

Calendar No. 464

106TH CONGRESS
2D SESSION **S. 2251**

A BILL

To amend the Federal Crop Insurance Act to improve crop insurance coverage, to provide agricultural producers with choices to manage risk, and for other purposes.

MARCH 20, 2000

Read twice and placed on the calendar

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To amend the Federal Crop Insurance Act to improve crop insurance coverage, to provide agricultural producers with choices to manage risk, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 20, 2000

Mr. LUGAR, from the Committee on Agriculture, Nutrition, and Forestry, reported the following original bill; which was read twice and placed on the calendar

A BILL

To amend the Federal Crop Insurance Act to improve crop insurance coverage, to provide agricultural producers with choices to manage risk, 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
5 “Risk Management for the 21st Century Act”.

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

Sec. 1. Short title; table of contents.

TITLE I—CROP INSURANCE COVERAGE

Sec. 101. Quality adjustment.
 Sec. 102. Prevented planting.
 Sec. 103. Payment of portion of premium by Corporation.
 Sec. 104. Assigned yields.
 Sec. 105. Multiyear disaster actual production history adjustment.
 Sec. 106. Noninsured crop disaster assistance program.

TITLE II—RESEARCH AND PILOT PROGRAMS

Sec. 201. Research and pilot programs.
 Sec. 202. Research and development contracting authority.
 Sec. 203. Choice of risk management options.
 Sec. 204. Conforming amendments.

TITLE III—ADMINISTRATION

Sec. 301. Board of Directors of Corporation.
 Sec. 302. Good farming practices.
 Sec. 303. Sanctions for program noncompliance and fraud.
 Sec. 304. Oversight of agents and loss adjusters.
 Sec. 305. Adequate coverage for States.
 Sec. 306. Records and reporting.
 Sec. 307. Fees for plans of insurance.
 Sec. 308. Limitation on double insurance.
 Sec. 309. Specialty crops.
 Sec. 310. Federal Crop Insurance Improvement Commission.
 Sec. 311. Highly erodible land and wetland conservation.

TITLE IV—EFFECTIVE DATES; TERMINATION OF AUTHORITY

Sec. 401. Effective dates.
 Sec. 402. Termination of authority.

1 **TITLE I—CROP INSURANCE**

2 **COVERAGE**

3 **SEC. 101. QUALITY ADJUSTMENT.**

4 Section 508(a) of the Federal Crop Insurance Act (7
 5 U.S.C. 1508(a)) is amended by striking paragraph (6) and
 6 inserting the following:

7 “(6) QUALITY ADJUSTMENT POLICIES.—

8 “(A) IN GENERAL.—The Corporation shall
 9 offer coverage that permits a reduction in the

1 quantity of production of an agricultural com-
2 modity produced during a crop year, or any
3 similar adjustment, that results from the agri-
4 cultural commodity not meeting the quality
5 standards established in the policy.

6 “(B) ELECTION NOT TO RECEIVE COV-
7 ERAGE.—

8 “(i) IN GENERAL.—A producer may
9 elect not to receive quality adjustment cov-
10 erage.

11 “(ii) PREMIUM REDUCTION.—In the
12 case of an election described in clause (i),
13 the Corporation shall provide a reduction
14 in the premium payable by the producer
15 for a plan of insurance in an amount equal
16 to the premium for the quality adjustment
17 coverage, as determined by the Corpora-
18 tion.

19 “(C) REVIEW OF CRITERIA AND PROCE-
20 DURES.—The Corporation shall—

21 “(i) contract with a qualified person
22 to analyze the quality loss adjustment pro-
23 cedures of the Corporation; and

24 “(ii) based on the analysis, make ad-
25 justments in the quality loss adjustment

1 procedures of the Corporation necessary to
2 more accurately reflect local quality dis-
3 counts that are applied to agricultural
4 commodities insured under this title, tak-
5 ing into consideration the actuarial sound-
6 ness of the adjustment and the prevention
7 of fraud, waste, and abuse.”.

8 SEC. 102. PREVENTED PLANTING.

9 (a) IN GENERAL.—Section 508(a) of the Federal
10 Crop Insurance Act (7 U.S.C. 1508(a)) (as amended by
11 section 101) is amended by inserting after paragraph (6)
12 the following:

13 “(7) PREVENTED PLANTING.—

14 “(A) ELECTION NOT TO RECEIVE COV-
15 ERAGE.—

1 coverage, as determined by the Corpora-
2 tion.

3 “(B) EQUAL COVERAGE.—For each agri-
4 cultural commodity for which prevented plant-
5 ing coverage is available, the Corporation shall
6 offer an equal percentage level of prevented
7 planting coverage.

8 “(C) AREA CONDITIONS REQUIRED FOR
9 PAYMENT.—The Corporation shall limit pre-
10 vented planting payments to producers in the
11 area in which the farm is located that are gen-
12 erally affected by the conditions that prevent an
13 agricultural commodity from being planted.

14 “(D) SUBSTITUTE COMMODITY.—

15 “(i) AUTHORITY TO PLANT.—Subject
16 to clause (v), a producer that has pre-
17 vented planting coverage and is eligible to
18 receive an indemnity under the coverage
19 may plant an agricultural commodity,
20 other than the commodity covered by the
21 prevented planting coverage, on the acre-
22 age originally prevented from being plant-
23 ed.

24 “(ii) NONAVAILABILITY OF INSUR-
25 ANCE.—A substitute agricultural com-

1modity planted under clause (i) for harvest
2in the same crop year shall not be eligible
3for coverage under a policy or plan of in-
4surance under this title or for noninsured
5crop disaster assistance under section 196
6of the Agricultural Market Transition Act
7(7 U.S.C. 7333).

8“(iii) RELATIONSHIP TO OTHER RE-
9QUIREMENTS.—The producer of a sub-
10stitute agricultural commodity under
11clause (ii) shall remain eligible for the ben-
12efits described in subsection (b)(7).

13“(iv) EFFECT ON ACTUAL PRODUC-
14TION HISTORY.—If a producer plants a
15substitute agricultural commodity under
16clause (i) for a crop year, the Corporation
17shall assign the producer a yield, for that
18crop year for the commodity that was pre-
19vented from being planted, equal to 60
20percent of the producer’s actual production
21history for that commodity for purposes of
22determining the producer’s actual produc-
23tion history for subsequent crop years.

24“(v) EFFECT ON PREVENTED PLANT-
25ING PAYMENT.—If a producer plants a

1 substitute agricultural commodity under
2 clause (i) before the latest planting date
3 established by the Corporation for the agri-
4 cultural commodity prevented from being
5 planted, the Corporation shall not make a
6 prevented planting payment with regard to
7 the commodity prevented from being plant-
8 ed.

9 “(E) RELATIONSHIP TO OTHER LAW.—
10 This paragraph shall supersede subsection
11 (h)(7) to the extent that this paragraph is in-
12 consistent with subsection (h)(7).

13 “(F) FISCAL YEARS.—This paragraph
14 shall apply to each of fiscal years 2001 through
15 2004.”.

16 (b) APPLICATION.—The amendment made by sub-
17 section (a) shall be reflected in the rates for applicable
18 plans of insurance not later than the 2001 reinsurance
19 year.

20 **SEC. 103. PAYMENT OF PORTION OF PREMIUM BY COR-
21 PORATION.**

22 (a) EXPECTED MARKET PRICE.—Section 508(c) of
23 the Federal Crop Insurance Act (7 U.S.C. 1508(c)) is
24 amended by striking paragraph (5) and inserting the fol-
25 lowing:

1 “(5) EXPECTED MARKET PRICE.—

2 “(A) IN GENERAL.—For the purposes of
3 this title, the Corporation shall establish or ap-
4 prove the price level (referred to in this title as
5 the ‘expected market price’) of each agricultural
6 commodity for which insurance is offered.7 “(B) AMOUNT.—The expected market
8 price of an agricultural commodity—9 “(i) except as otherwise provided in
10 this subparagraph, shall be not less than
11 the projected market price of the agricul-
12 tural commodity, as determined by the
13 Corporation;14 “(ii) may be based on the actual mar-
15 ket price of the agricultural commodity at
16 the time of harvest, as determined by the
17 Corporation;18 “(iii) in the case of revenue and other
19 similar plans of insurance, shall be the ac-
20 tual market price of the agricultural com-
21 modity, as determined by the Corporation;
22 or23 “(iv) in the case of cost of production
24 or similar plans of insurance, shall be the
25 projected cost of producing the agricultural

1 commodity, as determined by the Corpora-
2 tion.”.

3 (b) PREMIUM AMOUNTS.—Section 508(d)(2) of the
4 Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is
5 amended by striking subparagraph (C) and inserting the
6 following:

7 “(C) In the case of additional coverage at
8 greater than or equal to 65 percent of the re-
9 corded or appraised average yield indemnified
10 at 100 percent of the expected market price, or
11 a comparable coverage for a plan of insurance
12 that is not based on yield, but less than 75 per-
13 cent of the recorded or appraised average yield
14 indemnified at 100 percent of the expected mar-
15 ket price, or a comparable coverage for a plan
16 of insurance that is not based on yield, the
17 amount of the premium shall—

18 “(i) be sufficient to cover anticipated
19 losses and a reasonable reserve; and

20 “(ii) include an amount for operating
21 and administrative expenses, as determined
22 by the Corporation, on an industry-wide
23 basis as a percentage of the amount of the
24 premium used to define loss ratio.

1 “(D) In the case of additional coverage
2 equal to or greater than 75 percent of the re-
3 corded or appraised average yield indemnified
4 at 100 percent of the expected market price, or
5 a comparable coverage for a plan of insurance
6 that is not based on yield, the amount of the
7 premium shall—

8 “(i) be sufficient to cover anticipated
9 losses and a reasonable reserve; and

10 “(ii) include an amount for operating
11 and administrative expenses, as determined
12 by the Corporation, on an industry-wide
13 basis as a percentage of the amount of the
14 premium used to define loss ratio.”.

15 (c) PAYMENT OF PORTION OF PREMIUM BY COR-
16 PORATION.—Section 508(e) of the Federal Crop Insurance
17 Act (7 U.S.C. 1508(e)) is amended—

18 (1) by striking paragraph (1) and inserting the
19 following:

20 “(1) IN GENERAL.—

21 “(A) MANDATORY PAYMENTS.—For the
22 purpose of encouraging the broadest possible
23 participation of producers in the crop insurance
24 plans of insurance described in subsections (b)
25 and (c), the Corporation shall pay a part of the

1 premium in the amounts determined under this
2 subsection.

10 (2) in paragraph (2), by striking subparagraphs
11 (B) and (C) and inserting the following:

12 “(B) In the case of additional coverage less
13 than or equal to 50 percent of the recorded or
14 appraised average yield indemnified at 100 per-
15 cent of the expected market price, or a com-
16 parable coverage for a plan of insurance that is
17 not based on yield, the amount shall be equal
18 to the sum of—

1 “(C) In the case of additional coverage at
2 55 percent or 60 percent of the recorded or ap-
3 praised average yield indemnified at 100 per-
4 cent of the expected market price, or a com-
5 parable coverage for a plan of insurance that is
6 not based on yield, the amount shall be equal
7 to the sum of—

8 “(i) 45 percent of the amount of the
9 premium established under subsection
10 (d)(2)(B)(i); and

11 “(ii) the amount of operating and ad-
12 ministrative expenses determined under
13 subsection (d)(2)(B)(ii).

