

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2095

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

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## IN THE SENATE OF THE UNITED STATES

MAY 10 (legislative day, MAY 2), 1994

Mr. LEAHY (for himself, Mr. KERREY, Mr. DURENBERGER, and Mr. DASCHLE) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Federal Crop Insur-  
5 ance Reform Act of 1994”.

6 **SEC. 2. CROP INSURANCE AMENDMENTS.**

7 (a) Section 505(a) of title V of the Agricultural  
8 Adjustment Act of 1938 (7 U.S.C. 1505) is amended—

9 (1) by striking “the” after “Federal crop insur-  
10 ance program,” and inserting “one additional”; and

1           (2) by striking “responsible for the farm credit  
2           programs of the Department of Agriculture” and in-  
3           serting “as designated by the Secretary of Agri-  
4           culture”.

5           (b) Section 506 of title V of the Agricultural Adjust-  
6           ment Act of 1938 (7 U.S.C. 1506) is amended—

7           (1) by redesignating subsections (j), (k), (l),  
8           (m), and (n) as subsections (k), (l), (m), (n), and  
9           (o), respectively;

10          (2) by inserting after subsection (i) the follow-  
11          ing new subsection:

12          “(j) **SETTLING CLAIMS.**—The Corporation shall have  
13          the authority to make final and conclusive settlement and  
14          adjustment of any claims by or against the Corporation  
15          or the account of its fiscal officers.”;

16          (3) in subsection (1) (as redesignated), by strik-  
17          ing “contracts or agreements” each place it appears  
18          and inserting “contracts, agreements, or regula-  
19          tions”;

20          (4) in subsection (n)(1) (as redesignated), by  
21          striking paragraph (B) and inserting the following  
22          new paragraph:

23                  “(B) disqualify the person from purchasing  
24                  catastrophic risk protection or receiving  
25                  noninsured assistance for a period not to exceed

1           2 years and from receiving any other benefit  
2           under this title for a period not to exceed 10  
3           years.”;

4           (5) in subsection (o) (as redesignated), by strik-  
5           ing paragraph (1) and inserting the following new  
6           paragraph:

7           “(1) instituting appropriate requirements for  
8           documentation of the actual production history of in-  
9           sured producers to establish recorded or appraised  
10          yields for Federal crop insurance coverage that more  
11          accurately reflect the associated actuarial risk. The  
12          Corporation may not carry out this paragraph in a  
13          manner that would prevent beginning farmers, as  
14          determined by the Secretary, from obtaining Federal  
15          crop insurance.”; and

16          (6) by adding at the end thereof the following  
17          new subsections:

18          “(p) REGULATIONS.—The Secretary and the Cor-  
19          poration, respectively, are authorized to issue regulations  
20          as may be necessary to carry out this title.

21          “(q) SOURCE OF FUNDING.—There is hereby appro-  
22          priated, without fiscal year limitation, such sums as may  
23          be necessary to carry out the purpose of the insurance  
24          fund.”.

1 (c) Section 507 of title V of the Agricultural Adjust-  
2 ment Act of 1938 (7 U.S.C. 1507) is amended—

3 (1) in subsection (a), by striking “, and county  
4 crop insurance committeemen”;

5 (2) in subsection (c), by striking the words be-  
6 ginning with “, in which case the agent or broker”  
7 through “the agent or broker has caused the error  
8 or omission”; and

9 (3) in subsection (d), by replacing the comma  
10 with a period after the words “section 516 of this  
11 Act”, and by deleting the remainder of the sub-  
12 section.

13 (d) Section 508 of title V of the Agricultural Adjust-  
14 ment Act of 1938 (7 U.S.C. 1508) is amended—

15 (1) by striking subsection (a) and inserting the  
16 following new subsection:

17 “(a) AUTHORITY TO OFFER INSURANCE.—

18 “(1) If sufficient actuarial data are available, as  
19 determined by the Board, the Corporation may in-  
20 sure or provide reinsurance for insurers of producers  
21 of agricultural commodities grown in the United  
22 States under any plan or plans of insurance deter-  
23 mined by the Board to be adapted to the agricul-  
24 tural commodity involved. To qualify for coverage  
25 under these plans of insurance, the losses of the in-

1       sured commodity shall be due to drought, flood or  
2       other natural disaster as determined by the Sec-  
3       retary. Except in the case of tobacco, insurance shall  
4       not extend beyond the period the insured commodity  
5       is in the field. For the purpose of the foregoing sen-  
6       tence, in the case of aquacultural species, the term  
7       ‘field’ means the environment in which the commod-  
8       ity is produced. Insurance provided under this sub-  
9       section shall not cover losses due to—

