

Calendar No. _____

106TH CONGRESS
2D SESSION

S. _____

[Report No. 106-____]

IN THE SENATE OF THE UNITED STATES

MARCH ____ (legislative day, _____), 2000

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Agricultural Risk Management 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.

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
 10 quantity of production of an agricultural com-

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

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

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

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

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

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

23 “(ii) based on the analysis, make ad-
24 justments in the quality loss adjustment
25 procedures of the Corporation necessary to

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

7 **SEC. 102. PREVENTED PLANTING.**

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

12 “(7) PREVENTED PLANTING.—

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

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

18 “(ii) PREMIUM REDUCTION.—In the
19 case of an election described in clause (i),
20 the Corporation shall provide a reduction
21 in the premium payable by the producer
22 for a plan of insurance in an amount equal
23 to the premium for the prevented planting
24 coverage, as determined by the Corpora-
25 tion.

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

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

12 “(D) SUBSTITUTE COMMODITY.—

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

22 “(ii) NONAVAILABILITY OF INSUR-
23 ANCE.—A substitute agricultural com-
24 modity planted under clause (i) for harvest
25 in the same crop year shall not be eligible

1 for coverage under a policy or plan of in-
2 surance under this title or for noninsured
3 crop disaster assistance under section 196
4 of the Agricultural Market Transition Act
5 (7 U.S.C. 7333).

6 “(iii) RELATIONSHIP TO OTHER RE-
7 QUIREMENTS.—For the purposes of satis-
8 fying the requirements of subsection
9 (b)(7), the producer of a substitute com-
10 modity shall be considered to have at least
11 catastrophic risk protection.

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

23 “(v) EFFECT ON PREVENTED PLANT-
24 ING PAYMENT.—If a producer plants a
25 substitute agricultural commodity under

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

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

12 “(F) REINSURANCE YEARS.—This para-
13 graph shall apply to each of the 2001 through
14 2004 reinsurance years.”.

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

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

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

25 “(5) EXPECTED MARKET PRICE.—

1 “(A) IN GENERAL.—For the purposes of
2 this title, the Corporation shall establish or ap-
3 prove the price level (referred to in this title as
4 the ‘expected market price’) of each agricultural
5 commodity for which insurance is offered.

6 “(B) AMOUNT.—The expected market
7 price of an agricultural commodity—

8 “(i) except as otherwise provided in
9 this subparagraph, shall be not less than
10 the projected market price of the agricul-
11 tural commodity, as determined by the
12 Corporation;

13 “(ii) may be based on the actual mar-
14 ket price of the agricultural commodity at
15 the time of harvest, as determined by the
16 Corporation;

17 “(iii) in the case of revenue and other
18 similar plans of insurance, shall be the ac-
19 tual market price of the agricultural com-
20 modity, as determined by the Corporation;
21 or

22 “(iv) in the case of cost of production
23 or similar plans of insurance, shall be the
24 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 an equivalent coverage, but less than 75 percent
12 of the recorded or appraised average yield in-
13 demnified at 100 percent of the expected mar-
14 ket price, or an equivalent coverage, the amount
15 of the premium shall—

16 “(i) be sufficient to cover anticipated
17 losses and a reasonable reserve; and

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

23 “(D) In the case of additional coverage
24 equal to or greater than 75 percent of the re-
25 corded or appraised average yield indemnified

1 at 100 percent of the expected market price, or
2 an equivalent coverage, the amount of the pre-
3 mium shall—

4 “(i) be sufficient to cover anticipated
5 losses and a reasonable reserve; and

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

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

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

16 “(1) IN GENERAL.—

17 “(A) MANDATORY PAYMENTS.—For the
18 purpose of encouraging the broadest possible
19 participation of producers in the crop insurance
20 plans of insurance authorized to be insured or
21 reinsured under subsections (b) and (c), the
22 Corporation shall pay a part of the premium in
23 the amounts determined under this subsection.

24 “(B) DISCRETIONARY PAYMENTS.—In the
25 case of a plan of insurance approved by the

1 Corporation under subsection (h), the Corpora-
2 tion may pay a part of the premium as deter-
3 mined under this subsection.”; and

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

6 “(B) In the case of additional coverage less
7 than or equal to 50 percent of the recorded or
8 appraised average yield indemnified at 100 per-
9 cent of the expected market price, or an equiva-
10 lent coverage, the amount shall be equal to the
11 sum of—

12 “(i) 60 percent of the amount of the
13 premium established under subsection
14 (d)(2)(B)(i); and

15 “(ii) the amount of operating and ad-
16 ministrative expenses determined under
17 subsection (d)(2)(B)(ii).

18 “(C) In the case of additional coverage at
19 55 percent or 60 percent of the recorded or ap-
20 praised average yield indemnified at 100 per-
21 cent of the expected market price, or an equiva-
22 lent coverage, the amount shall be equal to the
23 sum of—

1 “(i) 45 percent of the amount of the
2 premium established under subsection
3 (d)(2)(B)(i); and

4 “(ii) the amount of operating and ad-
5 ministrative expenses determined under
6 subsection (d)(2)(B)(ii).

7 “(D) In the case of additional coverage at
8 65 percent or 70 percent of the recorded or ap-
9 praised average yield indemnified at 100 per-
10 cent of the expected market price, or an equiva-
11 lent coverage, the amount shall be equal to the
12 sum of—

13 “(i) 50 percent of the amount of the
14 premium established under subsection
15 (d)(2)(C)(i); and

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

19 “(E) In the case of additional coverage
20 equal to or greater than 75 percent of the re-
21 corded or appraised average yield indemnified
22 at 100 percent of the expected market price, or
23 an equivalent coverage, the amount shall be
24 equal to the sum of—

1 “(i) 55 percent of the amount of the
2 premium established for coverage at 75
3 percent of the recorded or appraised aver-
4 age yield indemnified at 100 percent of the
5 expected market price under subsection
6 (d)(2)(D)(i); and

7 “(ii) the amount of operating and ad-
8 ministrative expenses determined under
9 subsection (d)(2)(D)(ii).”.

10 (d) CONFORMING AMENDMENTS.—Section 508 of the
11 Federal Crop Insurance Act (7 U.S.C. 1508) is
12 amended—

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

14 (2) in subsection (g)(2)(D), by striking “or
15 combined coverage (as provided in subsection
16 (e)(4)), if available,”; and

17 (3) in subsection (h)(2), by striking the second
18 sentence.

19 **SEC. 104. ASSIGNED YIELDS.**

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

22 (1) by striking “assigned a yield” and inserting
23 “assigned—

24 “(i) a yield”;

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

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

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

6 “(I) a producer that has not had
7 a share of the production of the in-
8 sured crop for more than 2 crop
9 years, as determined by the Secretary;

10 “(II) a producer that produces
11 an agricultural commodity on land
12 that has not been farmed by the pro-
13 ducer; and

14 “(III) a producer that rotates a
15 crop produced on a farm to a crop
16 that has not been produced on the
17 farm.”.

18 **SEC. 105. MULTIYEAR DISASTER ACTUAL PRODUCTION HIS-**

19 **TORY ADJUSTMENT.**

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

23 “(4) **TRANSITIONAL ADJUSTMENT FOR DISAS-**
24 **TERS.—**

1 “(A) DEFINITION OF A PRODUCER THAT
2 HAS SUFFERED A MULTIYEAR DISASTER.—In
3 this paragraph, the term ‘a producer that has
4 suffered a multiyear disaster’ means a producer
5 (or a successor entity through which the actual
6 production history of the producer can be
7 traced) that has suffered a natural disaster
8 during at least 3 of the immediately preceding
9 5 crop years that resulted in a cumulative re-
10 duction of at least 25 percent in the actual pro-
11 duction history of the crop of an agricultural
12 commodity.

13 “(B) ELIMINATION OF CERTAIN YEARS OF
14 PRODUCTION HISTORY.—Notwithstanding para-
15 graph (2), effective beginning with the 2001
16 crop year, for the purpose of calculating the ac-
17 tual production history for a crop of an agricul-
18 tural commodity, a producer that has suffered
19 a multiyear disaster with respect to the crop
20 may exclude 1 year of production history for
21 each 5 years included in the actual production
22 history calculation of the crop for which the
23 producer purchased crop insurance.

24 “(C) CORPORATION’S SHARE OF CHANGED
25 COSTS.—In the case of an exclusion under sub-

1 paragraph (B), in addition to any other author-
2 ity to pay any portion of premium, the Corpora-
3 tion shall pay—

4 “(i) the portion of the premium that
5 represents the increase in premium associ-
6 ated with the exclusion;

7 “(ii) all additional indemnities associ-
8 ated with the exclusion; and

9 “(iii) any amounts that result from
10 the difference in the administrative and op-
11 erating expenses owed to an approved in-
12 surance provider as the result of an exclu-
13 sion in actual production history under this
14 paragraph.

