

Union Calendar No. 352

103RD CONGRESS
2^D SESSION

H. R. 4217

[Report No. 103-649]

A BILL

To reform the Federal crop insurance program, and
for other purposes.

AUGUST 1, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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To reform the Federal crop insurance program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 1994

Mr. DE LA GARZA (for himself, Mr. JOHNSON of South Dakota, and Mr. MINGE) (all by request) introduced the following bill; which was referred to the Committee on Agriculture

AUGUST 1, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on April 14, 1994]

A BILL

To reform 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,*

1 **SECTION 1. SHORT TITLE, TABLE OF CONTENTS, AND DEFINI-**
 2 **NITIONS.**

3 (a) *SHORT TITLE.*—*This Act may be cited as the*
 4 *“Federal Crop Insurance Reform Act of 1994”.*

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

- Sec. 1. Short title, table of contents, and definitions.*
- Sec. 2. Members of Board of Directors of Federal Crop Insurance Corporation.*
- Sec. 3. General powers of Corporation.*
- Sec. 4. Personnel.*
- Sec. 5. General authority to offer crop insurance.*
- Sec. 6. Catastrophic risk protection, buy-up levels, premiums, and yield deter-*
minations.
- Sec. 7. Preparation of policies, claims, and reinsurance.*
- Sec. 8. Authorization of appropriations and crop insurance fund.*
- Sec. 9. Advisory Committee.*
- Sec. 10. Noninsured crop disaster assistance.*
- Sec. 11. Crop insurance requirements under price support programs.*
- Sec. 12. Elimination of gender references.*
- Sec. 13. Prevented planting.*
- Sec. 14. Effective date.*

7 (c) *DEFINITIONS.*—*Section 502 of the Federal Crop In-*
 8 *surance Act (7 U.S.C. 1502) is amended—*

9 (1) *by striking the section heading and “SEC.*
 10 *502.” and inserting the following:*

11 **“SEC. 502. PURPOSE AND DEFINITIONS.**

12 **“(a) PURPOSE.—”;** *and*

13 (2) *by adding at the end the following new sub-*
 14 *section:*

15 **“(b) DEFINITIONS.—***For purposes of this title:*

16 (1) **SECRETARY.—***The term ‘Secretary’ means*
 17 *the Secretary of Agriculture.*

1 “(2) *CORPORATION.*—*The term ‘Corporation’*
2 *means the Federal Crop Insurance Corporation estab-*
3 *lished under section 503.*

4 “(3) *BOARD.*—*The term ‘Board’ means the*
5 *Board of Directors of the Corporation established*
6 *under section 505(a).*

7 “(4) *LOSS RATIO.*—*The term ‘loss ratio’ means*
8 *the ratio of all sums paid by the Corporation as in-*
9 *demnities under all crop insurance policies to that of*
10 *the premiums designated for anticipated losses and a*
11 *reasonable reserve, not including the portion of the*
12 *premiums designated for operating and administra-*
13 *tive expenses.*

14 “(5) *TRANSITIONAL YIELD.*—*The term ‘transi-*
15 *tional yield’ means the maximum average production*
16 *per acre or equivalent measure that is assigned to*
17 *acreage for a crop year by the Corporation in accord-*
18 *ance with its regulations whenever the producer*
19 *fails—*

20 “(A) *to certify that acceptable documenta-*
21 *tion of production and acreage for that crop year*
22 *is in the producer’s possession; or*

23 “(B) *to present such acceptable documenta-*
24 *tion upon the demand of the Corporation or an*

1 *insurance company reinsured by the Corpora-*
2 *tion.”.*

3 (d) *CONFORMING AMENDMENTS.—The Federal Crop*
4 *Insurance Act (7 U.S.C. 1501 et seq.) is amended—*

5 (1) *in section 503 (7 U.S.C. 1503), by striking*
6 *“(herein called the Corporation)”*; and

7 (2) *in section 505(a) (7 U.S.C. 1505(a)), by*
8 *striking “(hereinafter called the ‘Board’)”.*

9 **SEC. 2. MEMBERS OF BOARD OF DIRECTORS OF FEDERAL**
10 **CROP INSURANCE CORPORATION.**

11 *Section 505(a) of the Federal Crop Insurance Act (7*
12 *U.S.C. 1505(a)) is amended in the second sentence—*

13 (1) *by striking “or Assistant Secretary” the first*
14 *place it appears; and*

15 (2) *by striking “the Under Secretary or Assist-*
16 *ant Secretary of Agriculture responsible for the farm*
17 *credit programs of the Department of Agriculture”*
18 *and inserting “one additional Under Secretary of Ag-*
19 *riculture (as designated by the Secretary of Agri-*
20 *culture)”.*

21 **SEC. 3. GENERAL POWERS OF CORPORATION.**

22 (a) *CLAIMS SETTLEMENT.—Section 506 of the Federal*
23 *Crop Insurance Act (7 U.S.C. 1506) is amended—*

1 (1) by redesignating subsections (j), (k), (l), (m),
2 and (n) as subsections (k), (l), (m), (n), and (o), re-
3 spectively; and

4 (2) by inserting after subsection (i) the following
5 new subsection:

6 “(j) *CLAIMS SETTLEMENT.*—*The Corporation shall*
7 *have the authority to make final and conclusive settlement*
8 *and adjustment of any claims made by or against the Cor-*
9 *poration or the accounts of its fiscal officers.”.*

10 (b) *REGULATIONS; PREEMPTION.*—*Subsection (e) of*
11 *such section is amended—*

12 (1) by striking “governing” and inserting “to
13 carry out this title and to govern”; and

14 (2) by adding at the end the following new sen-
15 tence: “*State and local laws or rules shall not apply*
16 *to rules and regulations adopted by the Corporation*
17 *to the extent that such rules and regulations so pro-*
18 *vide or to the extent that State and local laws or rules*
19 *are inconsistent with such rules and regulations.”.*

20 (c) *DEFINITION OF SUBSTANTIAL BENEFICIAL INTER-*
21 *EST.*—*Subsection (m) of such section (as redesignated by*
22 *subsection (a)(1)) is amended in paragraph (4) by striking*
23 *“5 percent” and inserting “10 percent”.*

24 (d) *PENALTY FOR FALSE INFORMATION.*—*Subsection*
25 *(n) of such section (as redesignated by subsection (a)(1))*

1 *is amended in paragraph (1) by striking subparagraph (B)*
2 *and inserting the following new subparagraph:*

3 *“(B) disqualify the person—*

4 *“(i) from purchasing catastrophic risk*
5 *protection under section 508(b) or partici-*
6 *parting in the noninsured assistance pro-*
7 *gram under section 519 for a period not to*
8 *exceed 2 years; and*

9 *“(ii) from receiving any other benefit*
10 *under this title for a period not to exceed 10*
11 *years.”.*

12 *(e) ACTUARIAL SOUNDNESS.—Subsection (o) of such*
13 *section (as redesignated by subsection (a)(1)) is amended—*

14 *(1) in paragraph (1), by striking “beginning*
15 *farmers from obtaining adequate Federal crop insur-*
16 *ance, as determined by the Corporation” and insert-*
17 *ing “beginning farmers, as determined by the Sec-*
18 *retary, from obtaining Federal crop insurance”;*

19 *(2) in paragraph (3), by striking “and” at the*
20 *end of the paragraph;*

21 *(3) by redesignating paragraph (4) as para-*
22 *graph (5); and*

23 *(4) by inserting after paragraph (3) the fol-*
24 *lowing new paragraph:*

1 “(4) *establishing a database that contains social*
2 *security numbers or employee identification numbers*
3 *of insurance agents and adjusters and using the num-*
4 *bers to identify agents and adjusters who are high*
5 *risk for actuarial purposes, and for other purposes*
6 *permitted by law; and”.*

7 (f) *REGULATORY AND PAPERWORK REDUCTION.—*
8 *Such section is further amended by adding at the end the*
9 *following new subsection:*

10 “(p) *REGULATORY AND PAPERWORK REDUCTION.—*

11 “(1) *CATASTROPHIC RISK PROTECTION.—In de-*
12 *veloping and carrying out the policies and procedures*
13 *for catastrophic risk protection under section 508(b),*
14 *the Corporation shall minimize, to the maximum ex-*
15 *tent practicable, the paperwork required and the com-*
16 *plexity and costs of procedures governing the applica-*
17 *tion for, and the processing and servicing of, cata-*
18 *strophic risk protection.*

19 “(2) *OTHER PLANS.—To the extent that the poli-*
20 *cies and procedures developed under paragraph (1)*
21 *may be applied to other plans of insurance offered*
22 *under this title without jeopardizing the actuarial*
23 *soundness or integrity of the crop insurance program*
24 *under this title, the Corporation shall apply the poli-*
25 *cies and procedures to the other plans of insurance*

1 *within a reasonable period of time (as determined by*
2 *the Corporation) after the effective date of this para-*
3 *graph.*

4 “(3) *SOLICITATION OF COST INFORMATION AND*
5 *COST-REDUCTION PROPOSALS.—*

6 “(A) *COST INFORMATION.—The Corporation*
7 *shall solicit from private insurance providers*
8 *and agents information regarding—*

9 “(i) *their average cost per policy of*
10 *complying with requirements, regulations,*
11 *procedures, and processes under this title;*
12 *and*

13 “(ii) *the data upon which such costs*
14 *are determined.*

15 “(B) *COST-REDUCTION PROPOSALS.—The*
16 *Corporation shall also solicit from private insur-*
17 *ance providers and agents proposals for modi-*
18 *fying or altering the requirements, regulations,*
19 *procedures, and processes under this title to re-*
20 *duce their total average cost per policy.*

21 “(C) *REPORT.—By June 1, 1995, the Cor-*
22 *poration shall submit a report to Congress con-*
23 *taining the information received under subpara-*
24 *graph (A) and an evaluation of the cost-reduc-*
25 *tion proposals received under subparagraph (B).*

1 “(4) *COST REDUCTION PLAN.*—

2 “(A) *PLAN REQUIRED.*—*Subject to the con-*
3 *dition that the Corporation maintain the integ-*
4 *riety of the crop insurance program under this*
5 *title, the Corporation shall include in the report*
6 *required under paragraph (3) a plan to reduce*
7 *the average cost per policy incurred by private*
8 *insurance providers and agents to comply with*
9 *requirements, regulations, procedures, and proc-*
10 *esses under this title. To the extent practicable,*
11 *the Corporation shall set a target percentage by*
12 *which such costs should be reduced.*

13 “(B) *IMPLEMENTATION OF PLAN.*—*Not later*
14 *than 60 days after submitting the report re-*
15 *quired under paragraph (3), and in accordance*
16 *with the plan contained in the report, the Cor-*
17 *poration shall adopt such measures consistent*
18 *with maintaining the integrity of the crop insur-*
19 *ance program under this title as the Corporation*
20 *determines are appropriate—*

21 “(i) *to improve Corporation liaison*
22 *with policyholders and private insurance*
23 *providers; and*

1 “(ii) to reduce the average cost per pol-
2 icy to meet the target percentage set by the
3 Corporation.”.

