and the person receiving the payment,*
25 *the Corporation shall assume responsibility for*

1 *maintenance of a successful policy, as deter-*
2 *mined by the Corporation based on the market*
3 *share attained by the policy, the total number of*
4 *policies sold, the total amount of premium paid,*
5 *and the performance of the policy in the States*
6 *where the policy is sold.*

7 “(C) *TREATMENT OF PAYMENT.*—*Payments*
8 *made under subparagraph (A) for a policy or*
9 *other material shall be considered as payment in*
10 *full for the research and development conducted*
11 *with regard to the policy or material and any*
12 *property rights to the policy or material.*

13 “(D) *REIMBURSEMENT AMOUNT.*—*The Cor-*
14 *poration shall determine the amount of the pay-*
15 *ment under subparagraph (A) for an approved*
16 *policy or other material based on the complexity*
17 *of the policy or material and the size of the area*
18 *in which the policy or material is expected to be*
19 *used.”.*

20 (b) *ISSUANCE OF REGULATIONS.*—*Not later than Octo-*
21 *ber 1, 2000, the Corporation shall issue final regulations*
22 *to carry out the amendment made by subsection (a).*

1 **SEC. 303. RESEARCH AND DEVELOPMENT, INCLUDING CON-**
2 **TRACTS REGARDING UNDERSERVED COM-**
3 **MODITIES.**

4 (a) *SUPPORT FOR PRIVATE RESEARCH AND DEVELOP-*
5 *MENT.*—Section 508(m) of the Federal Crop Insurance Act
6 (7 U.S.C. 1508(m)) is amended by adding at the end the
7 following new paragraph:

8 “(4) *PRIVATE RESEARCH AND DEVELOPMENT OF*
9 *POLICIES AND OTHER MATERIALS.*—

10 “(A) *USE OF REIMBURSEMENT AUTHOR-*
11 *ITY.*—To encourage and promote the necessary
12 research and development for policies, plans of
13 insurance, and related materials, including poli-
14 cies, plans, and materials under the livestock
15 pilot programs under subsection (h)(10), the Cor-
16 poration shall make full use of private resources
17 by providing payment for research and develop-
18 ment for approved policies and plans of insur-
19 ance, and related materials, pursuant to sub-
20 section (h)(6).

21 “(B) *CONTRACTS FOR UNDERSERVED COM-*
22 *MODITIES.*—

23 “(i) *DEVELOPMENT OF PRODUCTS AND*
24 *RELATED MATERIALS.*—In the event the
25 Corporation determines that an agricultural
26 commodity, including a specialty crop, is

1 *not adequately served by policies and plans*
2 *of insurance and related materials sub-*
3 *mitted under subsection (h) or any other*
4 *provision of this title, the Corporation may*
5 *enter into a contract, under procedures pre-*
6 *scribed by the Corporation, directly with*
7 *any person or entity with experience in*
8 *crop insurance or farm or ranch risk man-*
9 *agement, including universities, providers of*
10 *crop insurance, and trade and research or-*
11 *ganizations, to carry out research and de-*
12 *velopment for policies and plans of insur-*
13 *ance and related materials for that agricul-*
14 *tural commodity without regard to the limi-*
15 *tations contained in this title.*

16 “(ii) *TYPES OF CONTRACTS.*—A con-
17 *tract under this subparagraph may provide*
18 *for research and development regarding new*
19 *or expanded policies and plans of insurance*
20 *and related materials, including policies*
21 *based on adjusted gross income, cost-of-pro-*
22 *duction, quality losses, and an intermediate*
23 *base program with a higher coverage and*
24 *cost than catastrophic risk protection.*

1 “(iii) *DELAYED EFFECTIVE DATE FOR*
2 *CONTRACTS.*—*A contract entered into under*
3 *this subparagraph may not take effect before*
4 *October 1, 2000.*

5 “(iv) *USE OF RESULTING POLICIES*
6 *AND PLANS.*—*The Corporation may offer*
7 *any policy or plan of insurance developed*
8 *under this subparagraph that is approved*
9 *by the Board.*