14 “(D) In the case of additional coverage at
15 65 percent or 70 percent of the recorded or ap-
16 praised average yield indemnified at 100 per-
17 cent of the expected market price, or a com-
18 parable coverage for a plan of insurance that is
19 not based on yield, the amount shall be equal
20 to the sum of—

21 “(i) 50 percent of the amount of the
22 premium established under subsection
23 (d)(2)(C)(i); and

1 “(ii) the amount of operating and ad-
2 ministrative expenses determined under
3 subsection (d)(2)(C)(ii).

4 “(E) In the case of additional coverage
5 equal to or greater than 75 percent of the re-
6 corded or appraised average yield indemnified
7 at 100 percent of the expected market price, or
8 a comparable coverage for a plan of insurance
9 that is not based on yield, the amount shall be
10 equal to the sum of—

11 “(i) 55 percent of the amount of the
12 premium established for coverage at 75
13 percent of the recorded or appraised aver-
14 age yield indemnified at 100 percent of the
15 expected market price under subsection
16 (d)(2)(D)(i); and

17 “(ii) the amount of operating and ad-
18 ministrative expenses determined under
19 subsection (d)(2)(D)(ii).

20 “(F) Subparagraphs (A) through (E) shall
21 apply to each of fiscal years 2001 through
22 2004.”.

23 (d) REVENUE COVERAGE FOR POTATOES.—Section
24 508(a) of the Federal Crop Insurance Act (7 U.S.C.

1 1508(a)) is amended by striking paragraph (3) and insert-
2 ing the following:

3 “(3) EXCLUSIONS.—

4 “(A) IN GENERAL.—Insurance provided
5 under this subsection shall not cover losses due
6 to—

7 “(i) the neglect or malfeasance of the
8 producer;

9 “(ii) the failure of the producer to re-
10 seed to the same crop in such areas and
11 under such circumstances as it is cus-
12 tomary to reseed; or

13 “(iii) the failure of the producer to
14 follow good farming practices (as deter-
15 mined by the Secretary).

16 “(B) REVENUE COVERAGE FOR POTA-
17 TOES.—No plan of insurance provided under
18 this title (including a plan of insurance ap-
19 proved by the Board under subsection (h)) shall
20 cover losses due to a reduction in revenue for
21 potatoes except as covered under a whole farm
22 plan of insurance, as determined by the Cor-
23 poration.”.

1 (e) CONFORMING AMENDMENTS.—Section 508 of the
2 Federal Crop Insurance Act (7 U.S.C. 1508) is
3 amended—

4 (1) in subsection (e), by striking paragraph (4);

5 and

6 (2) in subsection (g)(2)(D), by striking “(as
7 provided in subsection (e)(4))”.

8 **SEC. 104. ASSIGNED YIELDS.**

9 Section 508(g)(2)(B) of the Federal Crop Insurance
10 Act (7 U.S.C. 1508(g)(2)(B)) is amended—

11 (1) by striking “assigned a yield” and inserting
12 “assigned—

13 “(i) a yield”;

14 (2) by striking the period at the end and insert-
15 ing “; or”; and

16 (3) by adding at the end the following:

17 “(ii) a yield determined by the Cor-
18 poration, in the case of—

19 “(I) a producer that has not had
20 a share of the production of the in-
21 sured crop for more than 2 crop
22 years, as determined by the Secretary;

23 “(II) a producer that produces
24 an agricultural commodity on land

1 that has not been farmed by the pro-
2 ducer; and

7 SEC. 105. MULTIYEAR DISASTER ACTUAL PRODUCTION HIS-
8 TORY ADJUSTMENT.

9 Section 508(g) of the Federal Crop Insurance Act (7
10 U.S.C. 1508(g)) is amended by adding at the end the fol-
11 lowing:

12 “(4) TRANSITIONAL ADJUSTMENT FOR DISAS-
13 TERS—

1 “(B) ELIMINATION OF CERTAIN YEARS OF
2 PRODUCTION HISTORY.—Notwithstanding para-
3 graph (2), effective beginning with the 2001
4 crop year, for the purpose of calculating the ac-
5 tual production history for a crop of an agricul-
6 tural commodity, a producer that has suffered
7 a multiyear disaster with respect to the crop
8 may exclude 1 year of production history for
9 each 5 years included in the actual production
10 history calculation of the crop for which the
11 producer purchased crop insurance.

12 “(C) CORPORATION’S SHARE OF CHANGED
13 COSTS.—In the case of an exclusion under sub-
14 paragraph (B), in addition to any other author-
15 ity to pay any portion of premium, the Corpora-
16 tion shall pay—

17 “(i) the portion of the premium that
18 represents the increase in premium associ-
19 ated with the exclusion;

20 “(ii) all additional indemnities associ-
21 ated with the exclusion; and

22 “(iii) any amounts that result from
23 the difference in the administrative and op-
24 erating expenses owed to an approved in-
25 surance provider as the result of an exclu-

3 “(D) INCREASE IN ACTUAL PRODUCTION
4 HISTORY AFTER EXCLUSIONS.—In the case of a
5 producer that has received an exclusion under
6 subparagraph (B), the Corporation shall not
7 limit the increase of the actual production his-
8 tory based on the producer’s actual production
9 of the crop of an agricultural commodity in suc-
10 ceeding crop years until the actual production
11 history for the producer reaches the level for
12 the crop year immediately preceding the first
13 year of the multiyear disaster.

22 “(F) REINSURANCE YEARS.—This para-
23 graph shall apply to each of the 2001 through
24 2004 reinsurance years.”.

1 SEC. 106. NONINSURED CROP DISASTER ASSISTANCE PRO-

2 **GRAM.**3 (a) OPERATION AND ADMINISTRATION OF PRO-
4 GRAM.—Section 196(a)(2) of the Agricultural Market
5 Transition Act (7 U.S.C. 7333(a)(2)) is amended by add-
6 ing at the end the following:7 “(C) COMBINATION OF SIMILAR TYPES OR
8 VARIETIES.—At the option of the Secretary, all
9 types or varieties of a crop or commodity, de-
10 scribed in subparagraphs (A) and (B), may be
11 considered to be a single eligible crop under this
12 section.”.13 (b) RECORDS AND APPLICATION DATE.—Section
14 196(b) of the Agricultural Market Transition Act (7
15 U.S.C. 7333(b)) is amended—16 (1) in the second sentence of paragraph (1), by
17 striking “at such time as the Secretary may re-
18 quire.” and inserting “not later than March 15.”;19 (2) by striking paragraph (2) and inserting the
20 following:21 “(2) RECORDS.—To be eligible for assistance
22 under this section, a producer shall provide annually
23 to the Secretary records of crop acreage, acreage
24 yields, and production for each crop, as required by
25 the Secretary.”; and

3 (c) LOSS REQUIREMENTS.—Section 196 of the Agri-
4 cultural Market Transition Act (7 U.S.C. 7333) is amend-
5 ed by striking subsection (c) and inserting the following:

6 "(c) LOSS REQUIREMENTS.—

7 “(1) CAUSE.—To be eligible for assistance
8 under this section, a producer of an eligible crop
9 shall have suffered a loss of a noninsured commodity
10 as the result of a cause described in subsection
11 (a)(3).

12 “(2) ASSISTANCE.—On making a determination
13 described in subsection (a)(3), the Secretary shall
14 provide assistance under this section to producers of
15 an eligible crop that have suffered a loss as a result
16 of the cause described in subsection (a)(3).

17 “(3) PREVENTED PLANTING.—The Secretary
18 shall make a prevented planting noninsured crop dis-
19 aster assistance payment to a producer if the pro-
20 ducer is prevented from planting more than 15 per-
21 cent of the acreage intended for the eligible crop be-
22 cause of a cause described in subsection (a)(3), as
23 determined by the Secretary.

1 “(4) AREA TRIGGER.—The Secretary may pro-
2 vide assistance to individual producers without any
3 requirement of an area loss.”.

4 (d) NEW ELIGIBLE CROPS.—Section 196 of the Agri-
5 cultural Market Transition Act (7 U.S.C. 7333) is
6 amended—

7 (1) in subsection (d)(1)—

8 (A) by inserting “(except as provided in
9 subsection (j))” after “percent”; and

10 (B) by inserting “determined under sub-
11 section (e)” after “for the crop”;

12 (2) by redesignating subsection (j) as sub-
13 section (l); and

14 (3) by inserting after subsection (i) the fol-
15 lowing:

16 “(j) NEW ELIGIBLE CROPS.—

17 “(1) IN GENERAL.—Subject to paragraph (2),
18 if a producer produces an eligible crop that is new
19 to an area (as determined by the Secretary), a pay-
20 ment for the producer shall be computed by sub-
21 stituting the following percentages of yields for the
22 percentages of yields specified in subsection (d)(1):

23 “(A) In the case of the first crop year of
24 the eligible crop produced by the producer, 35

1 percent of the established yield for the crop de-
2 termined under subsection (e).

3 “(B) In the case of each of the second
4 through fourth years of the eligible crop pro-
5 duced by the producer—

6 “(i) 45 percent of the established yield
7 for the crop determined under subsection
8 (e); or

9 “(ii) if the producer received a pay-
10 ment under this section for the first crop
11 year of the eligible crop produced by the
12 producer, 35 percent of the established
13 yield for the crop determined under sub-
14 section (e).

15 “(2) TEMPORARY INELIGIBILITY.—If a pro-
16 ducer of an eligible crop described in paragraph (1)
17 receives a payment under this section in both the
18 first and second crop years of the eligible crop, the
19 producer shall be ineligible for a payment under this
20 section until the producer has successfully produced
21 the crop for at least 3 consecutive crop years with
22 no loss reported, as determined by the Secretary.”.

23 (e) SERVICE FEE.—Section 196 of the Agricultural
24 Market Transition Act (7 U.S.C. 7333) (as amended by

1 subsection (d)) is amended by inserting after subsection
2 (j) the following:

3 “(k) SERVICE FEE.—

4 “(1) IN GENERAL.—To be eligible to receive as-
5 sistance for an eligible crop for a crop year under
6 this section, a producer shall pay to the Secretary
7 (at the time at which the producer provides reports
8 under subsection (b)(3)) a service fee for the eligible
9 crop in an amount that is equal to the lesser of—

10 “(A) the equivalent of the per policy fee
11 for catastrophic risk protection available under
12 section 508(b)(5) of the Federal Crop Insur-
13 ance Act (7 U.S.C. 1508(b)(5)); or

14 “(B) \$200 per producer per county, but
15 not to exceed a total of \$600 per producer.

16 “(2) WAIVER.—The Secretary shall waive the
17 service fee required under paragraph (1) in the case
18 of a limited resource farmer, as defined by the Sec-
19 retary.