15 “(D) INCREASE IN ACTUAL PRODUCTION
16 HISTORY AFTER EXCLUSIONS.—In the case of a
17 producer that has received an exclusion under
18 subparagraph (B), the Corporation shall not
19 limit the increase of the actual production his-
20 tory based on the producer’s actual production
21 of the crop of an agricultural commodity in suc-
22 ceeding crop years until the actual production
23 history for the producer reaches the level for
24 the crop year immediately preceding the first
25 year of the multiyear disaster.

1 “(E) TERMINATION OF EXCLUSION AU-
2 THORITY.—The authority to apply this para-
3 graph to a producer shall terminate with re-
4 spect to the first crop year in which crop insur-
5 ance is available to the producer that ade-
6 quately insures against natural disasters that
7 occur in multiple crop years, as determined by
8 the Corporation.

9 “(F) REINSURANCE YEARS.—This para-
10 graph shall apply to each of the 2001 through
11 2004 reinsurance years.”.

12 **SEC. 106. NONINSURED CROP DISASTER ASSISTANCE PRO-**
13 **GRAM.**

14 (a) OPERATION AND ADMINISTRATION OF PRO-
15 GRAM.—Section 196(a)(2) of the Agricultural Market
16 Transition Act (7 U.S.C. 7333(a)(2)) is amended by add-
17 ing at the end the following:

18 “(C) COMBINATION OF SIMILAR TYPES OR
19 VARIETIES.—At the option of the Secretary, all
20 types or varieties of a crop or commodity de-
21 scribed in subparagraph (A) or (B) may be con-
22 sidered to be a single eligible crop under this
23 section.”.

1 (b) RECORDS AND APPLICATION DATE.—Section
2 196(b) of the Agricultural Market Transition Act (7
3 U.S.C. 7333(b)) is amended—

4 (1) in the second sentence of paragraph (1), by
5 striking “at such time as the Secretary may re-
6 quire.” and inserting “not later than March 15.”;

7 (2) by striking paragraph (2) and inserting the
8 following:

9 “(2) RECORDS.—To be eligible for assistance
10 under this section, a producer shall provide annually
11 to the Secretary records of crop acreage, acreage
12 yields, and production for each crop, as required by
13 the Secretary.”; and

14 (3) in paragraph (3), by inserting “annual”
15 after “shall provide”.

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

19 “(c) LOSS REQUIREMENTS.—

20 “(1) DISASTER.—To be eligible for assistance
21 under this section, a producer of an eligible crop
22 shall have suffered a loss of a noninsured commodity
23 as the result of a natural disaster described in sub-
24 section (a)(3).

1 “(2) ASSISTANCE.—On making a determination
2 described in subsection (a)(3), the Secretary shall
3 provide assistance under this section to producers of
4 an eligible crop that have suffered a loss as a result
5 of the disaster.

6 “(3) PREVENTED PLANTING.—The Secretary
7 shall make a prevented planting noninsured crop dis-
8 aster assistance payment to a producer if the pro-
9 ducer is prevented from planting more than 15 per-
10 cent of the acreage intended for the eligible crop be-
11 cause of a natural disaster described in subsection
12 (a)(3), as determined by the Secretary.

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

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

19 (1) in subsection (d)(1)—

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

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

24 (2) by redesignating subsection (j) as sub-
25 section (l); and

1 (3) by inserting after subsection (i) the fol-
2 lowing:

3 “(j) NEW ELIGIBLE CROPS.—

4 “(1) IN GENERAL.—Subject to paragraph (2),
5 if a producer produces an eligible crop that is new
6 to an area (as determined by the Secretary), a pay-
7 ment for the producer shall be computed by sub-
8 stituting the following percentages of yields for the
9 percentages of yields specified in subsection (d)(1):

10 “(A) In the case of the first crop year of
11 the eligible crop produced by the producer, 35
12 percent of the established yield for the crop de-
13 termined under subsection (e).

14 “(B) In the case of each of the second
15 through fourth years of the eligible crop pro-
16 duced by the producer—

17 “(i) 45 percent of the established yield
18 for the crop determined under subsection
19 (e); or

20 “(ii) if the producer received a pay-
21 ment under this section for the first crop
22 year of the eligible crop produced by the
23 producer, 35 percent of the established
24 yield for the crop determined under sub-
25 section (e).

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

9 (e) SERVICE FEE.—Section 196 of the Agricultural
10 Market Transition Act (7 U.S.C. 7333) (as amended by
11 subsection (d)) is amended by inserting after subsection
12 (j) the following:

13 “(k) SERVICE FEE.—

14 “(1) IN GENERAL.—To be eligible to receive as-
15 sistance for an eligible crop for a crop year under
16 this section, a producer shall pay to the Secretary
17 (at the time at which the producer provides reports
18 under subsection (b)(3)) a service fee for the eligible
19 crop in an amount that is equal to the lesser of—

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

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

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

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

8 (f) CROP YEARS.—This section and the amendments
9 made by this section shall apply to each of the 2001
10 through 2003 crop years.

11 **TITLE II—RESEARCH AND PILOT** 12 **PROGRAMS**

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

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

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

17 “(a) GENERAL PROVISIONS.—

18 “(1) IN GENERAL.—Except as otherwise pro-
19 vided in this subsection, the Corporation may con-
20 duct research, surveys, pilot programs, and inves-
21 tigations relating to crop insurance and agriculture-
22 related risks and losses based on proposals developed
23 by the Corporation or by an approved insurance pro-
24 vider to evaluate whether the proposal or new risk
25 management tool is suitable for the marketplace and

1 addresses the needs of producers of agricultural
2 commodities (and, after October 1, 2000, livestock).

3 “(2) PRIVATE COVERAGE.—Under this section,
4 the Corporation shall not conduct any activity that
5 provides insurance protection against a risk if insur-
6 ance protection against the risk is generally available
7 from private companies.

8 “(3) COVERED ACTIVITIES.—The activities de-
9 scribed in paragraph (1) include insurance on losses
10 involving—

11 “(A) reduced forage on rangeland caused
12 by drought or insect infestation;

13 “(B) livestock poisoning and disease;

14 “(C) destruction of bees due to the use of
15 pesticides;

16 “(D) unique special risks related to fruits,
17 nuts, vegetables, and specialty crops in general,
18 aquacultural species, and forest industry needs
19 (including appreciation);

20 “(E) other agricultural products as deter-
21 mined by the Board; and

22 “(F) insurance coverage for livestock.

23 “(4) SCOPE OF PILOT PROGRAMS.—The Cor-
24 poration may—

1 “(A) offer a pilot program authorized
2 under this title on a regional, State, or national
3 basis after considering the interests of affected
4 producers and the interests of, and risks to, the
5 Corporation;

6 “(B) operate the pilot program, including
7 any modifications of the pilot program, for a
8 period of up to 4 years;

9 “(C) extend the time period for the pilot
10 program for additional periods, as determined
11 appropriate by the Corporation; and

12 “(D) provide pilot programs that would
13 allow producers—

14 “(i) to receive premium discounts for
15 using whole farm units or single crop units
16 of insurance; and

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

19 “(5) EVALUATION.—After the completion of
20 any pilot program under this section, the Corpora-
21 tion shall evaluate the pilot program and submit to
22 the Committee on Agriculture of the House of Rep-
23 resentatives and the Committee on Agriculture, Nu-
24 trition, and Forestry of the Senate, a report on the
25 operations of the pilot program, including the eval-

1 uation by the Corporation of the pilot program and
2 the recommendations of the Corporation with re-
3 spect to implementing the program on a national
4 basis.

5 “(6) FUNDING.—

6 “(A) IN GENERAL.—The amount of funds
7 used to carry out research and pilot programs
8 that are established after the date of enactment
9 of this section (other than subsection (b)(2))
10 shall not exceed—

11 “(i) in the case of the 2001 reinsur-
12 ance year, \$20,000,000;

13 “(ii) in the case of the 2002 reinsur-
14 ance year, \$40,000,000;

15 “(iii) in the case of the 2003 reinsur-
16 ance year, \$60,000,000; and

17 “(iv) in the case of the 2004 reinsur-
18 ance year, \$80,000,000.

19 “(B) REINSURANCE YEARS.—This para-
20 graph shall apply to each of the 2001 through
21 2004 reinsurance years.