10               “(A) the neglect or malfeasance of the pro-  
11               ducer;

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

16               “(C) the failure of the producer to follow  
17               good farming practices, as determined by the  
18               Corporation.”;

19               (2) by striking subsections (c), (e), (g), (l) and  
20               (n);

21               (3) by redesignating subsections (b), (d), (f),  
22               (h), (i), (j), (k), and (m) as subsections (g), (h), (i),  
23               (j), (k), (l), (m), and (n), respectively;

24               (4) by inserting after subsection (a) the follow-  
25               ing new subsections:

1 “(b) CATASTROPHIC RISK PROTECTION.—

2 “(1) The Corporation shall offer a catastrophic  
3 risk protection plan to indemnify producers for crop  
4 loss due to loss of yield and prevented planting when  
5 the producer is unable because of drought, flood or  
6 other natural disaster, as determined by the Sec-  
7 retary, to plant other crops for harvest on that acre-  
8 age for that crop year.

9 “(2) Catastrophic risk protection shall offer the  
10 producer 50 percent loss in yield coverage, on an  
11 area or individual yield basis, indemnified at 60 per-  
12 cent of the expected market price or a comparable  
13 coverage, as determined by the Corporation.

14 “(3) Producers shall have the option of basing  
15 their catastrophic coverage on either an individual  
16 yield and loss basis or on an area yield and loss  
17 basis when both options are offered by the Corpora-  
18 tion.

19 “(4) For catastrophic risk protection, producers  
20 shall pay an administrative fee. The administrative  
21 fees shall be \$50 per crop per county, not to exceed  
22 \$100 per producer per county. The administrative  
23 fee shall be paid at the service point—the United  
24 States Department of Agriculture office or the ap-  
25 proved private insurance provider—at the time of

1 application. This administrative fee shall be waived  
2 for limited resource farmers, as defined by the Cor-  
3 poration, or if the producer elects to purchase addi-  
4 tional protection at 65 percent or more of the re-  
5 corded or appraised average yield and 100 percent  
6 of the expected market price, or an equivalent cov-  
7 erage, offered by approved crop insurance providers.  
8 Funds collected as administrative fees shall be avail-  
9 able, subject to appropriations, for salaries and ex-  
10 penses.

11 “(5) Participation in the catastrophic risk cov-  
12 erage for any producer’s crop on any land in the  
13 county requires participation for that producer’s  
14 crop on all insurable land of the producer in the  
15 county.

16 “(6) To be eligible for any price support, pro-  
17 duction adjustment, or conservation program admin-  
18 istered by the United States Department of Agri-  
19 culture for any crop, or for loans under any program  
20 of the Farmers Home Administration or any succes-  
21 sor agency, the producer must obtain at least the  
22 catastrophic level of insurance for all crops of eco-  
23 nomic significance grown on all farms in the county  
24 in which the producer has an interest, if insurance  
25 is available in the county for those crops. The term

1 'economic significance' shall mean any crop that has  
2 contributed, or is expected to contribute, 10 percent  
3 or more of the total expected value of all crops  
4 grown by the producer.

5 "(7) The Board may limit insurance in any  
6 county or area, or on any farm, on the basis of the  
7 insurance risk involved.

8 "(c) COVERAGE LEVELS GENERALLY.—

9 "(1) The Corporation shall offer plans of insur-  
10 ance providing levels of coverage greater than that  
11 available under catastrophic risk protection. Produc-  
12 ers may only purchase there other plans from ap-  
13 proved private insurance providers, if such private  
14 insurance is available. Nothing contained herein re-  
15 stricts the Corporation from offering insurance if  
16 coverage from private insurance providers is unavail-  
17 able. If the producer has already applied for cata-  
18 strophic risk protection at the United States Depart-  
19 ment of Agriculture office and elects to purchase ad-  
20 ditional coverage, the insurance file for that pro-  
21 ducer shall be transferred to the approved private  
22 insurance provider servicing the additional coverage  
23 policy and the administrative fee for the crop for  
24 which additional coverage at 65 percent or more of  
25 the recorded or appraised average yield and 100 per-

1 cent of the expected market price, or an equivalent  
2 coverage, is obtained shall be refunded to the in-  
3 sured.

4 “(2) Producers shall have the option of pur-  
5 chasing additional coverage based on either an indi-  
6 vidual yield and loss basis or on an area yield and  
7 loss basis when both options are offered by the Cor-  
8 poration.

