

**Calendar No. 464**

106TH CONGRESS  
2D SESSION

**S. 2251**

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**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.

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MARCH 20, 2000

Read twice and placed on the calendar

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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

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**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

procedures of the Corporation necessary to more accurately reflect local quality discounts that are applied to agricultural commodities insured under this title, taking into consideration the actuarial soundness of the adjustment and the prevention of fraud, waste, and abuse.”.

**SEC. 102. PREVENTED PLANTING.**

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

“(7) PREVENTED PLANTING.—

“(A) ELECTION NOT TO RECEIVE COVERAGE.—

“(i) IN GENERAL.—A producer may elect not to receive coverage for prevented planting of an agricultural commodity.

“(ii) PREMIUM REDUCTION.—In the case of an election described in clause (i), the Corporation shall provide a reduction in the premium payable by the producer for a plan of insurance in an amount equal to the premium for the prevented planting

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-

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

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

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

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

substitute agricultural commodity under clause (i) before the latest planting date established by the Corporation for the agricultural commodity prevented from being planted, the Corporation shall not make a prevented planting payment with regard to the commodity prevented from being planted.

“(E) RELATIONSHIP TO OTHER LAW.—

This paragraph shall supersede subsection (h)(7) to the extent that this paragraph is inconsistent with subsection (h)(7).

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

(b) APPLICATION.—The amendment made by subsection (a) shall be reflected in the rates for applicable plans of insurance not later than the 2001 reinsurance year.

**SEC. 103. PAYMENT OF PORTION OF PREMIUM BY CORPORATION.**

(a) EXPECTED MARKET PRICE.—Section 508(c) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amended by striking paragraph (5) and inserting the following:



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 or

23 “(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.

“(D) In the case of additional coverage equal to or greater than 75 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or a comparable coverage for a plan of insurance that is not based on yield, 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.”.

(c) PAYMENT OF PORTION OF PREMIUM BY CORPORATION.—Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) is amended—

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

“(1) IN GENERAL.—

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

1 premium in the amounts determined under this  
2 subsection.

3 “(B) DISCRETIONARY PAYMENTS.—For  
4 the purpose of encouraging the broadest pos-  
5 sible participation of producers, in the case of  
6 a plan of insurance approved by the Corpora-  
7 tion under subsection (h), the Corporation may  
8 pay a part of the premium as determined under  
9 this subsection.”; and  
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—

19 “(i) 60 percent of the amount of the  
20 premium established under subsection  
21 (d)(2)(B)(i); and

22 “(ii) the amount of operating and ad-  
23 ministrative expenses determined under  
24 subsection (d)(2)(B)(ii).

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

3                   “(III) a producer that rotates a  
4                   crop produced on a farm to a crop  
5                   that has not been produced on the  
6                   farm.”.

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.—

14                   “(A) DEFINITION OF A PRODUCER THAT  
15           HAS SUFFERED A MULTIYEAR DISASTER.—In  
16           this paragraph, the term ‘a producer that has  
17           suffered a multiyear disaster’ means a producer  
18           (or a successor entity through which the actual  
19           production history of the producer can be  
20           traced) that has suffered a natural disaster  
21           during at least 3 of the immediately preceding  
22           5 crop years that resulted in a cumulative re-  
23           duction of at least 25 percent in the actual pro-  
24           duction history of the crop of an agricultural  
25           commodity.

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-

1                   sion in actual production history under this  
2                   paragraph.

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.

14                  “(E) TERMINATION OF EXCLUSION AU-  
15                  THORITY.—The authority to apply this para-  
16                  graph to a producer shall terminate with re-  
17                  spect to the first crop year in which crop insur-  
18                  ance is available to the producer that ade-  
19                  quately insures against natural disasters that  
20                  occur in multiple crop years, as determined by  
21                  the Corporation.

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

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

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’,

‘advance guaranty’, or ‘decline guaranty’),  
 or transactions involving contracts of sale  
 of a commodity for future delivery, traded  
 or executed on a contract market for the  
 purposes of the Commodity Exchange Act  
 (7 U.S.C. 1 et seq.).