22 “(7) RELATION TO OTHER LAWS.—

23 “(A) IN GENERAL.—The terms and condi-
24 tions of any policy or plan of insurance offered

1 under this section that is reinsured by the Cor-
2 poration shall not—

3 “(i) be subject to the jurisdiction of
4 the Commodity Futures Trading Commis-
5 sion or the Securities and Exchange Com-
6 mission; or

7 “(ii) be considered to be accounts,
8 agreements (including any transaction that
9 is of the character of, or is commonly
10 known to the trade as, an ‘option’, ‘privi-
11 lege’, ‘indemnity’, ‘bid’, ‘offer’, ‘put’, ‘call’,
12 ‘advance guaranty’, or ‘decline guaranty’),
13 or transactions involving contracts of sale
14 of a commodity for future delivery, traded
15 or executed on a contract market for the
16 purposes of the Commodity Exchange Act
17 (7 U.S.C. 1 et seq.).

18 “(B) EFFECT ON CFTC AND COMMODITY
19 EXCHANGE ACT.—Nothing in this paragraph af-
20 fects the jurisdiction of the Commodity Futures
21 Trading Commission or the applicability of the
22 Commodity Exchange Act (7 U.S.C. 1 et seq.)
23 to any transaction conducted on a contract
24 market under that Act by an approved insur-
25 ance provider to offset the approved insurance

1 provider's risk under a plan or policy of insur-
2 ance under this section.”.

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

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

8 “(b) RESEARCH AND DEVELOPMENT CONTRACTING
9 AUTHORITY.—

10 “(1) IN GENERAL.—To obtain the best research
11 and analysis concerning any significant issue per-
12 taining to crop insurance, including outreach and
13 education, pilot programs, or the development of a
14 new plan of insurance, the Corporation may—

15 “(A) contract on a competitive basis with
16 qualified persons;

17 “(B) reimburse research costs associated
18 with product development; and

19 “(C) reimburse costs associated with the
20 reassessment and modification of plans of in-
21 surance.

22 “(2) ALTERNATIVE RATING METHODOLOGIES.—

23 “(A) IN GENERAL.—The Corporation shall
24 enter into contracts with qualified persons to
25 study and develop alternative methodologies for

1 rating plans of insurance for catastrophic risk
2 protection and higher levels of additional cov-
3 erage under subsections (b) and (c), respec-
4 tively, of section 508, and rates for the plans of
5 insurance, that take into account—

6 “(i) producers that elect not to par-
7 ticipate in the Federal crop insurance pro-
8 gram; and

9 “(ii) producers that elect to obtain
10 only catastrophic risk protection.

11 “(B) PRIORITY.—The studies conducted
12 under this paragraph shall provide priority to
13 agricultural commodities with—

14 “(i) the largest average acreage na-
15 tionwide; and

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

18 “(C) FUNDING.—

19 “(i) IN GENERAL.—The Corporation
20 shall fund the studies conducted under this
21 paragraph from funds in the insurance
22 fund available under section 516(b)(2)(A).

23 “(ii) AMOUNT.—There are authorized
24 for the studies conducted under this
25 paragraph—

1 “(I) in the case of the 2001 rein-
2 surance year, \$1,000,0000;

3 “(II) in the case of the 2002 re-
4 insurance year, \$1,000,000; and

5 “(III) in the case of the 2003 re-
6 insurance year, \$250,000.

7 “(D) REINSURANCE YEARS.—This para-
8 graph shall apply to each of the 2001 through
9 2003 reinsurance years.

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

15 “(4) STUDY OF MULTIYEAR COVERAGE.—

16 “(A) IN GENERAL.—The Corporation shall
17 contract with a qualified person to conduct a
18 study to determine whether offering plans of in-
19 surance that provide coverage for multiple years
20 would reduce fraud and abuse by persons that
21 participate in the Federal crop insurance pro-
22 gram.

23 “(B) REPORT.—Not later than 1 year
24 after the date of enactment of this section, the
25 Corporation shall submit to the Committee on

1 Agriculture of the House of Representatives
2 and the Committee on Agriculture, Nutrition,
3 and Forestry of the Senate a report that de-
4 scribes the results of the study conducted under
5 subparagraph (A).”.

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

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

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

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

12 “(A) AGRICULTURAL COMMODITY.—The
13 term ‘agricultural commodity’ means each agri-
14 cultural commodity specified in section 518—

15 “(i) that is insurable, as determined
16 by the Corporation, excluding livestock;

17 “(ii) for which catastrophic risk pro-
18 tection or additional coverage is available
19 under this title, other than solely this sec-
20 tion; and

21 “(iii) that is selected by the Secretary
22 in a manner that—

23 “(I) encourages the maximum
24 number of participants in the pro-
25 gram under this subsection;

1 “(II) provides a mixture of pro-
2 gram, specialty, and regional crops;
3 and

4 “(III) gives consideration to agri-
5 cultural commodities with low crop in-
6 surance participation rates.

7 “(B) APPLICABLE CROP.—The term ‘appli-
8 cable crop’ means each of the 2002 through
9 2004 crops of an agricultural commodity pro-
10 duced by a producer.

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

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

15 “(ii) the producer elects to receive a
16 risk management payment or crop insur-
17 ance premium subsidy under this sub-
18 section.

19 “(D) REGULATED EXCHANGE.—The term
20 ‘regulated exchange’ means a board of trade (as
21 defined in section 1a of the Commodity Ex-
22 change Act (7 U.S.C. 1a)) that is designated as
23 a contract market under section 2(a)(1)(B) of
24 that Act (7 U.S.C. 2a).

25 “(2) RISK MANAGEMENT PAYMENTS.—

1 “(A) OFFER.—The Corporation shall offer
2 either to make either risk management pay-
3 ments or to provide crop insurance premium
4 subsidies for each of the 2002 through 2004
5 crops of an agricultural commodity in accord-
6 ance with subparagraph (B).

7 “(B) TERMS.—Not later than the sales
8 closing date for obtaining coverage for an agri-
9 cultural commodity for each applicable year, an
10 eligible producer may elect to receive, with re-
11 spect to the agricultural commodity—

12 “(i) a risk management payment
13 under this subsection; or

14 “(ii) a crop insurance premium sub-
15 sidy, including a catastrophic risk protec-
16 tion subsidy, under this subsection.

17 “(3) RISK MANAGEMENT PAYMENT.—

18 “(A) IN GENERAL.—In the case of a pro-
19 ducer that elects to receive a risk management
20 payment for an applicable crop of an agricul-
21 tural commodity under this subsection, the Cor-
22 poration shall make a risk management pay-
23 ment to the producer that covers the agricul-
24 tural commodity produced by the producer for
25 the applicable crop.

1 “(B) BASIS FOR PAYMENT.—The amount
2 of a risk management payment shall be deter-
3 mined in accordance with paragraph (6).

4 “(4) QUALIFYING RISK MANAGEMENT PRAC-
5 TICES.—To be eligible for a risk management pay-
6 ment under this subsection for an applicable crop of
7 an agricultural commodity, a producer shall obtain
8 or use for the applicable crop a qualifying risk man-
9 agement practice from at least 2 of the following
10 categories:

11 “(A) CROP INSURANCE CATEGORY.—A
12 producer may purchase coverage for an agricul-
13 tural commodity under an unsubsidized plan of
14 insurance.

15 “(B) MARKETING RISK CATEGORY.—

16 “(i) FUTURE OR OPTION.—A pro-
17 ducer may enter into a future or option for
18 an agricultural commodity produced on the
19 farm of the producer for the applicable
20 crop on a regulated exchange that is (as
21 determined by the Corporation)—

22 “(I)(aa) in the case of a future,
23 at least 1 regulated futures contract
24 (as defined in section 1256(g) of the
25 Internal Revenue Code of 1986); and

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

4 “(II) a hedging transaction (as
5 defined in section 1256(e)(2) of that
6 Code) involving an agricultural com-
7 modity that is used to reduce produc-
8 tion, price, or revenue risk.

9 “(ii) AGRICULTURAL TRADE OP-
10 TION.—A producer may purchase, on other
11 than a regulated exchange, an agricultural
12 trade option for the applicable crop of an
13 agricultural commodity produced on the
14 farm of the producer that (as determined
15 by the Corporation)—

16 “(I) provides coverage for at
17 least 10 percent of the estimated
18 monetary value of the agricultural
19 commodity;

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

23 “(III) is a hedging transaction
24 (as defined in section 1256(e)(2) of
25 that Code) involving an agricultural

1 commodity that is used to reduce pro-
2 duction, price, or revenue risk.

3 “(iii) CASH FORWARD OR OTHER MAR-
4 KETING CONTRACT.—A producer may
5 enter into a cash forward or other type of
6 marketing contract for at least 20 percent
7 of the monetary value of an agricultural
8 commodity produced on the farm of the
9 producer for the applicable crop, as deter-
10 mined by the Secretary.