9 “(3) The level of coverage shall be dollar de-  
10 nominated and may be purchased at any level not to  
11 exceed 85 percent of the individual yield or 95 per-  
12 cent of the area yield, as determined by the Corpora-  
13 tion.

14 “(4) The Corporation shall establish a price  
15 level for each commodity on which insurance is of-  
16 fered that—

17 “(A) shall not be less than the projected  
18 market price for the commodity as determined  
19 by the Corporation; or

20 “(B) at the discretion of the Corporation,  
21 may be based on the actual market price at the  
22 time of harvest, as determined by the Corpora-  
23 tion.

24 “(5) Insurance coverage shall be made available  
25 to the producer on the basis of any price election

1 that equals or is less than that established by the  
2 Board and the coverage shall be quoted in terms of  
3 dollars per acre: *Provided*, That the Corporation  
4 may establish minimum price elections below which  
5 levels of insurance shall not be offered.

6 “(6) For levels of coverage 65 percent or more  
7 of the recorded or appraised average yield and 100  
8 percent of the expected market price, or an equiva-  
9 lent coverage, the producer may elect to delete from  
10 the insurance coverage provided under this title cov-  
11 erage against damage caused by fire and hail, pro-  
12 vided an equivalent or greater dollar amount of cov-  
13 erage for damage caused by fire and hail is obtained  
14 from a private hail/fire insurance provider. Upon  
15 written notice of such election to the company issu-  
16 ing the policy providing coverage under this title and  
17 submission of evidence of substitute coverage on the  
18 commodity insured, the producer’s premium shall be  
19 reduced by an amount determined by the Corpora-  
20 tion to be actuarially appropriate, taking into ac-  
21 count the actuarial value of the remaining coverage  
22 provided by the Corporation. In no event shall the  
23 producer be given credit for an amount of premium  
24 determined to be greater than the actuarial value of  
25 the protection against losses caused by fire and hail

1 that is included in the coverage under this title for  
2 the crop.

3 “(7) The Board may enter into agreements  
4 with any State or agency of a State under which  
5 such State or agency may pay to the approved insur-  
6 ance provider an additional premium subsidy to fur-  
7 ther reduce the portion of the premium paid by  
8 farmers in such State.

9 “(8) The Board may limit or refuse insurance  
10 in any county or area, or on any farm, on the basis  
11 of the insurance risk involved.

12 “(d) PREMIUMS.—

13 “(1) The Corporation shall fix adequate pre-  
14 miums for all its plans of insurance at such rates as  
15 the Board deems actuarially sufficient to attain an  
16 expected loss ratio of not greater than 1.1.

17 “(A) For catastrophic risk protection cov-  
18 erage, the amount of premium shall be suffi-  
19 cient to cover anticipated losses and a reason-  
20 able reserve.

21 “(B) For levels of coverage below 65 per-  
22 cent of the recorded or appraised average yield  
23 and 100 percent of the expected market price,  
24 or an equivalent coverage, but greater than cat-  
25 astrophic risk protection, the amount of pre-

1           mium shall be sufficient to cover anticipated  
2           losses, a reasonable reserve, and an amount for  
3           operating and administrative expenses, as deter-  
4           mined by the Corporation, that is less than the  
5           amount established for coverage at 65 percent  
6           and 100 percent of the expected market price,  
7           or an equivalent coverage.

8           “(C) For levels of coverage of at least 65  
9           percent of the recorded or appraised average  
10          yield and 100 percent of the expected market  
11          price, or an equivalent coverage, the amount of  
12          premium shall be sufficient to cover anticipated  
13          losses, a reasonable reserve, and an amount to  
14          pay the operating and administrative expenses  
15          as determined by the Corporation on an indus-  
16          try-wide basis as a percent of the total pre-  
17          mium.

18          “(2) For the purpose of encouraging the broad-  
19          est possible participation, the Corporation shall pay  
20          a part of the premium equivalent to—

21                 “(A) for catastrophic risk protection cov-  
22                 erage, an amount equal to the premium estab-  
23                 lished in paragraph (1)(A) of this section;

24                 “(B) for levels of coverage below 65 per-  
25                 cent of the recorded or appraised average yield

1 and 100 percent of the expected market price  
2 or an equivalent coverage, but greater than cat-  
3 astrophic risk protection, the amount of pre-  
4 mium established for catastrophic risk protec-  
5 tion coverage, a reasonable reserve, plus the  
6 amount of operating and administrative ex-  
7 penses established in paragraph (1)(B) of this  
8 section; and

9 “(C) for levels of coverage at or greater  
10 than 65 percent of the recorded and appraised  
11 yield and 100 percent of the expected market  
12 price, or an equivalent coverage, on an individ-  
13 ual or area basis, an amount equal to the pre-  
14 mium established for 50 percent loss in yield in-  
15 demnified at 75 percent of the expected market  
16 price, a reasonable reserve, plus the amount of  
17 operating and administrative expenses estab-  
18 lished in paragraph (1)(C) of this section.