10 “(C) *CONTRACT FOR REVENUE COVERAGE*
11 *PLAN.*—*The Corporation shall enter into a con-*
12 *tract for research and development regarding one*
13 *or more revenue coverage plans designed to en-*
14 *able producers to take maximum advantage of*
15 *fluctuations in market prices and thereby maxi-*
16 *mize revenue realized from the sale of a crop.*
17 *Such a plan may include market instruments*
18 *currently available or may involve the develop-*
19 *ment of new instruments to achieve this goal.*
20 *Not later than 15 months after the date of the*
21 *enactment of this paragraph, the Corporation*
22 *shall submit to Congress a report containing the*
23 *results of the contract.”.*

1 (b) *RELIANCE ON PRIVATE DEVELOPMENT OF NEW*
 2 *POLICIES.*—Section 508(m)(2) of the Federal Crop Insur-
 3 *ance Act (7 U.S.C. 1508(m)(2)) is amended—*

4 (1) *by striking “EXCEPTION.—No action” and*
 5 *inserting—*

6 “(2) *EXCEPTIONS.*—

7 “(A) *PRIVATE AVAILABILITY.*—No action”;

8 *and*

9 (2) *by adding at the end the following new sub-*
 10 *paragraph:*

11 “(B) *PROHIBITED RESEARCH AND DEVEL-*
 12 *OPMENT BY CORPORATION.*—Notwithstanding
 13 *paragraphs (1) and (5), on and after October 1,*
 14 *2000, the Corporation shall not conduct research*
 15 *and development for any new policy or plan of*
 16 *insurance for an agricultural commodity offered*
 17 *under this title. Any policy or plan of insurance*
 18 *developed by the Corporation under this title be-*
 19 *fore that date shall, at the discretion of the Cor-*
 20 *poration, continue to be offered for sale to pro-*
 21 *ducers.”.*

22 (c) *PARTNERSHIPS FOR RISK MANAGEMENT DEVELOP-*
 23 *MENT AND IMPLEMENTATION.*—Section 508(m) of the Fed-
 24 *eral Crop Insurance Act (7 U.S.C. 1508(m)) is amended*

1 *by inserting after paragraph (4), as added by subsection*
 2 *(a), the following new paragraph:*

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

5 “(A) *PURPOSE.*—*The purpose of this para-*
 6 *graph is to authorize the Corporation to enter*
 7 *into partnerships with public and private enti-*
 8 *ties for the purpose of increasing the availability*
 9 *of loss mitigation, financial, and other risk man-*
 10 *agement tools for crop producers, with priority*
 11 *given to risk management tools for producers of*
 12 *agricultural commodities covered by section 196*
 13 *of the Federal Agriculture Improvement and Re-*
 14 *form Act of 1996 (7 U.S.C. 7333) and specialty*
 15 *and underserved commodity producers.*

16 “(B) *AUTHORITY.*—*Subject to subpara-*
 17 *graphs (D) and (E), the Corporation may enter*
 18 *into partnerships with the Cooperative State Re-*
 19 *search, Education, and Extension Service, the*
 20 *Agricultural Research Service, the National Oce-*
 21 *anic Atmospheric Administration, and other ap-*
 22 *propriate public and private entities with dem-*
 23 *onstrated capabilities in developing and imple-*
 24 *menting risk management and marketing op-*

1 *tions for specialty crops and underserved com-*
2 *modities.*

3 “(C) *OBJECTIVES.—The Corporation may*
4 *enter into a partnership under subparagraph*
5 *(B)—*

6 “(i) *to enhance the notice and timeli-*
7 *ness of notice of weather conditions that*
8 *could negatively affect crop yields, quality,*
9 *and final product use in order to allow pro-*
10 *ducers to take preventive actions to increase*
11 *end-product profitability and marketability*
12 *and to reduce the possibility of crop insur-*
13 *ance claims;*

14 “(ii) *to develop a multifaceted ap-*
15 *proach to pest management and fertiliza-*
16 *tion to decrease inputs, decrease environ-*
17 *mental exposure, and increase application*
18 *efficiency;*

19 “(iii) *to develop or improve techniques*
20 *for planning, breeding, planting, growing,*
21 *maintaining, harvesting, storing, shipping,*
22 *and marketing that will address quality*
23 *and quantity challenges associated with*
24 *year-to-year and regional variations;*

1 “(iv) to clarify labor requirements and
2 assist producers in complying with require-
3 ments to better meet the physically intense
4 and time-compressed planting, tending, and
5 harvesting requirements associated with the
6 production of specialty crops and under-
7 served commodities;

8 “(v) to provide assistance to State for-
9 esters or equivalent officials for the pre-
10 scribed use of burning on private forest land
11 for the prevention, control, and suppression
12 of fire;

13 “(vi) to provide producers with train-
14 ing and informational opportunities so that
15 they will be better able to use financial
16 management, crop insurance, marketing
17 contracts, and other existing and emerging
18 risk management tools; and

19 “(vii) to develop other risk manage-
20 ment tools to further increase economic and
21 production stability.

