

113TH CONGRESS
1ST SESSION

S. 677

To amend the Federal Crop Insurance Act to extend and improve the crop insurance program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 9, 2013

Mr. ROBERTS introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Federal Crop Insurance Act to extend and improve the crop insurance program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Crop Insurance Im-
5 provement Act of 2013”.

6 **SEC. 2. INFORMATION SHARING.**

7 Section 502(c) of the Federal Crop Insurance Act (7
8 U.S.C. 1502(c)) is amended by adding at the end the fol-
9 lowing:

10 “(4) INFORMATION.—

1 “(A) REQUEST.—Subject to subparagraph
2 (B), the Farm Service Agency shall, in a timely
3 manner, provide to an agent or an approved in-
4 surance provider authorized by the producer
5 any information (including Farm Service Agen-
6 cy Form 578s (or any successor form), maps,
7 or any corrections to those forms or maps) that
8 may assist the agent or approved insurance pro-
9 vider in insuring the producer under a policy or
10 plan of insurance under this subtitle.

11 “(B) PRIVACY.—Except as provided in
12 subparagraph (C), an agent or approved insur-
13 ance provider that receives the information of a
14 producer pursuant to subparagraph (A) shall
15 treat the information in accordance with para-
16 graph (1).

17 “(C) SHARING.—Nothing in this section
18 prohibits the sharing of the information of a
19 producer pursuant to subparagraph (A) be-
20 tween the agent and the approved insurance
21 provider of the producer.”.

22 **SEC. 3. SUPPLEMENTAL COVERAGE OPTION.**

23 (a) AVAILABILITY OF SUPPLEMENTAL COVERAGE
24 OPTION.—Section 508(c) of the Federal Crop Insurance

1 Act (7 U.S.C. 1508(c)) is amended by striking paragraph
2 (3) and inserting the following:

3 “(3) YIELD AND LOSS BASIS OPTIONS.—A pro-
4 ducer shall have the option of purchasing additional
5 coverage based on—

6 “(A)(i) an individual yield and loss basis;

7 or

8 “(ii) an area yield and loss basis;

9 “(B) an individual yield and loss basis,
10 supplemented with coverage based on an area
11 yield and loss basis to cover a part of the de-
12 ductible under the individual yield and loss pol-
13 icy, as authorized in paragraph (4)(C); or

14 “(C) a margin basis alone or in combina-
15 tion with—

16 “(i) individual yield and loss coverage;

17 or

18 “(ii) area yield and loss coverage.”.

19 (b) LEVEL OF COVERAGE.—Section 508(c) of the
20 Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amend-
21 ed by striking paragraph (4) and inserting the following:

22 “(4) LEVEL OF COVERAGE.—

23 “(A) DOLLAR DENOMINATION AND PER-
24 CENTAGE OF YIELD.—Except as provided in
25 subparagraph (C), the level of coverage—

1 “(i) shall be dollar denominated; and

2 “(ii) may be purchased at any level
3 not to exceed 85 percent of the individual
4 yield or 95 percent of the area yield (as de-
5 termined by the Corporation).

6 “(B) INFORMATION.—The Corporation
7 shall provide producers with information on cat-
8 astrophic risk and additional coverage in terms
9 of dollar coverage (within the allowable limits of
10 coverage provided in this paragraph).

11 “(C) SUPPLEMENTAL COVERAGE OP-
12 TION.—

13 “(i) IN GENERAL.—Notwithstanding
14 subparagraph (A), in the case of the sup-
15 plemental coverage option described in
16 paragraph (3)(B), the Corporation shall
17 offer producers the opportunity to pur-
18 chase coverage in combination with a pol-
19 icy or plan of insurance offered under this
20 subtitle that would allow indemnities to be
21 paid to a producer equal to part of the de-
22 ductible under the policy or plan of insur-
23 ance, if sufficient area data is available (as
24 determined by the Corporation).

1 “(ii) TRIGGER.—Coverage offered
2 under this subparagraph shall be triggered
3 only if the losses in the area exceed 10 per-
4 cent of normal levels (as determined by the
5 Corporation).

6 “(iii) COVERAGE.—Subject to the trig-
7 ger described in clause (ii) and the deduct-
8 ible imposed by clause (iv), coverage of-
9 fered under this subparagraph shall cover
10 the first loss incurred by the producer, not
11 to exceed the difference between—

12 “(I) 100 percent; and

13 “(II) the coverage level selected
14 by the producer for the underlying
15 policy or plan of insurance.