19 “(3) If a private insurance provider determines  
20 that it may provide insurance more efficiently than  
21 the expense reimbursement amount set by the Cor-  
22 poration, the private insurance provider, if approved  
23 by the Board, may reduce the premium charged the  
24 insured by the amount of such efficiency. Any such

1 reductions shall be subject to the rules, limitations,  
2 and procedures established by the Corporation.

3 “(e) ELIGIBILITY.—To participate in catastrophic  
4 risk protection coverage under this title, producers may  
5 make application at the local United States Department  
6 of Agriculture office or to an approved private crop insur-  
7 ance provider. For all coverages, producers shall be re-  
8 quired to—

9 “(1) purchase crop insurance on or before the  
10 sales closing date for the crop by providing the re-  
11 quired information and executing the required docu-  
12 ments. Such sales closing date shall be established  
13 by the Corporation to maximize convenience to pro-  
14 ducers in obtaining benefits under price and produc-  
15 tion adjustment programs of the Department when-  
16 ever feasible; however, the Corporation will establish  
17 all sales closing dates to assure that the goal of ac-  
18 tuarial soundness for the crop insurance program is  
19 met;

20 “(2) provide records, acceptable to the Corpora-  
21 tion, of previous acreage and production or accept a  
22 Corporation determined yield; and

23 “(3) report acreage planted and prevented from  
24 planting by the designated acreage reporting date

1 for that crop and location as established by the Cor-  
2 poration.

3 “(f) YIELD DETERMINATIONS.—

4 “(1) IN GENERAL.—The Corporation shall im-  
5 plement crop insurance underwriting rules that en-  
6 sure that yield coverage, as specified in subsection  
7 (f)(2) of this section, is provided to all producers  
8 participating in the Federal crop insurance program.

9 “(2) YIELD COVERAGE PLANS.—

10 “(A) ACTUAL PRODUCTION HISTORY.—

11 “(i) This plan uses the producer’s ac-  
12 tual production history for the 4 previous  
13 consecutive crop years without penalty, up  
14 to a production data base of 10 consecutive  
15 years, subject to paragraph (ii), to deter-  
16 mine yield coverage.

17 “(ii) If the producer does not submit  
18 adequate documentation of history for a  
19 crop, the producer shall be assigned, as the  
20 producer’s farm program yield, not less  
21 than 65 percent of the transitional yield of  
22 the producer (adjusted to reflect actual  
23 production reflected in the records accept-  
24 able to the Corporation for continuous  
25 years), as specified in regulations issued by

1           the Corporation based on production his-  
2           tory requirements.

3           “(B) AREA YIELD.—The Corporation may  
4           offer a crop insurance plan based on an area  
5           yield that allows an insured producer to qualify  
6           for an indemnity if a loss has occurred in an  
7           area, as specified by the Corporation, in which  
8           the farm of the producer is located. Under an  
9           area yield plan, an insured producer shall be al-  
10          lowed to select the level of area production at  
11          which an indemnity will be paid consistent with  
12          the terms and conditions established by the  
13          Corporation.

14          “(C) COMMODITY-BY-COMMODITY BASIS.—  
15          A producer may choose between either individ-  
16          ual yield or area yield coverage, where available,  
17          on a commodity-by-commodity basis.

18          “(D) NOTICE.—The Corporation shall en-  
19          sure that, whenever the yield coverage provi-  
20          sions of this section are effective, producers are  
21          given adequate notice of such provisions in ad-  
22          vance of the crop insurance application period  
23          for the crops to which such provisions first will  
24          apply.”;

25          (5) in subsection (g) (as redesignated)—

1 (A) in paragraph (1), by striking “(a)”  
2 and inserting “(c)”;

3 (B) by striking paragraph (2) and insert-  
4 ing the following new paragraph:

5 “(2) PREPARATION OF POLICIES.—A policy or  
6 other material submitted to the Board under this  
7 subsection may be prepared without regard to the  
8 limitations contained in this title, including the re-  
9 quirements concerning the levels of coverage and  
10 rates and the requirement that a price level for each  
11 commodity insured must equal the projected market  
12 price for the commodity as established by the Board.  
13 Such policy may only be subsidized at an amount  
14 equivalent to coverage that is authorized under this  
15 title.”;