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

**SEC. 202. RESEARCH AND DEVELOPMENT CONTRACTING  
 AUTHORITY.**

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

“(b) RESEARCH AND DEVELOPMENT CONTRACTING  
 AUTHORITY.—

“(1) IN GENERAL.—Subject to section 523(a),  
 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 insurance, 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, \$1,000,000;  
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 MULTIYEAR 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 agricul-  
 5                tural commodity under a private plan of insur-  
 6                ance or a Federal plan of insurance that is not  
 7                subsidized.

8                “(B) MARKETING RISK CATEGORY.—

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

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

19                                “(bb) in the case of an option, at  
 20                                least 1 listed option (as defined in sec-  
 21                                tion 1256(g) of that Code); and

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

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

3                   “(ii) AGRICULTURAL TRADE OP-  
 4                   TION.—A producer may purchase, on other  
 5                   than a regulated exchange, an agricultural  
 6                   trade option for the applicable crop of an  
 7                   agricultural commodity produced on the  
 8                   farm of the producer that (as determined  
 9                   by the Corporation)—

10                   “(I) provides coverage for at  
 11                   least 10 percent of the estimated  
 12                   monetary value of the agricultural  
 13                   commodity;

14                   “(II) is an equity option (as de-  
 15                   fined in section 1256(g) of the Inter-  
 16                   nal Revenue Code of 1986); and

17                   “(III) is a hedging transaction  
 18                   (as defined in section 1256(e)(2) of  
 19                   that Code) involving an agricultural  
 20                   commodity that is used to reduce pro-  
 21                   duction, price, or revenue risk.

22                   “(iii) CASH FORWARD OR OTHER MAR-  
 23                   KETING CONTRACT.—A producer may  
 24                   enter into a cash forward or other type of  
 25                   marketing contract for at least 20 percent

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 ducer 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.

3 “(iii) FINANCIAL RISK REDUCTION.—  
 4 A producer may reduce farm financial risk  
 5 by reducing debt in an amount that re-  
 6 duces leverage or by increasing liquidity, as  
 7 determined by the Secretary.

8 “(iv) DIVERSIFICATION.—A producer  
 9 may address production or financial risk  
 10 by—

11 “(I) diversifying production on  
 12 the farm of the producer by producing  
 13 at least 1 additional commodity on the  
 14 farm;

15 “(II) significantly increasing  
 16 farm enterprise diversification in the  
 17 applicable year, as determined by the  
 18 Secretary;

19 “(III) maintaining an integrated  
 20 farming system with a substantial de-  
 21 gree of diversification, as determined  
 22 by the Secretary; or

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

1 not to exceed 5 years, as provided in sec-  
 2 tion 506(n)(3)(B).

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

5 “(i) ASSIGNMENT OF BENEFITS.—As-  
 6 signment of a benefit provided under this  
 7 subsection shall be carried out as provided  
 8 in section 8(g) of the Soil Conservation  
 9 and Domestic Allotment Act (16 U.S.C.  
 10 590h(g)).

11 “(ii) NOTICE.—The producer making  
 12 the assignment, or the assignee, shall pro-  
 13 vide the Corporation with notice, in such  
 14 manner as the Corporation may require, of  
 15 any assignment.

16 “(iii) SHARING OF BENEFITS.—The  
 17 Corporation shall provide for the sharing  
 18 of benefits under this subsection among all  
 19 producers that are at risk in the produc-  
 20 tion of an applicable crop on a fair and eq-  
 21 uitable basis.

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 agricul-  
13 tural 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-

tions with respect to the disapproval of any policies and materials that contain terms or conditions that promote fraud;

“(v) make recommendations to the Board to encourage cooperation between United States attorneys, the Corporation, and approved insurance providers to minimize fraud in connection with an insurance plan or policy under this title;

“(vi) review and make recommendations to the Board with respect to methodologies for rating plans of insurance under this title; and

“(vii) perform such other functions as the Board considers appropriate.

