

106TH CONGRESS  
1ST SESSION

# H. R. 2559

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## AN ACT

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

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

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

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

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

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—STRENGTHENING THE FARM SAFETY NET

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

TITLE II—IMPROVING PROGRAM INTEGRITY

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

TITLE III—ADMINISTRATION

- Sec. 301. Board of Directors of Corporation.
- Sec. 302. Promotion of submission of policies and related materials.
- Sec. 303. Research and development, including contracts regarding underserved commodities.
- Sec. 304. Funding for reimbursement and research and development.
- Sec. 305. Board consideration of submitted policies and materials.
- Sec. 306. Contracting for rating of plans of insurance.
- Sec. 307. Electronic availability of crop insurance information.
- Sec. 308. Fees for use of new policies and plans of insurance.
- Sec. 309. Clarification of producer requirement to follow good farming practices.
- Sec. 310. Reimbursements and negotiation of standard reinsurance agreement.

## TITLE IV—EFFECTIVE DATE AND IMPLEMENTATION

Sec. 401. Effective date.

Sec. 402. Special rules regarding implementation of certain amendments.

Sec. 403. Savings clause.

Sec. 404. Sense of the Congress.

1     **TITLE I—STRENGTHENING THE**  
2                     **FARM SAFETY NET**

3     **SEC. 101. PREMIUM SCHEDULE FOR ADDITIONAL COV-**  
4                     **ERAGE.**

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

9                     “(B) In the case of additional coverage  
10                    equal to or greater than 50 percent of the re-  
11                    corded or appraised average yield indemnified  
12                    at not greater than 100 percent of the expected  
13                    market price, or an equivalent coverage, the  
14                    amount of the premium shall—

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

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

1           (b) PAYMENT SCHEDULE.—Section 508(e)(2) of the  
2 Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)) is  
3 amended by striking subparagraphs (B) and (C) and in-  
4 serting the following new subparagraphs:

5                   “(B) In the case of additional coverage  
6                   equal to or greater than 50 percent, but less  
7                   than 55 percent, of the recorded or appraised  
8                   average yield indemnified at not greater than  
9                   100 percent of the expected market price, or an  
10                  equivalent coverage, the amount shall be equal  
11                  to the sum of—

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

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

20                   “(C) In the case of additional coverage  
21                   equal to or greater than 55 percent, but less  
22                   than 65 percent, of the recorded or appraised  
23                   average yield indemnified at not greater than  
24                   100 percent of the expected market price, or an

1 equivalent coverage, the amount shall be equal  
2 to the sum of—

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

7 “(ii) the amount determined under  
8 subsection (d)(2)(B)(ii) for the coverage  
9 level selected to cover operating and ad-  
10 ministrative expenses.

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

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

22 “(ii) the amount determined under  
23 subsection (d)(2)(B)(ii) for the coverage  
24 level selected to cover operating and ad-  
25 ministrative expenses.

1           “(E) In the case of additional coverage  
2 equal to or greater than 75 percent, but less  
3 than 80 percent, of the recorded or appraised  
4 average yield indemnified at not greater than  
5 100 percent of the expected market price, or an  
6 equivalent coverage, the amount shall be equal  
7 to the sum of—

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

12                   “(ii) the amount determined under  
13 subsection (d)(2)(B)(ii) for the coverage  
14 level selected to cover operating and ad-  
15 ministrative expenses.

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

23                   “(i) 40.6 percent of the amount of the  
24 premium established under subsection

1 (d)(2)(B)(i) for the coverage level selected;  
2 and

3 “(ii) the amount determined under  
4 subsection (d)(2)(B)(ii) for the coverage  
5 level selected to cover operating and ad-  
6 ministrative expenses.

7 “(G) Subject to subsection (e)(4), in the  
8 case of additional coverage equal to or greater  
9 than 85 percent of the recorded or appraised  
10 average yield indemnified at not greater than  
11 100 percent of the expected market price, or an  
12 equivalent coverage, the amount shall be equal  
13 to the sum of—

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

18 “(ii) the amount determined under  
19 subsection (d)(2)(B)(ii) for the coverage  
20 level selected to cover operating and ad-  
21 ministrative expenses.”.

22 (c) PREMIUM PAYMENT DISCLOSURE.—Section  
23 508(e) of the Federal Crop Insurance Act (7 U.S.C.  
24 1508(e)) is amended by adding at the end the following  
25 new paragraph:



1 “(5) PREMIUM PAYMENT DISCLOSURE.—Each  
2 policy or plan of insurance under this title shall  
3 prominently indicate the dollar amount of the por-  
4 tion of the premium paid by the Corporation under  
5 this subsection or subsection (h)(2).”.

6 **SEC. 102. PREMIUM SCHEDULE FOR OTHER PLANS OF IN-**  
7 **SURANCE.**

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

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

12 “(A) PREPARATION.—A policy”;

13 (2) by striking the second sentence; and

14 (3) by adding at the end the following new sub-  
15 paragraph:

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

21 “(i) the percentage, specified in sub-  
22 section (e) for a similar level of coverage,  
23 of the total amount of the premium used  
24 to define loss ratio; and

1                   “(ii) the dollar amount of the admin-  
2                   istrative and operating expenses that would  
3                   be paid by the Corporation under sub-  
4                   section (e) for a similar level of coverage.”.

5 **SEC. 103. ADJUSTMENT IN ACTUAL PRODUCTION HISTORY**  
6 **TO ESTABLISH INSURABLE YIELDS.**

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

11                   “(4) ADJUSTMENT IN ACTUAL PRODUCTION  
12 HISTORY TO ESTABLISH INSURABLE YIELDS.—

13                           “(A) APPLICATION.—This paragraph shall  
14 apply whenever the Corporation uses the actual  
15 production history of the producer to establish  
16 insurable yields for an agricultural commodity  
17 for the 2001 and subsequent crop years.

18                           “(B) ELECTION TO USE PERCENTAGE OF  
19 TRANSITIONAL YIELD.—If, for one or more of  
20 the crop years used to establish the producer’s  
21 actual production history of an agricultural  
22 commodity, the producer’s recorded or ap-  
23 praised yield of the commodity was less than 60  
24 percent of the applicable transitional yield, as

1 determined by the Corporation, the Corporation  
2 shall, at the election of the producer—

3 “(i) exclude any of such recorded or  
4 appraised yield; and

5 “(ii) replace each excluded yield with  
6 a yield equal to 60 percent of the applica-  
7 ble transitional yield.”.

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

13 “(5) ADJUSTMENT TO REFLECT INCREASED  
14 YIELDS FROM SUCCESSFUL PEST CONTROL EF-  
15 FORTS.—

16 “(A) SITUATIONS JUSTIFYING ADJUST-  
17 MENT.—The Corporation shall develop a meth-  
18 odology for adjusting the actual production his-  
19 tory of a producer when each of the following  
20 apply:

21 “(i) The producer’s farm is located in  
22 an area where systematic, area-wide efforts  
23 have been undertaken using certain oper-  
24 ations or measures, or the producer’s farm  
25 is a location at which certain operations or

1 measures have been undertaken, to detect,  
2 eradicate, suppress, or control, or at least  
3 to prevent or retard the spread of, a plant  
4 disease or plant pest, including a plant  
5 pest covered by the definition in section  
6 102 of the Department of Agriculture Or-  
7 ganic Act of 1944 (7 U.S.C. 147a).