16 (C) in paragraph (3)—

17 (i) by striking “taking into consider-  
18 ation the risks covered by the policy or  
19 other material”;

20 (ii) by inserting after “more than one  
21 reinsurance agreement” the words “with  
22 the private insurance provider”; and

23 (iii) by striking title “V” and insert-  
24 ing “title 5”; and

1 (D) by striking paragraph (4) and insert-  
2 ing the following new paragraph:

3 “(4) REQUIRED PUBLICATION.—Any policies,  
4 provisions of policies, and rates approved under this  
5 subsection shall be published as a notice in the Fed-  
6 eral Register and made available to all persons con-  
7 tracting with or reinsured by the Corporation under  
8 the same terms and conditions as between the Cor-  
9 poration and the submitting person.”;

10 (6) by striking subsection (i) (as redesignated)  
11 and inserting the following new subsection:

12 “(i) CLAIMS FOR LOSSES.—The Corporation may  
13 provide for adjustment and payment of claims for losses  
14 as provided under subsection (a) of this section under  
15 rules prescribed by the Board. The rules prescribed by the  
16 Board shall establish standards to ensure that all claims  
17 for losses are adjusted, to the extent practicable, in a uni-  
18 form and timely manner. If any claim for indemnity is  
19 denied by the Corporation, an action on such claim may  
20 be brought against the Corporation and the insurance pro-  
21 vider in the United States district court for the district  
22 in which the insured farm is located: *Provided*, That no  
23 suit on such claim may be allowed under this section un-  
24 less it shall have been brought within one year after the

1 date when written notice of denial of the claim is provided  
2 to the claimant.”;

3 (7) by striking subsection (j) (as redesignated)  
4 and inserting the following new subsection:

5 “(j) REINSURANCE.—Notwithstanding any other pro-  
6 vision of this title, the Corporation is directed, to the maxi-  
7 mum extent practicable, to provide reinsurance upon such  
8 terms and conditions as the Board may determine to be  
9 consistent with subsections (b) and (c) of this section and  
10 sound reinsurance principles to insurers, as defined by the  
11 Corporation, that insure producers of any agricultural  
12 commodity under a plan or plans acceptable to the Cor-  
13 poration. The Corporation’s reinsurance agreements with  
14 the reinsured companies shall require the reinsured com-  
15 panies to bear a sufficient share of any potential loss  
16 under such agreement so as to ensure that the reinsured  
17 company will sell and service policies of insurance in a  
18 sound and prudent manner, taking into consideration the  
19 availability of private reinsurance.”;

20 (8) in subsection (k) (as redesignated), by strik-  
21 ing “provide” after “The Corporation may” and in-  
22 sserting “offer plans of”; and

23 (9) by striking subsection (n) (as redesignated)  
24 and inserting the following new subsection:

1       “(n) INFORMATION COLLECTION ON CROP INSUR-  
2 ANCE.—The Corporation shall make available to produc-  
3 ers through local offices of the Department of Agri-  
4 culture—

5           “(1) current and complete information on all  
6 aspects of Federal crop insurance; and

7           “(2) a listing of insurance agents.”.

8       (e) Section 508A of title V of the Agricultural Adjust-  
9 ment Act of 1938 (7 U.S.C. 1508A) is repealed.

10       (f) Section 511 of title V of the Agricultural Adjust-  
11 ment Act of 1938 (7 U.S.C. 1511) is amended by inserting  
12 “its contracts of insurance and premium thereon, whether  
13 insured directly or reinsured by the Corporation,” after  
14 “The Corporation, including”.

15       (g) Title V of the Agricultural Adjustment Act of  
16 1938 is amended by striking section 516 and inserting the  
17 following new section:

18       **“SEC. 516. AUTHORIZATION OF APPROPRIATIONS.**

19       “(a) APPROPRIATIONS.—There are hereby authorized  
20 to be appropriated such sums as may be necessary, includ-  
21 ing funds collected as administrative fees, to cover the ad-  
22 ministrative and operating expenses of the Corporation.

23       “(b) INSURANCE FUND.—There shall be established  
24 an insurance fund for deposit of premium income, income  
25 from reinsurance operations, and appropriations provided

1 by this Act. The Corporation will pay amounts due under  
2 its reinsurance agreements with private insurance provid-  
3 ers, including premium subsidies, from the fund.”.