4 (g) *IMPROVED PROGRAM COMPLIANCE.*—Such section
5 is further amended by inserting after subsection (p) (as
6 added by subsection (f)) the following new subsection:

7 “(q) *PROGRAM COMPLIANCE.*—

8 “(1) *TIMELINESS.*—The Corporation shall work
9 actively with private insurance providers to address
10 program compliance and integrity issues as such
11 issues develop.

12 “(2) *NOTIFICATION OF COMPLIANCE PROB-*
13 *LEMS.*—The Corporation shall notify in writing any
14 private insurance provider with whom the Corpora-
15 tion has an agreement under this title of any error,
16 omission, or failure to follow Corporation regulations
17 or procedures for which the private insurance pro-
18 vider may be responsible and which may result in a
19 debt owed the Corporation. Such notice shall be given
20 within 3 years of the end of the insurance period dur-
21 ing which the error, omission, or failure is alleged to
22 have occurred, except that such time limit shall not
23 apply with respect to errors, omissions, or procedural
24 violations that are willful or intentional. The failure
25 to timely provide the notice required under this sub-

1 *section shall relieve the private insurance provider*
2 *from the debt owed the Corporation.”.*

3 **SEC. 4. PERSONNEL.**

4 *Section 507 of the Federal Crop Insurance Act (7*
5 *U.S.C. 1507) is amended—*

6 *(1) in subsection (a), by striking “, and county*
7 *crop insurance committeemen”;*

8 *(2) in subsection (c), by striking “, in which case*
9 *the agent or broker” in the first sentence and all that*
10 *follows through the period at the end of the second*
11 *sentence and inserting a period;*

12 *(3) in subsection (d), by striking “, except that”*
13 *and all that follows through the period at the end of*
14 *the subsection and inserting a period; and*

15 *(4) by adding at the end the following new sub-*
16 *section:*

17 *“(g) SPECIALTY CROPS COORDINATOR.—The Corpora-*
18 *tion shall establish a senior-level position to be known as*
19 *the Specialty Crops Coordinator. The Specialty Crops Coor-*
20 *dinator shall have primary responsibility for addressing the*
21 *needs of specialty crop producers and for providing infor-*
22 *mation and advice in connection with the Corporation’s ac-*
23 *tivities to improve and expand the insurance program for*
24 *specialty crops. In carrying out such responsibility, the*
25 *Specialty Crops Coordinator shall act as the Corporation’s*

1 *liaison with representatives of specialty crop producers and*
2 *provide the Corporation with the producers’ knowledge, ex-*
3 *pertise, and familiarity with risk management and produc-*
4 *tion issues pertaining to specialty crops. The Specialty*
5 *Crops Coordinator shall also use information collected from*
6 *Corporation field office directors in States in which spe-*
7 *cialty crops have a significant economic effect and from*
8 *other sources, including the extension service and colleges*
9 *and universities.”.*

10 **SEC. 5. GENERAL AUTHORITY TO OFFER CROP INSURANCE.**

11 *(a) GENERAL AUTHORITY TO OFFER INSURANCE.—*

12 *Subsection (a) of section 508 of the Federal Crop Insurance*
13 *Act (7 U.S.C. 1508) is amended to read as follows:*

14 *“(a) AUTHORITY TO OFFER INSURANCE.—*

15 *“(1) GENERAL AUTHORITY AND LOSSES COV-*
16 *ERED.—If sufficient actuarial data are available, as*
17 *determined by the Board, the Corporation may insure*
18 *(or provide reinsurance for insurers of) producers of*
19 *agricultural commodities grown in the United States*
20 *under any plan or plans of insurance determined by*
21 *the Board to be adapted to the agricultural com-*
22 *modity involved. To qualify for coverage under these*
23 *plans of insurance, the losses of the insured com-*
24 *modity shall be due to drought, flood, or other natural*
25 *disaster, as determined by the Secretary.*

1 “(2) *PERIOD OF COVERAGE.*—*Except in the case*
2 *of tobacco, insurance shall not extend beyond the pe-*
3 *riod the insured commodity is in the field. For the*
4 *purpose of the foregoing sentence, in the case of*
5 *aquacultural species, the term ‘field’ means the envi-*
6 *ronment in which the commodity is produced.*

7 “(3) *EXCLUSIONS.*—*Insurance provided under*
8 *this section shall not cover losses—*

9 “(A) *due to the neglect or malfeasance of the*
10 *producer;*

11 “(B) *due to the failure of the producer to re-*
12 *seed to the same crop in those areas and under*
13 *such circumstances where it is customary to re-*
14 *seed; or*

15 “(C) *due to the failure of the producer to*
16 *follow good farming practices, as determined by*
17 *the Corporation.*

18 “(4) *EXPANSION TO OTHER AREAS OR SINGLE*
19 *PRODUCERS.*—

20 “(A) *AREA EXPANSION.*—*The Corporation*
21 *may offer plans of insurance or reinsurance for*
22 *production of agricultural commodities in the*
23 *Commonwealth of Puerto Rico, the Virgin Is-*
24 *lands of the United States, Guam, American*
25 *Samoa, the Commonwealth of the Northern Mar-*

1 *iana Islands, and the Trust Territory of the Pa-*
2 *cific Islands in the same manner as provided in*
3 *this section for production of agricultural com-*
4 *modities in the United States.*

5 “(B) *PRODUCER EXPANSION.*—*In areas in*
6 *the United States or specified in subparagraph*
7 *(A) where crop insurance is not available for a*
8 *particular agricultural commodity, the Corpora-*
9 *tion may offer to enter into a written agreement*
10 *with an individual producer operating in that*
11 *area for insurance coverage under this title if the*
12 *producer has actuarially sound data relating to*
13 *the producer’s production of that commodity and*
14 *such data is acceptable to the Corporation.*

15 “(5) *DISSEMINATION OF CROP INSURANCE IN-*
16 *FORMATION.*—*The Corporation shall make available*
17 *to producers through local offices of the Department*
18 *of Agriculture—*

19 “(A) *current and complete information on*
20 *all aspects of Federal crop insurance; and*

21 “(B) *a listing of insurance agents and com-*
22 *panies offering to sell crop insurance in their*
23 *area.*

24 “(6) *ADDITION OF NEW AND SPECIALTY*
25 *CROPS.*—

1 “(A) *DATA COLLECTION.*—Not later than 6
2 months after the date of the enactment of this
3 paragraph, the Secretary shall issue guidelines
4 for publication in the *Federal Register* for data
5 collection to assist the Corporation in formu-
6 lating crop insurance policies for new and spe-
7 cialty crops.

8 “(B) *ADDITION OF NEW CROPS.*—Not later
9 than 1 year after the date of the enactment of
10 this paragraph, and annually thereafter, the
11 Corporation shall report to Congress on the
12 progress and expected timetable for expanding
13 crop insurance coverage under this title to new
14 and specialty crops.

15 “(C) *ADDITION OF DIRECT SALE PERISH-*
16 *ABLE CROPS.*—Not later than 1 year after the
17 date of the enactment of this paragraph, the Cor-
18 poration shall report to Congress on the feasi-
19 bility of offering a crop insurance program de-
20 signed to meet the needs of specialized producers
21 of vegetables and other perishable crops who
22 market through direct marketing channels.”.

23 (b) *REPORT ON IMPROVING DISSEMINATION OF CROP*
24 *INSURANCE INFORMATION.*—Not later than 6 months after
25 the date of the enactment of this Act, the Federal Crop In-

1 *urance Corporation shall submit a report to Congress con-*
 2 *taining a plan to implement a sound program for producer*
 3 *education regarding the crop insurance program and for*
 4 *the dissemination of crop insurance information to pro-*
 5 *ducers, as required by section 508(a)(5) of the Federal Crop*
 6 *Insurance Act. Subsequent reports on the progress of the*
 7 *implementation of the program shall be submitted to Con-*
 8 *gress in 1996 and 1997.*

9 **SEC. 6. CATASTROPHIC RISK PROTECTION, BUY-UP COV-**
 10 **ERAGE, PREMIUMS, AND YIELD DETERMINA-**
 11 **TIONS.**

12 *(a) IN GENERAL.—Section 508 of the Federal Crop In-*
 13 *urance Act (7 U.S.C. 1508) is amended—*

14 *(1) by striking subsections (c), (e), (f), (g), (h),*
 15 *(i), (l), (m), and (n);*

16 *(2) by redesignating subsections (b) and (d) as*
 17 *subsections (h) and (i), respectively; and*

18 *(3) by inserting after subsection (a) the following*
 19 *new subsections:*

20 *“(b) CATASTROPHIC RISK PROTECTION.—*

21 *“(1) CATASTROPHIC RISK PROTECTION RE-*
 22 *QUIRED.—The Corporation shall offer to producers of*
 23 *agricultural commodities grown in the United States*
 24 *a catastrophic risk protection plan to indemnify a*
 25 *producer for crop losses due to loss of yield or pre-*

1 *vented planting resulting from drought, flood, or other*
2 *natural disaster, as determined by the Secretary, if*
3 *the producer is unable to plant other crops for harvest*
4 *on that acreage for that crop year.*

