

108TH CONGRESS
2D SESSION

H. R. 4702

To require farmers to be offered supplemental crop insurance based on an area yield and loss plan of insurance.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2004

Mr. NEUGEBAUER introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To require farmers to be offered supplemental crop insurance based on an area yield and loss plan of insurance.

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. REQUIREMENT TO OFFER FARMERS SUPPLE-**
4 **MENTAL CROP INSURANCE BASED ON AN**
5 **AREA YIELD AND LOSS PLAN OF INSURANCE.**

6 (a) IN GENERAL.—Section 508(c)(3) of the Federal
7 Crop Insurance Act (7 U.S.C. 1508(c)(3)) is amended to
8 read as follows:

9 “(3) YIELD AND LOSS BASIS.—

1 “(A) AVAILABILITY OF COVERAGE ON IN-
2 DIVIDUAL OR AREA YIELD AND LOSS BASIS.—
3 A producer shall have the option of purchasing
4 additional coverage based on an individual yield
5 and loss basis or on an area yield and loss
6 basis, if both options are offered by the Cor-
7 poration.

8 “(B) SUPPLEMENTAL AREA COVERAGE.—

9 “(i) AUTHORITY TO OFFER COV-
10 ERAGE.—

11 “(I) IN GENERAL.—Notwith-
12 standing section 508(c)(4), if area
13 coverage is available in the area (as
14 determined by the Corporation), the
15 Corporation may provide producers in
16 that area that purchase an additional
17 level of coverage for an insurable com-
18 modity based either on an individual
19 yield and loss plan of insurance or a
20 revenue plan of insurance that in-
21 cludes coverage for a loss in yield, as
22 applicable, the option to purchase sup-
23 plemental insurance coverage based on
24 an area yield and loss plan of insur-
25 ance.

1 “(II) LIMITATION.— The sum of
2 (a) the coverage level expressed in
3 percentage terms for the individual
4 yield and loss plan of insurance or a
5 revenue plan of insurance that in-
6 cludes coverage for a loss in yield, as
7 applicable, and (b) the share ex-
8 pressed in percentage terms of the
9 area yield and loss plan of insurance
10 (at whatever coverage level is selected)
11 that is used to determine the level of
12 supplemental insurance coverage shall
13 not exceed 100 percent.

14 “(ii) INDIVIDUAL YIELD AND LOSS
15 PLAN REQUIRED.—To be eligible for sup-
16 plemental coverage under this subpara-
17 graph, a producer must also purchase an
18 individual yield and loss plan of insurance
19 or a revenue plan of insurance that in-
20 cludes coverage for a loss in yield, as appli-
21 cable, at an additional coverage level for
22 the same crop covered by the supplemental
23 coverage.

24 “(iii) PAYMENT OF PORTION OF PRE-
25 MIUM.—The Corporation shall pay a por-

1 tion of the premium under a supplemental
2 area yield and loss plan of insurance and
3 the associated individual area yield and
4 loss plan of insurance or revenue plan of
5 insurance that includes coverage for a loss
6 in yield, as applicable, in an amount de-
7 scribed in subsection (e).

8 “(iv) INDEMNITY PAID UNDER SUP-
9 PLEMENTAL COVERAGE.—

10 “(I) AMOUNT OF INDEMNITY.—

11 The indemnity payable under supple-
12 mental coverage shall be calculated
13 as—

14 “(aa) the total indemnity for
15 an area yield and loss plan of in-
16 surance at the coverage level cho-
17 sen by the producer; multiplied
18 by

19 “(bb) the share of the cov-
20 erage of the area yield and loss
21 plan of insurance selected by the
22 producer.

23 “(II) SPECIAL RULE RELATING
24 TO QUALIFYING LOSSES.—In the case
25 of a qualifying loss in an area (as de-

1 terminated by the Corporation) under a
2 supplemental area yield and loss plan
3 of insurance, subject to the applicable
4 coverage limits, the total amount of
5 the indemnity shall be available to the
6 producer regardless of the loss in-
7 curred under the individual yield and
8 loss plan of insurance or revenue plan
9 of insurance that includes coverage
10 for a loss in yield, as applicable, of the
11 producer.

12 “(v) REINSURANCE YEAR.—Subject to
13 availability of area coverage for the insur-
14 able crop in the area (as determined by the
15 Corporation), the supplemental plan of in-
16 surance described in this subparagraph
17 shall be made available by the Corporation
18 not later than the 2005 reinsurance year.”.

19 (b) CONFORMING AMENDMENT.—Section 508(d)(2)
20 of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2))
21 is amended—

22 (1) by striking “additional coverage” the first
23 place it occurs and inserting “additional and supple-
24 mental coverages”; and

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

1 “(C) In the case of supplemental area cov-
2 erage that, in combination with either the indi-
3 vidual yield and loss coverage, or a comparable
4 coverage for a policy or plan of insurance that
5 is not based on individual yield and does not in-
6 sure more than 100 percent of the recorded or
7 appraised average yield indemnified at not
8 greater than 100 percent of the expected mar-
9 ket price, 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 percentage of the amount of the
16 premium used to define loss ratio.”.

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