11 “(iv) MARKETING THROUGH CO-
12 OPERATIVES.—A producer may market at
13 least 25 percent of an agricultural com-
14 modity produced by the producer through
15 a cooperative that is owned by agricultural
16 producers.

17 “(C) FINANCIAL RISK CATEGORY.—

18 “(i) TRUST.—A producer may make a
19 deposit of an amount equal to at least 10
20 percent of the payments of the producer
21 for the applicable year under the Agricul-
22 tural Market Transition Act (7 U.S.C.
23 7201 et seq.) into a trust authorized by
24 statute for eligible farming businesses that

1 may be established to accept tax deductible
2 contributions.

3 “(ii) AGRICULTURAL MARKETING AND
4 RISK MANAGEMENT EDUCATION.—A pro-
5 ducer may attend and complete in the ap-
6 plicable year an agricultural marketing or
7 risk management class or seminar ap-
8 proved by the Corporation.

9 “(iii) FINANCIAL RISK REDUCTION.—
10 A producer may reduce farm financial risk
11 by reducing debt in an amount that re-
12 duces leverage or by increasing liquidity, as
13 determined by the Secretary.

14 “(iv) DIVERSIFICATION.—A producer
15 may address production or financial risk
16 by—

17 “(I) diversifying production on
18 the farm of the producer by producing
19 at least 1 additional commodity on the
20 farm;

21 “(II) significantly increasing
22 farm enterprise diversification in the
23 applicable year, as determined by the
24 Secretary; or

1 “(III) maintaining an integrated
2 farming system with a substantial de-
3 gree of diversification, as determined
4 by the Secretary.

5 “(D) FARM RESOURCES RISK CATEGORY.—

6 “(i) CONSERVATION PRACTICES.—A
7 producer may implement new or existing
8 conservation practices consisting of—

9 “(I) nutrient management;

10 “(II) integrated pest manage-
11 ment;

12 “(III) conservation tillage;

13 “(IV) conservation buffers;

14 “(V) transition to organic farm-
15 ing; or

16 “(VI) other conservation prac-
17 tices that are appropriate for the
18 farm, as determined by the Secretary.

19 “(ii) AGRICULTURAL CONSERVATION
20 MANAGEMENT PLAN.—A producer may de-
21 velop a plan to mitigate financial risk asso-
22 ciated with resource conservation through
23 practices consisting of—

24 “(I) nutrient management;

1 “(II) integrated pest manage-
2 ment;

3 “(III) soil erosion control;

4 “(IV) conservation buffers;

5 “(V) soil residue management;

6 “(VI) water quantity or quality
7 management; or

8 “(VII) other conservation prac-
9 tices that are appropriate for the
10 farm, as determined by the Secretary.

11 “(iii) AGRICULTURAL RESOURCE IM-
12 PROVEMENTS.—A producer may invest in
13 the improvement or development of 1 or
14 more of the following capital land improve-
15 ments on the farm of the producer to re-
16 duce production risk:

17 “(I) Irrigation management.

18 “(II) Watershed management
19 structures.

20 “(III) Planting trees for
21 windbreaks or water quality.

22 “(IV) Soil quality management
23 options.

24 “(V) Animal waste management
25 structures.

1 “(VI) Other land improvements,
2 as determined by the Secretary.

3 “(E) OTHER CATEGORY.—A producer may
4 engage in any other risk management practice
5 approved by the Secretary.

6 “(5) LIMITATION WITH RESPECT TO FARM RE-
7 SOURCES RISK CATEGORY.—A producer that obtains
8 or uses a risk management practice under paragraph
9 (4)(D) to qualify for a risk management payment
10 shall not—

11 “(A) use the risk management payment to
12 meet any cost-share requirement for a struc-
13 tural practice under—

14 “(i) the conservation reserve program
15 established under subchapter B of chapter
16 1 of subtitle D of title XII of the Food Se-
17 curity Act of 1985 (16 U.S.C. 3831 et
18 seq.);

19 “(ii) the wetlands reserve program es-
20 tablished under subchapter C of chapter 1
21 of subtitle D of title XII of that Act (16
22 U.S.C. 3837 et seq.); or

23 “(iii) the environmental quality incen-
24 tives program established under chapter 4

1 of subtitle D of title XII of that Act (16
2 U.S.C. 3839aa et seq.); or

3 “(B) receive, for performance of the same
4 conservation practice on the same land, a pay-
5 ment under a program referred to in subpara-
6 graph (A).

7 “(6) DETERMINATION OF RISK MANAGEMENT
8 PAYMENT.—The Secretary shall determine the
9 amount of a risk management payment for an agri-
10 cultural commodity produced on the farm of a pro-
11 ducer for an applicable crop taking into consider-
12 ation the expenditure by the producer on the risk
13 management practices obtained or used by the pro-
14 ducer. No payment shall be made in excess of an
15 amount equal to the average of the previous year’s
16 liability for all catastrophic risk protection policies.

17 “(7) ADMINISTRATIVE PROVISIONS.—

18 “(A) CERTIFICATION.—A producer shall
19 submit to the crop insurance agent or approved
20 insurance provider a risk management practices
21 form that certifies, in accordance with stand-
22 ards prescribed by the Secretary, the qualifying
23 risk management practices and associated costs
24 that were obtained or used by the producer dur-
25 ing the applicable year.

1 “(B) COMPLIANCE.—The Corporation may
2 perform random audits of producers that obtain
3 a risk management payment to ensure that the
4 producers obtained or used the qualifying risk
5 management practices described in the form.

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

15 “(i) shall refund to the Corporation
16 an amount equal to the risk management
17 payment; and

18 “(ii) may be subject to debarment
19 from loans and payments for a period of
20 not to exceed 5 years, as provided in sec-
21 tion 506(n)(3)(B).

22 “(D) ASSIGNMENT AND SHARING OF BEN-
23 EFITS.—

24 “(i) ASSIGNMENT OF BENEFITS.—As-
25 signment of a benefit provided under this

1 subsection shall be carried out as provided
2 in section 8(g) of the Soil Conservation
3 and Domestic Allotment Act (16 U.S.C.
4 590h(g)).

5 “(ii) NOTICE.—The producer making
6 the assignment, or the assignee, shall pro-
7 vide the Corporation with notice, in such
8 manner as the Corporation may require, of
9 any assignment.

10 “(iii) SHARING OF BENEFITS.—The
11 Corporation shall provide for the sharing
12 of benefits under this subsection among all
13 producers that are at risk in the produc-
14 tion of an applicable crop on a fair and eq-
15 uitable basis.

16 “(8) CROPS.—This subsection shall apply to
17 each of the 2002 through 2004 reinsurance years.”.

18 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
19 516(a) of the Federal Crop Insurance Act (7 U.S.C.
20 1516(a)) is amended—

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

23 “(1) DISCRETIONARY EXPENSES.—There are
24 authorized to be appropriated for fiscal year 1999

1 and subsequent fiscal years such sums as are nec-
2 essary to cover—

3 “(A) the salaries and expenses of the Cor-
4 poration; and

5 “(B) the expenses of approved insurance
6 providers incurred in carrying out section
7 522(c).”; and

8 (2) in paragraph (2)—

9 (A) in subparagraph (A), by striking
10 “and” at the end;

11 (B) in subparagraph (B), by striking the
12 period at the end and inserting a semicolon;
13 and

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

15 “(C) risk management payments author-
16 ized under section 522(c); and”.

17 **SEC. 204. CONFORMING AMENDMENTS.**

18 (a) Section 508 of the Federal Crop Insurance Act
19 (7 U.S.C. 1508) is amended—

20 (1) in subsection (h)—

21 (A) by striking paragraphs (8) and (9);
22 and

23 (B) by redesignating paragraph (10) as
24 paragraph (8);

25 (2) by striking subsection (m); and

1 (3) by redesignating subsection (n) as sub-
2 section (m).

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

7 “(i) in the case of the 2001 reinsur-
8 ance year, \$4,500,000;

9 “(ii) in the case of the 2002 reinsur-
10 ance year, \$4,500,000;

11 “(iii) in the case of the 2003 reinsur-
12 ance year, \$3,725,000; and

13 “(iv) in the case of each subsequent
14 reinsurance year, \$3,500,000.”.

15 (c) Section 518 of the Federal Crop Insurance Act
16 (7 U.S.C. 1518) is amended by striking “subsection (a)
17 or (m) of section 508 of this title” and inserting “section
18 508(a) or 522”.

19 **TITLE III—ADMINISTRATION**

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

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

24 “(a) BOARD OF DIRECTORS.—

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

4 “(2) COMPOSITION.—The Board shall consist
5 of—

6 “(A) 4 members who are active agricul-
7 tural producers with or without crop insurance,
8 with 1 member appointed from each of the 4 re-
9 gions of the United States (as determined by
10 the Secretary);

11 “(B) 1 member who is active in the crop
12 insurance business;

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

15 “(D) the Under Secretary for Farm and
16 Foreign Agricultural Services;

17 “(E) the Under Secretary for Rural Devel-
18 opment; and

19 “(F) the Chief Economist of the Depart-
20 ment of Agriculture.