20 “(3) USE.—The Secretary shall deposit service
21 fees collected under this subsection in the Com-
22 modity Credit Corporation Fund.”.

23 (f) CROP YEARS.—This section and the amendments
24 made by this section shall apply to each of the 2001
25 through 2004 crop years.

1 **TITLE II—RESEARCH AND PILOT
2 PROGRAMS**

3 **SEC. 201. RESEARCH AND PILOT PROGRAMS.**

4 The Federal Crop Insurance Act (7 U.S.C. 1501 et
5 seq.) is amended by adding at the end the following:

6 **“SEC. 522. RESEARCH AND PILOT PROGRAMS.**

7 “(a) GENERAL PROVISIONS.—

8 “(1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection, the Corporation may con-
10 duct research, surveys, pilot programs, and inves-
11 tigations relating to crop insurance and agriculture-
12 related risks and losses based on proposals developed
13 by the Corporation or by an approved insurance pro-
14 vider to evaluate whether the proposal or new risk
15 management tool is suitable for the marketplace and
16 addresses the needs of producers of agricultural
17 commodities.

18 “(2) PRIVATE COVERAGE.—Under this section,
19 the Corporation shall not conduct any activity that
20 provides insurance protection against a risk if insur-
21 ance protection against the risk is generally available
22 from private companies.

23 “(3) COVERED ACTIVITIES.—The activities de-
24 scribed in paragraph (1) include insurance on losses
25 involving—

1 “(A) reduced forage on rangeland caused
2 by drought or insect infestation;
3 “(B) livestock poisoning and disease;
4 “(C) destruction of bees due to the use of
5 pesticides;
6 “(D) unique special risks related to fruits,
7 nuts, vegetables, and specialty crops in general,
8 aquacultural species, and forest industry needs
9 (including appreciation);
10 “(E) loss of timber due to drought, flood,
11 fire, or other natural disaster;
12 “(F) other agricultural products as deter-
13 mined by the Board; and
14 “(G) after October 1, 2000, insurance cov-
15 erage for livestock.

16 “(4) SCOPE OF PILOT PROGRAMS.—The Cor-
17 poration may—

18 “(A) offer a pilot program authorized
19 under this title on a regional, State, or national
20 basis after considering the interests of affected
21 producers and the interests of, and risks to, the
22 Corporation;

23 “(B) operate the pilot program, including
24 any modifications of the pilot program, for a
25 period of up to 4 years;

1 “(C) extend the time period for the pilot
2 program for additional periods, as determined
3 appropriate by the Corporation; and

4 “(D) provide pilot programs that would
5 allow producers—

6 “(i) to receive premium discounts for
7 using whole farm units or single crop units
8 of insurance; and

9 “(ii) to cross State and county bound-
10 aries to form insurable units.

11 “(5) EVALUATION.—After the completion of
12 any pilot program under this section, the Corpora-
13 tion shall evaluate the pilot program and submit to
14 the Committee on Agriculture of the House of Rep-
15 resentatives and the Committee on Agriculture, Nu-
16 trition, and Forestry of the Senate, a report on the
17 operations of the pilot program, including the eval-
18 uation by the Corporation of the pilot program and
19 the recommendations of the Corporation with re-
20 spect to implementing the program on a national
21 basis.

22 “(6) FUNDING.—The amount of funds used to
23 carry out research and pilot programs that are es-
24 tablished after the date of enactment of this section
25 (other than subsection (b)(2)) shall not exceed—

1 “(A) in the case of fiscal year 2001,
2 \$20,000,000;

3 “(B) in the case of fiscal year 2002,
4 \$40,000,000;

5 “(C) in the case of fiscal year 2003,
6 \$60,000,000; and

7 “(D) in the case of fiscal year 2004,
8 \$80,000,000.

9 “(7) FISCAL YEARS.—Paragraphs (3)(E),
10 (3)(G), (4), and (6) shall apply to each of fiscal
11 years 2001 through 2004.

12 “(8) RELATION TO OTHER LAWS.—

13 “(A) IN GENERAL.—The terms and condi-
14 tions of any policy or plan of insurance offered
15 under this section that is reinsured by the Cor-
16 poration shall not—

17 “(i) be subject to the jurisdiction of
18 the Commodity Futures Trading Commis-
19 sion or the Securities and Exchange Com-
20 mission; or

21 “(ii) be considered to be accounts,
22 agreements (including any transaction that
23 is of the character of, or is commonly
24 known to the trade as, an ‘option’, ‘privi-
25 lege’, ‘indemnity’, ‘bid’, ‘offer’, ‘put’, ‘call’,

7 “(B) EFFECT ON CFTC AND COMMODITY
8 EXCHANGE ACT.—Nothing in this paragraph af-
9 fects the jurisdiction of the Commodity Futures
10 Trading Commission or the applicability of the
11 Commodity Exchange Act (7 U.S.C. 1 et seq.)
12 to any transaction conducted on a contract
13 market under that Act by an approved insur-
14 ance provider to offset the approved insurance
15 provider’s risk under a plan or policy of insur-
16 ance under this section.”.

17 SEC. 202. RESEARCH AND DEVELOPMENT CONTRACTING
18 AUTHORITY.

19 Section 522 of the Federal Crop Insurance Act (as
20 added by section 201) is amended by adding at the end
21 the following:

22 "(b) RESEARCH AND DEVELOPMENT CONTRACTING
23 AUTHORITY.—

24 “(1) IN GENERAL.—Subject to section 523(a),
25 to obtain the best research and analysis concerning

1 any significant issue pertaining to crop insurance,
2 including outreach and education, pilot programs, or
3 the development of a new plan of insurance, the Cor-
4 poration may use only the authority provided by this
5 section and funds made available under section
6 516(b)(2)(A) to—

7 “(A) contract on a competitive basis with
8 qualified persons;

9 “(B) reimburse research costs associated
10 with product development; and

11 “(C) reimburse costs associated with the
12 reassessment and modification of plans of in-
13 surance.

14 “(2) ALTERNATIVE RATING METHODOLOGIES.—

15 “(A) IN GENERAL.—The Corporation shall
16 enter into contracts with qualified persons to
17 study and develop alternative methodologies for
18 rating plans of insurance for catastrophic risk
19 protection and higher levels of additional cov-
20 erage under subsections (b) and (c), respec-
21 tively, of section 508, and rates for the plans of
22 insurancee, that take into account—

23 “(i) producers that elect not to par-
24 ticipate in the Federal crop insurance pro-
25 gram; and

1 “(ii) producers that elect to obtain
2 only catastrophic risk protection.

3 “(B) PRIORITY.—The studies conducted
4 under this paragraph shall provide priority to
5 agricultural commodities with—

6 “(i) the largest average acreage na-
7 tionwide; and

8 “(ii) the lowest percentage of pro-
9 ducers that purchase additional coverage.

10 “(C) FUNDING.—

11 “(i) IN GENERAL.—The Corporation
12 shall fund the studies conducted under this
13 paragraph from funds in the insurance
14 fund available under section 516(b)(2)(A).

15 “(ii) AMOUNT.—There are authorized
16 for the studies conducted under this
17 paragraph—

18 “(I) in the case of each of fiscal
19 years 2001 and 2002, \$1,000,0000;
20 and

21 “(II) in the case of each of fiscal
22 years 2003 and 2004, \$250,000.

23 “(D) FISCAL YEARS.—This paragraph
24 shall apply to each of fiscal years 2001 through
25 2004.

1 “(3) RESEARCH AND DEVELOPMENT PRIOR-
2 ITIES.—The Corporation shall establish, as 1 of the
3 highest research and development priorities of the
4 Corporation, the development of a pasture, range,
5 and forage program to promote land stewardship.

6 “(4) STUDY OF MULTIFYEAR COVERAGE.—

7 “(A) IN GENERAL.—The Corporation shall
8 contract with a qualified person to conduct a
9 study to determine whether offering plans of in-
10 surance that provide coverage for multiple years
11 would reduce fraud and abuse by persons that
12 participate in the Federal crop insurance pro-
13 gram.

14 “(B) REPORT.—Not later than 1 year
15 after the date of enactment of this section, the
16 Corporation shall submit to the Committee on
17 Agriculture of the House of Representatives
18 and the Committee on Agriculture, Nutrition,
19 and Forestry of the Senate a report that de-
20 scribes the results of the study conducted under
21 subparagraph (A).”.

22 **SEC. 203. CHOICE OF RISK MANAGEMENT OPTIONS.**

23 (a) IN GENERAL.—Section 522 of the Federal Crop
24 Insurance Act (as amended by section 202) is amended
25 by adding at the end the following:

1 “(c) CHOICE OF RISK MANAGEMENT OPTIONS.—

2 “(1) DEFINITIONS.—In this subsection:

3 “(A) AGRICULTURAL COMMODITY.—The
4 term ‘agricultural commodity’ means each agri-
5 cultural commodity specified in section 518—

6 “(i) for which catastrophic risk pro-
7 tection or additional coverage is available
8 under this title, other than solely this sec-
9 tion; and

10 “(ii) that is selected by the Secretary
11 in a manner that—

12 “(I) encourages the maximum
13 number of participants in the pro-
14 gram under this subsection;

15 “(II) provides a mixture of pro-
16 gram, specialty, and regional crops;
17 and

18 “(III) gives consideration to agri-
19 cultural commodities with low crop in-
20 surance participation rates.

21 “(B) APPLICABLE CROP.—The term ‘appli-
22 cable crop’ means each of the 2002 through
23 2004 crops of an agricultural commodity pro-
24 duced by a producer.

1 “(C) APPLICABLE YEAR.—The term ‘appli-
2 cable year’ means the year in which—

3 “(i) the applicable crop is produced on
4 the farm of a producer; and

5 “(ii) the producer elects to receive a
6 risk management payment or crop insur-
7 ance premium subsidy under this sub-
8 section.

9 “(D) REGULATED EXCHANGE.—The term
10 ‘regulated exchange’ means a board of trade (as
11 defined in section 1a of the Commodity Ex-
12 change Act (7 U.S.C. 1a)) that is designated as
13 a contract market under section 2(a)(1)(B) of
14 that Act (7 U.S.C. 2a).

15 “(2) RISK MANAGEMENT PAYMENTS.—

16 “(A) OFFER.—The Corporation shall offer
17 either to make either risk management pay-
18 ments or to provide crop insurance premium
19 subsidies for each of the 2002 through 2004
20 crops of an agricultural commodity in accord-
21 ance with subparagraph (B).

22 “(B) TERMS.—Not later than the sales
23 closing date for obtaining coverage for an agri-
24 cultural commodity for each applicable year, an

1 eligible producer may elect to receive, with re-
2 spect to the agricultural commodity—

3 “(i) a risk management payment
4 under this subsection; or

5 “(ii) a crop insurance premium sub-
6 sidy, including a catastrophic risk protec-
7 tion subsidy, under this subsection.

8 “(3) RISK MANAGEMENT PAYMENT.—

9 “(A) IN GENERAL.—In the case of a pro-
10 ducer that elects to receive a risk management
11 payment for an applicable crop of an agricul-
12 tural commodity under this subsection, the Cor-
13 poration shall make a risk management pay-
14 ment to the producer that covers the agricul-
15 tural commodity produced by the producer for
16 the applicable crop.