16 “(iv) DEDUCTIBLE.—Coverage offered
17 under this subparagraph shall be subject to
18 a deductible in an amount equal to 10 per-
19 cent of the expected value of the crop of
20 the producer covered by the underlying
21 policy or plan of insurance, as determined
22 by the Corporation.

23 “(v) CALCULATION OF PREMIUM.—
24 Notwithstanding subsection (d), the pre-
25 mium shall—

1 “(I) be sufficient to cover antici-
2 pated losses and a reasonable reserve;
3 and

4 “(II) include an amount for oper-
5 ating and administrative expenses es-
6 tablished in accordance with sub-
7 section (k)(4)(F).”.

8 (c) PAYMENT OF PORTION OF PREMIUM BY COR-
9 PORATION.—Section 508(e)(2) of the Federal Crop Insur-
10 ance Act (7 U.S.C. 1508(e)(2)) is amended by adding at
11 the end the following:

12 “(H) In the case of the supplemental cov-
13 erage option authorized in subsection (c)(4)(C),
14 the amount shall be equal to the sum of—

15 “(i) 70 percent of the additional pre-
16 mium associated with the coverage; and

17 “(ii) the amount determined under
18 subsection (c)(4)(C)(v)(II) for the coverage
19 to cover operating and administrative ex-
20 penses.”.

21 (d) CONFORMING AMENDMENT.—Section
22 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.
23 1508(k)(4)(F)) is amended by inserting “or authorized
24 under subsection (c)(4)(C)” after “of this subparagraph”.

1 (e) EFFECTIVE DATE.—The Federal Crop Insurance
2 Corporation shall begin to provide additional coverage
3 based on an individual yield and loss basis, supplemented
4 with coverage based on an area yield and loss basis, not
5 later than for the 2014 crop year.

6 **SEC. 4. PERMANENT ENTERPRISE UNIT SUBSIDY.**

7 Section 508(e)(5) of the Federal Crop Insurance Act
8 (7 U.S.C. 1508(e)(5)) is amended by striking subpara-
9 graph (A) and inserting the following:

10 “(A) IN GENERAL.—The Corporation may
11 pay a portion of the premiums for plans or poli-
12 cies of insurance for which the insurable unit is
13 defined on a whole farm or enterprise unit basis
14 that is higher than would otherwise be paid in
15 accordance with paragraph (2).”.

16 **SEC. 5. ENTERPRISE UNITS FOR IRRIGATED AND NONIRRI-
17 GATED CROPS.**

18 Section 508(e)(5) of the Federal Crop Insurance Act
19 (7 U.S.C. 1508(e)(5)) is amended by adding at the end
20 the following:

21 “(D) NONIRRIGATED CROPS.—Beginning
22 with the 2014 crop year, the Corporation shall
23 make available separate enterprise units for ir-
24 rigated and nonirrigated acreages of crops in
25 counties.”.

1 **SEC. 6. DATA COLLECTION.**

2 Section 508(g)(2) of the Federal Crop Insurance Act
3 (7 U.S.C. 1508(g)(2)) is amended by adding at the end
4 the following:

5 “(E) SOURCES OF YIELD DATA.—To deter-
6 mine yields under this paragraph, the Corpora-
7 tion—

8 “(i) shall use data collected by the
9 Risk Management Agency or the National
10 Agricultural Statistics Service, or both; or

11 “(ii) if sufficient county data is not
12 available, may use other data considered
13 appropriate by the Secretary.”.

14 **SEC. 7. ADJUSTMENT IN ACTUAL PRODUCTION HISTORY TO**
15 **ESTABLISH INSURABLE YIELDS.**

16 Section 508(g)(4)(B) of the Federal Crop Insurance
17 Act (7 U.S.C. 1508(g)(4)(B)) is amended—

18 (1) in the matter preceding clause (i), by insert-
19 ing “for the 2013 crop year or any prior crop year,
20 or 70 percent of the applicable transitional yield for
21 the 2014 or any subsequent crop year,” after “tran-
22 sitional yield”; and

23 (2) in clause (ii), by striking “60 percent of the
24 applicable transitional yield” and inserting “the ap-
25 plicable percentage of the transitional yield described
26 in this subparagraph”.