5 *“(2) AMOUNT OF COVERAGE.—*

6 *“(A) IN GENERAL.—Subject to subpara-*
7 *graph (B), under catastrophic risk protection,*
8 *the Corporation shall offer producers—*

9 *“(i) coverage equal to 50 percent loss*
10 *in yield (determined on an area or indi-*
11 *vidual yield basis as described in subsection*
12 *(g)) indemnified at 60 percent of the ex-*
13 *pected market price of the commodity (as*
14 *determined by the Corporation); or*

15 *“(ii) other coverage established by the*
16 *Corporation that is comparable to the cov-*
17 *erage described in clause (i).*

18 *“(B) REDUCTION IN ACTUAL PAYMENT.—*

19 *The amount paid to a producer on a claim*
20 *under catastrophic risk protection may reflect a*
21 *reduction that is proportional to the out-of-*
22 *pocket expenses that are not incurred by the pro-*
23 *ducer as a result of not planting, growing, or*
24 *harvesting the crop for which the claim is made,*
25 *as determined by the Corporation.*

1 “(3) *YIELD AND LOSS BASIS.*—*Producers shall*
2 *have the option of purchasing catastrophic risk pro-*
3 *tection based on either an individual yield and loss*
4 *basis or on an area yield and loss basis, as described*
5 *in subsection (g), when both options are offered by the*
6 *Corporation.*

7 “(4) *SALE OF CATASTROPHIC RISK PROTEC-*
8 *TION.*—

9 “(A) *APPLICATION.*—*Except as provided in*
10 *subparagraph (B), producers shall submit an ap-*
11 *plication at the local office of the Department of*
12 *Agriculture or to a private insurance provider*
13 *approved by the Corporation to participate in*
14 *catastrophic risk protection. To the extent sales*
15 *of catastrophic risk protection are made through*
16 *local offices of the Department of Agriculture, the*
17 *Secretary may require the local office to contract*
18 *with private insurance providers to service the*
19 *insurance contracts.*

20 “(B) *RESTRICTION OF SALES TO PRIVATE*
21 *INSURANCE PROVIDERS.*—*If the Secretary deter-*
22 *mines that the number or capacity of private in-*
23 *surance providers in a county is sufficient to*
24 *adequately provide catastrophic risk protection*
25 *to producers in that county for a particular crop*

1 year, the Secretary may discontinue the sale for
2 that crop year of catastrophic risk protection at
3 local offices of the Department of Agriculture
4 serving that county. A determination of the Sec-
5 retary under this subparagraph to discontinue
6 the sale of catastrophic risk protection at local
7 offices of the Department of Agriculture, and the
8 process by which the determination is made,
9 shall not be subject to judicial review under the
10 Administrative Procedure Act or any other pro-
11 vision of law.

12 “(C) CONSIDERATIONS.—In making a de-
13 termination under subparagraph (B) with re-
14 spect to discontinuing the sale of catastrophic
15 risk protection at local offices of the Department
16 of Agriculture, the Secretary shall consider
17 equally the following factors:

18 “(i) Whether the use of Department
19 personnel and offices to provide catastrophic
20 risk protection is the most efficient and
21 cost-effective use of Department resources.

22 “(ii) The availability and training of
23 Department personnel to handle applica-
24 tions for catastrophic risk protection.

1 “(iii) *The needs of, and fairness to,*
2 *local producers.*

3 “(D) *COMPARISON OF PRIVATE AND PUBLIC*
4 *DELIVERY SYSTEMS.—To evaluate the appro-*
5 *priateness of determinations under subparagraph*
6 *(B), the Secretary shall require each local office*
7 *of the Department of Agriculture at which pro-*
8 *ducers apply for catastrophic risk protection to*
9 *annually provide to the Secretary information*
10 *regarding the number of catastrophic risk protec-*
11 *tion policies sold, the training and personnel*
12 *costs incurred to provide and service the policies,*
13 *the average cost per policy to provide and service*
14 *the policies directly, and (if applicable) the cost*
15 *of contracting with private insurance providers*
16 *to service the policies. For comparison purposes,*
17 *the Secretary may also request comparable infor-*
18 *mation from private insurance providers selling*
19 *catastrophic risk protection.*

20 “(E) *REPORT.—Not later than 18 months*
21 *after the date of the enactment of the Federal*
22 *Crop Insurance Reform Act of 1994 (and annu-*
23 *ally thereafter), the Secretary shall submit to*
24 *Congress a report—*

1 “(i) listing the counties at which pro-
2 ducers were permitted to apply for cata-
3 strophic risk protection during the period
4 covered by the report; and

5 “(ii) containing and evaluating the in-
6 formation collected under subparagraph (D)
7 for that period.

8 “(5) ADMINISTRATIVE FEE.—

9 “(A) FEE REQUIRED.—Producers shall pay
10 an administrative fee for catastrophic risk pro-
11 tection. The administrative fee for each producer
12 shall be \$50 per crop per county, but not to ex-
13 ceed \$100 per producer per county. The adminis-
14 trative fee shall be paid by the producer at the
15 time the producer applies for catastrophic risk
16 protection.

17 “(B) WAIVER OF FEE.—The Corporation
18 shall waive the administrative fee for limited re-
19 source farmers, as defined by the Corporation.

20 “(C) USE OF FEES.—Administrative fees
21 collected by an office of the Department of Agri-
22 culture or by a private insurance provider shall
23 be retained as payment for operating and ad-
24 ministrative expenses incurred for the delivery of
25 catastrophic risk protection.

1 “(6) *COVERAGE OF ALL CROPS.*—*To be eligible*
2 *for benefits under any commodity price support, pro-*
3 *duction adjustment, or conservation program admin-*
4 *istered by the Department of Agriculture, or for the*
5 *farmer loan programs of the Farmers Home Adminis-*
6 *tration or any successor of that agency, a producer*
7 *must obtain at least catastrophic risk protection for*
8 *each crop of economic significance produced on each*
9 *farm in any county in which the producer has an in-*
10 *terest, if insurance is available in the county for those*
11 *crops. For purposes of this paragraph, the term ‘crop*
12 *of economic significance’ means a crop that has con-*
13 *tributed, or is expected to contribute, 10 percent or*
14 *more of the total expected value of all crops grown by*
15 *the producer.*

16 “(7) *COVERAGE UNDER ONE POLICY.*—*If a pro-*
17 *ducer applies for catastrophic risk protection for a*
18 *crop produced by the producer in a county, the pro-*
19 *ducer shall be required to secure such protection*
20 *under a single policy.*

21 “(8) *AUTHORITY TO LIMIT CATASTROPHIC RISK*
22 *PROTECTION.*—*The Board may limit the availability*
23 *of catastrophic risk protection in any county or area,*
24 *or on any farm, on the basis of the insurance risk in-*
25 *volved.*

1 “(9) *TRANSITIONAL COVERAGE FOR 1995*
2 *CROPS.—Effective only for the 1995 crops and for*
3 *which the sales period for crop insurance expires be-*
4 *fore the date of the enactment of the Federal Crop In-*
5 *surance Reform Act of 1994, the Corporation shall*
6 *allow producers of such crops until at least the end*
7 *of the 6-month period beginning on such date to ob-*
8 *tain catastrophic risk protection for such crops. Upon*
9 *the enactment of such Act, producers who made time-*
10 *ly purchases of a crop insurance policy before the date*
11 *of the enactment of such Act, under the provisions*
12 *then in effect, shall be eligible for the same benefits to*
13 *which a producer would be entitled under comparable*
14 *buy-up coverage under subsection (c).*

15 “(c) *COVERAGE LEVELS GREATER THAN CATA-*
16 *STROPHIC RISK PROTECTION.—*

17 “(1) *BUY-UP COVERAGE GENERALLY.—The Cor-*
18 *poration shall offer to producers of agricultural com-*
19 *modities grown in the United States plans of crop in-*
20 *surance providing levels of coverage greater than that*
21 *available under catastrophic risk protection under*
22 *subsection (b). Plans of insurance under this sub-*
23 *section shall be known as ‘buy-up coverage’. Producers*
24 *shall apply to private insurance providers approved*
25 *by the Corporation for purchase of buy-up coverage if*

1 *such coverage is available from private insurance pro-*
2 *viders. If buy-up coverage is unavailable privately,*
3 *the Corporation may offer buy-up coverage plans of*
4 *insurance directly to producers. If a producer applies*
5 *for catastrophic risk protection at an office of the De-*
6 *partment of Agriculture but then elects to purchase*
7 *buy-up coverage under this subsection, the insurance*
8 *file for that producer shall be transferred to the ap-*
9 *proved private insurance provider servicing the buy-*
10 *up coverage policy.*

11 *“(2) ADMINISTRATIVE FEE.—*

12 *“(A) FEE REQUIRED.—If a producer elects*
13 *to purchase buy-up coverage for a crop at a level*
14 *less than 65 percent of the recorded or appraised*
15 *average yield indemnified at 100 percent of the*
16 *expected market price, or an equivalent coverage,*
17 *the producer shall pay an administrative fee for*
18 *such buy-up coverage. Subsection (b)(5) shall*
19 *apply in determining the amount and use of the*
20 *administrative fee or in determining whether to*
21 *waive the administrative fee.*

22 *“(B) EXCEPTION.—If a producer elects to*
23 *purchase buy-up coverage for a crop equal to 65*
24 *percent or more of the recorded or appraised av-*
25 *erage yield indemnified at 100 percent of the ex-*

1 pected market price, or an equivalent coverage,
2 the producer shall not be subject to the adminis-
3 trative fee required by this paragraph or sub-
4 section (b)(5). If the producer has already paid
5 the administrative fee for a lower level of cov-
6 erage for that crop, the administrative fee shall
7 be refunded to the producer unless the refund
8 would reduce to less than \$100 the total amount
9 of the administrative fee paid by the producer
10 for more than 2 crops in the same county for
11 which a lower level of coverage is obtained.