17 “(B) BASIS FOR PAYMENT.—The amount
18 of a risk management payment shall be deter-
19 mined in accordance with paragraph (5).

20 “(4) QUALIFYING RISK MANAGEMENT PRAC-
21 TICES.—To be eligible for a risk management pay-
22 ment under this subsection for an applicable crop of
23 an agricultural commodity, a producer shall obtain
24 or use for the applicable crop a qualifying risk man-

1 agement practice from at least 2 of the following
2 categories:

3 “(A) CROP INSURANCE CATEGORY.—A
4 producer may purchase coverage for an agricultural
5 commodity under a private plan of insurance or a Federal plan of insurance that is not
6 subsidized.

7 “(B) MARKETING RISK CATEGORY.—

8 “(i) FUTURE OR OPTION.—A producer may enter into a future or option for
9 an agricultural commodity produced on the
10 farm of the producer for the applicable
11 crop on a regulated exchange that is (as
12 determined by the Corporation)—

13 “(I)(aa) in the case of a future,
14 at least 1 regulated futures contract
15 (as defined in section 1256(g) of the
16 Internal Revenue Code of 1986); and

17 “(bb) in the case of an option, at
18 least 1 listed option (as defined in section
19 1256(g) of that Code); and

20 “(II) a hedging transaction (as
21 defined in section 1256(e)(2) of that
22 Code) involving an agricultural com-

1 commodity that is used to reduce produc-
2 tion, price, or revenue risk.

1 of the monetary value of an agricultural
2 commodity produced on the farm of the
3 producer for the applicable crop, as deter-
4 mined by the Secretary.

5 “(iv) MARKETING THROUGH CO-
6 OPERATIVES.—A producer may market at
7 least 25 percent of an agricultural com-
8 modity produced by the producer through
9 a cooperative that is owned by agricultural
10 producers.

11 “(C) FINANCIAL RISK CATEGORY.—

12 “(i) TRUST.—A producer may make a
13 deposit of an amount equal to at least 10
14 percent of the payments of the producer
15 for the applicable year under the Agricul-
16 tural Market Transition Act (7 U.S.C.
17 7201 et seq.) into a trust authorized by
18 statute for eligible farming businesses that
19 may be established to accept tax deductible
20 contributions.

21 “(ii) AGRICULTURAL MARKETING AND
22 RISK MANAGEMENT EDUCATION.—A pro-
23 duceer may attend and complete in the ap-
24 plicable year an agricultural marketing or

1 risk management class or seminar ap-
2 proved by the Corporation.

23 “(IV) implementing a transition
24 to organic farming.

25 “(D) FARM RESOURCES RISK CATEGORY.—

1 “(i) CONSERVATION PRACTICES.—A
2 producer may implement new or existing
3 conservation practices consisting of—
4 “(I) nutrient management;
5 “(II) integrated pest manage-
6 ment;
7 “(III) conservation tillage;
8 “(IV) conservation buffers; or
9 “(V) other conservation practices
10 that are appropriate for the farm, as
11 determined by the Secretary.

12 “(ii) AGRICULTURAL CONSERVATION
13 MANAGEMENT PLAN.—A producer may de-
14 velop a plan to mitigate financial risk asso-
15 ciated with resource conservation through
16 practices consisting of—
17 “(I) nutrient management;
18 “(II) integrated pest manage-
19 ment;
20 “(III) soil erosion control;
21 “(IV) conservation buffers;
22 “(V) soil residue management;
23 “(VI) water quantity or quality
24 management; or

1 “(VII) other conservation prac-
2 tices that are appropriate for the
3 farm, as determined by the Secretary.

4 “(iii) AGRICULTURAL RESOURCE IM-
5 PROVEMENTS.—A producer may invest in
6 the improvement or development of 1 or
7 more of the following capital land improve-
8 ments on the farm of the producer to re-
9 duce production risk:

10 “(I) Irrigation management.

11 “(II) Watershed management
12 structures.

13 “(III) Planting trees for
14 windbreaks or water quality.

15 “(IV) Soil quality management
16 options.

17 “(V) Animal waste management
18 structures.

19 “(VI) Other land improvements,
20 as determined by the Secretary.

21 “(E) OTHER CATEGORY.—A producer may
22 engage in any other risk management practice
23 approved by the Secretary.

24 “(5) DETERMINATION OF RISK MANAGEMENT
25 PAYMENT.—

1 “(A) IN GENERAL.—The Secretary shall
2 determine the amount of a risk management
3 payment for an agricultural commodity pro-
4 duced on the farm of a producer for an applica-
5 ble crop taking into consideration the expendi-
6 ture by the producer on the risk management
7 practices obtained or used by the producer.

8 “(B) MAXIMUM PAYMENT.—No payment
9 shall be made in excess of an amount equal to
10 the national average of the previous year's li-
11 ability for all catastrophic risk protection poli-
12 cies.

13 “(C) FUNDING.—

14 “(i) IN GENERAL.—Subject to clause
15 (ii), there are authorized to be expended to
16 carry out this subsection from the insur-
17 ance fund under section 516(b)(2)(C) not
18 more than \$500,000,000 for the period of
19 fiscal years 2002 through 2004.

20 “(ii) ANNUAL LIMITATION.—Not more
21 than \$200,000,000 may be expended in
22 any fiscal year to carry out this subsection.

23 “(6) ADMINISTRATIVE PROVISIONS.—

24 “(A) CERTIFICATION.—A producer shall
25 submit to the crop insurance agent or approved

1 insurance provider a risk management practices
2 form that certifies, in accordance with stand-
3 ards prescribed by the Secretary, the qualifying
4 risk management practices and associated costs
5 that were obtained or used by the producer dur-
6 ing the applicable year.

7 “(B) COMPLIANCE.—The Corporation may
8 perform random audits of producers that obtain
9 a risk management payment to ensure that the
10 producers obtained or used the qualifying risk
11 management practices described in the form.

12 “(C) VIOLATION OF TERMS OF RISK MAN-
13 AGEMENT PAYMENT.—If a producer has accept-
14 ed a risk management payment or crop insur-
15 ance premium subsidy for an applicable year
16 and the producer fails to comply with subpara-
17 graph (A), or to carry out a qualifying risk
18 management option elected by the producer
19 under paragraph (4), with respect to the appli-
20 cable year, the producer—

21 “(i) shall refund to the Corporation
22 an amount equal to the risk management
23 payment; and

24 “(ii) may be subject to debarment
25 from loans and payments for a period of

3 “(D) ASSIGNMENT AND SHARING OF BEN-
4 EFITS.—

22 “(7) FISCAL YEARS.—This subsection shall
23 apply to each of fiscal years 2002 through 2004.”.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
2 516(a) of the Federal Crop Insurance Act (7 U.S.C.
3 1516(a)) is amended—

4 (1) by striking paragraph (1) and inserting the
5 following:

6 “(1) DISCRETIONARY EXPENSES.—There are
7 authorized to be appropriated for fiscal year 1999
8 and each subsequent fiscal year such sums as are
9 necessary to cover—

10 “(A) the salaries and expenses of the Cor-
11 poration; and

12 “(B) the expenses of approved insurance
13 providers incurred in carrying out section
14 522(c).”; and

15 (2) in paragraph (2)—

16 (A) in subparagraph (A), by striking
17 “and” at the end;

18 (B) in subparagraph (B), by striking the
19 period at the end and inserting a semicolon;
20 and

21 (C) by adding at the end the following:

22 “(C) risk management payments author-
23 ized under section 522(c) in an amount not to
24 exceed \$500,000,000 for the period of fiscal
25 years 2002 through 2004, of which not more

1 than \$200,000,000 may be expended for any 1
2 fiscal year; and”.

3 **SEC. 204. CONFORMING AMENDMENTS.**

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

6 (1) by striking subsection (m); and
7 (2) by redesignating subsection (n) as sub-
8 section (m).

9 (b) Section 516(b)(2)(A) of the Federal Crop Insur-
10 ance Act (7 U.S.C. 1516(b)(2)(A)) is amended by striking
11 “exceed \$3,500,000 for each fiscal year.” and inserting
12 “exceed—

13 “(i) in the case of each of fiscal years
14 2001 and 2002, \$4,500,000;

15 “(ii) in the case of each of fiscal years
16 2003 and 2004, \$3,750,000; and

17 “(iii) in the case of each subsequent
18 fiscal year, \$3,500,000.”.

19 (c) Section 518 of the Federal Crop Insurance Act
20 (7 U.S.C. 1518) is amended by striking “subsection (a)
21 or (m) of section 508 of this title” and inserting “section
22 508(a), 522, or 523”.

1 **TITLE III—ADMINISTRATION**

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

3 (a) IN GENERAL.—Section 505 of the Federal Crop
4 Insurance Act (7 U.S.C. 1505) is amended by striking
5 subsection (a) and inserting the following:

6 “(a) BOARD OF DIRECTORS.—

7 “(1) IN GENERAL.—The management of the
8 Corporation shall be vested in a Board of Directors,
9 subject to the general supervision of the Secretary.

10 “(2) COMPOSITION.—The Board shall consist
11 of—

12 “(A) 4 members who are active agricultural
13 producers with or without crop insurance,
14 with 1 member appointed from each of the 4 re-
15 gions of the United States (as determined by
16 the Secretary);

17 “(B) 1 member who is active in the crop
18 insurance business;

19 “(C) 1 member who is active in the rein-
20 surance business;

21 “(D) the Under Secretary for Farm and
22 Foreign Agricultural Services;

23 “(E) the Under Secretary for Rural Devel-
24 opment; and

1 “(F) the Chief Economist of the Depart-
2 ment of Agriculture.

3 “(3) APPOINTMENT AND TERMS OF PRIVATE
4 SECTOR MEMBERS.—The members of the Board de-
5 scribed in subparagraphs (A), (B), and (C) of para-
6 graph (2)—

7 “(A) shall be appointed by, and hold office
8 at the pleasure of, the Secretary;

9 “(B) shall not be otherwise employed by
10 the Federal Government;

11 “(C) shall be appointed to staggered 4-year
12 terms, as determined by the Secretary; and

13 “(D) shall serve not more than 2 consecu-
14 tive terms.

15 “(4) CHAIRPERSON.—The Board shall select a
16 member of the Board described in subparagraph
17 (A), (B), or (C) of paragraph (2) to serve as Chair-
18 person of the Board.

19 “(5) OFFICE OF RISK MANAGEMENT.—The Of-
20 fice of Risk Management shall provide assistance to
21 the Board in developing, reviewing, and
22 recommending—

23 “(A) new plans of insurance and pilot
24 projects under this title that are proposed by
25 the Office or by a private insurance provider;

1 “(B) terms of the Standard Reinsurance
2 Agreement;

3 “(C) rates for plans of insurance under
4 this title; and

5 “(D) other issues involved in the adminis-
6 tration of Federal crop insurance, as requested
7 by the Board.