1 **SEC. 8. SUBMISSION AND REVIEW OF POLICIES.**

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

4 (1) by redesignating subparagraphs (A) and
5 (B) as clauses (i) and (ii), respectively, and indent-
6 ing appropriately;

7 (2) by striking “(1) IN GENERAL.—In addition”
8 and inserting the following:

9 “(1) SUBMISSION AND REVIEW OF POLICIES.—

10 “(A) SUBMISSIONS.—In addition”; and

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

12 “(B) REVIEW.—The Corporation shall re-
13 view any policy developed under section 522(e)
14 or any pilot program developed under section
15 523 and submit the policy or program to the
16 Board under this subsection if the Corporation,
17 at the sole discretion of the Corporation, finds
18 that the policy or program—

19 “(i) will likely result in a viable and
20 marketable policy consistent with this sub-
21 section;

22 “(ii) would provide crop insurance
23 coverage in a significantly improved form;
24 and

25 “(iii) adequately protects the interests
26 of producers.”.

1 **SEC. 9. BOARD REVIEW AND APPROVAL.**

2 Section 508(h) of the Federal Crop Insurance Act (7
3 U.S.C. 1508(h)) is amended by striking paragraph (3) and
4 inserting the following:

5 “(3) REVIEW AND APPROVAL BY THE BOARD.—

6 A policy, plan of insurance, or other material sub-
7 mitted to the Board under this subsection shall be
8 reviewed by the Board and shall be approved by the
9 Board for reinsurance and for sale by approved in-
10 surance providers to producers at actuarially appro-
11 priate rates and under appropriate terms and condi-
12 tions if the Board, in the sole discretion of the
13 Board, determines that—

14 “(A) the interests of producers are ade-
15 quately protected;

16 “(B) the rates of premium and price elec-
17 tion methodology are actuarially appropriate;

18 “(C) the terms and conditions for the pro-
19 posed policy or plan of insurance are appro-
20 priate and would not unfairly discriminate
21 among producers;

22 “(D) the proposed policy or plan of insur-
23 ance will, at the sole discretion of the Board—

24 “(i) likely result in a viable and mar-
25 ketable policy that can reasonably attain

1 levels of participation similar to other like
2 policies or plans of insurance;

3 “(ii) provide crop insurance coverage
4 in a significantly improved form or in a
5 manner that addresses a recognized flaw
6 or problem in an existing policy; or

7 “(iii) provide a new kind of coverage
8 for a commodity that previously had no
9 available crop insurance, or has dem-
10 onstrated a low level of participation under
11 existing coverage;

12 “(E) the proposed policy or plan of insur-
13 ance will, at the sole discretion of the Board,
14 not have a significant adverse impact on the
15 crop insurance delivery system; and

16 “(F) the proposed policy or plan of insur-
17 ance meets such other requirements as are de-
18 termined appropriate by the Board.”.

19 **SEC. 10. BUDGET LIMITATIONS ON RENEGOTIATION OF**
20 **THE STANDARD REINSURANCE AGREEMENT.**

21 Section 508(k)(8) of the Federal Crop Insurance Act
22 (7 U.S.C. 1508(k)(8)) is amended by adding at the end
23 the following:

24 “(F) BUDGET.—

1 “(i) IN GENERAL.—The Board shall
 2 ensure that any Standard Reinsurance
 3 Agreement negotiated under subparagraph
 4 (A)(ii), as compared to the previous Stand-
 5 ard Reinsurance Agreement—

6 “(I) to the maximum extent prac-
 7 ticable, shall be budget neutral; and

8 “(II) in no event, may signifi-
 9 cantly depart from budget neutrality.

10 “(ii) USE OF SAVINGS.—To the extent
 11 that any budget savings is realized in the
 12 renegotiation of a Standard Reinsurance
 13 Agreement under subparagraph (A)(ii),
 14 and the savings are determined not to be
 15 a significant departure from budget neu-
 16 trality under clause (i), the savings shall
 17 be used for programs administered or
 18 managed by the Risk Management Agen-
 19 cy.”.

20 **SEC. 11. STACKED INCOME PROTECTION PLAN FOR PRO-**
 21 **DUCERS OF UPLAND COTTON.**

22 (a) AVAILABILITY OF STACKED INCOME PROTECTION
 23 PLAN.—The Federal Crop Insurance Act is amended by
 24 inserting after section 508A (7 U.S.C. 1508a) the fol-
 25 lowing:

1 **“SEC. 508B. STACKED INCOME PROTECTION PLAN FOR**
2 **PRODUCERS OF UPLAND COTTON.**

3 “(a) AVAILABILITY.—Beginning not later than the
4 2014 crop of upland cotton, if practicable, the Corporation
5 shall make available to producers of maximum eligible
6 acres of upland cotton an additional policy (to be known
7 as the ‘Stacked Income Protection Plan’), which shall pro-
8 vide coverage consistent with the Group Risk Income Pro-
9 tection Plan (and the associated Harvest Revenue Option
10 Endorsement) offered by the Corporation for the 2012
11 crop year.