4 (h) Title V of the Agricultural Adjustment Act of  
5 1938 is amended by striking section 520 and inserting the  
6 following new section:

7 **“SEC. 520. PRODUCER ELIGIBILITY.**

8 “Except as otherwise provided in this title, no pro-  
9 ducer shall be denied insurance under this title if—

10 “(1) for purposes of catastrophic risk protection  
11 coverage, the producer meets the definition of per-  
12 son, as defined by the Secretary; and

13 “(2) for purposes of any other plan of insur-  
14 ance, the producer is eighteen years of age and has  
15 a bona fide insurable interest in a crop as an owner-  
16 operator, landlord, tenant, or sharecropper.”.

17 **SEC. 3. ADVISORY COMMITTEE.**

18 Title V of the Agricultural Adjustment Act of 1938  
19 is amended by adding the following new section:

20 **“SEC. 521. ADVISORY COMMITTEE FOR FEDERAL CROP IN-**  
21 **SURANCE.**

22 “(a) ESTABLISHMENT.—The Secretary may establish  
23 within the Department of Agriculture a committee to be  
24 known as the Advisory Committee for Federal Crop Insur-

1   ance which shall remain in existence until September 30,  
2   1998.

3       “(b) MEMBERSHIP.—The Advisory Committee shall  
4   be composed of the Manager of the Corporation, the Sec-  
5   retary or his designee, and not less than ten representa-  
6   tives of organizations or agencies involved with the Fed-  
7   eral crop insurance program, which may include the fol-  
8   lowing: insurance companies; insurance agents; farm pro-  
9   ducer organizations; experts on agronomic practices; and  
10  banking and lending institutions.

11       “(c) ADMINISTRATIVE PROVISIONS.—

12           “(1) TERMS.—Members of the Advisory Com-  
13   mittee shall be appointed by the Secretary for a  
14   term of up to two years from nominations made by  
15   the participating organizations. The terms of the  
16   members shall be staggered.

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

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

1       “(d) PRIMARY RESPONSIBILITY.—The primary re-  
2 sponsibility of the Advisory Committee shall be to advise  
3 the Secretary on the implementation of this title and on  
4 other issues related to crop insurance, as determined by  
5 the Manager.

6       “(e) REPORTS.—Not later than June 30 of each year,  
7 the Advisory Committee shall prepare, and submit to the  
8 Secretary, a report specifying its conclusions on—

9           “(1) the progress toward implementation of the  
10 provisions of this title;

11           “(2) the actuarial soundness of the Federal  
12 crop insurance program; and

13           “(3) the rate of participation in both the cata-  
14 strophic and the additional coverage programs.”.

15 **SEC. 4. NONINSURED ASSISTANCE.**

16       Title V of the Agricultural Adjustment Act of 1938  
17 is amended by adding the following new section:

18 **“SEC. 522. NONINSURED ASSISTANCE PROGRAM.**

19       “(a) ELIGIBILITY.—

20           “(1) A noninsured assistance program is estab-  
21 lished to provide coverage equivalent to the cata-  
22 strophic risk protection insurance for crops for  
23 which catastrophic risk protection insurance is not  
24 available. Crops covered include all commercial crops  
25 and commodities for which catastrophic risk protec-

1       tion coverage is not available and that are produced  
2       for food or fiber on a commercial basis but shall not  
3       include livestock. Noninsured assistance shall not  
4       cover losses due to—

5               “(A) the neglect or malfeasance of the pro-  
6               ducer;

7               “(B) the failure of the producer to reseed  
8               to the same crop in those areas and under such  
9               circumstances where it is customary to so re-  
10              seed; or

11              “(C) the failure of the producer to follow  
12              good farming practices, as determined by the  
13              Corporation.

14              “(2) Producers shall make a timely application  
15              for noninsured assistance at the United States De-  
16              partment of Agriculture office.

17              “(3) Producers shall provide records, acceptable  
18              to the Corporation, of previous crop acreage and  
19              production or the producers shall accept a yield as  
20              determined by the Corporation.

21              “(4) Producers shall report acreage planted and  
22              prevented from being planted by the designated  
23              acreage reporting date for that crop and location as  
24              established by the Corporation.

1           “(5) Producers of non-program crops shall not  
2 be eligible for noninsured assistance unless the area,  
3 as determined by the Corporation, average yield, or  
4 an equivalent measure in the event yield data are  
5 not available, for that crop falls below 65 percent of  
6 the expected area yield as established by the Cor-  
7 poration.

8           “(6) The Corporation shall make a prevented  
9 planting noninsured assistance payment if the pro-  
10 ducer is prevented from planting more than 35 per-  
11 cent of the acreage intended for the crop because of  
12 drought, flood, or other natural disaster as deter-  
13 mined by the Secretary.