8 “(ii) The presence of the plant disease  
9 or plant pest has been found to adversely  
10 affect the yield of the agricultural com-  
11 modity for which the producer is applying  
12 for insurance.

13 “(iii) The efforts described in clause  
14 (i) have been effective.

15 “(B) ADJUSTMENT AMOUNT.—The amount  
16 by which the Corporation adjusts the actual  
17 production history of a producer of an agricul-  
18 tural commodity shall reflect the degree to  
19 which the success of the systematic, area-wide  
20 efforts described in paragraph (1)(A), on aver-  
21 age, increases the yield of the commodity on the  
22 producer’s farm, as determined by the Corpora-  
23 tion.”.

1 **SEC. 104. REVIEW AND ADJUSTMENT IN RATING METH-**  
2 **ODOLOGIES.**

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

6 “(7) REVIEW AND ADJUSTMENT OF RATES.—

7 “(A) REVIEW REQUIRED.—To maximize  
8 participation in the Federal crop insurance pro-  
9 gram and to ensure equity for producers, the  
10 Corporation shall periodically review the meth-  
11 odologies employed for rating plans of insur-  
12 ance under this title consistent with section  
13 507(c)(2).

14 “(B) PREMIUM ADJUSTMENT.—The Cor-  
15 poration shall analyze the rating and loss his-  
16 tory of approved policies and plans of insurance  
17 for agricultural commodities by area. If the  
18 Corporation makes a determination that pre-  
19 mium rates are excessive for an agricultural  
20 commodity in an area relative to the require-  
21 ments of subsection (d)(2)(B) for that area,  
22 then, in the 2000 crop year or as soon as prac-  
23 ticable after the determination is made, the  
24 Corporation shall make appropriate adjust-  
25 ments in the premium rates for that area for  
26 that agricultural commodity.”.

1 **SEC. 105. CONDUCT OF PILOT PROGRAMS, INCLUDING**  
2 **LIVESTOCK.**

3 (a) REPEAL OF OBSOLETE PILOT PROGRAMS.—Sec-  
4 tion 508(h) of the Federal Crop Insurance Act (7 U.S.C.  
5 1508(h)) is amended by striking paragraphs (6) and (8).

6 (b) GENERAL REQUIREMENTS.—Section 508(h) of  
7 the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is  
8 amended by inserting after paragraph (7) the following  
9 new paragraph:

10 “(8) GENERAL REQUIREMENTS APPLICABLE TO  
11 PILOT PROGRAMS.—In conducting any pilot program  
12 of insurance or reinsurance authorized or required  
13 by this title, the Corporation—

14 “(A) may offer the pilot program on a re-  
15 gional, whole State, or national basis after con-  
16 sidering the interests of affected producers and  
17 the interests of and risks to the Corporation;

18 “(B) may operate the pilot program, in-  
19 cluding any modifications thereof, for a period  
20 of up to 3 years; and

21 “(C) may extend the time period for the  
22 pilot program for additional periods, as deter-  
23 mined appropriate by the Corporation.”.

24 (c) EXPEDITED CONSIDERATION.—Section 508(h)(4)  
25 of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(4))  
26 is amended—

1           (1) by redesignating subparagraphs (A), (B),  
2           (C), and (D) as clauses (i), (ii), (iii), and (iv), re-  
3           spectively;

4           (2) by moving the text of the clauses (as so des-  
5           ignated) 2 ems to the right;

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

8                   “(A) GUIDELINES REQUIRED.—Not later  
9                   than 180 days after the date of the enactment  
10                   of the Agricultural Risk Protection Act of 1999,  
11                   the Corporation”; and

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

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

1           sistent with the guidelines established under  
2           subparagraph (A), except as follows:

3                   “(i) Not later than 60 days after sub-  
4                   mission of the proposed pilot program, the  
5                   Corporation shall provide an applicant with  
6                   notification of its intent to recommend dis-  
7                   approval of the proposal to the Board.

8                   “(ii) Not later than 90 days after the  
9                   proposed pilot program is submitted to the  
10                  Board, the Board shall make a determina-  
11                  tion to approve or disapprove the pilot pro-  
12                  gram. Any determination by the Board to  
13                  disapprove the pilot program shall be ac-  
14                  companied by a complete explanation of  
15                  the reasons for the Board’s decision to  
16                  deny approval. In the event the Board fails  
17                  to make a determination within the pre-  
18                  scribed time period, the pilot program sub-  
19                  mitted shall be deemed approved by the  
20                  Board for the initial reinsurance year des-  
21                  ignated for the pilot program, except in the  
22                  case where the Board and the applicant  
23                  agree to an extension.”.

24           (d) LIVESTOCK PILOT PROGRAMS.—



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

5           “(10) LIVESTOCK PILOT PROGRAMS.—

6                   “(A) PROGRAMS REQUIRED.—

7                           “(i) NUMBER AND TYPES OF PRO-  
8 GRAMS.—The Corporation shall conduct  
9 two or more pilot programs to evaluate the  
10 effectiveness of risk management tools for  
11 livestock producers, including the use of—

12                                   “(I) futures and options con-  
13 tracts and policies and plans of insur-  
14 ance that provide livestock producers  
15 with reasonable protection from the fi-  
16 nancial risks of price or income fluc-  
17 tuations inherent in the production  
18 and marketing of livestock, provide  
19 protection for production losses, and  
20 otherwise protect the interests of live-  
21 stock producers; and

22                                   “(II) policies and plans of insur-  
23 ance that, notwithstanding the second  
24 sentence of subsection (a)(1), and  
25 subject to the exclusions in subsection

1 (a)(3), provide livestock producers  
2 with reasonable protection from liabil-  
3 ity to mitigate or compensate for ad-  
4 verse environmental impacts from pro-  
5 ducers' operations caused by natural  
6 disasters, unusual weather or climatic  
7 conditions, third-party acts, or other  
8 forces or occurrences beyond the pro-  
9 ducers' control, and with coverage to  
10 satisfy obligations established by law  
11 for closure of producers' operations.

12 “(ii) PURPOSE OF PROGRAMS.—To  
13 the maximum extent practicable, the Cor-  
14 poration shall evaluate the greatest num-  
15 ber and variety of pilot programs described  
16 in clause (i) to determine which of the of-  
17 fered risk management tools are best suit-  
18 ed to protect livestock producers from the  
19 financial risks associated with the produc-  
20 tion and marketing of livestock.

21 “(B) IMPLEMENTATION; ASSISTANCE.—  
22 The Corporation shall begin conducting live-  
23 stock pilot programs under this paragraph dur-  
24 ing fiscal year 2001, and any policy or plan of  
25 insurance offered under this paragraph may be

1 prepared without regard to the limitations con-  
2 tained in this title. As part of such a pilot pro-  
3 gram, the Corporation may provide assistance  
4 to producers to purchase futures and options  
5 contracts or policies and plans of insurance of-  
6 fered under that pilot program. However, no ac-  
7 tion may be undertaken with respect to a risk  
8 under this paragraph if the Corporation deter-  
9 mines that insurance protection for livestock  
10 producers against the risk is generally available  
11 from private companies.