12 “(3) *YIELD AND LOSS BASIS.*—Producers shall
13 have the option of purchasing buy-up coverage based
14 on either an individual yield and loss basis or on an
15 area yield and loss basis, as described in subsection
16 (g), when both options are offered by the Corporation.

17 “(4) *YIELD ELECTIONS.*—Yield coverage shall be
18 made available to the producer on the basis of any
19 yield election that equals or is less than 85 percent of
20 the individual yield or 95 percent of the area yield,
21 as determined by the Corporation.

22 “(5) *PRICE LEVELS.*—

23 “(A) *IN GENERAL.*—The Corporation shall
24 establish a price level for each commodity on
25 which buy-up coverage is offered that—

1 “(i) shall not be less than the expected
2 market price for the commodity, as deter-
3 mined by the Corporation; or

4 “(ii) at the discretion of the Corpora-
5 tion, may be based on the actual market
6 price at the time of harvest, as determined
7 by the Corporation.

8 “(B) SPECIAL RULE FOR MALTING BAR-
9 LEY.—For malting barley covered by a contract
10 between a producer and a processor, the Cor-
11 poration may offer a plan of insurance that al-
12 lows the producer to select the contract price as
13 the price election if—

14 “(i) the contract is definite as to the
15 quantity and the price;

16 “(ii) the producer submits a copy of
17 the contract with the application for insur-
18 ance prior to the sales closing date for the
19 crop;

20 “(iii) coverage does not exceed the
21 quantity contained in the contract;

22 “(iv) the contracted quantity does not
23 exceed the production guarantee;

24 “(v) the contract is usual and cus-
25 tomary in form and content for the area;

1 “(vi) the processor is completely inde-
2 pendent from the producer; and

3 “(vii) the processor does not have an
4 insurable interest in the crop.

5 “(6) *PRICE ELECTIONS.*—Subject to paragraph
6 (10), insurance coverage shall be made available to
7 the producer on the basis of any price election that
8 equals or is less than that established by the Board.

9 “(7) *LEVEL OF COVERAGE.*—Not later than the
10 beginning of the 1996 crop year, the level of coverage
11 shall be quoted in terms of dollars per acre.

12 “(8) *REDUCTION IN ACTUAL PAYMENT.*—The
13 amount paid to a producer on a claim under buy-up
14 coverage may reflect a reduction that is proportional
15 to the out-of-pocket expenses that are not incurred by
16 the producer as a result of not planting, growing, or
17 harvesting the crop for which the claim is made, as
18 determined by the Corporation.

19 “(9) *FIRE AND HAIL COVERAGE.*—For levels of
20 buy-up coverage equal to 65 percent or more of the re-
21 corded or appraised average yield indemnified at 100
22 percent of the expected market price, or an equivalent
23 coverage, the producer may elect to delete from the
24 buy-up coverage any coverage against damage caused
25 by fire and hail if the producer obtains an equivalent

1 or greater dollar amount of coverage for damage
2 caused by fire and hail from a private insurance pro-
3 vider. Upon written notice of such election to the com-
4 pany issuing the policy providing buy-up coverage
5 and submission of evidence of substitute coverage on
6 the commodity insured, the producer's premium shall
7 be reduced by an amount determined by the Corpora-
8 tion to be actuarially appropriate, taking into ac-
9 count the actuarial value of the remaining coverage
10 provided by the Corporation. In no event shall the
11 producer be given credit for an amount of premium
12 determined to be greater than the actuarial value of
13 the protection against losses caused by fire and hail
14 that is included in the buy-up coverage for the crop.

15 “(10) *LIMITATIONS ON BUY-UP COVERAGE.*—The
16 Board may limit the availability of buy-up coverage
17 under this subsection in any county or area, or on
18 any farm, on the basis of the insurance risk involved.
19 The Board shall not offer buy-up coverage equal to
20 less than 50 percent of the recorded or appraised aver-
21 age yield indemnified at 100 percent of the expected
22 market price, or an equivalent coverage.

23 “(d) *PREMIUMS.*—

24 “(1) *PREMIUMS REQUIRED.*—The Corporation
25 shall fix adequate premiums for all its plans of insur-

1 *ance at such rates as the Board deems actuarially*
2 *sufficient to attain an expected loss ratio of not great-*
3 *er than 1.1.*

4 “(2) *PREMIUM AMOUNTS.—The premium*
5 *amounts for catastrophic risk protection under sub-*
6 *section (b) and buy-up coverage under subsection (c)*
7 *shall be fixed as follows:*

8 “(A) *In the case of catastrophic risk protec-*
9 *tion, the amount of the premium shall be suffi-*
10 *cient to cover anticipated losses and a reasonable*
11 *reserve.*

12 “(B) *In the case of buy-up coverage below*
13 *65 percent of the recorded or appraised average*
14 *yield indemnified at 100 percent of the expected*
15 *market price, or an equivalent coverage, but*
16 *greater than 50 percent of the recorded or ap-*
17 *praised average yield indemnified at 100 percent*
18 *of the expected market price, or an equivalent*
19 *coverage, the amount of the premium shall—*

20 “(i) *be sufficient to cover anticipated*
21 *losses and a reasonable reserve; and*

22 “(ii) *include an amount for operating*
23 *and administrative expenses, as determined*
24 *by the Corporation, that is less than the*
25 *amount established for coverage at 65 per-*

1 cent of the recorded or appraised average
2 yield indemnified at 100 percent of the ex-
3 pected market price, or an equivalent cov-
4 erage.

5 “(C) In the case of buy-up coverage equal to
6 or greater than 65 percent of the recorded or ap-
7 praised average yield indemnified at 100 percent
8 of the expected market price, or an equivalent
9 coverage, the amount of the premium shall—

10 “(i) be sufficient to cover anticipated
11 losses and a reasonable reserve; and

12 “(ii) include an amount for operating
13 and administrative expenses, as determined
14 by the Corporation, on an industry-wide
15 basis as a percent of the amount of the pre-
16 mium used to define loss ratio under section
17 502.

18 “(3) PREMIUM REDUCTION.—If a private insur-
19 ance provider determines that it may provide insur-
20 ance more efficiently than the expense reimbursement
21 amount established by the Corporation, the private
22 insurance provider may reduce, subject to the ap-
23 proval of the Corporation, the premium charged the
24 insured by an amount corresponding to such effi-
25 ciency. The private insurance provider shall apply to

1 *the Corporation for authority to reduce the premium*
2 *before making such a reduction, and the reduction*
3 *shall be subject to the rules, limitations, and proce-*
4 *dures established by the Corporation.*

5 “(e) *PAYMENT OF PORTION OF PREMIUM BY CORPORA-*
6 *TION.—*

7 “(1) *IN GENERAL.—For the purpose of encour-*
8 *aging the broadest possible participation of producers*
9 *in the catastrophic risk protection provided under*
10 *subsection (b) and the buy-up coverage provided*
11 *under subsection (c), the Corporation shall pay a part*
12 *of the premium in the amounts provided in this sub-*
13 *section.*

14 “(2) *AMOUNT OF PAYMENT.—The amount of the*
15 *premium to be paid by the Corporation shall be as*
16 *follows:*

17 “(A) *In the case of catastrophic risk protec-*
18 *tion, the amount shall be equivalent to the pre-*
19 *mium established for catastrophic risk protection*
20 *under subsection (d)(2)(A).*

21 “(B) *In the case of coverage below 65 per-*
22 *cent of the recorded or appraised average yield*
23 *indemnified at 100 percent of the expected mar-*
24 *ket price, or an equivalent coverage, but greater*
25 *than 50 percent of the recorded or appraised av-*

1 *erage yield indemnified at 100 percent of the ex-*
2 *pected market price, or an equivalent coverage,*
3 *the amount shall be equivalent to the amount of*
4 *premium established for catastrophic risk protec-*
5 *tion coverage and the amount of operating and*
6 *administrative expenses established under sub-*
7 *section (d)(2)(B).*

8 *“(C) In the case of coverage equal to or*
9 *greater than 65 percent of the recorded or ap-*
10 *praised average yield indemnified at 100 percent*
11 *of the expected market price, or an equivalent*
12 *coverage, on an individual or area basis, the*
13 *amount shall be equivalent to an amount equal*
14 *to the premium established for 50 percent loss in*
15 *yield indemnified at 75 percent of the expected*
16 *market price and the amount of operating and*
17 *administrative expenses established under sub-*
18 *section (d)(2)(C).*

19 *“(3) STATE SUBSIDY AUTHORIZED.—The Board*
20 *may enter into agreements with any State or agency*
21 *of a State under which the State or agency may pay*
22 *to the approved insurance provider an additional pre-*
23 *mium subsidy to further reduce the portion of the pre-*
24 *mium paid by producers in the State.*

25 *“(f) ELIGIBILITY REQUIREMENTS.—*

1 “(1) *PERSONS ELIGIBLE.*—*Except as otherwise*
2 *provided in this title, no producer may be denied in-*
3 *surance under this section if the producer meets the*
4 *definition of person, as defined by the Secretary. In*
5 *the case of plans of insurance under this title other*
6 *than catastrophic risk protection, the definition of*
7 *person shall include a producer who is over 18 years*
8 *of age or older and has a bona fide insurable interest*
9 *in a crop as an owner, owner-operator, landlord, ten-*
10 *ant, or sharecropper.*

11 “(2) *SALES CLOSING DATE.*—*A producer who de-*
12 *sires to obtain catastrophic risk protection under sub-*
13 *section (b) or buy-up coverage under subsection (c) for*
14 *a crop shall submit an application by the sales clos-*
15 *ing date for the crop. The Corporation shall establish*
16 *sales closing dates to maximize convenience to pro-*
17 *ducers in obtaining benefits under commodity price*
18 *support and production adjustment programs of the*
19 *Department whenever feasible; except that, in estab-*
20 *lishing such dates, the Corporation shall ensure that*
21 *the goal of actuarial soundness for the crop insurance*
22 *program under this title is met.*

23 “(3) *RECORDS AND REPORTING.*—*To obtain cat-*
24 *astrophic risk protection under subsection (b) or buy-*
25 *up coverage under subsection (c), a producer shall—*

1 “(A) provide, to the extent required by the
2 Corporation, records acceptable to the Corpora-
3 tion of historical acreage and production of the
4 crops for which the insurance is sought or accept
5 a yield determined by the Corporation; and

6 “(B) report acreage planted and prevented
7 from planting by the designated acreage report-
8 ing date for that crop and location as established
9 by the Corporation.