8 “(6) EXECUTIVE DIRECTOR; STAFF.—

9 “(A) EXECUTIVE DIRECTOR.—An execu-
10 tive director appointed by the Secretary, with
11 the concurrence of the Board, shall—

12 “(i) assist the Board, as provided in
13 subparagraph (C); and

14 “(ii) report to the Secretary.

15 “(B) STAFF.—

16 “(i) IN GENERAL.—A staff of 4 indi-
17 viduals appointed by the Executive Direc-
18 tor shall report to the Executive Director.

19 “(ii) QUALIFICATIONS.—An individual
20 described in clause (i) (except the Execu-
21 tive Director) shall be knowledgeable and
22 experienced in quantitative mathematics
23 and actuarial rating.

1 “(C) FUNCTIONS.—The Executive Director
2 and staff appointed under this paragraph
3 shall—

4 “(i) assist the Board in reviewing and
5 approving policies and materials with re-
6 spect to plans of insurance or other mate-
7 rials authorized or submitted under section
8 508, 522, or 523;

9 “(ii) provide at least monthly reports
10 to the Board on crop insurance issues,
11 which shall be based on comments received
12 from producers, approved insurance pro-
13 viders, and other sources that the Execu-
14 tive Director and staff consider appro-
15 priate;

16 “(iii) review policies and materials
17 with respect to—

18 “(I) subsidized plans of insurance
19 authorized under section 508; and

20 “(II) unsubsidized plans of insur-
21 ance submitted to the Board under
22 section 508(h);

23 “(iv) make recommendations to the
24 Board with respect to approval of the poli-
25 cies and materials, including recommenda-

11 (1) by striking paragraphs (1) through (4) and
12 inserting the following:

13 “(1) IN GENERAL.—In addition to any standard
14 forms or policies that the Board may require be
15 made available to producers under subsection (c), a
16 person may propose to the Board—

17 “(A) loss of yield or revenue insurance cov-
18 erage on an individual, area, or a combination
19 of individual and area basis, for 1 or more agri-
20 cultural commodities;.

21 “(B) rates of premium for a proposed or
22 existing policy; and

23 “(C) underwriting systems for a proposed
24 or existing policy.

25 “(2) SUBMISSION OF PROPOSALS.—

1 “(A) IN GENERAL.—Subject to subparagraph (B) and paragraph (3), a proposal submitted to the Board under this subsection may be prepared without regard to the limitations of this title, including limitations—

6 “(i) concerning actuarial soundness;

7 “(ii) concerning levels of coverage;

8 “(iii) concerning rates of premium;

9 “(iv) that the price level for coverage
10 for each insured commodity must equal the
11 expected market price for the commodity
12 as established by the Board; and

13 “(v) that an approved insurance provider shall provide coverage under a policy throughout a State for all commodities if the approved insurance provider elects to provide any coverage in the State.

18 “(B) MAXIMUM ALLOWABLE SUBSIDY.—

19 The payment by the Corporation of a portion of the premium of the policy approved by the Board under this subsection may not exceed the amount that would otherwise be authorized under subsection (e).

24 “(3) STANDARDS.—

1 “(A) IN GENERAL.—The Board shall ap-
2 prove a proposal under this subsection for sub-
3 sidy and reinsurance if the Board finds that the
4 proposal adequately ensures that—

5 “(i) the interests of producers of com-
6 modities are adequately protected;

7 “(ii) premiums charged to producers
8 are actuarially appropriate;

9 “(iii) the underwriting system in-
10 cluded in the proposal is appropriate and
11 adequate; and

12 “(iv) the proposal is reinsured under
13 this title, is reinsured through private rein-
14 surance, or is self-insured;

15 “(B) RATES OF PREMIUM.—A proposed
16 rate of premium (including the part of premium
17 paid by the Corporation) shall be considered to
18 be actuarially appropriate if the rate is suffi-
19 cient to cover projected losses and expenses, a
20 reasonable reserve, and the amount of operating
21 and administrative expenses of the approved in-
22 surance provider determined under subsection
23 (d)(2).

24 “(C) PROPOSED UNDERWRITING PLANS.—
25 A proposed underwriting plan—

1 “(i) may be on an area or individual
2 farm basis; and

3 “(ii) shall, at a minimum, specify fac-
4 tors such as yield history for the farm or
5 region, soils and resource quality for the
6 farm, and farm production practices.

7 “(D) REINSURANCE.—

8 “(i) FEDERAL REINSURANCE.—The
9 Corporation shall, to the maximum extent
10 practicable, make reinsurance available to
11 an approved insurance provider under this
12 subsection.

13 “(ii) PRIVATE OR FEDERAL REINSUR-
14 ANCE.—An approved insurance provider
15 may—

16 “(I) obtain private reinsurance
17 for the proposal;

18 “(II) obtain reinsurance for the
19 proposal under this title; or

20 “(III) self-insure the proposal.

21 “(E) ACTUARILY APPROPRIATE.—The
22 Board shall prescribe standards for determining
23 whether premium rates are actuarially appro-
24 priate considering the risk inherent in the pro-
25 posed product.

1 “(4) REVIEW AND APPROVAL BY BOARD.—With
2 respect to any policy or other material submitted to
3 the Board after October 1, 2000, under this sub-
4 section, the following guidelines shall apply:

5 “(A) IN GENERAL.—The policy or other
6 material shall be reviewed by the Board in ac-
7 cordance with subparagraphs (C) and (D).

8 “(B) MULTIPLE INSURANCE AGRE-
9 MENTS.—The Corporation may enter into more
10 than 1 reinsurance agreement simultaneously
11 with the approved insurance provider to facili-
12 tate the offering of the new policy.

13 “(C) PROCEDURES FOR SUBMISSION AND
14 REVIEW.—The Corporation shall promulgate
15 regulations that establish procedures for the
16 submission and review by the Board of pro-
17 posals submitted to the Board under this sub-
18 section, including—

19 “(i) the standards applicable to a pro-
20 posal under paragraph (3) (including docu-
21 mentation required to establish that a pro-
22 posal satisfies the standards);

23 “(ii) procedures concerning the time
24 limitations provided under this paragraph;
25 and

1 “(iii) procedures that provide an ap-
2 plicant the opportunity to present the pro-
3 posal to the Board in person.

4 “(D) REVIEW BY THE BOARD.—

5 “(i) PERIOD FOR APPROVAL.—Not-
6 withstanding any other provision of law, a
7 proposal submitted to the Board shall be
8 considered to be approved unless the
9 Board disapproves the proposal by the date
10 that is 60 business days after the later
11 of—

12 “(I) the date of submission of the
13 completed proposal to the Board; or

14 “(II) the date on which the appli-
15 cant provides to the Board notice of
16 intent to modify the proposal under
17 clause (ii)(IV).

18 “(ii) NOTICE OF DISAPPROVAL.—

19 “(I) IN GENERAL.—Not later
20 than 15 days before the date on which
21 the Board intends to announce dis-
22 approval of a proposal, the Board
23 shall provide the applicant, by reg-
24 istered mail, with notice of intent to
25 disapprove the proposal.

1 “(II) RIGHT TO MODIFY.—An
2 applicant that is notified under sub-
3 clause (I) may modify the proposal.

4 “(III) ORIGINAL APPLICATION.—
5 For the purposes of this clause, any
6 modified proposal shall be considered
7 to be an original proposal.

8 “(IV) NOTICE OF INTENT TO
9 MODIFY.—Not later than 5 business
10 days after receipt of a notice under
11 subclause (I), an applicant that in-
12 tends to modify the proposal shall so
13 notify the Board.

14 “(E) TIMING.—In establishing procedures
15 under this subsection, the Board shall prescribe
16 a reasonable deadline for the submission of pro-
17 posals that approved insurance providers expect
18 to market during the reinsurance year.

19 “(F) CONFIDENTIALITY.—

20 “(i) IN GENERAL.—A proposal sub-
21 mitted to the Board under this subsection
22 (including any information generated from
23 the proposal) shall be considered to be con-
24 fidential commercial or financial informa-

1 “(I) the identity of the approved
2 insurance provider;

3 “(II) the coverage provided; and
4 “(III) the area to be covered by
5 the approved proposal.”;

6 (2) by striking paragraphs (6), (8), and (10);
7 and

8 (3) by redesignating paragraphs (7) and (9) as
9 paragraphs (6) and (7), respectively.

10 (c) CONFORMING AMENDMENTS.—Section 516(b)(1)
11 of the Federal Crop Insurance Act (7 U.S.C. 1516(b)(1))
12 is amended—

13 (1) in subparagraph (B), by striking “; and”
14 and inserting a semicolon;

15 (2) in subparagraph (C), by striking the period
16 at the end and inserting a semicolon; and

17 (3) by adding at the end the following:

18 “(D) the salaries and expenses of the Ex-
19 ecutive Director and staff appointed under sec-
20 tion 505(a)(6) for fiscal year 2001, but not to
21 exceed \$500,000 for the fiscal year; and”.

22 **SEC. 302. GOOD FARMING PRACTICES.**

23 Section 508(a)(3) of the Federal Crop Insurance Act
24 (7 U.S.C. 1508(a)(3)) (as amended by section 103(d)) is
25 amended in subparagraph (A)(iii) by inserting after “good

1 farming practices” the following: “, including scientifically
2 sound sustainable and organic farming practices”.

3 **SEC. 303. SANCTIONS FOR PROGRAM NONCOMPLIANCE**
4 **AND FRAUD.**

5 (a) IN GENERAL.—Section 506 of the Federal Crop
6 Insurance Act (7 U.S.C. 1506) is amended by striking
7 subsection (n) and inserting the following:

8 “(n) SANCTIONS FOR PROGRAM NONCOMPLIANCE
9 AND FRAUD.—

10 “(1) FALSE INFORMATION.—A producer, agent,
11 loss adjuster, approved insurance provider, or other
12 person that willfully and intentionally provides any
13 false or inaccurate information to the Corporation or
14 to an approved insurance provider with respect to a
15 policy or plan of insurance under this title may,
16 after notice and an opportunity for a hearing on the
17 record, be subject to 1 or more of the sanctions de-
18 scribed in paragraph (3).

19 “(2) COMPLIANCE.—A person may, after notice
20 and an opportunity for a hearing on the record, be
21 subject to 1 or more of the sanctions described in
22 paragraph (3) if the person is—

23 “(A) a producer, agent, loss adjuster, ap-
24 proved insurance provider, or other person that

1 willfully and intentionally fails to comply with a
2 requirement of the Corporation; or

3 “(B) an agent, loss adjuster, approved in-
4 surance provider, or other person (other than a
5 producer) that willfully and intentionally fails to
6 comply with a requirement of the Standard Re-
7 insurance Agreement.

8 “(3) AUTHORIZED SANCTIONS.—If the Sec-
9 retary determines that a person covered by this sub-
10 section has committed a material violation under
11 paragraph (1) or (2), the following sanctions may be
12 imposed:

13 “(A) CIVIL FINES.—A civil fine may be im-
14 posed for each violation in an amount not to ex-
15 ceed the greater of—

16 “(i) the amount of the pecuniary gain
17 obtained as a result of the false or inac-
18 curate information provided or the non-
19 compliance with a requirement of this title;
20 or

21 “(ii) \$10,000.