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

20 “(D) ELIGIBLE PRODUCERS; LIVESTOCK.—  
21 Any producer of a type of livestock covered by  
22 a pilot program under this paragraph who owns  
23 or operates a farm or ranch in a county selected  
24 as a location for that pilot program shall be eli-  
25 gible to participate in that pilot program. In

1 this paragraph, the term ‘livestock’ means cat-  
2 tle, sheep, swine, goats, and poultry.

3 “(E) RELATION TO OTHER LAWS.—The  
4 terms and conditions of any policy or plan of  
5 insurance offered under this paragraph that is  
6 reinsured by the Corporation is not subject to  
7 the jurisdiction of the Commodity Futures  
8 Trading Commission or the Securities and Ex-  
9 change Commission or considered as accounts,  
10 agreements (including any transaction which is  
11 of the character of, or is commonly known to  
12 the trade as, an ‘option’, ‘privilege’, ‘indemnity’,  
13 ‘bid’, ‘offer’, ‘put’, ‘call’, ‘advance guaranty’, or  
14 ‘decline guaranty’), or transactions involving  
15 contracts of sale of a commodity for future de-  
16 livery, traded or executed on a contract market  
17 for the purposes of the Commodity Exchange  
18 Act (7 U.S.C. 1 et seq.). Nothing in this sub-  
19 paragraph is intended to affect the jurisdiction  
20 of the Commodity Futures Trading Commission  
21 or the applicability of the Commodity Exchange  
22 Act to any transaction conducted on a des-  
23 ignated contract market (as that term is used  
24 in such Act) by an approved insurance provider

1 to offset the provider’s risk under a plan or pol-  
2 icy of insurance under this paragraph.

3 “(F) LIMITATION ON EXPENDITURES.—

4 The Corporation shall conduct all livestock pro-  
5 grams under this title so that, to the maximum  
6 extent practicable, all costs associated with con-  
7 ducting the livestock programs (other than re-  
8 search and development costs covered by para-  
9 graph (6) or subsection (m)(4)) are not ex-  
10 pected to exceed the following:

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

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

13 “(iii) \$40,000,000 for fiscal year  
14 2003.

15 “(iv) \$55,000,000 for fiscal year 2004  
16 and each subsequent fiscal year.”.

17 (2) CONFORMING AMENDMENT TO DEFINITION  
18 OF AGRICULTURAL COMMODITY.—Section 518 of the  
19 Federal Crop Insurance Act (7 U.S.C. 1518) is  
20 amended by striking “livestock and” after “com-  
21 modity, excluding”.

22 (e) FUNDING OF LIVESTOCK PILOT PROGRAMS.—

23 (1) AUTHORIZATION OF APPROPRIATIONS.—

24 Section 516(a)(2) of the Federal Crop Insurance Act  
25 (7 U.S.C. 1516(a)(2)) is amended—

1 (A) by striking “years—” and inserting  
2 “years the following:”;

3 (B) by capitalizing the first letter of the  
4 first word of each subparagraph;

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

7 (D) by adding at the end the following new  
8 subparagraph:

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

13 (2) USE OF INSURANCE FUND.—Section  
14 516(b)(1) of the Federal Crop Insurance Act (7  
15 U.S.C. 1516(b)(1)) is amended—

16 (A) by striking “including—” and insert-  
17 ing “including the following:”;

18 (B) by capitalizing the first letter of the  
19 first word of each subparagraph;

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

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

24 (E) by adding at the end the following new  
25 subparagraph:

1           “(D) Costs associated with the conduct of  
2           livestock pilot programs carried out under sec-  
3           tion 508(h)(10), subject to subparagraph (F) of  
4           such section.”.

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

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

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

12          (2) by striking “or” at the end of subparagraph  
13          (A);

14          (3) by striking the period at the end of sub-  
15          paragraph (B) and inserting “; or”; and

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

17                  “(C) in the case of cost of production or  
18                  similar plans of insurance, shall be the pro-  
19                  jected cost of producing the agricultural com-  
20                  modity (as determined by the Corporation).”.

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

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

25                  “(3) PREMIUM DISCOUNTS.—

1           “(A) PERFORMANCE-BASED DISCOUNT.—  
2           The Corporation may provide a performance-  
3           based premium discount for a producer of an  
4           agricultural commodity who has good insurance  
5           or production experience relative to other pro-  
6           ducers of that agricultural commodity in the  
7           same area, as determined by the Corporation.

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



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

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

5 “(3) ALTERNATIVE CATASTROPHIC COV-  
6 ERAGE.—Beginning with the 2000 crop year, the  
7 Corporation shall offer producers of an agricultural  
8 commodity the option of selecting either of the fol-  
9 lowing:

10 “(A) The catastrophic risk protection cov-  
11 erage available under paragraph (2)(A).

12 “(B) An alternative catastrophic risk pro-  
13 tection coverage that—

14 “(i) indemnifies the producer on an  
15 area yield and loss basis if such a plan of  
16 insurance is offered for the agricultural  
17 commodity in the county in which the farm  
18 is located;

19 “(ii) provides, on a uniform national  
20 basis, a higher combination of yield and  
21 price protection than the coverage available  
22 under paragraph (2)(A); and

23 “(iii) the Corporation determines is  
24 comparable to the coverage available under  
25 paragraph (2)(A) for purposes of sub-  
26 section (e)(2)(A).”.

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

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

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

8 “(i) PAYMENT AUTHORIZED.—Not-  
9 withstanding any other subparagraph of  
10 this paragraph, a cooperative association of  
11 agricultural producers or a nonprofit trade  
12 association may pay to the Corporation, on  
13 behalf of a member of the association who  
14 consents to be insured under such an ar-  
15 rangement, all or a portion of the fees im-  
16 posed under subparagraphs (A) and (B)  
17 for catastrophic risk protection.

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

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

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

16 “(iv) ADDITIONAL COVERAGE EN-  
17 COURAGED.—Cooperatives and trade asso-  
18 ciations and any approved insurance pro-  
19 vider with whom a licensing fee or other  
20 arrangement under this subparagraph is  
21 made shall encourage producer members to  
22 purchase appropriate levels of additional  
23 coverage in order to meet the risk manage-  
24 ment needs of such member producers.”

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

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

6 “(8) PREVENTED PLANTING COVERAGE.—

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

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

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

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

24 “(C) AREA CONDITIONS REQUIRED FOR  
25 PAYMENT.—The Corporation shall limit pre-  
26 vented planting payments to producers to those

1 situations in which producers in the area in  
2 which the farm is located are generally affected  
3 by the conditions that prevent an agricultural  
4 commodity from being planted.

5 “(D) SUBSTITUTE COMMODITY.—

6 “(i) AUTHORITY TO PLANT.—Subject  
7 to clause (iv), a producer who has pre-  
8 vented planting coverage and who is eligi-  
9 ble to receive an indemnity under such cov-  
10 erage may plant an agricultural com-  
11 modity, other than the commodity covered  
12 by the prevented planting coverage, on the  
13 acreage originally prevented from being  
14 planted.