10 “(4) *LIMITATION ON MULTIPLE BENEFITS FOR*
11 *SAME LOSS.—If a producer who is eligible to receive*
12 *benefits under catastrophic risk protection under sub-*
13 *section (b) or noninsured crop disaster assistance*
14 *under section 519 is also eligible to receive assistance*
15 *for the same loss under any other program adminis-*
16 *tered by the Secretary, the producer shall be required*
17 *to elect whether to receive benefits under this title or*
18 *under such other program, but not both. A producer*
19 *who purchases buy-up coverage under subsection (c)*
20 *may also receive assistance for the same loss under*
21 *other programs administered by the Secretary, except*
22 *that the amount received for the loss under the buy-*
23 *up coverage together with the amount received under*
24 *such other programs may not exceed the amount of*
25 *the producer’s actual loss.*

1 “(g) *YIELD COVERAGE DETERMINATIONS.*—

2 “(1) *IN GENERAL.*—*The Corporation shall imple-*
3 *ment crop insurance underwriting rules that ensure*
4 *that yield coverage, as specified in this subsection, is*
5 *provided to eligible producers obtaining catastrophic*
6 *risk protection under subsection (b) or buy-up cov-*
7 *erage under subsection (c).*

8 “(2) *INDIVIDUAL YIELD BASIS.*—

9 “(A) *ACTUAL PRODUCTION HISTORY.*—*The*
10 *Corporation shall determine yield coverage using*
11 *the producer’s actual production history over a*
12 *period of not less than the 4 previous consecutive*
13 *crop years and not more than 10 consecutive*
14 *crop years. Subject to subparagraph (B), the*
15 *yield for insurance purposes for the year for*
16 *which insurance is sought shall be equal to the*
17 *average of the producer’s actual production his-*
18 *tory during the period considered.*

19 “(B) *ASSIGNMENT OF YIELD.*—*Except as*
20 *provided in subparagraphs (C) and (D), if a*
21 *producer does not submit adequate documenta-*
22 *tion of production history to determine crop*
23 *yield under subparagraph (A), the Corporation*
24 *shall assign to the producer a yield equal to not*
25 *less than 65 percent of the transitional yield of*

1 the producer (adjusted to reflect actual produc-
2 tion reflected in the records acceptable to the
3 Corporation for continuous years), as specified
4 in regulations issued by the Corporation based
5 on production history requirements.

6 “(C) *PILOT PROGRAM OF ASSIGNED YIELDS*
7 *FOR NEW PRODUCERS.*—

8 “(i) *PROGRAM REQUIRED.*—For each
9 of the 1995 and 1996 crop years, the Cor-
10 poration shall carry out a pilot program to
11 assign to eligible new producers higher as-
12 signed yields than would otherwise be as-
13 signed to such producers under subpara-
14 graph (B). The Corporation shall include in
15 the pilot program 30 counties that are de-
16 termined by the Corporation to be adequate
17 to provide a comprehensive evaluation of the
18 feasibility, effectiveness, and demand among
19 new producers for increased assigned yields.

20 “(ii) *INCREASED ASSIGNED YIELDS.*—
21 In the case of an eligible new producer par-
22 ticipating in the pilot program, the Cor-
23 poration shall assign to the new producer a
24 yield equal to not less than 110 percent of

1 *the transitional yield otherwise established*
2 *by the Corporation.*

3 “(iii) *ELIGIBLE NEW PRODUCER.*—*The*
4 *Secretary shall establish a definition of new*
5 *producer for purposes of determining eligi-*
6 *bility to participate in the pilot program.*

7 “(D) *ALTERNATIVE ASSIGNED YIELDS FOR*
8 *PRODUCERS OF FEED OR FORAGE.*—

9 “(i) *FEED OR FORAGE YIELDS.*—*For*
10 *the first crop year for which an eligible pro-*
11 *ducer described in clause (ii) obtains cata-*
12 *strophic risk protection under subsection (b)*
13 *or buy-up coverage under subsection (c) for*
14 *a feed or forage crop, the Corporation shall*
15 *assign to the producer a yield equal to not*
16 *less than 80 percent of the transitional yield*
17 *established by the Corporation (adjusted to*
18 *reflect the actual production history of the*
19 *producer) if the producer does not provide*
20 *satisfactory evidence of the yield under sub-*
21 *paragraph (A). For not more than three ad-*
22 *ditional years, the Corporation shall pro-*
23 *vide the producer with a yield based on the*
24 *greater of—*

1 “(I) the producer’s actual produc-
2 tion history for the preceding year (or
3 years if available); and

4 “(II) the assigned yield deter-
5 mined under this clause.

6 “(ii) *ELIGIBLE PRODUCERS.*—An eligi-
7 ble producer referred to in clause (i) is a
8 producer that, as determined by the Sec-
9 retary—

10 “(I) grows the insured feed or for-
11 age crop primarily for on-farm use in
12 a livestock, dairy, or poultry operation;
13 and

14 “(II) derives over 50 percent of
15 the producer’s gross farm income from
16 the livestock, dairy, or poultry oper-
17 ation.

18 “(iii) *TERMINATION OF AUTHORITY.*—
19 The authority provided by this subpara-
20 graph shall apply only during the 1995
21 through 1998 crop years.

22 “(3) *AREA YIELD BASIS.*—The Corporation may
23 offer a crop insurance plan based on an area yield
24 that allows an insured producer to qualify for an in-
25 demnity if a loss occurs in an area, as specified by

1 *the Corporation, in which the farm of the producer is*
2 *located. Under an area yield plan, an insured pro-*
3 *ducer shall be allowed to select the level of area pro-*
4 *duction at which an indemnity will be paid con-*
5 *sistent with the terms and conditions established by*
6 *the Corporation.*

7 *“(4) COMMODITY-BY-COMMODITY BASIS.—A pro-*
8 *ducer may choose between either individual yield or*
9 *area yield coverage, where available, on a commodity-*
10 *by-commodity basis.”.*

11 *(b) CONFORMING AMENDMENTS.—*

12 *(1) REPEAL OF EXISTING CROP INSURANCE*
13 *YIELD COVERAGE.—Section 508A of the Federal Crop*
14 *Insurance Act (7 U.S.C. 1508A) is repealed.*

15 *(2) TAX EXEMPTION.—Section 511 of such Act (7*
16 *U.S.C. 1511) is amended by inserting “its contracts*
17 *of insurance and premium thereon, whether insured*
18 *directly or reinsured by the Corporation,” after “The*
19 *Corporation, including”.*

20 *(3) PERSONS UNDER 21 YEARS OF AGE.—Sec-*
21 *tion 520 of such Act (7 U.S.C. 1520) is repealed.*

1 **SEC. 7. PREPARATION OF POLICIES, CLAIMS, AND REINSUR-**
2 **ANCE.**

3 (a) *SUBMISSION OF POLICIES.*—*Subsection (h) of sec-*
4 *tion 508 of the Federal Crop Insurance Act (7 U.S.C. 1508),*
5 *as redesignated by section 6(a)(2), is amended—*

6 (1) *in paragraph (1), by striking “subsection*
7 *(a)” and inserting “subsection (c)”;* and

8 (2) *by striking paragraphs (2), (3), and (4) and*
9 *inserting the following new paragraphs:*

10 “(2) *SUBMISSION OF POLICIES.*—*A policy or*
11 *other material submitted to the Board under this sub-*
12 *section may be prepared without regard to the limita-*
13 *tions contained in this title, including the require-*
14 *ments concerning the levels of coverage and rates and*
15 *the requirement that a price level for each commodity*
16 *insured must equal the expected market price for the*
17 *commodity as established by the Board. In the case of*
18 *such a policy, the payment by the Corporation of a*
19 *portion of the premium of the policy may not exceed*
20 *the amount that would otherwise be authorized under*
21 *subsection (e).*

22 “(3) *REVIEW AND APPROVAL BY THE BOARD.*—
23 *A policy or other material submitted to the Board*
24 *under this subsection shall be reviewed by the Board*
25 *and, if the Board finds that the interests of producers*
26 *are adequately protected and that any premiums*

1 *charged to such producers are actuarially appro-*
2 *prate, shall be approved by the Board for reinsur-*
3 *ance and for sale to producers as an additional choice*
4 *at actuarially appropriate rates and under appro-*
5 *prate terms and conditions. The Corporation may*
6 *enter into more than one reinsurance agreement with*
7 *the private insurance provider simultaneously to fa-*
8 *cilitate the offering of such new policies.*

9 *“(4) GUIDELINES FOR SUBMISSION AND RE-*
10 *VIEW.—The Corporation shall issue regulations to es-*
11 *tablish guidelines for the submission and Board re-*
12 *view of policies or other material submitted to the*
13 *Board under this subsection. At a minimum, the*
14 *guidelines shall ensure the following:*

15 *“(A) Proposals submitted to the Board*
16 *under this subsection shall be considered as con-*
17 *fidential commercial or financial information*
18 *for purposes of section 552(b)(4) of title 5,*
19 *United States Code, until approved by the*
20 *Board. Proposals disapproved by the Board shall*
21 *remain confidential commercial or financial in-*
22 *formation.*

23 *“(B) The Board shall provide an applicant*
24 *with the opportunity to present the proposal to*
25 *the Board in person if the applicant so desires.*

1 “(C) *The Board shall provide an applicant*
2 *with notification of intent to disapprove a pro-*
3 *posal not later than 30 days prior to taking such*
4 *action. An applicant that receives such notifica-*
5 *tion may modify such application, and such*
6 *modification shall be considered an original ap-*
7 *plication for purposes of this paragraph.*

8 “(D) *Specific guidelines shall deal with the*
9 *timing of submission of proposals under this sub-*
10 *section and timely consideration by the Board so*
11 *that any approved proposal may be made avail-*
12 *able to all persons reinsured by the Corporation*
13 *in a manner permitting them to participate, if*
14 *they so desire, in offering such a proposal in the*
15 *first crop year in which it is approved by the*
16 *Board for reinsurance, premium subsidy, or*
17 *other support offered by this title.*

18 “(5) *REQUIRED PUBLICATION.—Any policies,*
19 *provisions of policies, and rates approved under this*
20 *subsection shall be published as a notice in the Fed-*
21 *eral Register and made available to all persons con-*
22 *tracting with or reinsured by the Corporation under*
23 *the same terms and conditions as between the Cor-*
24 *poration and the person originally submitting the*
25 *policy or other material.”.*

1 **(b) CLAIMS FOR LOSSES AND REINSURANCE.**—Section
2 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is
3 further amended—

4 (1) by redesignating subsections (j) and (k) as
5 subsections (l) and (m), respectively; and

6 (2) inserting after subsection (i), as redesignated
7 by section 6(a)(2), the following new subsections:

8 “(j) **CLAIMS FOR LOSSES.**—

9 “(1) **IN GENERAL.**—Under rules prescribed by
10 the Corporation, the Corporation may provide for ad-
11 justment and payment of claims for losses. The rules
12 prescribed by the Corporation shall establish stand-
13 ards to ensure that all claims for losses are adjusted,
14 to the extent practicable, in a uniform and timely
15 manner.