12 “(b) REQUIRED TERMS.—The Corporation may mod-
13 ify the Stacked Income Protection Plan on a program-wide
14 basis, except that the Stacked Income Protection Plan
15 shall comply with the following requirements:

16 “(1)(A) Provide coverage for revenue loss of not
17 more than 30 percent of expected county revenue,
18 specified in increments of 5 percent.

19 “(B) The deductible is the minimum percent of
20 revenue loss at which indemnities are triggered
21 under the plan, not to be less than 10 percent of the
22 expected county revenue.

23 “(C) Once the deductible is met, any losses in
24 excess of the deductible will be paid up to the cov-
25 erage selected by the producer.

1 “(2) Be offered to producers of upland cotton
2 in all counties with upland cotton production—

3 “(A) at a county-wide level to the fullest
4 extent practicable; or

5 “(B) in counties that lack sufficient data,
6 on the basis of such larger geographical area as
7 the Corporation determines to provide sufficient
8 data for purposes of providing the coverage.

9 “(3) Be purchased in addition to any other in-
10 dividual or area coverage in effect on the producer’s
11 acreage or as a stand-alone policy, except that if a
12 producer has an individual or area coverage for the
13 same acreage, the maximum coverage available
14 under the Stacked Income Protection Plan shall not
15 exceed the deductible for the individual or area cov-
16 erage.

17 “(4) Establish coverage based on—

18 “(A) an expected price that is the expected
19 price established under existing Group Risk In-
20 come Protection or area-wide policy offered by
21 the Corporation for the applicable county (or
22 area) and crop year; and

23 “(B) an expected county yield that is the
24 higher of—

1 “(i) the expected county yield estab-
2 lished for the existing area-wide plans of-
3 fered by the Corporation for the applicable
4 county (or area) and crop year (or, in geo-
5 graphic areas where area-wide plans are
6 not offered, an expected yield determined
7 in a manner consistent with those of area-
8 wide plans); or

9 “(ii)(I) the average of the applicable
10 yield data for the county (or area) for the
11 most recent 5 years, excluding the highest
12 and lowest observations, from the Risk
13 Management Agency or the National Agri-
14 cultural Statistics, or both; or

15 “(II) if sufficient county data is not
16 available, such other data considered ap-
17 propriate by the Secretary.

18 “(5) Use a multiplier factor to establish max-
19 imum protection per acre (referred to as a ‘protec-
20 tion factor’) of not more than 120 percent.

21 “(6)(A) Pay an indemnity based on the amount
22 that the expected county revenue exceeds the actual
23 county revenue, as applied to the individual coverage
24 of the producer.

1 “(B) Indemnities under the Stacked Income
2 Protection Plan shall not include or overlap the
3 amount of the deductible selected under paragraph
4 (1).

5 “(7) To the maximum extent practicable, in all
6 counties for which data are available, establish separate
7 coverage for irrigated and nonirrigated practices.
8

9 “(8) Notwithstanding section 508(d), include a
10 premium that—

11 “(A) is sufficient to cover anticipated
12 losses and a reasonable reserve; and

13 “(B) includes an amount for operating and
14 administrative expenses established in accordance
15 with section 508(k)(4)(F).

16 “(c) RELATION TO OTHER COVERAGES.—

17 “(1) IN GENERAL.—Except as provided in paragraph
18 (2), the Stacked Income Protection Plan is in
19 addition to all other coverages available to producers
20 of upland cotton.

21 “(2) LIMITATION.—Acreage of upland cotton
22 insured under the supplemental coverage option described
23 in section 508(c)(4)(C) shall not be eligible
24 for the Stacked Income Protection Plan.

1 “(d) PAYMENT OF PORTION OF PREMIUM BY COR-
 2 PORATION.—Subject to section 508(e)(4), the amount of
 3 premium paid by the Corporation for all qualifying cov-
 4 erage levels of the Stacked Income Protection Plan shall
 5 be—

6 “(1) 80 percent of the amount of the premium
 7 established under subsection (b)(8)(A) for the cov-
 8 erage level selected; and

9 “(2) the amount determined under subsection
 10 (b)(8)(B) to cover administrative and operating ex-
 11 penses.”.