22 “(B) DEBARMENT.—

23 “(i) PRODUCERS.—In the case of a
24 violation committed by a producer, the pro-
25 ducer may be disqualified for a period of

1 up to 5 years from receiving any monetary
2 or nonmonetary benefit provided under—
3 “(I) this title;
4 “(II) the Agricultural Market
5 Transition Act (7 U.S.C. 7201 et
6 seq.), including the noninsured crop
7 disaster assistance program under
8 section 196 of that Act (7 U.S.C.
9 7333);
10 “(III) the Agricultural Act of
11 1949 (7 U.S.C. 1421 et seq.);
12 “(IV) the Commodity Credit Cor-
13 poration Charter Act (15 U.S.C. 714
14 et seq.);
15 “(V) the Agricultural Adjustment
16 Act of 1938 (7 U.S.C. 1281 et seq.);
17 “(VI) title XII of the Food Secu-
18 rity Act of 1985 (16 U.S.C. 3801 et
19 seq.);
20 “(VII) the Consolidated Farm
21 and Rural Development Act (7 U.S.C.
22 1921 et seq.); and
23 “(VIII) any law that provides as-
24 sistance to a producer of an agricul-
25 tural commodity affected by a crop

1 loss or a decline in the prices of agri-
2 cultural commodities.

11 “(4) ASSESSMENT OF SANCTION.—The Sec-
12 retary shall consider the gravity of the violation of
13 the person covered by this subsection in
14 determining—

15 “(A) whether to impose a sanction under
16 this subsection; and

17 “(B) the amount of the sanction to be im-
18 posed

19 “(5) DISCLOSURE OF SANCTIONS.—Each policy
20 or plan of insurance under this title shall provide no-
21 tice about the sanctions prescribed under paragraph
22 (3) for willfully and intentionally—

23 “(A) providing false or inaccurate informa-
24 tion to the Corporation or to an approved insur-
25 ance provider; or

1 “(B) failing to comply with a requirement
2 of the Corporation or the Standard Reinsurance
3 Agreement.

4 “(6) INSURANCE FUND.—Any funds collected
5 under this subsection shall be deposited into the in-
6 surance fund under section 516(c)(1).”.

7 (b) CONFORMING AMENDMENTS.—Section 516(c) of
8 the Federal Crop Insurance Act (7 U.S.C. 1516(c)) is
9 amended by striking paragraph (1) and inserting the fol-
10 lowing:

11 “(1) IN GENERAL.—There is established the in-
12 surance fund, which shall include (to remain avail-
13 able without fiscal year limitation)—

14 “(A) premium income;

15 “(B) amounts made available under sub-
16 section (a)(2); and

17 “(C) civil fines collected under section
18 506(n)(3)(A).”.

19 **SEC. 304. OVERSIGHT OF AGENTS AND LOSS ADJUSTERS.**

20 Section 506(q) of the Federal Crop Insurance Act (7
21 U.S.C. 1506(q)) is amended by adding at the end the fol-
22 lowing:

23 “(3) OVERSIGHT OF AGENTS AND LOSS AD-
24 JUSTERS.—The Corporation shall—

1 “(A) develop procedures for an annual re-
2 view by an approved insurance provider of the
3 performance of each agent and loss adjuster
4 used by the approved insurance provider;

5 “(B) oversee the annual review conducted
6 by each approved insurance provider; and

7 “(C) consult with each approved insurance
8 provider regarding any remedial action that is
9 determined necessary as a result of the annual
10 review of an agent or loss adjuster.

11 “(4) COMPLIANCE REPORTS.—Not later than
12 the end of each fiscal year, the Corporation shall
13 submit, to the Committee on Agriculture of the
14 House of Representatives, the Committee on Agri-
15 culture, Nutrition, and Forestry of the Senate, and
16 the Board, a report concerning compliance by ap-
17 proved insurance providers, agents, and loss adjust-
18 ers with this title, including any recommendations
19 for legislative or administrative changes that could
20 further improve compliance.”.

21 **SEC. 305. ADEQUATE COVERAGE FOR STATES.**

22 Section 508(a) of the Federal Crop Insurance Act (7
23 U.S.C. 1508(a)) (as amended by section 102(a)) is amend-
24 ed by adding at the end the following:

25 “(8) ADEQUATE COVERAGE FOR STATES.—

1 “(A) DEFINITION OF ADEQUATELY
2 SERVED.—In this paragraph, the term ‘ade-
3 quately served’ means having a participation
4 rate that is at least 50 percent of the national
5 average participation rate.

6 “(B) REVIEW.—The Board shall review
7 the plans of insurance that are offered by ap-
8 proved insurance providers under this title to
9 determine if each State is adequately served by
10 the plans of insurance.

11 “(C) REPORT.—

12 “(i) IN GENERAL.—Not later than 30
13 days after completion of the review under
14 subparagraph (B), the Board shall submit
15 to Congress a report on the results of the
16 review.

17 “(ii) RECOMMENDATIONS.—The re-
18 port shall include recommendations to in-
19 crease participation in States that are not
20 adequately served by the plans of insur-
21 ance.”.

22 **SEC. 306. RECORDS AND REPORTING.**

23 (a) CONDITION OF OBTAINING COVERAGE.—Section
24 508(f)(3)(A) of the Federal Crop Insurance Act (7 U.S.C.
25 1508(f)(3)(A)) is amended by striking “provide,” and all

1 that follows through “sought” and inserting “provide an-
2 nually records acceptable to the Secretary regarding crop
3 acreage, acreage yields, and production for each agricul-
4 tural commodity insured under this title”.

5 (b) COORDINATION AND USE OF RECORDS AND RE-
6 PORTS.—Section 506(h) of the Federal Crop Insurance
7 Act (7 U.S.C. 1506(h)) is amended—

8 (1) by striking “The Corporation” and insert-
9 ing the following:

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

11 (2) by adding at the end the following:

12 “(2) COORDINATION AND USE OF RECORDS AND
13 REPORTS.—

14 “(A) COORDINATION.—The Secretary shall
15 ensure that recordkeeping and reporting re-
16 quirements under this title and section 196 of
17 the Agricultural Market Transition Act (7
18 U.S.C. 7333) are coordinated by the Corpora-
19 tion and the Farm Service Agency—

20 “(i) to avoid duplication of records
21 and reports;

22 “(ii) to streamline procedures involved
23 with the submission of records and reports;
24 and

1 “(iii) to enhance the accuracy of
2 records and reports.

3 “(B) USE.—Records submitted under this
4 title and section 196 of the Agricultural Market
5 Transition Act (7 U.S.C. 7333) shall be avail-
6 able to agencies and local offices of the Depart-
7 ment, appropriate State and Federal agencies
8 and divisions, and approved insurance providers
9 for use in carrying out this title, that section,
10 and other agricultural programs and related re-
11 sponsibilities.”.

12 **SEC. 307. FEES FOR PLANS OF INSURANCE.**

13 (a) IN GENERAL.—Section 508(h) of the Federal
14 Crop Insurance Act (7 U.S.C. 1508(h)) is amended by
15 striking paragraph (5) and inserting the following:

16 “(5) FEES FOR PLANS OF INSURANCE.—

17 “(A) FEES FOR EXISTING PLANS OF IN-
18 SURANCE.—

19 “(i) IN GENERAL.—Effective begin-
20 ning with the 2001 reinsurance year, if an
21 approved insurance provider elects to sell a
22 plan of insurance that was developed by
23 another approved insurance provider and
24 the plan of insurance was approved by the
25 Board before January 1, 2000, the ap-

24 “(B) FEES FOR NEW PLANS OF INSUR-
25 ANCE.—

1 “(i) IN GENERAL.—Effective begin-
2 ning with the 2001 reinsurance year, if an
3 approved insurance provider elects to sell a
4 plan of insurance that was developed by
5 another approved insurance provider, the
6 plan of insurance was approved by the
7 Board under this subsection on or after
8 January 1, 2000, and the plan of insur-
9 ance was not available at the time at which
10 the plan of insurance was approved by the
11 Board, the approved insurance provider
12 that developed the plan of insurance shall
13 have the right to receive a fee from the ap-
14 proved insurance provider that elects to
15 sell the plan of insurance.

16 “(ii) AMOUNT.—

17 “(I) IN GENERAL.—Subject to
18 subclause (II), the amount of the fee
19 that is payable by an approved insur-
20 ance provider for a plan of insurance
21 under clause (i) shall be an amount
22 that is—

23 “(aa) determined by the ap-
24 proved insurance provider that
25 developed the plan; and

9 “(C) PAYMENTS.—The Corporation shall
10 annually—

19 “(D) EXCEPTIONS.—In the case of a pol-
20 icy developed by an approved insurance provider
21 that does not conduct business in a State—

1 for marketing the policy imposed by the
2 developing provider; and

3 “(ii) the developing provider shall not
4 deny payment of a fee by another provider
5 to maintain full marketing rights of the
6 approved policy.”.

7 (b) FUNDING.—Section 516 of the Federal Crop In-
8 surance Act (7 U.S.C. 1516) (as amended by sections
9 301(c) and 303(b)) is amended—

10 (1) in subsection (b)(1), by adding at the end
11 the following:

12 “(E) payment of fees in accordance with
13 section 508(h)(5)(C.”; and

14 (2) in subsection (c)(1)(A), by inserting “and
15 fees” after “premium income”.

16 **SEC. 308. LIMITATION ON DOUBLE INSURANCE.**

17 Subsection (m) of section 508 of the Federal Crop
18 Insurance Act (7 U.S.C. 1508) (as redesignated by section
19 204(a)(2)) is amended by adding at the end the following:

20 “(3) LIMITATION ON DOUBLE INSURANCE.—
21 The Corporation may offer plans of insurance or re-
22 insurance for only 1 agricultural commodity pro-
23 duced on specific acreage during a crop year,
24 unless—

1 “(A) there is an established practice of
2 double-cropping in an area, as determined by
3 the Corporation;

4 “(B) the additional plan of insurance is of-
5 fered with respect to an agricultural commodity
6 that is customarily double-cropped in the area;
7 and

8 “(C) the producer has a history of double
9 cropping or the specific acreage has historically
10 been double-cropped.”.

11 **SEC. 309. SPECIALTY CROPS.**

12 (a) IN GENERAL.—The Federal Crop Insurance Act
13 (7 U.S.C. 1501 et seq.) (as amended by sections 201
14 through 203) is amended by adding at the end the fol-
15 lowing:

16 **“SEC. 523. SPECIALTY CROPS.**

17 “(a) RESEARCH REGARDING THE DEVELOPMENT OF
18 NEW OR REVISED CROP INSURANCE POLICIES.—To en-
19 courage the development of new or revised crop insurance
20 policies and other materials for specialty crops by qualified
21 private entities, and the submission of those insurance
22 policies and other materials to the Corporation under sec-
23 tion 508(h), the Specialty Crops Coordinator may—

1 “(1) make grants on a competitive basis for the
2 research and development of plans of insurance for
3 underserved specialty crops;

4 “(2) reimburse research costs associated with
5 product development; and

6 “(3) enter into contracts on a competitive basis
7 for the research and development of plans of insur-
8 ance for underserved specialty crops.