14           “(7) If, because of drought, flood, or other nat-  
15 ural disaster as determined by the Secretary, the  
16 total quantity of the crop that a producer is able to  
17 harvest on any farm is less than 50 percent of the  
18 expected area yield for the crop, as determined by  
19 the Corporation, factored for the producer’s interest  
20 for the crop, the Corporation shall make a reduced  
21 yield noninsured assistance payment.

22           “(8) A person who has qualifying gross reve-  
23 nues in excess of \$2,000,000 annually, as deter-  
24 mined by the Secretary, shall not be eligible to re-  
25 ceive any noninsured assistance payments. For pur-

1 poses of this section, the term ‘qualifying gross reve-  
2 nues’ means—

3 “(A) if a majority of the person’s gross  
4 revenue is received from farming, ranching, and  
5 forestry operations, the gross revenue from the  
6 person’s farming, ranching, and forestry oper-  
7 ations; and

8 “(B) if less than a majority of the person’s  
9 gross revenue is received from farming, ranch-  
10 ing, and forestry operations, the person’s gross  
11 revenue from all sources.

12 “(b) PAYMENT RATE.—If the producer is eligible for  
13 noninsured assistance, payments shall be made for losses  
14 in excess of 50 percent of the established yield for the crop  
15 at 60 percent of the average market price for that crop  
16 or any comparable coverage as determined by the Corpora-  
17 tion.

18 “(c) FARM YIELDS.—

19 “(1) The Corporation shall establish noninsured  
20 assistance program farm yields for crops for the  
21 purposes of this section.

22 “(2) If the producer can provide satisfactory  
23 evidence of the producer’s actual production history  
24 for the four previous consecutive crop years, up to  
25 a production data base of ten consecutive crop years,

1 the yield of the farm shall be based on such proven  
2 yield.

3 “(3) If the producer does not submit adequate  
4 documentation of such history for the crop, the pro-  
5 ducer shall be assigned as the producer’s farm pro-  
6 gram yield not less than 65 percent of the transi-  
7 tional yield (adjusted to reflect actual experience), as  
8 specified in regulations issued by the Corporation  
9 based on production history requirements.

10 “(d) PAYMENT OF LOSSES.—Payments for  
11 noninsured assistance losses under this section shall be  
12 made from the insurance fund and shall be reimbursed  
13 from appropriations provided under this Act. Such losses  
14 shall not be included in calculating the premiums charged  
15 to producers for insurance.

16 “(e) PAYMENT LIMITATIONS.—

17 “(1) The total amount of payments that a per-  
18 son shall be entitled to receive annually under this  
19 section may not exceed \$100,000.

20 “(2) The Corporation shall issue regulations de-  
21 fining the term ‘person’ that shall conform, to the  
22 extent practicable, to the regulations defining ‘per-  
23 son’ issued under section 1001 of the Food Security  
24 Act of 1985 (7 U.S.C. 1308).”.

1 **SEC. 5. CONFORMING AMENDMENTS.**

2 (a) The Agricultural Act of 1949 is amended—

3 (1) in section 101B (7 U.S.C. 1441–2)—

4 (A) by striking subsection (c)(1)(F); and

5 (B) in subsection (c) by striking paragraph

6 (2) and inserting in lieu thereof the following:

7 “(2) CROP INSURANCE REQUIREMENT.—As a  
8 condition of receiving any benefits (including pay-  
9 ments) under this section, the producer must, if of-  
10 fered by the Federal Crop Insurance Corporation,  
11 obtain at least the catastrophic risk protection insur-  
12 ance coverage for the crop and crop year in which  
13 the benefit is sought.”;

14 (2) in section 103(h) (7 U.S.C. 1444), by add-  
15 ing at the end the following new paragraph:

16 “(17) As a condition of receiving any benefits  
17 (including payments) under this section, the pro-  
18 ducer must, if offered by the Federal Crop Insur-  
19 ance Corporation, obtain at least the catastrophic  
20 risk protection insurance coverage for the crop and  
21 crop year in which the benefit is sought.”;

22 (3) in section 103B (7 U.S.C. 1444–2)—

23 (A) by striking subsection (c)(1)(F); and

24 (B) in subsection (c) by striking paragraph

25 (2) and inserting in lieu thereof the following:

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

8           (4) in section 105B (7 U.S.C. 1444f)—

9           (A) by striking subsection (c)(1)(G); and

10          (B) in subsection (c) by striking paragraph

11          (2) and inserting in lieu thereof the following:

12           “(2) CROP INSURANCE REQUIREMENT.—As a  
13           condition of receiving any benefits (including pay-  
14           ments) under this section, the producer must, if of-  
15           fered by the Federal Crop Insurance Corporation,  
16           obtain at least the catastrophic risk protection insur-  
17           ance coverage for the crop and crop year in which  
18           the benefit is sought.”;

19          (5) in section 107B (7 U.S.C. 1444b-3a)—

20          (A) by striking subsection (c)(1)(G); and

21          (B) in subsection (c) by striking paragraph

22          (2) and inserting in lieu thereof the following:

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

1       ferred by the Federal Crop Insurance Corporation,  
2       obtain at least the catastrophic risk protection insur-  
3       ance coverage for the crop and crop year in which  
4       the benefit is sought.”;

5               (6) in section 108B (7 U.S.C. 1445c-3), by  
6       adding at the end the following new subsection:

7       “(i) CROP INSURANCE REQUIREMENT.—As a condi-  
8       tion of receiving any benefits (including payments) under  
9       this section, the producer must, if offered by the Federal  
10      Crop Insurance Corporation, obtain at least the cata-  
11      strophic risk protection insurance coverage for the crop  
12      and crop year in which the benefit is sought.”;

13              (7) in section 205 (7 U.S.C. 1446f), by adding  
14      at the end the following new subsection:

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

21              (8) in section 206 (7 U.S.C. 1446g), by adding  
22      at the end the following new subsection:

23      “(k) CROP INSURANCE REQUIREMENT.—As a condi-  
24      tion of receiving any benefits under this section, the pro-  
25      ducer must, if offered by the Federal Crop Insurance Cor-

1 poration, obtain at least the catastrophic risk protection  
2 insurance coverage for the crop and crop year in which  
3 the benefit is sought.”;

4 (9) in section 207 (7 U.S.C. 1446h), by adding  
5 at the end the following new subsection:

6 “(k) CROP INSURANCE REQUIREMENT.—As a condi-  
7 tion of receiving any benefits (including payments) under  
8 this section, the producer must, if offered by the Federal  
9 Corp Insurance Corporation, obtain at least the cata-  
10 strophic risk protection insurance coverage for the crop  
11 and crop year in which the benefit is sought.”; and

12 (10) by repealing section 208 (7 U.S.C. 1446i).

13 (b) FARMERS HOME ADMINISTRATION PROGRAMS.—  
14 The Consolidated Farm and Rural Development Act (7  
15 U.S.C. 1921 et seq.) is amended by adding at the end  
16 the following new section:

17 **“SEC. 371. CROP INSURANCE REQUIREMENT.**

18 “(a) IN GENERAL.—As a condition of obtaining any  
19 benefit (including a direct loan, loan guarantee, or pay-  
20 ment) described in subsection (b), a borrower must obtain  
21 at least catastrophic risk protection insurance coverage  
22 under section 508 of the Federal Crop Insurance Act (7  
23 U.S.C. 1508) for the crop and crop year for which the  
24 benefit is sought, if the coverage is offered by the Sec-  
25 retary.

1       “(b) APPLICABLE BENEFITS.—Subsection (a) shall  
2 apply to—

3           “(1) a farm ownership loan (FO) under section  
4 303;

5           “(2) an operating loan (OL) under section 312;  
6 and

7           “(3) an emergency loan (EM) under section  
8 321.”.

9       (c) The Food, Agriculture, Conservation, and Trade  
10 Act of 1990 is amended by striking chapters 1, 2, and  
11 3 of subtitle B of title XXII.

12       (d) Section 251(b)(2)(D) of the Balanced Budget and  
13 Emergency Deficit Control Act of 1985 (2 U.S.C.  
14 901(b)(2)(D)), is amended effective July 1, 1995, by strik-  
15 ing subparagraph (i) and inserting the following new sub-  
16 paragraph:

17       “(i) If, for any fiscal year, appropriations for discre-  
18 tionary accounts are enacted that the President designates  
19 as emergency requirements and that Congress so des-  
20 ignates in statute, the adjustment shall be the total of  
21 such appropriations in discretionary accounts designated  
22 as emergency requirements and the outlays flowing in all  
23 years from such appropriations: *Provided*, That this provi-  
24 sion shall not apply to appropriations to cover agricultural  
25 crop disaster assistance.”.

1 **SEC. 6. EFFECTIVE DATE.**

2       Except as otherwise specifically provided in section  
3 5(c), this Act shall become effective beginning with the  
4 crop year immediately following the date of enactment.

○

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