22 “(D) FUNDING SOURCE.—If the Corpora-
23 tion determines that the entire amount available
24 to provide reimbursement payments under sub-
25 section (h) and contract payments under para-

1 *graph (4) (in this subparagraph referred to as*
2 *‘reimbursement and contract payments’) for a*
3 *fiscal year is not needed for such purposes, the*
4 *Corporation may use a portion of the excess*
5 *amount to carry out this paragraph, subject to*
6 *the following:*

7 *“(i) During fiscal years 2001 through*
8 *2004, amounts available for reimbursement*
9 *and contract payments may be used to*
10 *carry out this paragraph only if the total*
11 *amount to be used for reimbursement and*
12 *contract payments is less than \$44,000,000*
13 *for fiscal year 2001, \$47,000,000 for fiscal*
14 *year 2002, \$50,000,000 for fiscal year 2003,*
15 *and \$52,000,000 for fiscal year 2004.*

16 *“(ii) During fiscal years 2001 through*
17 *2004, the total amount used to carry out*
18 *this paragraph for a fiscal year may not ex-*
19 *ceed the difference between the amount spec-*
20 *ified in clause (i) for that fiscal year and*
21 *the amount actually used for reimbursement*
22 *and contract payments.*

23 *“(E) DELAYED AUTHORITY.—The Corpora-*
24 *tion may not enter into a partnership under the*

1 *authority of this paragraph before October 1,*
 2 *2000.”.*

3 **SEC. 304. FUNDING FOR REIMBURSEMENT AND RESEARCH**
 4 **AND DEVELOPMENT.**

5 *(a) EXPENDITURES.—Section 508(h)(6) of the Federal*
 6 *Crop Insurance Act (7 U.S.C. 1508(h)(6)), as added by sec-*
 7 *tion 302(a) of this Act, is amended by adding at the end*
 8 *the following new subparagraph:*

9 “(E) EXPENDITURES.—

10 “(i) SPECIALTY CROPS.—Of the total
 11 amount made available to provide pay-
 12 ments under this paragraph and subsection
 13 (m)(4)(B) for a fiscal year, \$25,000,000
 14 shall be reserved for research and develop-
 15 ment contracts under subsection (m)(4)(B).
 16 The Corporation may use a portion of the
 17 reserved amount for other purposes under
 18 this paragraph, with priority given to un-
 19 derserved commodities, if the Corporation
 20 determines that the entire amount is not
 21 needed for such contracts. If the reserved
 22 amount is insufficient for a fiscal year, the
 23 Corporation may use amounts in excess of
 24 the reserved amount for such contracts.

1 “(ii) *LIMITATION.*—*In providing pay-*
 2 *ments under this paragraph and subsection*
 3 *(m)(4)(B), the Corporation shall not obli-*
 4 *gate or expend more than \$55,000,000 dur-*
 5 *ing any fiscal year.”.*

6 (b) *FUNDING.*—

7 (1) *AUTHORIZATION OF APPROPRIATIONS.*—*Sec-*
 8 *tion 516(a)(2) of the Federal Crop Insurance Act (7*
 9 *U.S.C. 1516(a)(2)) is amended by adding at the end*
 10 *the following new subparagraph:*

11 “(D) *Costs associated with the reimburse-*
 12 *ment for research, development, and mainte-*
 13 *nance costs of approved policies and other mate-*
 14 *rials provided under section 508(h)(6) and con-*
 15 *tracting for research and development under sec-*
 16 *tion 508(m)(4)(B).”.*

17 (2) *USE OF INSURANCE FUND.*—*Section*
 18 *516(b)(1) of the Federal Crop Insurance Act (7*
 19 *U.S.C. 1516(b)(1)) is amended by adding at the end*
 20 *the following new subparagraph:*

21 “(E) *Reimbursement for research, develop-*
 22 *ment, and maintenance costs of approved poli-*
 23 *cies and other materials provided under section*
 24 *508(h)(6) and contracting for research and devel-*
 25 *opment under section 508(m)(4)(B).”.*

1 **SEC. 305. BOARD CONSIDERATION OF SUBMITTED POLICIES**
2 **AND MATERIALS.**

3 (a) *PERSONS AUTHORIZED TO SUBMIT.*—Section
4 508(h)(1) of the Federal Crop Insurance Act (7 U.S.C.
5 1508(h)(1)) is amended by inserting after “a person” the
6 following: “(including an approved insurance provider, a
7 college or university, a cooperative or trade association, or
8 any other person)”.