“(D) FUNDING.—

“(i) INSURANCE FUND.—From amounts in the insurance fund under section 516(c)(1), effective for fiscal year 2001, \$500,000 shall be available to pay the salaries and expenses of the Executive Director and staff appointed under this paragraph.

“(ii) SALARIES AND EXPENSES.—Subject to the availability of appropriations,

1           the Risk Management Agency shall trans-  
 2           fer \$500,000 for fiscal year 2001, and  
 3           \$1,000,000 for each subsequent fiscal year,  
 4           at the beginning of the fiscal year to the  
 5           Executive Director for the salaries and ex-  
 6           penses of the Executive Director and staff  
 7           appointed under this paragraph.”.

8           (b) SUBMISSION OF POLICIES AND MATERIALS TO  
 9   BOARD.—Section 508(h) of the Federal Crop Insurance  
 10 Act (7 U.S.C. 1508(h)) is amended—

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.—

“(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—

“(i) concerning actuarial soundness;

“(ii) concerning levels of coverage;

“(iii) concerning rates of premium;

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

“(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.

“(B) MAXIMUM ALLOWABLE SUBSIDY.—  
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).

“(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) ACTUARIALLY 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 AGREE-  
 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



“(iii) procedures that provide an applicant the opportunity to present the proposal to the Board in person.

“(D) REVIEW BY THE BOARD.—

“(i) PERIOD FOR APPROVAL.—Notwithstanding any other provision of law, a proposal submitted to the Board shall be considered to be approved unless the Board disapproves the proposal by the date that is 60 business days after the later of—

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

“(II) the date on which the applicant provides to the Board notice of intent to modify the proposal under clause (ii)(IV).

“(ii) NOTICE OF DISAPPROVAL.—

“(I) IN GENERAL.—Not later than 15 days before the date on which the Board intends to announce disapproval of a proposal, the Board shall provide the applicant, by registered mail, with notice of intent to 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           tion for the purposes of section 552(b)(4)  
2           of title 5, United States Code.

3           “(ii) STANDARD OF CONFIDEN-  
4           TIALITY.—Except as provided in clauses  
5           (iii) and (iv), if information concerning a  
6           proposal could be withheld by the Sec-  
7           retary under the standard for privileged or  
8           confidential information pertaining to  
9           trade secrets and commercial or financial  
10          information under section 552(b)(4) of  
11          title 5, United States Code, the informa-  
12          tion shall not be released to the public.

13          “(iii) EXCEPTION FOR PURCHASERS  
14          OF PLANS OF INSURANCE.—Clause (ii)  
15          shall not apply in the case of an approved  
16          insurance provider that elects to pay a fee  
17          to sell a plan of insurance developed by an-  
18          other provider under paragraph (5).

19          “(iv) APPROVED PROPOSALS.—In lieu  
20          of publication in the Federal Register, a  
21          general summary of the content of the pro-  
22          posal shall be made available to other ap-  
23          proved insurance providers at the time at  
24          which the proposal is approved by the  
25          Board, consisting of a description of—

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.

3                   “(ii) OTHER PERSONS.—In the case  
4                   of a violation committed by an agent, loss  
5                   adjuster, approved insurance provider, or  
6                   other person (other than a producer), the  
7                   violation may be disqualified for a period of  
8                   up to 5 years from participating in any  
9                   program, or receiving any benefit, under  
10                  this title.

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-

proved insurance provider that developed the plan of insurance shall have the right to receive a fee from the approved insurance provider that elects to sell the plan of insurance.

“(ii) AMOUNT.—The amount of the fee that is payable by an approved insurance provider for a plan of insurance under clause (i) shall be—

“(I) for each of the first 5 crop years that the plan is sold, \$2.00 for each policy under the plan that is sold by the approved insurance provider;

“(II) for each of the next 3 crop years that the plan is sold, \$1.00 for each policy under the plan that is sold by the approved insurance provider; and

“(III) for each crop year thereafter that the plan is sold, 50 cents for each policy under the plan that is sold by the approved insurance provider.