15 “(ii) NONAVAILABILITY OF INSUR-  
16 ANCE.—A substitute agricultural com-  
17 modity planted as authorized by clause (i)  
18 for harvest in the same crop year shall not  
19 be eligible for coverage under a policy or  
20 plan of insurance under this title or for  
21 noninsured crop disaster assistance under  
22 section 196 of the Federal Agriculture Im-  
23 provement and Reform Act of 1996 (7  
24 U.S.C. 7333). For purposes of subsection  
25 (b)(7) only, the substitute commodity shall

1 be deemed to have at least catastrophic  
2 risk protection so as to satisfy the require-  
3 ments of that subsection.

4 “(iii) EFFECT ON ACTUAL PRODUC-  
5 TION HISTORY.—If a producer plants a  
6 substitute agricultural commodity as au-  
7 thorized by clause (i) for a crop year, the  
8 Corporation shall assign the producer a re-  
9 corded yield, for that crop year for the  
10 commodity that was prevented from being  
11 planting, equal to 60 percent of the pro-  
12 ducer’s actual production history for such  
13 commodity for purposes of determining the  
14 producer’s actual production history for  
15 subsequent crop years.

16 “(iv) EFFECT ON PREVENTED PLANT-  
17 ING PAYMENT.—If a producer plants a  
18 substitute agricultural commodity as au-  
19 thorized by clause (i) before the latest  
20 planting date established by the Corpora-  
21 tion for the agricultural commodity pre-  
22 vented from being planted, the Corporation  
23 shall not make a prevented planting pay-  
24 ment with regard to the commodity pre-  
25 vented from being planted.”.

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

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

6 (1) in paragraph (1)(B)—

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

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

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

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

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

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

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

1 analyze its quality loss adjustment procedures and  
2 make such adjustments as may be necessary to more  
3 accurately reflect local quality discounts that are ap-  
4 plied to agricultural commodities insured under this  
5 title, taking into consideration the actuarial sound-  
6 ness of the adjustment and the prevention of fraud,  
7 waste and abuse.”.

## 8 **TITLE II—IMPROVING PROGRAM** 9 **INTEGRITY**

### 10 **SEC. 201. LIMITATION ON DOUBLE INSURANCE.**

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

14 “(10) LIMITATION ON DOUBLE INSURANCE.—

15 “(A) RESTRICTED TO CATASTROPHIC RISK  
16 PROTECTION.—Except for situations covered by  
17 subparagraph (B), no policy or plan of insur-  
18 ance may be offered under this title for more  
19 than one agricultural commodity planted on the  
20 same acreage in the same crop year unless the  
21 coverage for the additional crop is limited to  
22 catastrophic risk protection available under sub-  
23 section (b).

24 “(B) EXCEPTION FOR DOUBLE-CROP-  
25 PING.—A policy or plan of insurance may be of-



1           ferred under this title for an agricultural com-  
2           modity and for an additional agricultural com-  
3           modity when both agricultural commodities are  
4           normally harvested within the same crop year  
5           on the same acreage if the following conditions  
6           are met:

7                   “(i) There is an established practice  
8                   of double-cropping in the area and the ad-  
9                   ditional agricultural commodity is custom-  
10                  arily double-cropped in the area with the  
11                  first agricultural commodity, as determined  
12                  by the Corporation.

13                  “(ii) A policy or plan of insurance for  
14                  the first agricultural commodity and the  
15                  additional agricultural commodity is avail-  
16                  able under this title.

17                  “(iii) The additional commodity is  
18                  planted on or before the final planting date  
19                  or late planting date for that additional  
20                  commodity, as established by the Corpora-  
21                  tion.”.

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

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

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

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

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

14 (3) by adding at the end the following new  
15 paragraphs:

16 “(4) **RECONCILING PRODUCER INFORMATION.**—  
17 The Secretary shall develop and implement a coordi-  
18 nated plan for the Corporation and the Adminis-  
19 trator of the Farm Service Agency to reconcile all  
20 relevant information received by the Corporation or  
21 the Farm Service Agency from a producer who ob-  
22 tains crop insurance coverage under this title. Begin-  
23 ning with the 2000 crop year, the Secretary shall re-  
24 quire that the Corporation and the Farm Service  
25 Agency reconcile such producer-derived information

1 on at least an annual basis in order to identify and  
2 address any discrepancies.

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

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

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

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

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

1           “(B) USE OF FIELD INFRASTRUCTURE.—  
2           The plan required by this paragraph shall use  
3           the field infrastructure of the Farm Service  
4           Agency, and the Secretary shall ensure that rel-  
5           evant Farm Service Agency personnel are ap-  
6           propriately trained for any responsibilities as-  
7           signed to them under the plan. At a minimum,  
8           such personnel shall receive the same level of  
9           training and pass the same basic competency  
10          tests as required of loss adjusters of approved  
11          insurance providers.

12          “(C) MAINTENANCE OF PROVIDER EF-  
13          FORT; COOPERATION.—The activities of the  
14          Farm Service Agency under this paragraph do  
15          not affect the responsibility of approved insur-  
16          ance providers to conduct any audits of claims  
17          or other program reviews required by the Cor-  
18          poration. If an insurance provider reports to the  
19          Corporation that it suspects intentional mis-  
20          representation, fraud, waste, or abuse, the Cor-  
21          poration shall make a determination and pro-  
22          vide a written response within 90 days after re-  
23          ceiving the report. The insurance provider and  
24          the Corporation shall take coordinated action in

1           any case where misrepresentation, fraud, waste,  
2           or abuse has occurred.

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

8           “(7) ANNUAL REPORT ON COMPLIANCE EF-  
9           FORTS.—The Secretary shall submit to the Com-  
10          mittee on Agriculture of the House of Representa-  
11          tives and the Committee on Agriculture, Nutrition,  
12          and Forestry of the Senate an annual report con-  
13          taining findings relative to the efforts undertaken  
14          pursuant to paragraphs (4) and (5). The report  
15          shall identify specific occurrences of waste, fraud,  
16          and abuse and contain an outline of actions that  
17          have been or are being taken to eliminate the identi-  
18          fied waste, fraud, and abuse.”.

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

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

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

5 (1) in the subsection heading, by striking  
6 “PENALTIES” and inserting “SANCTIONS FOR VIO-  
7 LATIONS”;

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

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

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

24 “(2) AUTHORIZED SANCTIONS.—The following  
25 sanctions may be imposed for a violation under  
26 paragraph (1):

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

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

7                   “(ii) \$10,000.

8           “(B) If the violation is committed by a  
9 producer, the producer may be disqualified for  
10 a period of up to 5 years from—

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

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

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

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

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

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

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



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

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

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

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

15 “(c) PROTECTION OF CONFIDENTIAL INFORMA-  
16 TION.—

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

1 the identification of the person who supplied par-  
2 ticular information.