16 “(2) **DENIAL OF CLAIMS.**—

17 “(A) **IN GENERAL.**—Subject to subpara-
18 graph (B), if a claim for indemnity is denied by
19 the Corporation or by the private insurance pro-
20 vider, an action on the claim may be brought
21 against the Corporation or Secretary or the in-
22 surance provider only in the United States dis-
23 trict court for the district in which the insured
24 farm is located.

1 “(B) *STATUTE OF LIMITATIONS.*—*A suit on*
2 *the claim may be brought not later than 1 year*
3 *after the date on which written notice of denial*
4 *of the claim is provided to the claimant.*

5 “(3) *INDEMNIFICATION.*—*The Corporation shall*
6 *provide private insurance providers with indem-*
7 *nification, including costs and reasonable attorney*
8 *fees incurred by the private insurance provider, due*
9 *to errors or omissions on the part of the Corporation.*

10 “(k) *REINSURANCE.*—*Notwithstanding any other pro-*
11 *vision of this title, the Corporation shall, to the maximum*
12 *extent practicable, provide reinsurance to insurers approved*
13 *by the Corporation that insure producers of any agricul-*
14 *tural commodity under a plan or plans acceptable to the*
15 *Corporation. Such reinsurance shall be provided upon such*
16 *terms and conditions as the Board may determine to be*
17 *consistent with subsections (b) and (c) and sound reinsur-*
18 *ance principles. The Corporation’s reinsurance agreements*
19 *with the reinsured companies shall require the reinsured*
20 *companies to bear a sufficient share of any potential loss*
21 *under such agreement so as to ensure that the reinsured*
22 *company will sell and service policies of insurance in a*
23 *sound and prudent manner, taking into consideration the*
24 *financial condition of the reinsured companies and the*
25 *availability of private reinsurance.”.*

1 (c) *CROSS REFERENCES.*—

2 (1) *CLAIMS FOR LOSSES.*—Section 506(d) of the
3 *Federal Crop Insurance Act (7 U.S.C. 1506(d))* is
4 amended in the first sentence by striking “section
5 508(f)” and inserting “section 508(j)”.

6 (2) *SUBMISSION OF MATERIALS TO BOARD.*—Sec-
7 tion 507(c) of such Act (7 U.S.C. 1507(c)) is amended
8 in the last sentence by striking “section 508(b)” and
9 inserting “section 508(h)”.

10 (3) *DEFINITION OF AGRICULTURAL COM-*
11 *MODITY.*—Section 518 of such Act (7 U.S.C. 1518) is
12 amended by striking “or (k)” and inserting “or (m)”.

13 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS AND CROP**
14 **INSURANCE FUND.**

15 Section 516 of the *Federal Crop Insurance Act (7*
16 *U.S.C. 1516)* is amended to read as follows:

17 **“SEC. 516. FUNDING.**

18 “(a) *AUTHORIZATION OF APPROPRIATIONS FOR COR-*
19 *PORATION SALARIES AND AGENT COMMISSIONS.*—There are
20 hereby authorized to be appropriated such sums as are nec-
21 essary to cover the salaries and administrative expenses of
22 the Corporation and the administrative and operating ex-
23 penses of the Corporation for the sales commissions of
24 agents.

25 “(b) *CROP INSURANCE FUND.*—

1 “(1) *ESTABLISHMENT.*—*There is hereby estab-*
2 *lished an insurance fund for deposit of premiums col-*
3 *lected under section 508(d), income from reinsurance*
4 *operations, and appropriations made available under*
5 *paragraph (2).*

6 “(2) *APPROPRIATION.*—*There are hereby appro-*
7 *priated, without fiscal year limitation, such sums as*
8 *may be necessary to carry out the purposes of the in-*
9 *surance fund.*

10 “(c) *PURPOSES OF INSURANCE FUND.*—*The Corpora-*
11 *tion may use amounts in the insurance fund to pay the*
12 *following:*

13 “(1) *Beginning with the 1996 crop year, the ad-*
14 *ministrative and operating expenses of approved in-*
15 *surance providers, other than expenses for which*
16 *funds are authorized to be appropriated under sub-*
17 *section (a).*

18 “(2) *All other expenses of the Corporation (other*
19 *than expenses for which funds are authorized to be*
20 *appropriated under subsection (a)), including all pre-*
21 *mium subsidies and indemnities.*

22 “(3) *For the 1995 crop year, all administrative*
23 *and expense reimbursements due under a reinsurance*
24 *agreement with an approved private insurance pro-*
25 *vider.*

1 “(4) *Expenses incurred by the Corporation to*
2 *carry out research and development.*”

3 “(5) *For the 1996 crop year, the administrative*
4 *and operating expenses of the Corporation for the*
5 *sales commissions of agents, but not to exceed an*
6 *amount equal to 10.5 percent of the total amount of*
7 *premiums paid by producers for insurance policies*
8 *for the 1996 crop year.*”

9 **SEC. 9. ADVISORY COMMITTEE.**

10 *The Federal Crop Insurance Act is amended by insert-*
11 *ing after section 514 (7 U.S.C. 1514) the following new sec-*
12 *tion:*

13 **“SEC. 515. ADVISORY COMMITTEE FOR FEDERAL CROP IN-**
14 **SURANCE.**

15 “(a) *ESTABLISHMENT AND TERMINATION.—The Sec-*
16 *retary may establish within the Department of Agriculture*
17 *an advisory committee to be known as the Advisory Com-*
18 *mittee for Federal Crop Insurance. If established, the Advi-*
19 *sory Committee shall remain in existence until September*
20 *30, 1998.*”

21 “(b) *PRIMARY RESPONSIBILITY.—The primary re-*
22 *sponsibility of the Advisory Committee shall be to advise*
23 *the Secretary on the implementation of this title and on*
24 *other issues related to crop insurance, as determined by the*
25 *Manager.*”

1 “(c) *MEMBERSHIP.*—*The Advisory Committee shall be*
2 *composed of the Manager of the Corporation, the Secretary*
3 *(or a designee of the Secretary), and not less than 12 mem-*
4 *bers representing organizations and agencies involved in the*
5 *provision of crop insurance under this title. Not less than*
6 *3 of the members of the Advisory Committee shall be rep-*
7 *resentatives of the specialty crops industry. The organiza-*
8 *tions or agencies represented by members on the Advisory*
9 *Committee may include insurance companies, insurance*
10 *agents, farm producer organizations, experts on agronomic*
11 *practices, and banking and lending institutions.*

12 “(d) *ADMINISTRATIVE PROVISIONS.*—

13 “(1) *TERMS.*—*Members of the Advisory Com-*
14 *mittee shall be appointed by the Secretary for a term*
15 *of up to 2 years from nominations made by the orga-*
16 *nizations and agencies specified in subsection (c). The*
17 *terms of the members shall be staggered.*

18 “(2) *CHAIRPERSON.*—*The Advisory Committee*
19 *shall be chaired by the Manager of the Corporation.*

20 “(3) *MEETINGS.*—*The Advisory Committee shall*
21 *meet at least annually. The meetings of the Advisory*
22 *Committee shall be publicly announced in advance*
23 *and shall be open to the public. Appropriate records*
24 *of the activities of the Advisory Committee shall be*
25 *kept and made available to the public on request.*

1 “(e) *REPORTS.*—Not later than June 30 of each year,
2 *the Advisory Committee shall submit to the Secretary a re-*
3 *port specifying its conclusions and recommendations re-*
4 *garding—*

5 “(1) *the progress toward implementation of the*
6 *provisions of this title;*

7 “(2) *the actuarial soundness of the Federal crop*
8 *insurance program;*

9 “(3) *the rate of producer participation in both*
10 *catastrophic risk protection under section 508(b) and*
11 *buy-up coverage under section 508(c); and*

12 “(4) *the progress toward improved crop insur-*
13 *ance coverage for new and specialty crops.”.*

14 **SEC. 10. NONINSURED CROP DISASTER ASSISTANCE.**

15 “(a) *IN GENERAL.*—Section 519 of the Federal Crop In-
16 *surance Act (7 U.S.C. 1519) is amended to read as follows:*

17 **“SEC. 519. NONINSURED CROP DISASTER ASSISTANCE PRO-**
18 **GRAM.**

19 “(a) *ESTABLISHMENT OF PROGRAM.*—

20 “(1) *ESTABLISHMENT.*—*In the case of an eligible*
21 *crop described in paragraph (2), the Corporation*
22 *shall establish a noninsured crop disaster assistance*
23 *program to provide coverage equivalent to the cata-*
24 *strophic risk protection otherwise available under sec-*
25 *tion 508(b).*