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

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

3 “(B) shall not be otherwise employed by
4 the Federal Government;

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

7 “(D) shall serve not more than 2 consecu-
8 tive terms.

9 “(4) CHAIRPERSON.—The Board shall select a
10 member of the Board described in subparagraph
11 (A), (B), or (C) of paragraph (2) to serve as Chair-
12 person of the Board.

13 “(5) OFFICE OF RISK MANAGEMENT.—The Of-
14 fice of Risk Management shall provide assistance to
15 the Board in developing, reviewing, and
16 recommending—

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

20 “(B) terms of the Standard Reinsurance
21 Agreement;

22 “(C) rates for plans of insurance under
23 this title; and

1 “(D) other issues involved in the adminis-
2 tration of Federal crop insurance, as requested
3 by the Board.

4 “(6) EXECUTIVE DIRECTOR; STAFF.—

5 “(A) EXECUTIVE DIRECTOR.—An execu-
6 tive director appointed by the Secretary, with
7 the concurrence of the Board, shall—

8 “(i) assist the Board, as provided in
9 subparagraph (C); and

10 “(ii) report to the Secretary.

11 “(B) STAFF.—

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

15 “(ii) QUALIFICATIONS.—An individual
16 described in clause (i) (except the Execu-
17 tive Director) shall be knowledgeable and
18 experienced in quantitative mathematics
19 and actuarial rating.

20 “(C) FUNCTIONS.—The Executive Director
21 and staff appointed under this paragraph
22 shall—

23 “(i) assist the Board in reviewing and
24 approving policies and materials with re-

1 spect to plans of insurance authorized or
2 submitted under section 508, 522, or 523;

3 “ (ii) provide at least monthly reports
4 to the Board on crop insurance issues,
5 which shall be based on comments received
6 from producers, approved insurance pro-
7 viders, and other sources that the Execu-
8 tive Director and staff consider appro-
9 priate;

10 “ (iii) review policies and materials
11 with respect to—

12 “ (I) subsidized plans of insurance
13 authorized under section 508; and

14 “ (II) unsubsidized plans of insur-
15 ance submitted to the Board under
16 section 508(h);

17 “ (iv) make recommendations to the
18 Board with respect to approval of the poli-
19 cies and materials, including recommenda-
20 tions with respect to the disapproval of any
21 policies and materials that contain terms
22 or conditions that promote fraud;

23 “ (v) make recommendations to the
24 Board to encourage cooperation between
25 United States attorneys, the Corporation,

1 and approved insurance providers to mini-
2 mize fraud in connection with an insurance
3 plan or policy under this title;

4 “(vi) review and make recommenda-
5 tions to the Board with respect to meth-
6 odologies for rating plans of insurance
7 under this title; and

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

10 “(D) FUNDING.—

11 “(i) INSURANCE FUND.—From
12 amounts in the insurance fund under sec-
13 tion 516(c)(1), effective for fiscal year
14 2001, \$500,000 shall be available to pay
15 the salaries and expenses of the Executive
16 Director and staff appointed under this
17 paragraph.

18 “(ii) SALARIES AND EXPENSES.—Sub-
19 ject to the availability of appropriations,
20 the Risk Management Agency shall trans-
21 fer \$500,000 for fiscal year 2001, and
22 \$1,000,000 for each subsequent fiscal year,
23 at the beginning of the fiscal year to the
24 Executive Director for the salaries and ex-

1 penses of the Executive Director and staff
2 appointed under this paragraph.

3 “(E) FISCAL YEARS.—This paragraph
4 shall apply to each of fiscal years 2001 through
5 2004.”.

6 (b) SUBMISSION OF POLICIES AND MATERIALS TO
7 BOARD.—Section 508(h) of the Federal Crop Insurance
8 Act (7 U.S.C. 1508(h)) is amended by striking paragraph
9 (6) and inserting the following:

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

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

17 “(B) MULTIPLE INSURANCE AGREE-
18 MENTS.—The Corporation may enter into more
19 than 1 reinsurance agreement simultaneously
20 with the approved insurance provider to facili-
21 tate the offering of the new policy.

22 “(C) PROCEDURES FOR SUBMISSION AND
23 REVIEW.—The Corporation shall promulgate
24 regulations that establish procedures for the
25 submission and review by the Board of pro-

1 proposals submitted to the Board under this sub-
2 section, including—

3 “(i) the standards applicable to a pro-
4 posal under paragraph (3) (including docu-
5 mentation required to establish that a pro-
6 posal satisfies the standards);

7 “(ii) procedures concerning the time
8 limitations provided in this paragraph; and

9 “(iii) procedures that provide an ap-
10 plicant the opportunity to present the pro-
11 posal to the Board in person.

12 “(D) REVIEW BY THE BOARD.—

13 “(i) PERIOD FOR APPROVAL.—A pro-
14 posal submitted to the Board shall be con-
15 sidered to be approved unless the Board
16 disapproves the proposal by the date that
17 is 60 business days after the later of—

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

20 “(II) the date on which the appli-
21 cant provides to the Board notice of
22 intent to modify the proposal under
23 clause (ii)(IV).

24 “(ii) NOTICE OF DISAPPROVAL.—

1 “(I) IN GENERAL.—Not later
2 than 15 days before the date on which
3 the Board intends to announce dis-
4 approval of a proposal, the Board
5 shall provide the applicant, by reg-
6 istered mail, with notice of intent to
7 disapprove the proposal.

8 “(II) RIGHT TO MODIFY.—An
9 applicant that is notified under sub-
10 clause (I) may modify the proposal.

11 “(III) ORIGINAL APPLICATION.—
12 For the purposes of this clause, any
13 modified proposal shall be considered
14 to be an original proposal.

15 “(IV) NOTICE OF INTENT TO
16 MODIFY.—Not later than 5 business
17 days after receipt of a notice under
18 subclause (I), an applicant that in-
19 tends to modify the proposal shall so
20 notify the Board.

21 “(E) TIMING.—In establishing procedures
22 under this subsection, the Board shall prescribe
23 a reasonable deadline for the submission of pro-
24 posals that approved insurance providers expect
25 to market during the reinsurance year.

1 “(F) CONFIDENTIALITY.—

2 “(i) IN GENERAL.—A proposal sub-
3 mitted to the Board under this subsection
4 shall be considered to be confidential com-
5 mercial or financial information for the
6 purposes of section 552(b)(4) of title 5,
7 United States Code.

8 “(ii) STANDARD OF CONFIDEN-
9 TIALITY.—Except as provided in clauses
10 (iii) and (iv), if information concerning a
11 proposal would not be otherwise released
12 by the Secretary under the standard for
13 privileged or confidential information per-
14 taining to trade secrets and commercial or
15 financial information under section
16 552(b)(4) of title 5, United States Code,
17 the information shall not be released to the
18 public.

19 “(iii) EXCEPTION FOR PURCHASERS
20 OF PLANS OF INSURANCE.—Clause (ii)
21 shall not apply in the case of an approved
22 insurance provider that elects to pay a fee
23 to sell a plan of insurance developed by an-
24 other provider under paragraph (5).

1 “(iv) APPROVED PROPOSALS.—In lieu
2 of publication in the Federal Register, a
3 general summary of the content of the pro-
4 posal shall be made available to other ap-
5 proved insurance providers at the time at
6 which the proposal is approved by the
7 Board, consisting of a description of—

8 “(I) the identity of the approved
9 insurance provider;

10 “(II) the coverage provided; and

11 “(III) the area to be covered by
12 the approved proposal.”.

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

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

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

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

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

1 **SEC. 302. GOOD FARMING PRACTICES.**

2 Section 508(a)(3)(C) of the Federal Crop Insurance
3 Act (7 U.S.C. 1508(a)(3)(C)) is amended by inserting
4 after “good farming practices” the following: “, including
5 scientifically sound sustainable and organic farming prac-
6 tices”.

7 **SEC. 303. SANCTIONS FOR PROGRAM NONCOMPLIANCE**
8 **AND FRAUD.**

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

12 “(n) SANCTIONS FOR PROGRAM NONCOMPLIANCE
13 AND FRAUD.—

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

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

1 “(A) a producer, agent, loss adjuster, ap-
2 proved insurance provider, or other person that
3 willfully and intentionally fails to comply with a
4 requirement of the Corporation; or

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

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

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

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

23 “(ii) \$10,000.