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

8 **SEC. 205. RECORDS AND REPORTING.**

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

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

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

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

24 (2) by adding at the end the following new  
25 paragraph:

1 “(2) COORDINATION AND USE OF RECORDS.—

2 “(A) COORDINATION BETWEEN AGEN-  
3 CIES.—The Secretary shall ensure that record-  
4 keeping and reporting requirements under this  
5 title and section 196 of the Federal Agriculture  
6 Improvement and Reform Act of 1996 (7  
7 U.S.C. 7333) are coordinated by the Corpora-  
8 tion and the Farm Service Agency to avoid du-  
9 plication of such records, to streamline proce-  
10 dures involved with the submission of such  
11 records, and to enhance the accuracy of such  
12 records.

13 “(B) USE OF RECORDS.—Notwithstanding  
14 section 502(c), records submitted in accordance  
15 with this title and section 196 of the Federal  
16 Agriculture Improvement and Reform Act of  
17 1996 (7 U.S.C. 7333) shall be available to  
18 agencies and local offices of the Department,  
19 appropriate State and Federal agencies and di-  
20 visions, and approved insurance providers for  
21 use in carrying out this title and such section  
22 196 as well as other agricultural programs and  
23 related responsibilities.”.

24 (c) NONINSURED CROP DISASTER ASSISTANCE PRO-  
25 GRAM.—Section 196(b) of the Federal Agriculture Im-

1 provement and Reform Act of 1996 (7 U.S.C. 7333(b))  
2 is amended—

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

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

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

12 **SEC. 206. COMPLIANCE WITH STATE LICENSING REQUIRE-**  
13 **MENTS.**

14 Section 508 of the Federal Crop Insurance Act (7  
15 U.S.C. 1508) is amended by adding at the end the fol-  
16 lowing new subsection:

17 “(o) COMPLIANCE WITH STATE LICENSING RE-  
18 QUIREMENTS.—Any person who sells or solicits the pur-  
19 chase of a policy or plan of insurance under this title, in-  
20 cluding catastrophic risk protection, in any State shall be  
21 licensed and otherwise qualified to do business in that  
22 State.”.

1       **TITLE III—ADMINISTRATION**

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

3           (a) CHANGE IN COMPOSITION.—Section 505 of the  
4 Federal Crop Insurance Act (7 U.S.C. 1505) is amended  
5 by striking the section heading, “SEC. 505.”, and sub-  
6 section (a) and inserting the following:

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

8           “(a) BOARD OF DIRECTORS.—

9                   “(1) ESTABLISHMENT.—The management of  
10 the Corporation shall be vested in a Board of Direc-  
11 tors subject to the general supervision of the Sec-  
12 retary.

13                   “(2) COMPOSITION.—The Board shall consist of  
14 only the following members:

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

17                           “(B) The Under Secretary of Agriculture  
18 responsible for the Federal crop insurance pro-  
19 gram.

20                           “(C) One additional Under Secretary of  
21 Agriculture (as designated by the Secretary).

22                           “(D) The Chief Economist of the Depart-  
23 ment of Agriculture.

24                           “(E) One person experienced in the crop  
25 insurance business.

1           “(F) One person experienced in the regula-  
2           tion of insurance.

3           “(G) Four active producers who are policy  
4           holders, are from different geographic areas of  
5           the United States, and represent a cross-section  
6           of agricultural commodities grown in the United  
7           States. At least one of the four shall be a spe-  
8           cialty crop producer.

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

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

14                   “(B) shall not be otherwise employed by  
15                   the Federal Government.

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

18          (b) EFFECTIVE DATE.—The amendment made by  
19          subsection (a) shall take effect 30 days after the date of  
20          the enactment of this Act.

21          (c) EFFECT ON EXISTING BOARD.—A member of the  
22          Board of Directors of the Federal Crop Insurance Cor-  
23          poration on the effective date specified in subsection (b)  
24          may continue to serve as a member of the Board until  
25          the earlier of the following:

1           (1) The date the replacement Board is ap-  
2 pointed.

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

5 **SEC. 302. PROMOTION OF SUBMISSION OF POLICIES AND**  
6 **RELATED MATERIALS.**

7           (a) REIMBURSEMENT AUTHORITY.—Section 508(h)  
8 of the Federal Crop Insurance Act (7 U.S.C. 1508(h)),  
9 as amended by section 105(a) of this Act, is amended by  
10 inserting after paragraph (5) the following new paragraph:

11           “(6) REIMBURSEMENT OF RESEARCH, DEVEL-  
12 OPMENT, AND MAINTENANCE COSTS.—

13           “(A) REIMBURSEMENT PROVIDED.—Sub-  
14 ject to the conditions of this paragraph, the  
15 Corporation shall provide a payment to reim-  
16 burse an applicant for research, development,  
17 and maintenance costs directly related to a pol-  
18 icy or other material that is—

19           “(i) submitted to, and approved by,  
20 the Board under this subsection for rein-  
21 surance; and

22           “(ii) if applicable, offered for sale to  
23 producers.

24           “(B) DURATION.—Payments under sub-  
25 paragraph (A) may be made available beginning

1 in fiscal year 2001. Payments with respect to  
2 the maintenance of an approved policy or other  
3 material may be provided for a period of not  
4 more than 4 reinsurance years following Board  
5 approval. Upon the expiration of that 4-year pe-  
6 riod, or earlier upon the agreement of the Cor-  
7 poration and the person receiving the payment,  
8 the Corporation shall assume responsibility for  
9 maintenance of a successful policy, as deter-  
10 mined by the Corporation based on the market  
11 share attained by the policy, the total number  
12 of policies sold, the total amount of premium  
13 paid, and the performance of the policy in the  
14 States where the policy is sold.

15 “(C) TREATMENT OF PAYMENT.—Pay-  
16 ments made under subparagraph (A) for a pol-  
17 icy or other material shall be considered as pay-  
18 ment in full for the research and development  
19 conducted with regard to the policy or material  
20 and any property rights to the policy or mate-  
21 rial.

22 “(D) REIMBURSEMENT AMOUNT.—The  
23 Corporation shall determine the amount of the  
24 payment under subparagraph (A) for an ap-  
25 proved policy or other material based on the



1 complexity of the policy or material and the size  
2 of the area in which the policy or material is ex-  
3 pected to be used.”.

4 (b) ISSUANCE OF REGULATIONS.—Not later than Oc-  
5 tober 1, 2000, the Corporation shall issue final regulations  
6 to carry out the amendment made by subsection (a).

7 **SEC. 303. RESEARCH AND DEVELOPMENT, INCLUDING CON-**  
8 **TRACTS REGARDING UNDERSERVED COM-**  
9 **MODITIES.**

10 (a) SUPPORT FOR PRIVATE RESEARCH AND DEVEL-  
11 OPMENT.—Section 508(m) of the Federal Crop Insurance  
12 Act (7 U.S.C. 1508(m)) is amended by adding at the end  
13 the following new paragraph:

14 “(4) PRIVATE RESEARCH AND DEVELOPMENT  
15 OF POLICIES AND OTHER MATERIALS.—

16 “(A) USE OF REIMBURSEMENT AUTHOR-  
17 ITY.—To encourage and promote the necessary  
18 research and development for policies, plans of  
19 insurance, and related materials, including poli-  
20 cies, plans, and materials under the livestock  
21 pilot programs under subsection (h)(10), the  
22 Corporation shall make full use of private re-  
23 sources by providing payment for research and  
24 development for approved policies and plans of

1 insurance, and related materials, pursuant to  
2 subsection (h)(6).