12 (b) CONFORMING AMENDMENT.—Section
 13 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.
 14 1508(k)(4)(F)) (as amended by section 3(d)) is amended
 15 by inserting “or under section 508B” after “subsection
 16 (c)(4)(C)”.

17 **SEC. 12. AUTHORITY TO CORRECT ERRORS.**

18 Section 515(c) of the Federal Crop Insurance Act (7
 19 U.S.C. 1515(c)) is amended—

20 (1) in the first sentence, by striking “The Sec-
 21 retary” and inserting the following:

22 “(1) IN GENERAL.—The Secretary”;

23 (2) in the second sentence, by striking “Begin-
 24 ning with” and inserting the following:

25 “(2) FREQUENCY.—Beginning with”; and

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

2 “(3) CORRECTIONS.—

3 “(A) IN GENERAL.—The Corporation shall
4 establish procedures that allow an agent and
5 approved insurance provider within a reasonable
6 amount of time following the applicable sales
7 closing date to correct information regarding
8 the entity name, social security number, tax
9 identification number, or such other eligibility
10 information as determined by the Corporation
11 that is provided by a producer for the purpose
12 of obtaining coverage under any policy or plan
13 of insurance made available under this subtitle
14 to ensure that the eligibility information is con-
15 sistent with the information reported by the
16 producer to the Farm Service Agency.

17 “(B) LIMITATION.—In accordance with the
18 procedures of the Corporation, procedures
19 under subparagraph (A) may include any subse-
20 quent correction to the eligibility information
21 described in that subparagraph made by the
22 Farm Service Agency if the corrections do not
23 allow the producer—

24 “(i) to obtain a disproportionate ben-
25 efit under the crop insurance program or

1 any related program of the Department of
2 Agriculture;

3 “(ii) to avoid ineligibility requirements
4 for insurance; or

5 “(iii) to avoid an obligation or re-
6 quirement under any Federal or State
7 law.”.

8 **SEC. 13. IMPLEMENTATION.**

9 Section 515 of the Federal Crop Insurance Act (7
10 U.S.C. 1515) is amended—

11 (1) in subsection (j), by striking paragraph (1)
12 and inserting the following:

13 “(1) SYSTEMS MAINTENANCE AND UP-
14 GRADES.—

15 “(A) IN GENERAL.—The Secretary shall
16 maintain and upgrade the information manage-
17 ment systems of the Corporation used in the
18 administration and enforcement of this subtitle.

19 “(B) REQUIREMENT.—

20 “(i) IN GENERAL.—In maintaining
21 and upgrading the systems, the Secretary
22 shall ensure that new hardware and soft-
23 ware are compatible with the hardware and
24 software used by other agencies of the De-

1 partment to maximize data sharing and
2 promote the purposes of this section.

3 “(ii) ACREAGE REPORT STREAM-
4 LINING INITIATIVE PROJECT.—As soon as
5 practicable, the Secretary shall develop and
6 implement an acreage report streamlining
7 initiative project to allow producers to re-
8 port acreage and other information directly
9 to the Department.”; and

10 (2) in subsection (k), by striking paragraph (1)
11 and inserting the following:

12 “(1) INFORMATION TECHNOLOGY.—

13 “(A) IN GENERAL.—For purposes of sub-
14 section (j)(1), the Corporation may use, from
15 amounts made available from the insurance
16 fund established under section 516(c), not more
17 than—

18 “(i)(I) for fiscal year 2014,
19 \$25,000,000; and

20 “(II) for each of fiscal years
21 2015 through 2018, \$10,000,000; or

22 “(ii) if the Acreage Crop Reporting
23 Streamlining Initiative (ACRSI) project is
24 substantially completed by September 30,

1 2014, not more than \$15,000,000 for each
2 of fiscal years 2015 through 2018.

3 “(B) NOTIFICATION.—Not later than July
4 1, 2014, the Secretary shall notify the Com-
5 mittee on Agriculture of the House of Rep-
6 resentatives and the Committee on Agriculture,
7 Nutrition, and Forestry of the Senate on the
8 status of the substantial completion of the
9 Acreage Crop Reporting Streamlining Initiative
10 (ACRSI) project.”.

