

sec. 22)” on authority of Pub. L. 111-350, §6(c), Jan. 4, 2011, 124 Stat. 3854, which Act enacted Title 41, Public Contracts.

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

#### AMENDMENTS

2008—Subsec. (f). Pub. L. 110-246, §12033(c)(2)(B), substituted “this subchapter” for “this chapter”.

1948—Subsecs. (a) to (e). Act June 25, 1948, §21, repealed provisions relating to crimes and offenses. See sections 371, 433, 657, 658, 1006, 1014, and former section 1093 of Title 18, Crimes and Criminal Procedure.

Subsec. (f). Act June 25, 1948, §4, struck out provisions relating to former sections 202 to 207 of Title 18. See sections 202, 216, 431 to 433 of Title 18.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

#### EFFECTIVE DATE OF 1948 AMENDMENT

Amendment by act June 25, 1948, effective Sept. 1, 1948, see section 20 of that act.

#### TRANSFER OF FUNCTIONS

Administration of program of Federal Crop Insurance Corporation transferred to Secretary of Agriculture by 1946 Reorg. Plan No. 3, §501, eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100. See note set out under section 1503 of this title.

Wartime consolidation of Federal Crop Insurance Corporation into Agricultural Conservation and Adjustment Administration, see note set out under section 1503 of this title.

### § 1515. Program compliance and integrity

#### (a) Purpose

##### (1) In general

The purpose of this section is to improve compliance with, and the integrity of, the Federal crop insurance program.

##### (2) Role of insurance providers

The Corporation shall work actively with approved insurance providers to address program compliance and integrity issues as such issues develop.

#### (b) Notification of compliance problems

##### (1) Notification of errors, omissions, and failures

The Corporation shall notify in writing an approved insurance provider of any error, omission, or failure to follow Corporation regulations or procedures for which the approved insurance provider may be responsible and which may result in a debt owed the Corporation.

##### (2) Time for notification

Notice under paragraph (1) shall be given within 3 years after the end of the insurance period during which the error, omission, or failure is alleged to have occurred, except that this time limitation shall not apply with respect to an error, omission, or procedural violation that is willful or intentional.

##### (3) Effect of failure to timely notify

Except as provided in paragraph (2), the failure to timely provide the notice required

under this subsection shall relieve the approved insurance provider from the debt owed the Corporation.

#### (c) Reconciling producer information

The Secretary shall develop and implement a coordinated plan for the Corporation and the Farm Service Agency to reconcile all relevant information received by the Corporation or the Farm Service Agency from a producer who obtains crop insurance coverage under this subchapter. Beginning with the 2001 crop year, the Secretary shall require that the Corporation and the Farm Service Agency reconcile such producer-derived information on at least an annual basis in order to identify and address any discrepancies.

#### (d) Identification and elimination of fraud, waste, and abuse

##### (1) FSA monitoring program

The Secretary shall develop and implement a coordinated plan for the Farm Service Agency to assist the Corporation in the ongoing monitoring of programs carried out under this subchapter, including—

(A) at the request of the Corporation or, subject to paragraph (2), on its own initiative if the Farm Service Agency has reason to suspect the existence of program fraud, waste, or abuse, conducting fact finding relative to allegations of program fraud, waste, or abuse;

(B) reporting to the Corporation, in writing in a timely manner, the results of any fact finding conducted pursuant to subparagraph (A), any allegation of fraud, waste, or abuse, and any identified program vulnerabilities; and

(C) assisting the Corporation and approved insurance providers in auditing a statistically appropriate number of claims made under any policy or plan of insurance under this subchapter.

##### (2) FSA inquiry

If, within five calendar days after receiving a report submitted under paragraph (1)(B), the Corporation does not provide a written response that describes the intended actions of the Corporation, the Farm Service Agency may conduct its own inquiry into the alleged program fraud, waste, or abuse on approval from the State director of the Farm Service Agency of the State in which the alleged fraud, waste, or abuse occurred. If as a result of the inquiry, the Farm Service Agency concludes further investigation is warranted, but the Corporation declines to proceed with the investigation, the Farm Service Agency may refer the matter to the Inspector General of the Department of Agriculture.

##### (3) Use of field infrastructure

The plan required by paragraph (1) shall provide for the use of the field infrastructure of the Farm Service Agency. The Secretary shall ensure that relevant Farm Service Agency personnel are appropriately trained for any responsibilities assigned to the personnel under the plan. At a minimum, the personnel shall receive the same level of training and pass the

same basic competency tests as required of loss adjusters of approved insurance providers.