3 “(B) CONTRACTS FOR UNDERSERVED COM-  
4 MODITIES.—

5 “(i) DEVELOPMENT OF PRODUCTS  
6 AND RELATED MATERIALS.—In the event  
7 the Corporation determines that an agri-  
8 cultural commodity, including a specialty  
9 crop, is not adequately served by policies  
10 and plans of insurance and related mate-  
11 rials submitted under subsection (h) or any  
12 other provision of this title, the Corpora-  
13 tion may enter into a contract, under pro-  
14 cedures prescribed by the Corporation, di-  
15 rectly with any person or entity with expe-  
16 rience in crop insurance or farm or ranch  
17 risk management, including universities,  
18 providers of crop insurance, and trade and  
19 research organizations, to carry out re-  
20 search and development for policies and  
21 plans of insurance and related materials  
22 for that agricultural commodity without re-  
23 gard to the limitations contained in this  
24 title.

1           “(ii) TYPES OF CONTRACTS.—A con-  
2           tract under this subparagraph may provide  
3           for research and development regarding  
4           new or expanded policies and plans of in-  
5           surance and related materials, including  
6           policies based on adjusted gross income,  
7           cost-of-production, quality losses, and an  
8           intermediate base program with a higher  
9           coverage and cost than catastrophic risk  
10          protection.

11          “(iii) DELAYED EFFECTIVE DATE FOR  
12          CONTRACTS.—A contract entered into  
13          under this subparagraph may not take ef-  
14          fect before October 1, 2000.

15          “(iv) USE OF RESULTING POLICIES  
16          AND PLANS.—The Corporation may offer  
17          any policy or plan of insurance developed  
18          under this subparagraph that is approved  
19          by the Board.

20          “(C) CONTRACT FOR REVENUE COVERAGE  
21          PLAN.—The Corporation shall enter into a con-  
22          tract for research and development regarding  
23          one or more revenue coverage plans designed to  
24          enable producers to take maximum advantage  
25          of fluctuations in market prices and thereby

1 maximize revenue realized from the sale of a  
2 crop. Such a plan may include market instru-  
3 ments currently available or may involve the de-  
4 velopment of new instruments to achieve this  
5 goal. Not later than 15 months after the date  
6 of the enactment of this paragraph, the Cor-  
7 poration shall submit to Congress a report con-  
8 taining the results of the contract.”.

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

12 (1) by striking “EXCEPTION.—No action” and  
13 inserting—

14 “(2) EXCEPTIONS.—

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

16 and

17 (2) by adding at the end the following new sub-  
18 paragraph:

19 “(B) PROHIBITED RESEARCH AND DEVEL-  
20 OPMENT BY CORPORATION.—Notwithstanding  
21 paragraphs (1) and (5), on and after October 1,  
22 2000, the Corporation shall not conduct re-  
23 search and development for any new policy or  
24 plan of insurance for an agricultural commodity  
25 offered under this title. Any policy or plan of

1 insurance developed by the Corporation under  
2 this title before that date shall, at the discretion  
3 of the Corporation, continue to be offered for  
4 sale to producers.”.

5 (c) PARTNERSHIPS FOR RISK MANAGEMENT DEVEL-  
6 OPMENT AND IMPLEMENTATION.—Section 508(m) of the  
7 Federal Crop Insurance Act (7 U.S.C. 1508(m)) is  
8 amended by inserting after paragraph (4), as added by  
9 subsection (a), the following new paragraph:

10 “(5) PARTNERSHIPS FOR RISK MANAGEMENT  
11 DEVELOPMENT AND IMPLEMENTATION.—

12 “(A) PURPOSE.—The purpose of this para-  
13 graph is to authorize the Corporation to enter  
14 into partnerships with public and private enti-  
15 ties for the purpose of increasing the avail-  
16 ability of loss mitigation, financial, and other  
17 risk management tools for crop producers, with  
18 priority given to risk management tools for pro-  
19 ducers of agricultural commodities covered by  
20 section 196 of the Federal Agriculture Improve-  
21 ment and Reform Act of 1996 (7 U.S.C. 7333)  
22 and specialty and underserved commodity pro-  
23 ducers.

24 “(B) AUTHORITY.—Subject to subpara-  
25 graphs (D) and (E), the Corporation may enter

1 into partnerships with the Cooperative State  
2 Research, Education, and Extension Service,  
3 the Agricultural Research Service, the National  
4 Oceanic Atmospheric Administration, and other  
5 appropriate public and private entities with  
6 demonstrated capabilities in developing and im-  
7 plementing risk management and marketing op-  
8 tions for specialty crops and underserved com-  
9 modities.

10 “(C) OBJECTIVES.—The Corporation may  
11 enter into a partnership under subparagraph  
12 (B)—

13 “(i) to enhance the notice and timeli-  
14 ness of notice of weather conditions that  
15 could negatively affect crop yields, quality,  
16 and final product use in order to allow pro-  
17 ducers to take preventive actions to in-  
18 crease end-product profitability and mar-  
19 ketability and to reduce the possibility of  
20 crop insurance claims;

21 “(ii) to develop a multifaceted ap-  
22 proach to pest management and fertiliza-  
23 tion to decrease inputs, decrease environ-  
24 mental exposure, and increase application  
25 efficiency;

1           “(iii) to develop or improve techniques  
2           for planning, breeding, planting, growing,  
3           maintaining, harvesting, storing, shipping,  
4           and marketing that will address quality  
5           and quantity challenges associated with  
6           year-to-year and regional variations;

7           “(iv) to clarify labor requirements and  
8           assist producers in complying with require-  
9           ments to better meet the physically intense  
10          and time-compressed planting, tending,  
11          and harvesting requirements associated  
12          with the production of specialty crops and  
13          underserved commodities;

14          “(v) to provide assistance to State for-  
15          esters or equivalent officials for the pre-  
16          scribed use of burning on private forest  
17          land for the prevention, control, and sup-  
18          pression of fire;

19          “(vi) to provide producers with train-  
20          ing and informational opportunities so that  
21          they will be better able to use financial  
22          management, crop insurance, marketing  
23          contracts, and other existing and emerging  
24          risk management tools; and

1           “(vii) to develop other risk manage-  
2           ment tools to further increase economic  
3           and production stability.

4           “(D) FUNDING SOURCE.—If the Corpora-  
5           tion determines that the entire amount avail-  
6           able to provide reimbursement payments under  
7           subsection (h) and contract payments under  
8           paragraph (4) (in this subparagraph referred to  
9           as ‘reimbursement and contract payments’) for  
10          a fiscal year is not needed for such purposes,  
11          the Corporation may use a portion of the excess  
12          amount to carry out this paragraph, subject to  
13          the following:

14               “(i) During fiscal years 2001 through  
15               2004, amounts available for reimburse-  
16               ment and contract payments may be used  
17               to carry out this paragraph only if the  
18               total amount to be used for reimbursement  
19               and contract payments is less than  
20               \$44,000,000 for fiscal year 2001,  
21               \$47,000,000 for fiscal year 2002,  
22               \$50,000,000 for fiscal year 2003, and  
23               \$52,000,000 for fiscal year 2004.