24 “(B) DEBARMENT.—

1 “(i) PRODUCERS.—In the case of a
2 violation committed by a producer, the pro-
3 ducer may be disqualified for a period of
4 up to 5 years from receiving any monetary
5 or nonmonetary benefit provided under—

6 “(I) this title;

7 “(II) the Agricultural Market
8 Transition Act (7 U.S.C. 7201 et
9 seq.), including the noninsured crop
10 disaster assistance program under
11 section 196 of that Act (7 U.S.C.
12 7333);

13 “(III) the Agricultural Act of
14 1949 (7 U.S.C. 1421 et seq.);

15 “(IV) the Commodity Credit Cor-
16 poration Charter Act (15 U.S.C. 714
17 et seq.);

18 “(V) the Agricultural Adjustment
19 Act of 1938 (7 U.S.C. 1281 et seq.);

20 “(VI) title XII of the Food Secu-
21 rity Act of 1985 (16 U.S.C. 3801 et
22 seq.);

23 “(VII) the Consolidated Farm
24 and Rural Development Act (7 U.S.C.
25 1921 et seq.); and

1 “(VIII) any law that provides as-
2 sistance to a producer of an agricul-
3 tural commodity affected by a crop
4 loss or a decline in the prices of agri-
5 cultural commodities.

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

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

18 “(A) whether to impose a sanction under
19 this subsection; and

20 “(B) the amount of the sanction to be im-
21 posed.

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

1 “(A) providing false or inaccurate informa-
2 tion to the Corporation or to an approved insur-
3 ance provider; or

4 “(B) failing to comply with a requirement
5 of the Corporation or the Standard Reinsurance
6 Agreement.

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

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

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

17 “(A) premium income;

18 “(B) amounts made available under sub-
19 section (a)(2); and

20 “(C) civil fines collected under section
21 506(n)(3)(A).”.

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

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

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

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

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

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

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

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

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

5 “(8) ADEQUATE COVERAGE FOR STATES.—

6 “(A) DEFINITION OF ADEQUATELY
7 SERVED.—In this paragraph, the term ‘ade-
8 quately served’ means having a participation
9 rate that is at least 50 percent of the national
10 average participation rate.

11 “(B) REVIEW.—The Board shall review
12 the plans of insurance that are offered by ap-
13 proved insurance providers under this title to
14 determine if each State is adequately served by
15 the plans of insurance.

16 “(C) REPORT.—

17 “(i) IN GENERAL.—Not later than 30
18 days after completion of the review under
19 subparagraph (B), the Board shall submit
20 to Congress a report on the results of the
21 review.

22 “(ii) RECOMMENDATIONS.—The re-
23 port shall include recommendations to in-
24 crease participation in States that are not
25 adequately served by the plans of insur-
26 ance.”.

1 **SEC. 306. RECORDS AND REPORTING.**

2 (a) **CONDITION OF OBTAINING COVERAGE.**—Section
3 508(f)(3)(A) of the Federal Crop Insurance Act (7 U.S.C.
4 1508(f)(3)(A)) is amended by striking “provide,” and all
5 that follows through “sought” and inserting “provide an-
6 nually records acceptable to the Secretary regarding crop
7 acreage, acreage yields, and production for each agricul-
8 tural commodity insured under this title”.

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

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

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

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

16 “(2) **COORDINATION AND USE OF RECORDS AND**
17 **REPORTS.**—

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

24 “(i) to avoid duplication of records
25 and reports;

1 “(ii) to streamline procedures involved
2 with the submission of records and reports;
3 and

4 “(iii) to enhance the accuracy of
5 records and reports.

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

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

16 (a) IN GENERAL.—Section 508(h)(5) of the Federal
17 Crop Insurance Act (7 U.S.C. 1508(h)(5)) is amended—

18 (1) by striking “Any policy” and inserting the
19 following:

20 “(A) IN GENERAL.—Any policy”; and

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

22 “(B) FEES FOR EXISTING PLANS OF IN-
23 SURANCE.—

24 “(i) IN GENERAL.—Effective begin-
25 ning with the 2001 reinsurance year, if an

1 approved insurance provider elects to sell a
2 plan of insurance that was developed by
3 another approved insurance provider and
4 the plan of insurance was approved by the
5 Board before January 1, 2000, the ap-
6 proved insurance provider that developed
7 the plan of insurance shall have the right
8 to receive a fee from the approved insur-
9 ance provider that elects to sell the plan of
10 insurance.

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

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

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

24 “(III) for each crop year there-
25 after that the plan is sold, 50 cents

1 for each policy under the plan that is
2 sold by the approved insurance pro-
3 vider.

4 “(C) FEES FOR NEW PLANS OF INSUR-
5 ANCE.—

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

20 “(ii) AMOUNT.—

21 “(I) IN GENERAL.—Subject to
22 subclause (II), the amount of the fee
23 that is payable by an approved insur-
24 ance provider for a plan of insurance

1 under clause (i) shall be an amount
2 that is—

3 “(aa) determined by the ap-
4 proved insurance provider that
5 developed the plan; and

6 “(bb) approved by the
7 Board.

8 “(II) APPROVAL.—The Board
9 shall not approve the amount of a fee
10 under clause (i) if the amount of the
11 fee unnecessarily inhibits the use of
12 the plan of insurance, as determined
13 by the Board.

14 “(D) PAYMENTS.—The Corporation shall
15 annually—

16 “(i) collect from an approved insur-
17 ance provider the amount of any fees that
18 are payable by the approved insurance pro-
19 vider under subparagraphs (B) and (C);
20 and

21 “(ii) credit any fees that are payable
22 to an approved insurance provider under
23 subparagraphs (B) and (C).

1 “(E) EXCEPTIONS.—In the case of a policy
2 developed by an approved insurance provider
3 that does not conduct business in a State—

4 “(i) the approved policy may be mar-
5 keted in the State by another approved in-
6 surance provider if the approved insurance
7 provider marketing the policy pays any fee
8 for marketing the policy imposed by the
9 developing provider; and

10 “(ii) the developing provider shall not
11 deny payment of a fee by another provider
12 to maintain full marketing rights of the
13 approved policy.”.

14 (b) FUNDING.—Section 516 of the Federal Crop In-
15 surance Act (7 U.S.C. 1516) (as amended by section
16 301(b)) is amended—

17 (1) in subsection (b)(1), by adding at the end
18 the following:

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

21 (2) in subsection (c)(1), by inserting “and fees”
22 after “premium income”.

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

24 Section 508(n) of the Federal Crop Insurance Act (7
25 U.S.C. 1508(n)) is amended—

1 (1) by striking “If a producer” and inserting
2 the following:

3 “(1) IN GENERAL.—If a producer”; and

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

5 “(2) LIMITATION ON DOUBLE INSURANCE.—

6 The Corporation may offer plans of insurance or re-
7 insurance for only 1 agricultural commodity pro-
8 duced on specific acreage during a crop year,
9 unless—

10 “(A) there is an established practice of
11 double-cropping in an area, as determined by
12 the Corporation;

13 “(B) the additional plan of insurance is of-
14 fered with respect to an agricultural commodity
15 that is customarily double-cropped in the area;
16 and

17 “(C) the producer has a history of double
18 cropping or the specific acreage has historically
19 been double-cropped.”.

20 **SEC. 309. SPECIALTY CROPS.**

21 (a) IN GENERAL.—The Federal Crop Insurance Act
22 (7 U.S.C. 1501 et seq.) (as amended by sections 201
23 through 203) is amended by adding at the end the fol-
24 lowing:

1 **“SEC. 523. SPECIALTY CROPS.**

2 “(a) RESEARCH REGARDING THE DEVELOPMENT OF
3 NEW OR REVISED CROP INSURANCE POLICIES.—To en-
4 courage the development of new or revised crop insurance
5 policies and other materials for specialty crops by qualified
6 private entities, and the submission of those insurance
7 policies and other materials to the Corporation under sec-
8 tion 508(h), the Specialty Crops Coordinator may—

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

12 “(2) reimburse research costs associated with
13 product development;

14 “(3) enter into contracts for the research and
15 development of plans of insurance for underserved
16 specialty crops; and

17 “(4) enter into contracts and reimburse costs
18 associated with the reassessment and modification of
19 plans of insurance for specialty crops.

20 “(b) PARTNERSHIPS FOR DEVELOPMENT OF RISK
21 MANAGEMENT TOOLS FOR SPECIALTY CROPS.—

22 “(1) PURPOSE.—The purpose of this subsection
23 is to authorize the Specialty Crops Coordinator, on
24 behalf of the Corporation, to enter into partnerships
25 with qualified public and private entities for the pur-

1 pose of increasing the availability of risk manage-
2 ment tools for producers of specialty crops.