9 (b) *SALE BY APPROVED INSURANCE PROVIDERS.*—
10 Section 508(h)(3) of the Federal Crop Insurance Act (7
11 U.S.C. 1508(h)(3)) is amended by inserting after “for sale”
12 the following: “by approved insurance providers”.

13 (c) *TIME PERIODS FOR APPROVAL OR DIS-*
14 *APPROVAL.*—Section 508(h)(4)(A) of the Federal Crop In-
15 surance Act (7 U.S.C. 1508(h)(4)(A)), as amended by sec-
16 tion 105(c), is amended—

17 (1) in clause (iii), as redesignated by section
18 105(c), by striking “of the applicant.” and all that
19 follows through the end of the clause and inserting
20 “, and such application, as modified, shall be consid-
21 ered by the Board in the manner provided in clause
22 (iv) within the 30-day period beginning on the date
23 the modified application is submitted. Any notifica-
24 tion of intent to disapprove a policy or other material
25 submitted under this subsection shall be accompanied

1 *by a complete explanation as to the reasons for the*
2 *Board’s intention to deny approval.”; and*

3 *(2) by striking clause (iv), as redesignated by*
4 *section 105(c), and inserting the following new clause:*

5 *“(iv) Not later than 120 days after a*
6 *policy or other material is submitted under*
7 *this subsection, the Board shall make a de-*
8 *termination to approve or disapprove such*
9 *policy or material. Any determination by*
10 *the Board to disapprove any policy or other*
11 *material shall be accompanied by a com-*
12 *plete explanation of the reasons for the*
13 *Board’s decision to deny approval. In the*
14 *event the Board fails to make a determina-*
15 *tion within the prescribed time period, the*
16 *submitted policy or other material shall be*
17 *deemed approved by the Board for the ini-*
18 *tial reinsurance year designated for the pol-*
19 *icy or material, except in the case where the*
20 *Board and the applicant agree to an exten-*
21 *sion.”.*

22 *(d) FUNDING TO EXPEDITE CONSIDERATION.—Effec-*
23 *tive October 1, 2000, section 516(b)(2) of the Federal Crop*
24 *Insurance Act (7 U.S.C. 1516(b)(2)) is amended—*

1 (1) by striking “RESEARCH AND DEVELOPMENT
2 EXPENSES.—” and inserting “POLICY CONSIDER-
3 ATION EXPENSES.—”; and

4 (2) in subparagraph (A), by striking “research
5 and development expenses of the Corporation” and in-
6 serting “costs associated with considering for ap-
7 proval or disapproval policies and other materials
8 under subsections (h) and (m)(4) of section 508, costs
9 associated with implementing such subsection (m)(4),
10 and costs to contract out for assistance in considering
11 such policies and other materials”.

12 **SEC. 306. CONTRACTING FOR RATING OF PLANS OF INSUR-**
13 **ANCE.**

14 Section 507(c)(2) of the Federal Crop Insurance Act
15 (7 U.S.C. 1507(c)(2)) is amended—

16 (1) by striking “actuarial, loss adjustment,” and
17 inserting “actuarial services, services relating to loss
18 adjustment and rating plans of insurance,”; and

19 (2) by inserting after “private sector” the fol-
20 lowing: “and to enable the Corporation to concentrate
21 on regulating the provision of insurance under this
22 title and evaluating new products and materials sub-
23 mitted under section 508(h)”.