1 “(2) *ELIGIBLE CROPS.*—

2 “(A) *IN GENERAL.*—*For purposes of this*
3 *section, the term ‘eligible crop’ means each com-*
4 *mercial crop or other agricultural commodity*
5 *(except livestock)—*

6 “(i) *for which catastrophic risk protec-*
7 *tion under section 508(b) is not available;*
8 *and*

9 “(ii) *which is produced for food, fiber,*
10 *or as an industrial crop (as defined by the*
11 *Corporation).*

12 “(B) *CROPS SPECIFICALLY INCLUDED.*—*The*
13 *term ‘eligible crop’ shall include floricultural, or-*
14 *namental nursery, and Christmas tree crops and*
15 *turfgrass sod.*

16 “(3) *CAUSE OF LOSS.*—*To qualify for assistance*
17 *under this section, the losses of the noninsured com-*
18 *modity shall be due to drought, flood, or other natural*
19 *disaster, as determined by the Secretary.*

20 “(b) *APPLICATION FOR NONINSURED CROP DISASTER*
21 *ASSISTANCE.*—

22 “(1) *TIMELY APPLICATION.*—*To be eligible for*
23 *assistance under this section, producers shall submit*
24 *an application for noninsured crop disaster assist-*
25 *ance at a local office of the Department of Agri-*

1 *culture. The application shall be in such form, con-*
2 *tain such information, and be submitted at such time*
3 *as the Corporation may require.*

4 “(2) *RECORDS AND REPORTS.*—*To obtain non-*
5 *insured crop disaster assistance, a producer shall—*

6 “(A) *provide records acceptable to the Cor-*
7 *poration of historical acreage and production of*
8 *the eligible crops for which assistance is sought*
9 *or accept a yield determined by the Corporation;*
10 *and*

11 “(B) *report acreage planted and prevented*
12 *from planting by the designated acreage report-*
13 *ing date for that crop and location as established*
14 *by the Corporation.*

15 “(3) *EXCLUSIONS.*—*Noninsured crop disaster as-*
16 *istance under this section shall not cover losses due*
17 *to—*

18 “(A) *the neglect or malfeasance of the pro-*
19 *ducer;*

20 “(B) *the failure of the producer to reseed to*
21 *the same crop in those areas and under such cir-*
22 *cumstances where it is customary to reseed; or*

23 “(C) *the failure of the producer to follow*
24 *good farming practices, as determined by the*
25 *Corporation.*

1 “(4) *REVENUE LIMITATION.*—A person who has
2 *qualifying gross revenues in excess of \$2,000,000 an-*
3 *nually, as determined by the Secretary, shall not be*
4 *eligible to receive any noninsured crop disaster assist-*
5 *ance payments. For purposes of this section, the term*
6 *‘qualifying gross revenues’ means—*

7 “(A) *if a majority of the person’s gross rev-*
8 *enue is received from farming, ranching, and*
9 *forestry operations, the gross revenue from the*
10 *person’s farming, ranching, and forestry oper-*
11 *ations; and*

12 “(B) *if less than a majority of the person’s*
13 *gross revenue is received from farming, ranching,*
14 *and forestry operations, the person’s gross rev-*
15 *enue from all sources.*

16 “(c) *LOSS REQUIREMENTS.*—

17 “(1) *REQUIRED AREA LOSS.*—A producer of an
18 *eligible crop shall not receive noninsured crop disaster*
19 *assistance unless the average yield for that crop, or an*
20 *equivalent measure in the event yield data are not*
21 *available, in an area falls below 65 percent of the ex-*
22 *pected area yield, as established by the Corporation.*

23 “(2) *PREVENTED PLANTING.*—Subject to para-
24 *graph (1), the Corporation shall make a prevented*
25 *planting noninsured crop disaster assistance payment*

1 *if the producer is prevented from planting more than*
2 *35 percent of the acreage intended for the eligible crop*
3 *because of drought, flood, or other natural disaster, as*
4 *determined by the Secretary.*

5 *“(3) REDUCED YIELDS.—Subject to paragraph*
6 *(1), the Corporation shall make a reduced yield non-*
7 *insured crop disaster assistance payment if the total*
8 *quantity of the eligible crop that a producer is able*
9 *to harvest on any farm is, because of drought, flood,*
10 *or other natural disaster as determined by the Sec-*
11 *retary, less than 50 percent of the expected individual*
12 *yield for the crop, as determined by the Corporation,*
13 *factored for the producer’s interest for the crop.*

14 *“(d) PAYMENTS.—*

15 *“(1) REDUCED YIELDS.—If the producer is eligi-*
16 *ble for reduced yield noninsured crop disaster assist-*
17 *ance, payments shall be made for farm losses in excess*
18 *of 50 percent of the established farm yield for the eli-*
19 *gible crop indemnified at 60 percent of the average*
20 *market price for that crop, or a comparable coverage*
21 *as determined by the Corporation. Any eligible crop*
22 *that is produced with significant and variable, post-*
23 *planting expenses, the payment shall be reduced to re-*
24 *fect reduced production costs and harvesting costs if*
25 *the crop is not harvested.*

1 “(2) *PREVENTED PLANTING.*—If the producer is
2 eligible for a prevented planting payment under this
3 section, the amount paid to the producer on a claim
4 under this section may reflect a reduction that is pro-
5 portional to the out-of-pocket expenses that are not in-
6 curred by the producer as a result of not planting,
7 growing, or harvesting the crop for which the claim
8 is made, as determined by the Corporation.

9 “(e) *YIELD DETERMINATIONS.*—

10 “(1) *ESTABLISHMENT.*—The Corporation shall
11 establish farm yields for purposes of providing non-
12 insured crop disaster assistance under this section.

13 “(2) *ACTUAL PRODUCTION HISTORY.*—The Cor-
14 poration shall determine yield coverage using the pro-
15 ducer’s actual production history over a period of not
16 less than the 4 previous consecutive crop years and
17 not more than 10 consecutive crop years. Subject to
18 paragraph (3), the yield for the year in which non-
19 insured crop disaster assistance is sought shall be
20 equal to the average of the producer’s actual produc-
21 tion history during the period considered.

22 “(3) *ASSIGNMENT OF YIELD.*—If a producer does
23 not submit adequate documentation of production his-
24 tory to determine a crop yield under paragraph (2),
25 the Corporation shall assign to the producer a yield

1 equal to not less than 65 percent of the transitional
2 yield of the producer (adjusted to reflect actual pro-
3 duction reflected in the records acceptable to the Cor-
4 poration for continuous years), as specified in regula-
5 tions issued by the Corporation based on production
6 history requirements.

7 “(f) *PAYMENT OF LOSSES.*—Payments for noninsured
8 crop disaster assistance losses under this section shall be
9 made from the insurance fund established under section
10 516. Such losses shall not be included in calculating the
11 premiums charged to producers for insurance under section
12 508.

13 “(g) *PAYMENT LIMITATIONS.*—The total amount of
14 payments that a person shall be entitled to receive annually
15 under this section may not exceed \$100,000. For purposes
16 of applying this limitation, the Secretary shall issue regula-
17 tions defining the term ‘person’ that shall conform, to the
18 extent practicable, to the regulations defining ‘person’
19 issued under section 1001 of the Food Security Act of 1985
20 (7 U.S.C. 1308).”.

21 (b) *CONFORMING AMENDMENTS.*—

22 (1) *EXISTING EMERGENCY CROP LOSS ASSIST-*
23 *ANCE PROGRAM.*—Effective July 1, 1995, chapter 3 of
24 subtitle B of title XXII of the Food, Agriculture, Con-

1 *ervation, and Trade Act of 1990 (7 U.S.C. 1421*
 2 *note) is amended by striking subchapter A.*

3 (2) *EMERGENCY APPROPRIATIONS.—Effective*
 4 *July 1, 1995, the Balanced Budget and Emergency*
 5 *Deficit Control Act of 1985 is amended—*

6 (A) *in section 251(b)(2)(D)(i) (2 U.S.C.*
 7 *901(b)(2)(D)(i)), by adding at the end the fol-*
 8 *lowing new sentence: “The preceding sentence*
 9 *shall not apply to appropriations to cover agri-*
 10 *cultural crop disaster assistance.”; and*

11 (B) *in section 252(e) (2 U.S.C. 902(e)), by*
 12 *adding at the end the following new sentence:*
 13 *“The preceding sentence shall not apply to direct*
 14 *spending provisions to cover agricultural crop*
 15 *disaster assistance.”.*

16 **SEC. 11. CROP INSURANCE REQUIREMENTS UNDER PRICE**
 17 **SUPPORT PROGRAMS.**

18 (a) *RICE.—Section 101B(c) of the Agricultural Act of*
 19 *1949 (7 U.S.C. 1441–2(c)) is amended—*

20 (1) *by striking paragraph (1)(F); and*

21 (2) *by striking paragraph (2) and inserting in*
 22 *lieu thereof the following:*

23 “(2) *CROP INSURANCE REQUIREMENT.—As a*
 24 *condition of receiving any benefit (including pay-*
 25 *ments) under this section, a producer must obtain at*

1 *least catastrophic risk protection insurance coverage*
2 *under section 508(b) of the Federal Crop Insurance*
3 *Act for the crop and crop year in which the benefit*
4 *is sought, if such coverage is offered by the Federal*
5 *Crop Insurance Corporation.”.*

6 **(b) EXTRA LONG STAPLE COTTON.**—Section 103(h) of
7 *the Agricultural Act of 1949 (7 U.S.C. 1444(h)) is amend-*
8 *ed—*

9 (1) *by redesignating paragraph (16) as para-*
10 *graph (17) and moving the margin 2 ems to the left;*
11 *and*

12 (2) *by inserting after paragraph (15) the fol-*
13 *lowing new paragraph:*

14 “(16) **CROP INSURANCE REQUIREMENT.**—As a condi-
15 *tion of receiving any benefit (including payments) under*
16 *this section, a producer must obtain at least catastrophic*
17 *risk protection insurance coverage under section 508(b) of*
18 *the Federal Crop Insurance Act for the crop and crop year*
19 *in which the benefit is sought, if such coverage is offered*
20 *by the Federal Crop Insurance Corporation.”.*