11 **SEC. 14. RESEARCH AND DEVELOPMENT.**

12 (a) IN GENERAL.—Section 522(c) of the Federal
13 Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

14 (1) in the subsection heading, by striking
15 “CONTRACTING”;

16 (2) in paragraph (1), in the matter preceding
17 subparagraph (A), by striking “may enter into con-
18 tracts to carry out research and development to”
19 and inserting “may conduct activities or enter into
20 contracts to carry out research and development to
21 maintain or improve existing policies or develop new
22 policies to”;

23 (3) in paragraph (2)(A), by inserting “conduct
24 research and development or” after “The Corpora-
25 tion may”;

1 (4) in paragraph (5), by inserting “after expert
2 review in accordance with section 505(e) and proce-
3 dures of the Board” after “approved by the Board”;
4 and

5 (5) in paragraph (6), by striking “a pasture,
6 range, and forage program” and inserting “policies
7 that increase participation by producers of under-
8 served agricultural commodities, including sweet sor-
9 ghum, sorghum for biomass, specialty crops, sugar-
10 cane, and dedicated energy crops”.

11 (b) FUNDING.—Section 522(e) of the Federal Crop
12 Insurance Act (7 U.S.C. 1522(e)) is amended—

13 (1) in paragraph (2)—

14 (A) by striking “(A) AUTHORITY.—” and
15 inserting “(A) CONDUCTING AND CONTRACTING
16 FOR RESEARCH AND DEVELOPMENT.—”;

17 (B) in subparagraph (A), by inserting
18 “conduct research and development and” after
19 “the Corporation may use to”; and

20 (C) in subparagraph (B), by inserting
21 “conduct research and development and” after
22 “for the fiscal year to”;

23 (2) in paragraph (3), in the matter preceding
24 subparagraph (A), by striking “to provide either re-
25 imbursement payments or contract payments”; and

1 (3) by striking paragraph (4).

2 **SEC. 15. BIOMASS AND SWEET SORGHUM ENERGY CROP IN-**
 3 **SURANCE POLICIES.**

4 Section 522(c) of the Federal Crop Insurance Act of
 5 1938 (7 U.S.C. 1522(c)) is amended by adding at the end
 6 the following:

7 “(18) BIOMASS AND SWEET SORGHUM ENERGY
 8 CROP INSURANCE POLICIES.—

9 “(A) AUTHORITY.—The Corporation shall
 10 offer to enter into 1 or more contracts with
 11 qualified entities to carry out research and de-
 12 velopment regarding—

13 “(i) a policy to insure biomass sor-
 14 ghum that is grown expressly for the pur-
 15 pose of producing a feedstock for renew-
 16 able biofuel, renewable electricity, or
 17 biobased products; and

18 “(ii) a policy to insure sweet sorghum
 19 that is grown for a purpose described in
 20 clause (i).

21 “(B) RESEARCH AND DEVELOPMENT.—
 22 Research and development with respect to each
 23 of the policies required in subparagraph (A)
 24 shall evaluate the effectiveness of risk manage-
 25 ment tools for the production of biomass sor-

1 ghum or sweet sorghum, including policies and
2 plans of insurance that—

3 “(i) are based on market prices and
4 yields;

5 “(ii) to the extent that insufficient
6 data exist to develop a policy based on
7 market prices and yields, are based on the
8 use of weather indices, including, at a min-
9 imum, excessive or inadequate rainfall, to
10 protect the interests of crop producers; and

11 “(iii) provide protection for production
12 or revenue losses, or both.”.

13 **SEC. 16. PILOT PROGRAMS.**

14 Section 523(a) of the Federal Crop Insurance Act (7
15 U.S.C. 1523(a)) is amended—

16 (1) in paragraph (1), by inserting “, at the sole
17 discretion of the Corporation,” after “may”; and

18 (2) by striking paragraph (5).

19 **SEC. 17. TECHNICAL AMENDMENTS.**

20 Section 508(b) of the Federal Crop Insurance Act (7
21 U.S.C. 1508(b)) is amended—

22 (1) by striking paragraph (7); and

23 (2) by redesignating paragraphs (8) through
24 (11) as paragraphs (7) through (10), respectively.

1 **SEC. 18. REPEAL OF DIRECT PAYMENTS.**

2 (a) REPEAL.—Sections 1103 and 1303 of the Food,
3 Conservation, and Energy Act of 2008 (7 U.S.C. 8713,
4 8753) are repealed.

5 (b) CONTINUED APPLICATION FOR 2013 CROP
6 YEAR.—Sections 1103 and 1303 of the Food, Conserva-
7 tion, and Energy Act of 2008 (7 U.S.C. 8713, 8753), as
8 in effect on the day before the date of enactment of this
9 Act, shall continue to apply through the 2013 crop year
10 with respect to all covered commodities (as defined in sec-
11 tion 1001 of that Act (7 U.S.C. 8702)) (except pulse
12 crops) and peanuts on a farm.

○