**(4) Maintenance of provider effort**

**(A) In general**

The activities of the Farm Service Agency under this subsection do not affect the responsibility of approved insurance providers to conduct any audits of claims or other program reviews required by the Corporation.

**(B) Notification of providers**

The Corporation shall notify the appropriate approved insurance provider of a report from the Farm Service Agency regarding alleged program fraud, waste, or abuse, unless the provider is suspected to be included in, or a party to, the alleged fraud, waste, or abuse.

**(C) Response**

An approved insurance provider that receives a notice under subparagraph (B) shall submit a report to the Corporation, within an appropriate time period determined by the Secretary, describing the actions taken by the provider to investigate the allegations of program fraud, waste, or abuse contained in the notice.

**(5) Corporation response to provider reports**

**(A) Prompt response**

If an approved insurance provider reports to the Corporation that the approved insurance provider suspects intentional misrepresentation, fraud, waste, or abuse, the Corporation shall make a determination and provide, within 90 calendar days after receiving the report, a written response that describes the intended actions of the Corporation.

**(B) Cooperative effort**

The approved insurance provider and the Corporation shall take coordinated action in any case where misrepresentation, fraud, waste, or abuse is alleged.

**(C) Failure to timely respond**

If the Corporation fails to respond as required by subparagraph (A), an approved insurance provider may request the Farm Service Agency to assist the provider in an inquiry into the alleged program fraud, waste, or abuse.

**(e) Consultation with State FSA committees**

The Secretary shall establish procedures under which the Corporation shall consult with the State committee of the Farm Service Agency for a State with respect to policies, plans of insurance, and material related to such policies or plans of insurance (including applicable sales closing dates, assigned yields, and transitional yields) offered in that State under this subchapter.

**(f) Detection of disparate performance**

**(1) Covered activities**

The Secretary shall establish procedures under which the Corporation will be able to identify the following:

(A) Any agent engaged in the sale of coverage offered under this subchapter where

the loss claims associated with such sales by the agent are equal to or greater than 150 percent (or an appropriate percentage specified by the Corporation) of the mean for all loss claims associated with such sales by all other agents operating in the same area, as determined by the Corporation.

(B) Any person performing loss adjustment services relative to coverage offered under this subchapter where such loss adjustments performed by the person result in accepted or denied claims equal to or greater than 150 percent (or an appropriate percentage specified by the Corporation) of the mean for accepted or denied claims (as applicable) for all other persons performing loss adjustment services in the same area, as determined by the Corporation.

**(2) Review**

**(A) Review required**

The Corporation shall conduct a review of any agent identified pursuant to paragraph (1)(A), and any person identified pursuant to paragraph (1)(B), to determine whether the higher loss claims associated with the agent or the higher number of accepted or denied claims (as applicable) associated with the person are the result of fraud, waste, or abuse.

**(B) Remedial action**

The Corporation shall take appropriate remedial action with respect to any occurrence of fraud, waste, or abuse identified in a review conducted under this paragraph.

**(3) Oversight of agents and loss adjusters**

The Corporation shall develop procedures to require an annual review by an approved insurance provider of the performance of each agent and loss adjuster used by the approved insurance provider. The Corporation shall oversee the conduct of annual reviews and may consult with an approved insurance provider regarding any remedial action that is determined to be necessary as a result of the annual review of an agent or loss adjuster.

**(g) Submission of information to Corporation to support compliance efforts**

**(1) Types of information required**

The Secretary shall establish procedures under which approved insurance providers shall submit to the Corporation the following information with respect to each policy or plan of insurance offered under this subchapter:

(A) The name and identification number of the insured.

(B) The agricultural commodity to be insured.

(C) The elected coverage level, including the price election, of the insured.

**(2) Time for submission**

The information required by paragraph (1) with respect to a policy or plan of insurance shall be submitted so as to ensure receipt by the Corporation not later than the Saturday of the week containing the calendar day that is 30 days after the applicable sales closing date for the crop to be insured.

**(h) Sanctions for program noncompliance and fraud****(1) False information**

A producer, agent, loss adjuster, approved insurance provider, or other person that willfully and intentionally provides any false or inaccurate information to the Corporation or to an approved insurance provider with respect to a policy or plan of insurance under this subchapter may, after notice and an opportunity for a hearing on the record, be subject to one or more of the sanctions described in paragraph (3).

**(2) Compliance**

A person may, after notice and an opportunity for a hearing on the record, be subject to one or more of the sanctions described in paragraph (3) if the person is a producer, agent, loss adjuster, approved insurance provider, or other person that willfully and intentionally fails to comply with a requirement of the Corporation.