21 **(c) UPLAND COTTON.**—Section 103B(c) of the *Agricul-*
22 *tural Act of 1949 (7 U.S.C. 1444–2(c)) is amended—*

23 (1) *by striking paragraph (1)(F); and*

24 (2) *by striking paragraph (2) and inserting in*
25 *lieu thereof the following:*

1 “(2) *CROP INSURANCE REQUIREMENT.*—As a
2 *condition of receiving any benefit (including pay-*
3 *ments) under this section, a producer must obtain at*
4 *least catastrophic risk protection insurance coverage*
5 *under section 508(b) of the Federal Crop Insurance*
6 *Act for the crop and crop year in which the benefit*
7 *is sought, if such coverage is offered by the Federal*
8 *Crop Insurance Corporation.”.*

9 (d) *FEED GRAINS.*—Section 105B(c) of the *Agricul-*
10 *tural Act of 1949 (7 U.S.C. 1444f(c)) is amended—*

11 (1) *by striking paragraph (1)(G); and*

12 (2) *by striking paragraph (2) and inserting in*
13 *lieu thereof the following:*

14 “(2) *CROP INSURANCE REQUIREMENT.*—As a
15 *condition of receiving any benefit (including pay-*
16 *ments) under this section, a producer must obtain at*
17 *least catastrophic risk protection insurance coverage*
18 *under section 508(b) of the Federal Crop Insurance*
19 *Act for the crop and crop year in which the benefit*
20 *is sought, if such coverage is offered by the Federal*
21 *Crop Insurance Corporation.”.*

22 (e) *TOBACCO.*—Section 106 of the *Agricultural Act of*
23 *1949 (7 U.S.C. 1445) is amended by striking subsection (e)*
24 *and inserting in lieu thereof the following:*

1 “(e) *CROP INSURANCE REQUIREMENT.*—As a condi-
2 tion of receiving any benefit (including payments) under
3 this section, a producer must obtain at least catastrophic
4 risk protection insurance coverage under section 508(b) of
5 the Federal Crop Insurance Act for the crop and crop year
6 in which the benefit is sought, if such coverage is offered
7 by the Federal Crop Insurance Corporation.”.

8 (f) *WHEAT.*—Section 107B(e) of the Agricultural Act
9 of 1949 (7 U.S.C. 1444b–3a(c)) is amended—

10 (1) by striking paragraph (1)(G); and

11 (2) by striking paragraph (2) and inserting in
12 lieu thereof the following:

13 “(2) *CROP INSURANCE REQUIREMENT.*—As a
14 condition of receiving any benefit (including pay-
15 ments) under this section, a producer must obtain at
16 least catastrophic risk protection insurance coverage
17 under section 508(b) of the Federal Crop Insurance
18 Act for the crop and crop year in which the benefit
19 is sought, if such coverage is offered by the Federal
20 Crop Insurance Corporation.”.

21 (g) *PEANUTS.*—Section 108B of the Agricultural Act
22 of 1949 (7 U.S.C. 1445c–3) is amended—

23 (1) by redesignating subsection (h) as subsection
24 (i); and

1 (2) by inserting after subsection (g) the following
2 new subsection:

3 “(h) *CROP INSURANCE REQUIREMENT.*—As a condi-
4 tion of receiving any benefit (including payments) under
5 this section, a producer must obtain at least catastrophic
6 risk protection insurance coverage under section 508(b) of
7 the *Federal Crop Insurance Act* for the crop and crop year
8 in which the benefit is sought, if such coverage is offered
9 by the *Federal Crop Insurance Corporation.*”.

10 (h) *OILSEEDS.*—Section 205 of the *Agricultural Act*
11 of 1949 (7 U.S.C. 1446f) is amended—

12 (1) by redesignating subsection (n) as subsection
13 (o); and

14 (2) by inserting after subsection (m) the fol-
15 lowing new subsection:

16 “(n) *CROP INSURANCE REQUIREMENT.*—As a condi-
17 tion of receiving any benefit (including payments) under
18 this section, a producer must obtain at least catastrophic
19 risk protection insurance coverage under section 508(b) of
20 the *Federal Crop Insurance Act* for the crop and crop year
21 in which the benefit is sought, if such coverage is offered
22 by the *Federal Crop Insurance Corporation.*”.

23 (i) *SUGAR.*—Section 206 of the *Agricultural Act* of
24 1949 (7 U.S.C. 1446g) is amended—

1 (1) *by redesignating subsection (j) as subsection*
2 *(k); and*

3 (2) *by inserting after subsection (i) the following*
4 *new subsection:*

5 “(j) *CROP INSURANCE REQUIREMENT.—As a condi-*
6 *tion of receiving any benefit (including payments) under*
7 *this section, a producer must obtain at least catastrophic*
8 *risk protection insurance coverage under section 508(b) of*
9 *the Federal Crop Insurance Act for the crop and crop year*
10 *in which the benefit is sought, if such coverage is offered*
11 *by the Federal Crop Insurance Corporation.”.*

12 (j) *HONEY.—Section 207 of the Agricultural Act of*
13 *1949 (7 U.S.C. 1446h) is amended—*

14 (1) *by redesignating subsection (j) as subsection*
15 *(k); and*

16 (2) *by inserting after subsection (i) the following*
17 *new subsection:*

18 “(j) *CROP INSURANCE REQUIREMENT.—As a condi-*
19 *tion of receiving any benefit (including payments) under*
20 *this section, a producer must obtain at least catastrophic*
21 *risk protection insurance coverage under section 508(b) of*
22 *the Federal Crop Insurance Act for the crop and crop year*
23 *in which the benefit is sought, if such coverage is offered*
24 *by the Federal Crop Insurance Corporation.”.*

1 (k) *DISASTER PAYMENTS*.—Section 208 of the *Agricultural Act of 1949* (7 U.S.C. 1446i) is repealed.

3 **SEC. 12. ELIMINATION OF GENDER REFERENCES.**

4 (a) *MANAGEMENT OF CORPORATION*.—Section 505 of the *Federal Crop Insurance Act* (7 U.S.C. 1505) is amended—

7 (1) in subsection (a), by striking the third sentence and inserting “The Board shall be appointed by, and hold office at the pleasure of, the Secretary. The Secretary shall not be a member of the Board.”; and

12 (2) in subsection (d)—

13 (A) by striking “upon him”; and

14 (B) by striking “He shall be appointed by,” and inserting “The manager shall be appointed by,”.

17 (b) *PERSONNEL*.—Section 507 of such Act (7 U.S.C. 1507) is amended—

20 (1) in subsection (a), by striking “as he may determine: Provided, That” and inserting “as the Secretary may determine appropriate. However,”; and

22 (2) in subsection (d), by striking “as he may request” and inserting “that the Secretary requests”.

1 (c) *INDEMNITIES EXEMPT FROM LEVY.*—Section 509
2 *of such Act (7 U.S.C. 1509) is amended by striking “or*
3 *his estate” and inserting “or the estate of the insured”.*

4 **SEC. 13. PREVENTED PLANTING.**

5 (a) *IN GENERAL.*—Effective for the 1994 crop year,
6 *a producer described in subsection (b) shall receive com-*
7 *pensation under the prevented planting coverage policy pro-*
8 *vision described in subsection (b)(1) by—*

9 (1) *obtaining from the Secretary of Agriculture*
10 *the applicable amount that is payable under the con-*
11 *servation use program described in subsection (b)(4);*
12 *and*

13 (2) *obtaining from the Federal Crop Insurance*
14 *Corporation the amount that is equal to the difference*
15 *between—*

16 (A) *the amount that is payable under the*
17 *conservation use program; and*

18 (B) *the amount that is payable under the*
19 *prevented planting coverage policy.*

20 (b) *ELIGIBLE PRODUCERS.*—Subsection (a) shall
21 *apply to a producer who—*

22 (1) *purchased a prevented planting policy for the*
23 *1994 crop year from the Federal Crop Insurance Cor-*
24 *poration prior to the spring sales closing date for the*
25 *1994 crop year;*

1 (2) is unable to plant a crop due to major, wide-
2 spread flooding in the Midwest, or excessive ground
3 moisture, that occurred prior to the spring sales clos-
4 ing date for the 1994 crop year;

5 (3) had a reasonable expectation of planting a
6 crop on the prevented planting acreage for the 1994
7 crop year; and

8 (4) participates in a conservation use program
9 established for the 1994 crop of wheat, feed grains,
10 upland cotton, or rice established under section
11 107B(c)(1)(E), 105B(c)(1)(E), 103B(c)(1)(D), or
12 101B(c)(1)(D), respectively, of the Agricultural Act of
13 1949 (7 U.S.C. 1445b-3a(c)(1)(E), 1444f(c)(1)(E),
14 1444-2(c)(1)(D), or 1441-2(c)(1)(D)).

15 (c) OILSEED PREVENTED PLANTING PAYMENTS.—

16 (1) IN GENERAL.—Effective for the 1994 crop
17 year, a producer of a crop of oilseeds (as defined in
18 section 205(a) of the Agricultural Act of 1949 (7
19 U.S.C. 1446f(a))) shall receive a prevented planting
20 payment for the crop if the requirements of para-
21 graphs (1), (2), and (3) of subsection (b) are satisfied.

22 (2) SOURCE OF PAYMENT.—The total amount of
23 payments required under this subsection shall be
24 made by the Federal Crop Insurance Corporation.

1 (d) *PAYMENT.*—A payment under this section may not
2 be made before October 1, 1994.

3 **SEC. 14. EFFECTIVE DATE.**

4 *Except as provided in section 10(b) and section 13,*
5 *this Act and the amendments made by this Act shall take*
6 *effect on the date of the enactment of this Act and shall*
7 *apply to the provision of crop insurance under the Federal*
8 *Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with*
9 *the 1995 crop year. With respect to the 1994 crop year, the*
10 *Federal Crop Insurance Act (as in effect on the day before*
11 *the date of the enactment of this Act) shall continue to*
12 *apply.*

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