24               “(ii) During fiscal years 2001 through  
25               2004, the total amount used to carry out



1           this paragraph for a fiscal year may not  
2           exceed the difference between the amount  
3           specified in clause (i) for that fiscal year  
4           and the amount actually used for reim-  
5           bursement and contract payments.

6           “(E) DELAYED AUTHORITY.—The Cor-  
7           poration may not enter into a partnership  
8           under the authority of this paragraph before  
9           October 1, 2000.”.

10 **SEC. 304. FUNDING FOR REIMBURSEMENT AND RESEARCH**  
11 **AND DEVELOPMENT.**

12           (a) EXPENDITURES.—Section 508(h)(6) of the Fed-  
13           eral Crop Insurance Act (7 U.S.C. 1508(h)(6)), as added  
14           by section 302(a) of this Act, is amended by adding at  
15           the end the following new subparagraph:

16                   “(E) EXPENDITURES.—

17                           “(i) SPECIALTY CROPS.—Of the total  
18                           amount made available to provide pay-  
19                           ments under this paragraph and subsection  
20                           (m)(4)(B) for a fiscal year, \$25,000,000  
21                           shall be reserved for research and develop-  
22                           ment contracts under subsection  
23                           (m)(4)(B). The Corporation may use a  
24                           portion of the reserved amount for other  
25                           purposes under this paragraph, with pri-

1 ority given to underserved commodities, if  
2 the Corporation determines that the entire  
3 amount is not needed for such contracts. If  
4 the reserved amount is insufficient for a  
5 fiscal year, the Corporation may use  
6 amounts in excess of the reserved amount  
7 for such contracts.

8 “(ii) LIMITATION.—In providing pay-  
9 ments under this paragraph and subsection  
10 (m)(4)(B), the Corporation shall not obli-  
11 gate or expend more than \$55,000,000  
12 during any fiscal year.”.

13 (b) FUNDING.—

14 (1) AUTHORIZATION OF APPROPRIATIONS.—  
15 Section 516(a)(2) of the Federal Crop Insurance Act  
16 (7 U.S.C. 1516(a)(2)) is amended by adding at the  
17 end the following new subparagraph:

18 “(D) Costs associated with the reimburse-  
19 ment for research, development, and mainte-  
20 nance costs of approved policies and other ma-  
21 terials provided under section 508(h)(6) and  
22 contracting for research and development under  
23 section 508(m)(4)(B).”.

24 (2) USE OF INSURANCE FUND.—Section  
25 516(b)(1) of the Federal Crop Insurance Act (7

1 U.S.C. 1516(b)(1)) is amended by adding at the end  
2 the following new subparagraph:

3 “(E) Reimbursement for research, develop-  
4 ment, and maintenance costs of approved poli-  
5 cies and other materials provided under section  
6 508(h)(6) and contracting for research and de-  
7 velopment under section 508(m)(4)(B).”.

8 **SEC. 305. BOARD CONSIDERATION OF SUBMITTED POLI-**  
9 **CIES AND MATERIALS.**

10 (a) **PERSONS AUTHORIZED TO SUBMIT.**—Section  
11 508(h)(1) of the Federal Crop Insurance Act (7 U.S.C.  
12 1508(h)(1)) is amended by inserting after “a person” the  
13 following: “(including an approved insurance provider, a  
14 college or university, a cooperative or trade association,  
15 or any other person)”.

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

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

24 (1) in clause (iii), as redesignated by section  
25 105(c), by striking “of the applicant.” and all that

1 follows through the end of the clause and inserting  
2 “, and such application, as modified, shall be consid-  
3 ered by the Board in the manner provided in clause  
4 (iv) within the 30-day period beginning on the date  
5 the modified application is submitted. Any notifica-  
6 tion of intent to disapprove a policy or other mate-  
7 rial submitted under this subsection shall be accom-  
8 panied by a complete explanation as to the reasons  
9 for the Board’s intention to deny approval.”; and

10 (2) by striking clause (iv), as redesignated by  
11 section 105(c), and inserting the following new  
12 clause:

13 “(iv) Not later than 120 days after a  
14 policy or other material is submitted under  
15 this subsection, the Board shall make a de-  
16 termination to approve or disapprove such  
17 policy or material. Any determination by  
18 the Board to disapprove any policy or  
19 other material shall be accompanied by a  
20 complete explanation of the reasons for the  
21 Board’s decision to deny approval. In the  
22 event the Board fails to make a determina-  
23 tion within the prescribed time period, the  
24 submitted policy or other material shall be  
25 deemed approved by the Board for the ini-

1            tial reinsurance year designated for the  
2            policy or material, except in the case where  
3            the Board and the applicant agree to an  
4            extension.”.

5            (d) **FUNDING TO EXPEDITE CONSIDERATION.**—Ef-  
6            fective October 1, 2000, section 516(b)(2) of the Federal  
7            Crop Insurance Act (7 U.S.C. 1516(b)(2)) is amended—

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

11            (2) in subparagraph (A), by striking “research  
12            and development expenses of the Corporation” and  
13            inserting “costs associated with considering for ap-  
14            proval or disapproval policies and other materials  
15            under subsections (h) and (m)(4) of section 508,  
16            costs associated with implementing such subsection  
17            (m)(4), and costs to contract out for assistance in  
18            considering such policies and other materials”.

19            **SEC. 306. CONTRACTING FOR RATING OF PLANS OF INSUR-**  
20            **ANCE.**

21            Section 507(c)(2) of the Federal Crop Insurance Act  
22            (7 U.S.C. 1507(c)(2)) is amended—

23            (1) by striking “actuarial, loss adjustment,”  
24            and inserting “actuarial services, services relating to  
25            loss adjustment and rating plans of insurance,”; and

1           (2) by inserting after “private sector” the fol-  
2           lowing: “and to enable the Corporation to con-  
3           centrate on regulating the provision of insurance  
4           under this title and evaluating new products and  
5           materials submitted under section 508(h)”.

6 **SEC. 307. ELECTRONIC AVAILABILITY OF CROP INSURANCE**  
7 **INFORMATION.**

8           Section 508(a)(5) of the Federal Crop Insurance Act  
9 (7 U.S.C. 1508(a)(5)) is amended—

10           (1) by redesignating subparagraphs (A) and  
11           (B) as clauses (i) and (ii) and moving such clauses  
12           2 ems to the right;

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

15                   “(A) AVAILABLE INFORMATION.—The Cor-  
16                   poration”; and

17           (3) by adding at the end the following new sub-  
18           paragraph:

19                   “(B) USE OF ELECTRONIC METHODS.—  
20                   The Corporation shall make the information de-  
21                   scribed in subparagraph (A) available electroni-  
22                   cally to producers and approved insurance pro-  
23                   viders. To the maximum extent practicable, the  
24                   Corporation shall also allow producers and ap-  
25                   proved insurance providers to use electronic

1 methods to submit information required by the  
2 Corporation.”.