3 “(2) AUTHORITY.—

4 “(A) IN GENERAL.—For each of fiscal
5 years 2001 through 2004, the Corporation may
6 use not more than \$20,000,000 from funds in
7 the insurance fund under section 516(c)(1) to
8 enter into partnerships with the Cooperative
9 State Research, Education, and Extension Serv-
10 ice, the Agricultural Research Service, the Na-
11 tional Oceanic and Atmospheric Administration,
12 and other appropriate public and private enti-
13 ties with demonstrated capabilities in devel-
14 oping and implementing risk management and
15 marketing options for specialty crops.

16 “(B) EXCLUSION.—Any funds used under
17 subparagraph (A) shall not be counted toward
18 the limitation on research and development ex-
19 penses established in section 516(b)(2)(A).

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

22 “(A) enhance the notice, and timeliness of
23 notice of weather conditions, that could nega-
24 tively affect specialty crop yields, quality, and
25 final product use in order to allow producers to

1 take preventive actions to increase end-product
2 profitability and marketability and to reduce
3 the possibility of crop insurance claims;

4 “(B) develop a multifaceted approach to
5 pest management to decrease inputs, decrease
6 the development of pest resistance, and increase
7 the effectiveness of pest prevention applications;

8 “(C) develop a multifaceted approach to
9 fertilization to decrease inputs, decrease exces-
10 sive nutrient loading to the environment, and
11 increase application efficiency;

12 “(D) develop or improve techniques for
13 planning, breeding, growing, maintaining, har-
14 vesting, storage, and shipping that will address
15 quality and quantity challenges for specialty
16 crops and livestock associated with year-to-year
17 and regional variations;

18 “(E) provide assistance to State foresters
19 or equivalent officials for the prescribed use of
20 burning on private forest land for the preven-
21 tion, control, and suppression of fire; and

22 “(F) develop other risk management tools
23 that specialty crop producers can use to further
24 increase their economic and production sta-
25 bility.

1 “(c) TIME PERIODS FOR PURCHASE OF COVERAGE
2 FOR SPECIALTY CROPS.—

3 “(1) SALES CLOSING DATE.—The sales closing
4 date for obtaining coverage for a specialty crop
5 under this title may not expire before the end of the
6 120-day period beginning on the date of the final re-
7 lease of materials for policies from the Risk Manage-
8 ment Agency and the Specialty Crops Coordinator.

9 “(2) PURCHASE DURING INSURANCE PERIOD.—
10 A producer of a specialty crop may purchase new
11 coverage for the specialty crop, or increase coverage
12 levels, at any time during the insurance period, sub-
13 ject to a 30-day waiting period for the coverage to
14 take effect to permit an inspection to verify accept-
15 ability by the insurance provider.

16 “(d) STUDIES OF NEW SPECIALTY CROP INSURANCE
17 POLICIES.—

18 “(1) IN GENERAL.—The Corporation and the
19 Specialty Crops Coordinator authorized under sec-
20 tion 507(g) shall jointly conduct studies of the feasi-
21 bility of developing new insurance policies for spe-
22 cialty crops, including policies based on the cost of
23 production or adjusted gross income, quality-based
24 policies, or an intermediate program with a higher

1 coverage and cost than the catastrophic risk protec-
2 tion offered on the date of enactment of this section.

3 “(2) SUBMISSION OF RESULTS.—Not later than
4 1 year after the date of enactment of this section,
5 and annually thereafter, the Corporation and the
6 Specialty Crops Coordinator shall submit to Con-
7 gress a report containing the results of the studies
8 required under this subsection.

9 “(e) REINSURANCE YEARS.—Subsections (b) and (c)
10 shall apply to each of the 2001 through 2004 reinsurance
11 years.”.

12 (b) REPORT ON COVERAGE OF NEW AND SPECIALTY
13 CROPS AND METHOD FOR PROVISION OF CATASTROPHIC
14 RISK PROTECTION.—Not later than 180 days after the
15 date of enactment of this Act, the Secretary of Agriculture
16 shall submit to the President, the Committee on Agri-
17 culture of the House of Representatives, and the Com-
18 mittee on Agriculture, Nutrition, and Forestry of the Sen-
19 ate a report assessing—

20 (1)(A) the progress made by the Department of
21 Agriculture in expanding crop insurance coverage to
22 new and specialty crops; and

23 (B) the plans of the Department to continue to
24 expand coverage to additional crops; and

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

3 (i) has resulted in a uniform quality of risk
4 protection services in all regions of the country;
5 and

6 (ii) has fulfilled the goal of increased par-
7 ticipation in the Federal crop insurance pro-
8 gram, particularly in States with traditionally
9 low crop insurance participation rates and
10 States with a high proportion of specialty crops;
11 and

12 (B) whether, particularly in States described in
13 subparagraph (A)(ii), the Secretary should resume
14 direct provision of catastrophic risk protection and
15 performance of loss adjustment functions through
16 local offices of the Department.

17 **SEC. 310. FEDERAL CROP INSURANCE IMPROVEMENT COM-**
18 **MISSION.**

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

22 **“SEC. 515. FEDERAL CROP INSURANCE IMPROVEMENT**
23 **COMMISSION.**

24 “(a) DEFINITIONS.—In this section:

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

4 “(2) SPECIALTY CROP.—The term ‘specialty
5 crop’ means an agricultural commodity other than a
6 contract commodity (as defined in section 102 of the
7 Agricultural Marketing Transition Act (7 U.S.C.
8 7202)).

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

12 “(c) MEMBERSHIP.—

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

15 “(A) The Under Secretary for Farm and
16 Foreign Agricultural Services of the Depart-
17 ment.

18 “(B) The manager of the Corporation.

19 “(C) The Chief Economist of the Depart-
20 ment or a person appointed by the Chief Econo-
21 mist.

22 “(D) An employee of the Office of Manage-
23 ment and Budget, appointed by the Director of
24 the Office of Management and Budget.

1 “(E) A representative of the National As-
2 sociation of Insurance Commissioners, experi-
3 enced in insurance regulation, appointed by the
4 National Association of Insurance Commis-
5 sioners.

6 “(F) Representatives of 3 approved insur-
7 ance providers (the 3 approved insurance pro-
8 viders being elected by majority vote of all ap-
9 proved insurance providers), appointed by the 3
10 approved insurance providers.

11 “(G) A representative of a private non-
12 profit organization designated by the manager
13 of the Corporation—

14 “(i) that is organized and has oper-
15 ated for at least 5 consecutive years as an
16 insurance advisory and statistical agent or-
17 ganization for crop insurance written in
18 the United States;

19 “(ii) that is licensed and approved as
20 a statistical agent by substantially all
21 States in which federally reinsured crop in-
22 surance is sold; and

23 “(iii) the activities of which have
24 included—

1 “(I) the accumulation and anal-
2 ysis of loss expenses and other crop
3 insurance statistics;

4 “(II) the development of forms
5 for crop insurance policies; and

6 “(III) the development of proce-
7 dures for loss adjustment;

8 appointed by the organization.

9 “(2) TIME OF APPOINTMENT.—The members of
10 the Commission shall be appointed not later than 60
11 days after the date of enactment of the Agricultural
12 Risk Management Act.

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

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

17 “(1) The extent to which approved insurance
18 providers should bear the risk of loss for federally
19 subsidized crop insurance.

20 “(2) Whether the Corporation should—

21 “(A) continue to provide financial assist-
22 ance for the benefit of agricultural producers by
23 reinsuring coverage written by approved insur-
24 ance providers; or

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

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

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

9 “(5) The progress of the Corporation in reduc-
10 ing administrative and operating costs of approved
11 insurance providers under section 508(k)(5).

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

15 “(A) delivery of reasonably priced crop in-
16 surance products to agricultural producers;

17 “(B) loss adjustment procedures;

18 “(C) good farming practices;

19 “(D) the establishment of premiums; and

20 “(E) compliance with this title (including
21 regulations issued under this title, the terms
22 and conditions of insurance coverage, and ad-
23 justments of losses).

24 “(e) COMMISSION OPERATIONS.—

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

4 “(A) serve as Chairperson of the Commis-
5 sion; and

6 “(B) vote in the case of a tie.

7 “(2) MEETINGS.—

8 “(A) IN GENERAL.—The Commission shall
9 meet regularly, but not less than 6 times per
10 year.

11 “(B) TIME.—A meeting may be called—

12 “(i) at any time, by the Chairperson;
13 or

14 “(ii) notwithstanding section 10(f) of
15 the Federal Advisory Committee Act (5
16 U.S.C. App.), by any 3 members of the
17 Commission, if those members give notice
18 to the Commission not later than 10 days
19 before the date of the meeting.