**(3) Authorized sanctions**

If the Secretary determines that a person covered by this subsection has committed a material violation under paragraph (1) or (2), the following sanctions may be imposed:

**(A) Civil fines**

A civil fine may be imposed for each violation in an amount not to exceed the greater of—

- (i) the amount of the pecuniary gain obtained as a result of the false or inaccurate information provided or the noncompliance with a requirement of this subchapter; or
- (ii) \$10,000.

**(B) Producer disqualification**

In the case of a violation committed by a producer, the producer may be disqualified for a period of up to 5 years from receiving any monetary or nonmonetary benefit provided under each of the following:

- (i) This subchapter.
- (ii) The Agricultural Market Transition Act (7 U.S.C. 7201 et seq.), including the noninsured crop disaster assistance program under section 196 of that Act (7 U.S.C. 7333).
- (iii) The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).
- (iv) The Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).
- (v) The Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.).
- (vi) Title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.).
- (vii) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).
- (viii) Any law that provides assistance to a producer of an agricultural commodity affected by a crop loss or a decline in the prices of agricultural commodities.

**(C) Disqualification of other persons**

In the case of a violation committed by an agent, loss adjuster, approved insurance provider, or other person (other than a pro-

ducer), the violator may be disqualified for a period of up to 5 years from participating in any program, or receiving any benefit, under this subchapter.

**(4) Assessment of sanction**

The Secretary shall consider the gravity of the violation of the person covered by this subsection in determining—

- (A) whether to impose a sanction under this subsection; and
- (B) the type and amount of the sanction to be imposed.

**(5) Disclosure of sanctions**

Each policy or plan of insurance under this subchapter shall provide notice describing the sanctions prescribed under paragraph (3) for willfully and intentionally—

- (A) providing false or inaccurate information to the Corporation or to an approved insurance provider; or
- (B) failing to comply with a requirement of the Corporation.

**(6) Insurance fund**

Any funds collected under this subsection shall be deposited into the insurance fund established under section 1516(c) of this title.

**(i) Annual report on program compliance and integrity efforts****(1) Report required**

The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report describing the operation of this section during the preceding year and efforts undertaken by the Secretary and the Corporation to carry out this section.

**(2) Information regarding fraud, waste, and abuse**

The report shall identify specific occurrences of waste, fraud, or abuse and contain an outline of actions that have been or are being taken to eliminate the identified waste, fraud, or abuse.

**(j) Information management****(1) Systems upgrades**

The Secretary shall upgrade the information management systems of the Corporation used in the administration and enforcement and this subchapter. In upgrading the systems, the Secretary shall ensure that new hardware and software are compatible with the hardware and software used by other agencies of the Department to maximize data sharing and promote the purpose of this section.

**(2) Use of available information technologies**

The Secretary shall use the information technologies known as data mining and data warehousing and other available information technologies to administer and enforce this subchapter.

**(3) Use of private sector**

The Secretary may enter into contracts to use private sector expertise and technological resources in implementing this subsection,

which shall be subject to competition on a periodic basis, as determined by the Secretary.

**(k) Funding**

**(1) Information technology**

To carry out subsection (j)(1), the Corporation may use, from amounts made available from the insurance fund established under section 1516(c) of this title, not more than \$15,000,000 for each of fiscal years 2008 through 2010, and not more than \$9,000,000 for fiscal year 2011.

**(2) Data mining**

To carry out subsection (j)(2), the Corporation may use, from amounts made available from the insurance fund established under section 1516(c) of this title, not more than \$4,000,000 for fiscal year 2009 and each subsequent fiscal year.

(Feb. 16, 1938, ch. 30, title V, §515, as added Pub. L. 103-354, title I, §109, Oct. 13, 1994, 108 Stat. 3197; amended Pub. L. 106-224, title I, §121(a), June 20, 2000, 114 Stat. 372; Pub. L. 110-234, title XII, §§12021, 12033(c)(2), May 22, 2008, 122 Stat. 1382, 1405; Pub. L. 110-246, §4(a), title XII, §§12021, 12033(c)(2), June 18, 2008, 122 Stat. 1664, 2144, 2167; Pub. L. 110-398, §1(c), Oct. 13, 2008, 122 Stat. 4214.)

REFERENCES IN TEXT

The Agricultural Market Transition Act, referred to in subsec. (h)(3)(B)(ii), is title I of Pub. L. 104-127, Apr. 4, 1996, 110 Stat. 896, as amended, which is classified principally to chapter 100 (§7201 et seq.) of this title. For complete classification of this Act to the Code, see References in Text note set out under section 7201 of this title and Tables.