3 **SEC. 308. FEES FOR USE OF NEW POLICIES AND PLANS OF**  
4 **INSURANCE.**

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

8 “(11) FEES FOR NEW POLICIES AND PLANS OF  
9 INSURANCE.—

10 “(A) AUTHORITY TO IMPOSE FEE.—Effec-  
11 tive beginning with fiscal year 2001, if a person  
12 develops a new policy or plan of insurance and  
13 does not apply for reimbursement of research,  
14 development, and maintenance costs under  
15 paragraph (6), the person shall have the right  
16 to receive a fee from any approved insurance  
17 provider that elects to sell the new policy or  
18 plan of insurance. Notwithstanding paragraph  
19 (5), once the right to collect a fee is asserted  
20 with respect to a new policy or plan of insur-  
21 ance, no approved insurance provider may offer  
22 the new policy or plan of insurance in the ab-  
23 sence of a fee agreement with the person who  
24 developed the policy or plan.

1           “(B) DEFINITION.—For purposes of this  
2 paragraph only, the term ‘new policy or plan of  
3 insurance’ means a policy or plan of insurance  
4 that was approved by the Board on or after Oc-  
5 tober 1, 2000, and was not available at the time  
6 the policy or plan of insurance was approved by  
7 the Board.

8           “(C) AMOUNT.—The amount of the fee  
9 that is payable by an approved insurance pro-  
10 vider to offer a new policy or a plan of insur-  
11 ance under subparagraph (A) shall be an  
12 amount that is determined by the person that  
13 developed the new policy or plan of insurance,  
14 subject to the approval of the Board under sub-  
15 paragraph (D).

16           “(D) APPROVAL.—The Board shall ap-  
17 prove the amount of a fee determined under  
18 subparagraph (C) for a new policy or plan of  
19 insurance unless the Board can demonstrate  
20 that the fee amount—

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



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

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

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

10 **SEC. 310. REIMBURSEMENTS AND RENEGOTIATION OF**  
11 **STANDARD REINSURANCE AGREEMENT.**

12 (a) REIMBURSEMENT RATE CHANGES.—

13 (1) CAT LOSS ADJUSTMENT.—Section  
14 508(b)(11) of the Federal Crop Insurance Act (7  
15 U.S.C. 1508(b)(11)) is amended by striking “11  
16 percent” and inserting “8 percent”.

17 (2) REIMBURSEMENT FOR ADMINISTRATIVE  
18 AND OPERATING COSTS.—Section 508(k)(4)(A)(ii) of  
19 the Federal Crop Insurance Act (7 U.S.C.  
20 1508(k)(4)(A)(ii)) is amended by striking “24.5 per-  
21 cent” and inserting “24 percent”.

22 (3) APPLICATION OF AMENDMENTS.—The  
23 amendments made by this subsection shall apply  
24 with respect to the 2001 and subsequent reinsurance  
25 years.

1 (b) RENEGOTIATION.—Effective for the 2002 rein-  
2 surance year, the Federal Crop Insurance Corporation  
3 may renegotiate the Standard Reinsurance Agreement.

## 4 **TITLE IV—EFFECTIVE DATE AND** 5 **IMPLEMENTATION**

### 6 **SEC. 401. EFFECTIVE DATE.**

7 Except as provided in sections 301(b) and 305(d),  
8 this Act and the amendments made by this Act shall take  
9 effect on the date of the enactment of this Act. The actual  
10 implementation by the Secretary of Agriculture and the  
11 Federal Crop Insurance Corporation of an amendment  
12 made by this Act shall depend on the terms of the amend-  
13 ment or, in the absence of an express implementation date  
14 in the amendment, the special rules specified in section  
15 402.

### 16 **SEC. 402. SPECIAL RULES REGARDING IMPLEMENTATION** 17 **OF CERTAIN AMENDMENTS.**

18 (a) IMPLEMENTATION FOR 2000 CROP YEAR.—The  
19 amendments made by the following sections of this Act  
20 shall apply beginning with the 2000 crop year:

21 (1) Section 104, relating to review and adjust-  
22 ment in rating methodologies.

23 (2) Section 106, relating to cost of production  
24 as a price election.

1           (3) Section 107, relating to premium discounts  
2 for good performance.

3           (4) Section 202, relating to improving program  
4 compliance and integrity.

5           (5) Section 203, relating to sanctions for false  
6 information.

7           (6) Section 204, relating to protection of con-  
8 fidential information.

9           (7) Section 205, relating to records and report-  
10 ing.

11           (8) Section 206, relating to compliance with  
12 State licensing requirements.

13           (9) Section 309, relating to requirement to fol-  
14 low good farming practices.

15           (b) IMPLEMENTATION FOR FISCAL YEAR 2000.—The  
16 amendments made by the following sections of this Act  
17 shall apply beginning with fiscal year 2000:

18           (1) Section 105(a), relating to repeal of obso-  
19 lete pilot programs.

20           (2) Subsections (a), (b), and (c) of section 305,  
21 relating to Board consideration of submitted policies  
22 and materials.

23           (3) Section 306, relating to contracting for rat-  
24 ing plans of insurance.

1           (4) Section 307, relating to electronic avail-  
2           ability of crop insurance information.

3           (c) IMPLEMENTATION FOR 2001 CROP YEAR.—The  
4           amendments made by the following sections of this Act  
5           shall apply beginning with the 2001 crop year:

6           (1) Section 101, relating to premium schedule  
7           for additional coverage.

8           (2) Section 102, relating to premium schedule  
9           for other plans of insurance.

10          (3) Section 103(b), relating to adjustment in  
11          production history to reflect pest control.

12          (4) Section 109, relating to authority for non-  
13          profit associations to pay fees on behalf of pro-  
14          ducers.

15          (5) Section 110, relating to elections regarding  
16          prevented planting coverage.

17          (6) Section 111, relating to limitations under  
18          noninsured crop disaster assistance program.

19          (7) Section 201, relating to limitation on double  
20          insurance.

21          (d) IMPLEMENTATION FOR FISCAL YEAR 2001.—The  
22          amendments made by the following sections of this Act  
23          shall apply beginning with fiscal year 2001:

24          (1) Section 105(b), relating to general require-  
25          ments applicable to pilot programs.

1           (2) Section 304, relating to funding for reim-  
2           bursement and research and development.

3 **SEC. 403. SAVINGS CLAUSE.**

4           The Federal Crop Insurance Act (7 U.S.C. 1501 et  
5 seq.) and section 196 of the Federal Agriculture Improve-  
6 ment and Reform Act of 1996 (7 U.S.C. 7333), as in ef-  
7 fect on day before the date of the enactment of this Act,  
8 shall continue to apply with respect to the 1999 crop year  
9 and shall apply with respect to the 2000 crop year, to the  
10 extent the application of an amendment made by this Act  
11 is delayed under section 402 or by the terms of the amend-  
12 ment.

13 **SEC. 404. SENSE OF THE CONGRESS.**

14           It is the Sense of the Congress that the Department  
15 of Agriculture should ensure the full participation of mi-  
16 nority and limited-resource farmers and ranchers in the  
17 programs operating under the Federal Crop Insurance  
18 Act, as amended by the Agriculture Risk Protection Act  
19 of 1999.

          Passed the House of Representatives September 29,  
1999.

Attest:

*Clerk.*