20 “(3) DISCLOSURE.—

21 “(A) IN GENERAL.—To the extent that the
22 records, papers, or other documents received,
23 prepared, or maintained by the Commission are
24 subject to public disclosure, the documents shall

1 be available for public inspection and copying at
2 the Office of Risk Management.

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

6 “(i) a meeting of the Commission; or

7 “(ii) any disclosure of records, re-
8 ports, transcripts, minutes, appendixes,
9 working papers, drafts, studies, agenda, or
10 other similar documents containing such
11 information as is not required under sec-
12 tion 10(b) of that Act.

13 “(C) APPLICABILITY.—The exceptions de-
14 scribed in subparagraph (B) shall not exempt
15 the Commission from any requirement of sec-
16 tion 10(a)(2) (to the extent of giving public no-
17 tice of its meetings), section 10(a)(3) (to the
18 extent of allowing interested persons to appear
19 and to present or file statements), and section
20 10(c) of the Federal Advisory Committee Act (5
21 U.S.C. App.).

22 “(4) COMPENSATION.—

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), a member of the Commis-
25 sion who is employed by the Department or by

1 another agency, department, or office of the
2 Federal Government shall receive no additional
3 compensation for the services of the employee
4 as a member of the Commission.

5 “(B) EXPENSES.—A member of the Com-
6 mission may be allowed necessary traveling and
7 subsistence expenses when engaged in business
8 of the Commission.

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

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

21 “(ii) necessary traveling and subsist-
22 ence expenses (or a per diem allowance in
23 lieu of subsistence expenses) as authorized
24 by section 5703 of title 5, United States

1 Code, for persons employed intermittently
2 in the Federal Government service.

3 “(5) MISCELLANEOUS ACCOMMODATIONS.—

4 “(A) OFFICE SPACE.—The Under Sec-
5 retary for Farm and Foreign Agricultural Serv-
6 ices (or, on delegation by the Under Secretary
7 for Farm and Foreign Agricultural Services,
8 the manager of the Corporation) shall arrange
9 for the Commission to occupy offices and meet-
10 ing rooms at the offices of the Department in
11 the District of Columbia, in accordance with
12 section 5(b)(5) of the Federal Advisory Com-
13 mittee Act (5 U.S.C. App.).

14 “(B) SUPPORT SERVICES.—The Depart-
15 ment shall provide support services for the
16 Commission in accordance with section 12 of
17 the Federal Advisory Committee Act (5 U.S.C.
18 App.).

19 “(6) STAFF.—

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

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

3 “(i) may compensate staff hired and
4 professionals retained under subparagraph
5 (A) on such terms and in such amounts as
6 are customary and reasonable within the
7 private sector; and

8 “(ii) shall not be limited in any re-
9 spect to terms, amounts, and limitations
10 related to compensation that would apply if
11 the Commission were retaining contractors
12 to or for a governmental entity.

13 “(C) LIMITATION ON COMPENSATION.—
14 The aggregate of all staff and professional com-
15 pensation shall not exceed \$4,000,000 per year.

16 “(D) REIMBURSEMENT.—A member of the
17 Commission may be reimbursed for the costs of
18 professional services obtained by the member to
19 assist in the work of the member for the Com-
20 mission, except that—

21 “(i) no reimbursement (other than
22 travel and subsistence expenses) shall be
23 allowed with respect to any services ren-
24 dered by any person otherwise employed by
25 the Federal Government;

1 “(ii) a majority of the Commission
2 shall approve in advance the retention by
3 a member of professional services, includ-
4 ing the terms of compensation of the pro-
5 fessional;

6 “(iii) the services to be reimbursed
7 shall relate exclusively to the work of the
8 Commission;

9 “(iv) the work product of any profes-
10 sional hired under this paragraph shall be
11 available to the Commission and all profes-
12 sionals engaged by the Commission;

13 “(v) no reimbursement may be made
14 without approval by a majority of the
15 Commission; and

16 “(vi) the aggregate amount of all such
17 services for all members of the Commission
18 under this subparagraph shall not exceed
19 \$1,000,000 for each fiscal year.

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

24 “(f) FINAL REPORT.—

1 “(1) IN GENERAL.—Not later than 2 years
2 after the date of enactment of the Agricultural Risk
3 Management Act, the Commission shall submit to
4 the Committee on Agriculture of the House of Rep-
5 resentatives and the Committee on Agriculture, Nu-
6 trition, and Forestry of the Senate a final report on
7 the study under subsection (d).

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

10 “(A) the Secretary of Agriculture;

11 “(B) the Board; and

12 “(C) the Comptroller General of the
13 United States.

14 “(3) INTERIM REPORTS.—To expedite comple-
15 tion of the work of the Commission, the Commission
16 may submit 1 or more interim reports or reports on
17 1 or more of the subjects to be studied.

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

20 “(1) 60 days after the date on which the Com-
21 mission submits the final report under subsection
22 (f); or

23 “(2) September 30, 2003.”.

1 (b) CONFORMING AMENDMENTS.—Section 516 of the
2 Federal Crop Insurance Act (as amended by section
3 203(b)(2)) is amended—

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

6 “(D) all necessary amounts to fund the op-
7 erations of the Commission.”; and

8 (2) in subsection (b), by adding at the end the
9 following:

10 “(3) FUNDS FOR COMMISSION.—For each of
11 fiscal years 2001 through 2003, the Corporation
12 shall pay from the insurance fund established under
13 subsection (c) such sums as are necessary to fund
14 the operation of the Commission.”.

15 **TITLE IV—EFFECTIVE DATES;**
16 **TERMINATION OF AUTHORITY**

17 **SEC. 401. EFFECTIVE DATES.**

18 (a) IN GENERAL.—Except as provided in subsection
19 (b) and section 402(a), this Act and the amendments
20 made by this Act take effect on the date of enactment
21 of this Act.

22 (b) EXCEPTION FOR OBLIGATIONS.—The Corpora-
23 tion shall not obligate funds to carry out the amendments
24 made by sections 102, 103, 105, 106, 201 through 204,
25 and 309 until October 1, 2000.

1 (c) REGULATIONS.—

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

6 (2) VOIDING OF BULLETIN.—Bulletin MGR–
7 99–004, issued by the Administrator of the Risk
8 Management Agency of the Department of Agri-
9 culture, is void. The original terms of the crop rev-
10 enue coverage plan of insurance, as published on
11 July 14, 1998 (63 Fed. Reg. 37829), shall remain
12 in effect for the 1999 crop year.

13 **SEC. 402. TERMINATION OF AUTHORITY.**

14 (a) EFFECTIVE DATE.—This section and the amend-
15 ments made by this section take effect on September 30,
16 2004.

17 (b) REPEAL.—

18 (1) IN GENERAL.—The amendments made by
19 sections 102, 103, 105, and 106 are repealed.

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

1 (3) CONFORMING AMENDMENT.—Section
2 508(a) of the Federal Crop Insurance Act (7 U.S.C.
3 1508(a)) is amended by redesignating paragraph (8)
4 (as added by section 305) as paragraph (7).

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

8 (1) in subsection (a), by striking paragraph (6);

9 (2) in subsection (b)—

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

11 (B) by redesignating paragraph (3) as
12 paragraph (2); and

13 (3) by striking subsections (c) and (d).

14 (d) BOARD OF DIRECTORS OF CORPORATION.—

15 (1) IN GENERAL.—Section 505(a) of the Fed-
16 eral Crop Insurance Act (7 U.S.C. 1505(a)) (as
17 amended by section 301(a)) is amended by striking
18 paragraph (6).

19 (2) FUNDING.—Section 516(b)(1) of the Fed-
20 eral Crop Insurance Act (7 U.S.C. 1516(b)(1)) (as
21 amended by sections 301(b) and 307(b)) is
22 amended—

23 (A) in subparagraph (C), by inserting
24 “and” after the semicolon;

25 (B) by striking subparagraph (D); and

1 (C) by redesignating subparagraph (E) as
2 subparagraph (D).

3 (e) SPECIALTY CROPS.—

4 (1) IN GENERAL.—Section 523 of the Federal
5 Crop Insurance Act (as added by section 309(b)) is
6 amended—

7 (A) in subsection (b)—

8 (i) by striking paragraph (2); and

9 (ii) by redesignating paragraph (3) as
10 paragraph (2); and

11 (B) by striking subsections (c) and (d).

12 (2) STUDY.—Section 309 of this Act is amend-
13 ed by striking subsection (c).

14 (f) FUNDING.—Neither the Secretary of Agriculture
15 nor the Federal Crop Insurance Corporation may use the
16 funds of the insurance fund under section 516(c)(1) of the
17 Federal Crop Insurance Act (7 U.S.C. 1516(c)(1)), the
18 funds of the Commodity Credit Corporation, or funds
19 under any provision of law to carry out a provision re-
20 pealed or struck by this section.