9 “(b) PARTNERSHIPS FOR DEVELOPMENT OF RISK

10 MANAGEMENT TOOLS FOR SPECIALTY CROPS.—

11 “(1) PURPOSE.—The purpose of this subsection
12 is to authorize the Specialty Crops Coordinator, on
13 behalf of the Corporation, to enter into partnerships
14 with qualified public and private entities for the pur-
15 pose of increasing the availability of risk manage-
16 ment tools for producers of specialty crops.

17 “(2) AUTHORITY.—

18 “(A) IN GENERAL.—For each of fiscal
19 years 2001 through 2004, the Corporation may
20 use not more than \$20,000,000 from funds in
21 the insurance fund under section 516(c)(1) to
22 enter into partnerships with the Cooperative
23 State Research, Education, and Extension Serv-
24 ice, the Agricultural Research Service, the Na-
25 tional Oceanic and Atmospheric Administration,

1 and other appropriate public and private entities with demonstrated capabilities in developing and implementing risk management and marketing options for specialty crops.

5 “(B) EXCLUSION.—Amounts necessary to
6 carry out subparagraph (A) shall not be counted toward the limitation on research and development expenses established in section
7 516(b)(2)(A).

10 “(3) OBJECTIVES.—The Corporation may enter
11 into a partnership under this subsection to—

12 “(A) enhance the notice, and timeliness of
13 notice of weather conditions, that could negatively affect specialty crop yields, quality, and
14 final product use in order to allow producers to
15 take preventive actions to increase end-product
16 profitability and marketability and to reduce
17 the possibility of crop insurance claims;

19 “(B) develop a multifaceted approach to
20 pest management to decrease inputs, decrease
21 the development of pest resistance, and increase
22 the effectiveness of pest prevention applications;

23 “(C) develop a multifaceted approach to
24 fertilization to decrease inputs, decrease excess-

1 sive nutrient loading to the environment, and
2 increase application efficiency;

3 “(D) develop or improve techniques for
4 planning, breeding, growing, maintaining, har-
5 vesting, storage, and shipping that will address
6 quality and quantity challenges for specialty
7 crops and livestock associated with year-to-year
8 and regional variations;

9 “(E) provide assistance to State foresters
10 or equivalent officials for the prescribed use of
11 burning on private forest land for the preven-
12 tion, control, and suppression of fire; and

13 “(F) develop other risk management tools
14 that specialty crop producers can use to further
15 increase their economic and production sta-
16 bility.

17 “(c) TIME PERIODS FOR PURCHASE OF COVERAGE
18 FOR SPECIALTY CROPS.—

19 “(1) SALES CLOSING DATE.—The sales closing
20 date for obtaining coverage for a specialty crop
21 under this title may not expire before the end of the
22 120-day period beginning on the date of the final re-
23 lease of materials for policies from the Risk Manage-
24 ment Agency and the Specialty Crops Coordinator.

1 “(2) PURCHASE DURING INSURANCE PERIOD.—

2 A producer of a specialty crop may purchase new
3 coverage for the specialty crop, or increase coverage
4 levels, at any time during the insurance period, sub-
5 ject to a 30-day waiting period for the coverage to
6 take effect to permit an inspection to verify accept-
7 ability by the insurance provider.

8 “(d) STUDIES OF NEW SPECIALTY CROP INSURANCE
9 POLICIES.—

10 “(1) IN GENERAL.—The Corporation and the
11 Specialty Crops Coordinator authorized under sec-
12 tion 507(g) shall jointly conduct studies of the feasi-
13 bility of developing new insurance policies for spe-
14 cialty crops, including policies based on the cost of
15 production or adjusted gross income, quality-based
16 policies, or an intermediate program with a higher
17 coverage and cost than the catastrophic risk protec-
18 tion offered on the date of enactment of this section.

19 “(2) SUBMISSION OF RESULTS.—Not later than
20 1 year after the date of enactment of this section,
21 and annually thereafter, the Corporation and the
22 Specialty Crops Coordinator shall submit to Con-
23 gress a report containing the results of the studies
24 required under this subsection.

1 “(e) FISCAL YEARS.—Subsections (b) and (c) shall
2 apply to each of fiscal years 2001 through 2004.”.

3 (b) REPORT ON COVERAGE OF NEW AND SPECIALTY
4 CROPS AND METHOD FOR PROVISION OF CATASTROPHIC
5 RISK PROTECTION.—Not later than 180 days after the
6 date of enactment of this Act, the Secretary of Agriculture
7 shall submit to the President, the Committee on Agri-
8 culture of the House of Representatives, and the Com-
9 mittee on Agriculture, Nutrition, and Forestry of the Sen-
10 ate a report assessing—

11 (1)(A) the progress made by the Department of
12 Agriculture in expanding crop insurance coverage for
13 new and specialty crops; and

14 (B) the plans of the Department to continue to
15 expand coverage for additional crops; and

16 (2)(A) whether provision of catastrophic risk
17 protection by private sector insurance providers—

18 (i) has resulted in a uniform quality of risk
19 protection services in all regions of the United
20 States; and

21 (ii) has fulfilled the goal of increased par-
22 ticipation in the Federal crop insurance pro-
23 gram, particularly in States with traditionally
24 low crop insurance participation rates and

1 States with a high proportion of specialty crops;
2 and

3 (B) whether, particularly in States described in
4 subparagraph (A)(ii), the Secretary should resume
5 direct provision of catastrophic risk protection and
6 performance of loss adjustment functions through
7 local offices of the Department.

8 **SEC. 310. FEDERAL CROP INSURANCE IMPROVEMENT COM-**
9 **MISSION.**

10 (a) IN GENERAL.—Section 515 of the Federal Crop
11 Insurance Act (7 U.S.C. 1515) is amended to read as fol-
12 lows:

13 **“SEC. 515. FEDERAL CROP INSURANCE IMPROVEMENT**
14 **COMMISSION.**

15 “(a) DEFINITIONS.—In this section:

16 “(1) COMMISSION.—The term ‘Commission’
17 means the Federal Crop Insurance Improvement
18 Commission established by subsection (b).

19 “(2) SPECIALTY CROP.—The term ‘specialty
20 crop’ means an agricultural commodity other than a
21 contract commodity (as defined in section 102 of the
22 Agricultural Marketing Transition Act (7 U.S.C.
23 7202)).

1 “(b) ESTABLISHMENT OF COMMISSION.—There is es-
2 tablished a Commission to be known as the ‘Federal Crop
3 Insurance Improvement Commission’.

4 “(c) MEMBERSHIP.—

5 “(1) IN GENERAL.—The Commission shall be
6 composed of the following 9 members:

7 “(A) The Under Secretary for Farm and
8 Foreign Agricultural Services of the Depart-
9 ment.

10 “(B) The manager of the Corporation.

11 “(C) The Chief Economist of the Depart-
12 ment or a person appointed by the Chief Econo-
13 mist.

14 “(D) An employee of the Office of Manage-
15 ment and Budget, appointed by the Director of
16 the Office of Management and Budget.

17 “(E) A representative of the National As-
18 sociation of Insurance Commissioners, experi-
19 enced in insurance regulation, appointed by the
20 National Association of Insurance Commis-
21 sioners.

22 “(F) Representatives of 3 approved insur-
23 ance providers (the 3 approved insurance pro-
24 viders being elected by majority vote of all ap-

1 proved insurance providers), appointed by the 3
2 approved insurance providers.

3 “(G) A representative of a private non-
4 profit organization designated by the manager
5 of the Corporation—

6 “(i) that is organized and has oper-
7 ated for at least 5 consecutive years as an
8 insurance advisory and statistical agent or-
9 ganization for crop insurance written in
10 the United States;

11 “(ii) that is licensed and approved as
12 a statistical agent by substantially all
13 States in which federally reinsured crop in-
14 surance is sold; and

15 “(iii) the activities of which have
16 included—

17 “(I) the accumulation and anal-
18 ysis of loss expenses and other crop
19 insurance statistics;

20 “(II) the development of forms
21 for crop insurance policies; and

22 “(III) the development of proce-
23 dures for loss adjustment;

24 appointed by the organization.

1 “(2) TIME OF APPOINTMENT.—The members of
2 the Commission shall be appointed not later than 60
3 days after the date of enactment of the Risk Man-
4 agement for the 21st Century Act.

5 “(3) TERM.—A member of the Commission
6 shall serve for the life of the Commission.

7 “(d) DUTIES.—The Commission shall study the fol-
8 lowing subjects:

9 “(1) The extent to which approved insurance
10 providers should bear the risk of loss for federally
11 subsidized crop insurance.

12 “(2) Whether the Corporation should—

13 “(A) continue to provide financial assist-
14 ance for the benefit of agricultural producers by
15 reinsuring coverage written by approved insur-
16 ance providers; or

17 “(B) provide assistance in another form,
18 such as by acting as an excess insurer.

19 “(3) The extent to which development of new
20 insurance products should be undertaken by the pri-
21 vate sector, including development of insurance
22 products for specialty crops.

23 “(4) The use by the Corporation of private sec-
24 tor resources under section 507(c).

1 “(5) The progress of the Corporation in reducing
2 administrative and operating costs of approved
3 insurance providers under section 508(k)(5).

4 “(6) The identification of methods, and of organizational,
5 statutory, and structural changes, to enhance and improve—

7 “(A) delivery of reasonably priced crop insurance products to agricultural producers;

9 “(B) loss adjustment procedures;

10 “(C) good farming practices;

11 “(D) the establishment of premiums; and

12 “(E) compliance with this title (including regulations issued under this title, the terms and conditions of insurance coverage, and adjustments of losses).

16 “(e) COMMISSION OPERATIONS.—

17 “(1) CHAIRPERSON; VOTING.—The Under Secretary for Farm and Foreign Agricultural Services
18 of the Department of Agriculture shall—

20 “(A) serve as Chairperson of the Commission; and

22 “(B) vote in the case of a tie.

23 “(2) MEETINGS.—

1 “(A) IN GENERAL.—The Commission shall
2 meet regularly, but not less than 6 times per
3 year.

4 “(B) TIME.—A meeting may be called—
5 “(i) at any time, by the Chairperson;
6 or

7 “(ii) notwithstanding section 10(f) of
8 the Federal Advisory Committee Act (5
9 U.S.C. App.), by any 3 members of the
10 Commission, if those members give notice
11 to the Commission not later than 10 days
12 before the date of the meeting.

13 “(3) DISCLOSURE.—

14 “(A) IN GENERAL.—To the extent that the
15 records, papers, or other documents received,
16 prepared, or maintained by the Commission are
17 subject to public disclosure, the documents shall
18 be available for public inspection and copying at
19 the Office of Risk Management.