1 **SEC. 307. ELECTRONIC AVAILABILITY OF CROP INSURANCE**
2 **INFORMATION.**

3 *Section 508(a)(5) of the Federal Crop Insurance Act*
4 *(7 U.S.C. 1508(a)(5)) is amended—*

5 *(1) by redesignating subparagraphs (A) and (B)*
6 *as clauses (i) and (ii) and moving such clauses 2 ems*
7 *to the right;*

8 *(2) by striking “The Corporation” and inserting*
9 *the following:*

10 *“(A) AVAILABLE INFORMATION.—The Cor-*
11 *poration”; and*

12 *(3) by adding at the end the following new sub-*
13 *paragraph:*

14 *“(B) USE OF ELECTRONIC METHODS.—The*
15 *Corporation shall make the information de-*
16 *scribed in subparagraph (A) available electroni-*
17 *cally to producers and approved insurance pro-*
18 *viders. To the maximum extent practicable, the*
19 *Corporation shall also allow producers and ap-*
20 *proved insurance providers to use electronic*
21 *methods to submit information required by the*
22 *Corporation.”.*

1 **SEC. 308. FEES FOR USE OF NEW POLICIES AND PLANS OF**
2 **INSURANCE.**

3 *Section 508(h) of the Federal Crop Insurance Act (7*
4 *U.S.C. 1508(h)) is amended by adding at the end the fol-*
5 *lowing new paragraph:*

6 “(11) *FEES FOR NEW POLICIES AND PLANS OF*
7 *INSURANCE.—*

8 “(A) *AUTHORITY TO IMPOSE FEE.—**Effec-*
9 *tive beginning with Fiscal Year 2001, if a person*
10 *develops a new policy or plan of insurance and*
11 *does not apply for reimbursement of research, de-*
12 *velopment, and maintenance costs under para-*
13 *graph (6), the person shall have the right to re-*
14 *ceive a fee from any approved insurance pro-*
15 *vider that elects to sell the new policy or plan of*
16 *insurance. Notwithstanding paragraph (5), once*
17 *the right to collect a fee is asserted with respect*
18 *to a new policy or plan of insurance, no ap-*
19 *proved insurance provider may offer the new*
20 *policy or plan of insurance in the absence of a*
21 *fee agreement with the person who developed the*
22 *policy or plan.*

23 “(B) *DEFINITION.—**For purposes of this*
24 *paragraph only, the term ‘new policy or plan of*
25 *insurance’ means a policy or plan of insurance*
26 *that was approved by the Board on or after Oc-*

tober 1, 2000, and was not available at the time the policy or plan of insurance was approved by the Board.

“(C) AMOUNT.—The amount of the fee that is payable by an approved insurance provider to offer a new policy or a plan of insurance under subparagraph (A) shall be an amount that is determined by the person that developed the new policy or plan of insurance, subject to the approval of the Board under subparagraph (D).

“(D) APPROVAL.—The Board shall approve the amount of a fee determined under subparagraph (C) for a new policy or plan of insurance unless the Board can demonstrate that the fee amount—

“(i) is unreasonable in relation to the research and development costs associated with the new policy or plan of insurance; and

“(ii) unnecessarily inhibits the use of the new policy or plan of insurance.”.

SEC. 309. CLARIFICATION OF PRODUCER REQUIREMENT TO FOLLOW GOOD FARMING PRACTICES.

Section 508(a)(3)(C) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(3)(C)) is amended by inserting after

1 “good farming practices” the following: “, including sci-
 2 entifically sound sustainable and organic farming prac-
 3 tices”.

4 **SEC. 310. REIMBURSEMENTS AND RENEGOTIATION OF**
 5 **STANDARD REINSURANCE AGREEMENT.**

6 (a) *REIMBURSEMENT RATE CHANGES.*—

7 (1) *CAT LOSS ADJUSTMENT.*—Section 508(b)(11)
 8 of the Federal Crop Insurance Act (7 U.S.C.
 9 1508(b)(11)) is amended by striking “11 percent” and
 10 inserting “8 percent”.

11 (2) *REIMBURSEMENT FOR ADMINISTRATIVE AND*
 12 *OPERATING COSTS.*—Section 508(k)(4)(A)(ii) of the
 13 Federal Crop Insurance Act (7 U.S.C.
 14 1508(k)(4)(A)(ii)) is amended by striking “24.5 per-
 15 cent” and inserting “24 percent”.

16 (3) *APPLICATION OF AMENDMENTS.*—The amend-
 17 ments made by this subsection shall apply with re-
 18 spect to the 2001 and subsequent reinsurance years.

19 (b) *RENEGOTIATION.*—Effective for the 2002 reinsur-
 20 ance year, the Federal Crop Insurance Corporation may
 21 renegotiate the Standard Reinsurance Agreement.