“(B) FEES FOR NEW PLANS OF INSURANCE.—

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

1                   “(bb) approved by the  
2                   Board.

3                   “(II) APPROVAL.—The Board  
4                   shall not approve the amount of a fee  
5                   under clause (i) if the amount of the  
6                   fee unnecessarily inhibits the use of  
7                   the plan of insurance, as determined  
8                   by the Board.

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

11                  “(i) collect from an approved insur-  
12                  ance provider the amount of any fees that  
13                  are payable by the approved insurance pro-  
14                  vider under subparagraphs (A) and (B);  
15                  and

16                  “(ii) credit any fees that are payable  
17                  to an approved insurance provider under  
18                  subparagraphs (A) and (B).

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—

22                  “(i) the approved policy may be mar-  
23                  keted in the State by another approved in-  
24                  surance provider if the approved insurance  
25                  provider marketing the policy pays any fee



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 enti-  
2 ties with demonstrated capabilities in devel-  
3 oping and implementing risk management and  
4 marketing options for specialty crops.

5 “(B) EXCLUSION.—Amounts necessary to  
6 carry out subparagraph (A) shall not be count-  
7 ed toward the limitation on research and devel-  
8 opment expenses established in section  
9 516(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 nega-  
14 tively affect specialty crop yields, quality, and  
15 final product use in order to allow producers to  
16 take preventive actions to increase end-product  
17 profitability and marketability and to reduce  
18 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 exces-

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 reduc-  
 2           ing administrative and operating costs of approved  
 3           insurance providers under section 508(k)(5).

4           “(6) The identification of methods, and of orga-  
 5           nizational, statutory, and structural changes, to en-  
 6           hance and improve—

7                   “(A) delivery of reasonably priced crop in-  
 8                   surance 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  
 13                  regulations issued under this title, the terms  
 14                  and conditions of insurance coverage, and ad-  
 15                  justments of losses).

16           “(e) COMMISSION OPERATIONS.—

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

20                           “(A) serve as Chairperson of the Commis-  
 21                           sion; 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-

ices (or, on delegation by the Under Secretary for Farm and Foreign Agricultural Services, the manager of the Corporation) shall arrange for the Commission to occupy offices and meeting rooms at the offices of the Department in the District of Columbia, in accordance with section 5(b)(5) of the Federal Advisory Committee Act (5 U.S.C. App.).

“(B) SUPPORT SERVICES.—The Department shall provide support services for the Commission in accordance with section 12 of the Federal Advisory Committee Act (5 U.S.C. App.).

“(6) STAFF.—

“(A) IN GENERAL.—The Commission may employ staff and retain the services of professionals such as accountants, actuaries, attorneys, economists, and management consultants to assist the Commission in carrying out its duties under this section.

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

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



are customary and reasonable within the private sector; and

“(ii) shall not be limited in any respect to terms, amounts, and limitations related to compensation that would apply if the Commission were retaining contractors to or for a governmental entity.

“(C) LIMITATION ON COMPENSATION.—

The aggregate of all staff and professional compensation shall not exceed \$4,000,000 per year.

“(D) REIMBURSEMENT.—A member of the Commission may be reimbursed for the costs of professional services obtained by the member to assist in the work of the member for the Commission, except that—

“(i) no reimbursement (other than travel and subsistence expenses) shall be allowed with respect to any services rendered by any person otherwise employed by the Federal Government;

“(ii) a majority of the Commission shall approve in advance the retention by a member of professional services, including the terms of compensation of the professional;

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 (c) 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-

1           agement Agency of the Department of Agri-  
2           culture, is void.

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.

18                   (2) APPLICABILITY.—The Federal Crop Insur-  
19           ance Act (7 U.S.C. 1501 et seq.) and section 196 of  
20           the Agricultural Market Transition Act (7 U.S.C.  
21           7333) shall be applied and administered as if the  
22           provisions described in paragraph (1) had not been  
23           enacted.

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.