20 “(B) EXCEPTIONS.—Section 10(a) of the
21 Federal Advisory Committee Act (5 U.S.C.
22 App.) shall not apply to—

23 “(i) a meeting of the Commission; or
24 “(ii) any disclosure of records, re-
25 ports, transcripts, minutes, appendixes,

1 working papers, drafts, studies, agenda, or
2 other similar documents containing such
3 information as is not required under sec-
4 tion 10(b) of that Act.

5 “(C) APPLICABILITY.—The exceptions de-
6 scribed in subparagraph (B) shall not exempt
7 the Commission from any requirement of—

8 “(i) section 10(a)(2) of the Federal
9 Advisory Committee Act (5 U.S.C. App.)
10 (to the extent of giving public notice of its
11 meetings);

12 “(ii) section 10(a)(3) of that Act (to
13 the extent of allowing interested persons to
14 appear and to present or file statements);

15 or

16 “(iii) section 10(c) of that Act.

17 “(4) COMPENSATION.—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), a member of the Commis-
20 sion who is employed by the Department or by
21 another agency, department, or office of the
22 Federal Government shall receive no additional
23 compensation for the services of the employee
24 as a member of the Commission.

1 “(B) EXPENSES.—A member of the Com-
2 mission may be allowed necessary traveling and
3 subsistence expenses when engaged in business
4 of the Commission.

5 “(C) NON-FEDERAL MEMBERS.—A mem-
6 ber of the Commission who is not employed by
7 the Federal Government, when on the business
8 of the Commission away from the home or reg-
9 ular place of business of the member, shall be
10 paid—

11 “(i) compensation for the services of
12 the member at the daily equivalent of the
13 annual rate of basic pay prescribed for
14 level IV of the Executive Schedule under
15 section 5315 of title 5, United States
16 Code; and

17 “(ii) necessary traveling and subsist-
18 ence expenses (or a per diem allowance in
19 lieu of subsistence expenses) as authorized
20 by section 5703 of title 5, United States
21 Code, for persons employed intermittently
22 in the Federal Government service.

23 “(5) MISCELLANEOUS ACCOMMODATIONS.—

24 “(A) OFFICE SPACE.—The Under Sec-
25 retary for Farm and Foreign Agricultural Serv-

1 ices (or, on delegation by the Under Secretary
2 for Farm and Foreign Agricultural Services,
3 the manager of the Corporation) shall arrange
4 for the Commission to occupy offices and meet-
5 ing rooms at the offices of the Department in
6 the District of Columbia, in accordance with
7 section 5(b)(5) of the Federal Advisory Com-
8 mittee Act (5 U.S.C. App.).

9 “(B) SUPPORT SERVICES.—The Depart-
10 ment shall provide support services for the
11 Commission in accordance with section 12 of
12 the Federal Advisory Committee Act (5 U.S.C.
13 App.).

14 “(6) STAFF.—

15 “(A) IN GENERAL.—The Commission may
16 employ staff and retain the services of profes-
17 sionals such as accountants, actuaries, attor-
18 neys, economists, and management consultants
19 to assist the Commission in carrying out its du-
20 ties under this section.

21 “(B) COMPENSATION.—In accordance with
22 subparagraph (C), the Commission—

23 “(i) may compensate staff hired and
24 professionals retained under subparagraph
25 (A) on such terms and in such amounts as

9 The aggregate of all staff and professional com-
10 pensation shall not exceed \$4,000,000 per year.

11 “(D) REIMBURSEMENT.—A member of the
12 Commission may be reimbursed for the costs of
13 professional services obtained by the member to
14 assist in the work of the member for the Com-
15 mission, except that—

1 “(iii) the services to be reimbursed
2 shall relate exclusively to the work of the
3 Commission;

4 “(iv) the work product of any profes-
5 sional hired under this paragraph shall be
6 available to the Commission and all profes-
7 sionals engaged by the Commission;

8 “(v) no reimbursement may be made
9 without approval by a majority of the
10 Commission; and

11 “(vi) the aggregate amount of all such
12 services for all members of the Commission
13 under this subparagraph shall not exceed
14 \$1,000,000 for each fiscal year.

15 “(7) SOURCE OF FUNDS.—All expenses of the
16 Commission, including payments made under para-
17 graphs (4) and (6), shall be paid from the insurance
18 fund established under section 516.

19 “(f) FINAL REPORT.—

20 “(1) IN GENERAL.—Not later than 2 years
21 after the date of enactment of the Risk Management
22 for the 21st Century Act, the Commission shall sub-
23 mit to the Committee on Agriculture of the House
24 of Representatives and the Committee on Agri-

1 culture, Nutrition, and Forestry of the Senate a
2 final report on the study under subsection (d).

3 “(2) COPIES.—The Commission shall provide
4 copies of the final report to—

5 “(A) the Secretary;

6 “(B) the Board; and

7 “(C) the Comptroller General of the
8 United States.

9 “(3) INTERIM REPORTS.—To expedite comple-
10 tion of the work of the Commission, the Commission
11 may submit 1 or more interim reports or reports on
12 1 or more of the subjects to be studied.

13 “(g) TERMINATION.—The Commission shall termi-
14 nate on the earlier of—

15 “(1) 60 days after the date on which the Com-
16 mission submits the final report under subsection
17 (f); or

18 “(2) September 30, 2004.”.

19 (b) CONFORMING AMENDMENTS.—Section 516 of the
20 Federal Crop Insurance Act (as amended by section
21 203(b)(2)) is amended—

22 (1) in subsection (a)(2), by adding at the end
23 the following:

1 “(D) all necessary amounts to fund the op-
2 erations of the Commission authorized under
3 section 515.”; and

4 (2) in subsection (b), by adding at the end the
5 following:

6 “(3) FUNDS FOR COMMISSION.—For each of
7 fiscal years 2001 through 2004, the Corporation
8 shall pay from the insurance fund established under
9 subsection (e) such sums as are necessary to fund
10 the operation of the Commission authorized under
11 section 515.”.

12 **SEC. 311. HIGHLY ERODIBLE LAND AND WETLAND CON-**
13 **SERVATION.**

14 (a) HIGHLY ERODIBLE LAND.—Section 1211(3) of
15 the Food Security Act of 1985 (16 U.S.C. 3811(3)) is
16 amended—

17 (1) in subparagraph (C), by striking “or” at
18 the end;

19 (2) in subparagraph (D), by striking the period
20 at the end and inserting “; or”; and

21 (3) by adding at the following:

22 “(E) crop or revenue insurance, or a risk
23 management payment, under the Federal Crop
24 Insurance Act (7 U.S.C. 1501 et seq.).”.

1 (b) WETLAND CONSERVATION.—Section 1221(b)(3)
2 of the Food Security Act of 1985 (16 U.S.C. 3821(b)(3))
3 is amended by adding at the end the following:

4 “(E) Crop or revenue insurance, or a risk
5 management payment, under the Federal Crop
6 Insurance Act (7 U.S.C. 1501 et seq).”.

7 **TITLE IV—EFFECTIVE DATES;**
8 **TERMINATION OF AUTHORITY**

9 **SEC. 401. EFFECTIVE DATES.**

10 (a) IN GENERAL.—Except as provided in subsections
11 (b) and (c)(2) and section 402(a), this Act and the amend-
12 ments made by this Act take effect on the date of enact-
13 ment of this Act.

14 (b) DELAYED OBLIGATION.—The Federal Crop In-
15 surance Corporation shall not obligate funds to carry out
16 the amendments made by sections 102, 103, 105, 106,
17 201 through 204, 309, and 310 until October 1, 2000.

18 (c) REGULATIONS.—

19 (1) IN GENERAL.—Not later than 60 days after
20 the date of enactment of this Act, the Secretary of
21 Agriculture shall promulgate regulations to carry out
22 this Act and the amendments made by this Act.

23 (2) VOIDING OF BULLETIN.—

24 (A) IN GENERAL.—Bulletin MGR-99-004,
25 issued by the Administrator of the Risk Man-

3 (B) TRANSITIONAL PROVISION.—The origi-
4 nal terms of the crop revenue coverage plan of
5 insurance, as published on July 14, 1998 (63
6 Fed. Reg. 37829), shall remain in effect for the
7 1999 crop year.

8 (C) EFFECTIVE DATE.—This paragraph
9 takes effect on October 1, 2000.

10 SEC. 402. TERMINATION OF AUTHORITY.

11 (a) EFFECTIVE DATE.—This section and the amend-
12 ments made by this section take effect on September 30,
13 2004.

14 (b) REPEAL—

15 (1) IN GENERAL.—The amendments made by
16 sections 102, 103, 105, 106, 203(b), and 310 are re-
17 pealed

24 (3) CONFORMING AMENDMENT.—Section
25 508(a) of the Federal Crop Insurance Act (7 U.S.C.

1 1508(a)) is amended by redesignating paragraph (8)
2 (as added by section 305) as paragraph (7).

3 (c) PILOT PROGRAMS.—Section 522 of the Federal
4 Crop Insurance Act (as added by sections 201 through
5 203) is amended—

6 (1) in subsection (a)—

7 (A) in paragraph (3)—

8 (i) in subparagraph (D), by adding
9 “and” at the end;

10 (ii) by striking subparagraphs (E) and
11 (G);

12 (iii) in subparagraph (F), by striking
13 “; and” and inserting a period; and

14 (iv) by redesignating subparagraph
15 (F) as subparagraph (E);

16 (B) by striking paragraphs (4), (6), and
17 (7); and

18 (C) by redesignating paragraphs (5) and
19 (8) as paragraphs (4) and (5), respectively;

20 (2) in subsection (b)—

21 (A) by striking paragraph (2); and

22 (B) by redesignating paragraphs (3) and
23 (4) as paragraphs (2) and (3), respectively; and

24 (3) by striking subsection (c).

1 (d) BOARD OF DIRECTORS OF CORPORATION.—Sec-
2 tion 516(b)(1) of the Federal Crop Insurance Act (7
3 U.S.C. 1516(b)(1)) (as amended by sections 301(c) and
4 307(b)(1)) is amended—

5 (1) in subparagraph (C), by inserting “and”
6 after the semicolon;

7 (2) by striking subparagraph (D); and
8 (3) by redesignating subparagraph (E) as sub-
9 paragraph (D).

10 (e) SPECIALTY CROPS.—

11 (1) IN GENERAL.—Section 523 of the Federal
12 Crop Insurance Act (as added by section 309(a)) is
13 amended—

14 (A) in subsection (b)—

15 (i) by striking paragraph (2); and
16 (ii) by redesignating paragraph (3) as
17 paragraph (2);

18 (B) by striking subsections (c) and (e);

19 and

20 (C) by redesignating subsection (d) as sub-
21 section (c).

22 (2) REPORT.—Section 309 of this Act is
23 amended by striking subsection (b).

24 (f) FUNDING.—Neither the Secretary of Agriculture
25 nor the Federal Crop Insurance Corporation may use the

1 funds of the insurance fund under section 516(c)(1) of the
2 Federal Crop Insurance Act (7 U.S.C. 1516(c)(1)), the
3 funds of the Commodity Credit Corporation, or funds
4 under any provision of law to carry out a provision re-
5 pealed or struck by this section.