The Agricultural Act of 1949, referred to in subsec. (h)(3)(B)(iii), is act Oct. 31, 1949, ch. 792, 63 Stat. 1051, as amended, which is classified principally to chapter 35A (§1421 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1421 of this title and Tables.

The Commodity Credit Corporation Charter Act, referred to in subsec. (h)(3)(B)(iv), is act June 29, 1948, ch. 704, 62 Stat. 1070, as amended, which is classified generally to subchapter II (§714 et seq.) of chapter 15 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 714 of Title 15 and Tables.

The Agricultural Adjustment Act of 1938, referred to in subsec. (h)(3)(B)(v), is act Feb. 16, 1938, ch. 30, 52 Stat. 31, as amended, which is classified principally to chapter 35 (§1281 et seq.) of this title. For complete classification of this Act to the Code, see section 1281 of this title and Tables.

The Food Security Act of 1985, referred to in subsec. (h)(3)(B)(vi), is Pub. L. 99-198, Dec. 23, 1985, 99 Stat. 1354, as amended. Title XII of the Act, popularly known as the “Sodbuster Law”, is classified principally to chapter 58 (§3801 et seq.) of Title 16, Conservation. For complete classification of this Act to the Code, see Short Title of 1985 Amendment note set out under section 1281 of this title and Tables.

The Consolidated Farm and Rural Development Act, referred to in subsec. (h)(3)(B)(vii), is title III of Pub. L. 87-128, Aug. 8, 1961, 75 Stat. 307, as amended, which is classified principally to chapter 50 (§1921 et seq.) of this title. For complete classification of the Act to the Code, see Short Title note set out under section 1921 of this title and Tables.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

PRIOR PROVISIONS

A prior section, act Feb. 16, 1938, ch. 30, title V, §515, 52 Stat. 77, provided for appointment and compensation of an advisory committee, prior to repeal by Pub. L. 96-365, title I, §108, Sept. 26, 1980, 94 Stat. 1317.

AMENDMENTS

2008—Subsecs. (c) to (h). Pub. L. 110-246, §12033(c)(2)(B), substituted “this subchapter” for “this chapter” wherever appearing.

Subsec. (h)(3)(B)(i). Pub. L. 110-246, §12033(c)(2)(A), substituted “This subchapter” for “This chapter”.

Subsec. (j)(1), (2). Pub. L. 110-246, §12033(c)(2)(B), substituted “this subchapter” for “this chapter”.

Subsec. (j)(3). Pub. L. 110-246, §12021(a), inserted before period at end “, which shall be subject to competition on a periodic basis, as determined by the Secretary”.

Subsec. (k). Pub. L. 110-246, §12021(b), added subsec. (k) and struck out former subsec. (k) which related to funding to carry out this section and sections 1502(c), 1506(h), 1508(a)(3)(B), and 1508(f)(3)(A) of this title in fiscal years 2001 through 2005.

Subsec. (k)(1). Pub. L. 110-398 substituted “2010, and not more than \$9,000,000 for fiscal year 2011” for “2011”.

2000—Pub. L. 106-224 amended section generally, substituting present provisions for provisions which had authorized establishment of Advisory Committee for Federal Crop Insurance, described primary responsibility, membership of Committee, and administrative provisions, required annual report regarding progress toward implementation and improved crop insurance coverage, soundness of program, and rate of participation, and set forth termination of authority on Sept. 30, 1998.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

EFFECTIVE DATE

Section effective Oct. 13, 1994, and applicable to provision of crop insurance under Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with 1995 crop year, with such Act, as in effect on the day before Oct. 13, 1994, to continue to apply with respect to 1994 crop year, see section 120 of Pub. L. 103-354, set out as an Effective Date of 1994 Amendment note under section 1502 of this title.

**§ 1516. Funding**

**(a) Authorization of appropriations**

**(1) Discretionary expenses**

There are authorized to be appropriated for fiscal year 1999 and each subsequent fiscal year such sums as are necessary to cover the salaries and expenses of the Corporation.

**(2) Mandatory expenses**

There are authorized to be appropriated such sums as are necessary to cover for each of the 1999 and subsequent reinsurance years the following:

(A) The administrative and operating expenses of the Corporation for the sales commissions of agents.

(B) Premium subsidies, including the administrative and operating expenses of an approved insurance provider for the delivery of policies with additional coverage.

(C) Costs associated with the conduct of livestock and wild salmon pilot programs carried out under section 1523 of this title,