

(Feb. 16, 1938, ch. 30, title V, §521, as added Pub. L. 103-354, title I, §114, Oct. 13, 1994, 108 Stat. 3203; amended Pub. L. 110-234, title XII, §§12002(b)(2), 12033(c)(2)(B), May 22, 2008, 122 Stat. 1371, 1405; Pub. L. 110-246, §4(a), title XII, §§12002(b)(2), 12033(c)(2)(B), June 18, 2008, 122 Stat. 1664, 2133, 2167.)

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 L. 110-234 were repealed by section 4(a) of Pub.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.

AMENDMENTS

2008—Pub. L. 110-246, §§12002(b)(2), 12033(c)(2)(B), substituted “this subchapter” for “this chapter” wherever appearing and struck out at end “The authority provided by this section shall be in addition to, and shall not supplant, the authority provided by section 1506(n) of this title.”

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.

§ 1522. Research and development

(a) Definition of policy

In this section, the term “policy” means a policy, plan of insurance, provision of a policy or plan of insurance, and related materials.

(b) Reimbursement of research, development, and maintenance costs

(1) Research and development payment

(A) In general

The Corporation shall provide a payment to an applicant for research and development costs in accordance with this subsection.

(B) Reimbursement

An applicant who submits a policy under section 1508(h) of this title shall be eligible for the reimbursement of reasonable research and development costs directly related to the policy if the policy is approved by the Board for sale to producers.

(2) Advance payments

(A) In general

Subject to the other provisions of this paragraph, the Board may approve the request of an applicant for advance payment of a portion of reasonable research and development costs prior to submission and approval of the policy by the Board under section 1508(h) of this title.

(B) Procedures

The Board shall establish procedures for approving advance payment of reasonable

research and development costs to applicants.

(C) Concept proposal

As a condition of eligibility for advance payments, an applicant shall submit a concept proposal for the policy that the applicant plans to submit to the Board under section 1508(h) of this title, consistent with procedures established by the Board for submissions under subparagraph (B), including—

(i) a summary of the qualifications of the applicant, including any prior concept proposals and submissions to the Board under section 1508(h) of this title and, if applicable, any work conducted under this section;

(ii) a projection of total research and development costs that the applicant expects to incur;

(iii) a description of the need for the policy, the marketability of and expected demand for the policy among affected producers, and the potential impact of the policy on producers and the crop insurance delivery system;

(iv) a summary of data sources available to demonstrate that the policy can reasonably be developed and actuarially appropriate rates established; and

(v) an identification of the risks the proposed policy will cover and an explanation of how the identified risks are insurable under this subchapter.

(D) Review

(i) Experts

If the requirements of subparagraph (B) and (C) are met, the Board may submit a concept proposal described in subparagraph (C) to not less than 2 independent expert reviewers, whose services are appropriate for the type of concept proposal submitted, to assess the likelihood that the proposed policy being developed will result in a viable and marketable policy, as determined by the Board.

(ii) Timing

The time frames described in subparagraphs (C) and (D) of section 1508(h)(4) of this title shall apply to the review of concept proposals under this subparagraph.

(E) Approval

(i) In general

The Board may approve up to 50 percent of the projected total research and development costs to be paid in advance to an applicant, in accordance with the procedures developed by the Board for the making of the payments, if, after consideration of the reviewer reports described in subparagraph (D) and such other information as the Board determines appropriate, the Board determines that—

(I) the concept, in good faith, will likely result in a viable and marketable policy consistent with section 1508(h) of this title;

(II) at the sole discretion of the Board, the concept, if developed into a policy

and approved by the Board, would provide crop insurance coverage—

(aa) in a significantly improved form;

(bb) to a crop or region not traditionally served by the Federal crop insurance program; or

(cc) in a form that addresses a recognized flaw or problem in the program;

(III) the applicant agrees to provide such reports as the Corporation determines are necessary to monitor the development effort;

(IV) the proposed budget and timetable are reasonable, as determined by the Board; and

(V) the concept proposal meets any other requirements that the Board determines appropriate.

(ii) Waiver

The Board may waive the 50-percent limitation and, upon request of the submitter after the submitter has begun research and development activities, the Board may approve an additional 25 percent advance payment to the submitter for research and development costs, if, at the sole discretion of the Board, the Board determines that—

(I) the intended policy or plan of insurance developed by the submitter will provide coverage for a region or crop that is underserved by the Federal crop insurance program, including specialty crops; and

(II) the submitter is making satisfactory progress towards developing a viable and marketable policy or plan of insurance consistent with section 1508(h) of this title.

(F) Submission of policy

If the Board approves an advanced payment under subparagraph (E), the Board shall establish a date by which the applicant shall present a submission in compliance with section 1508(h) of this title (including the procedures implemented under that section) to the Board for approval.

(G) Final payment

(i) Approved policies

If a policy is submitted under subparagraph (F) and approved by the Board under section 1508(h) of this title and the procedures established by the Board (including procedures established under subparagraph (B)), the applicant shall be eligible for a payment of reasonable research and development costs in the same manner as policies reimbursed under paragraph (1)(B), less any payments made pursuant to subparagraph (E).

(ii) Policies not approved

If a policy is submitted under subparagraph (F) and is not approved by the Board under section 1508(h) of this title, the Corporation shall—

(I) not seek a refund of any payments made in accordance with this paragraph; and

(II) not make any further research and development cost payments associated with the submission of the policy under this paragraph.

(H) Policy not submitted

If an applicant receives an advance payment and fails to fulfill the obligation of the applicant to the Board by not submitting a completed submission without just cause and in accordance with the procedures established under subparagraph (B))¹, including notice and reasonable opportunity to respond, as determined by the Board, the applicant shall return to the Board the amount of the advance plus interest.

(I) Repeated submissions

The Board may prohibit advance payments to applicants who have submitted—

(i) a concept proposal or submission that did not result in a marketable product; or

(ii) a concept proposal or submission of poor quality.

(J) Continued eligibility

A determination that an applicant is not eligible for advance payments under this paragraph shall not prevent an applicant from reimbursement under paragraph (1)(B).

(3) Marketability

The Corporation shall approve a reimbursement under paragraph (1) only after determining that the policy is marketable based on a reasonable marketing plan, as determined by the Board.

(4) Maintenance payments

(A) Requirement

The Corporation shall reimburse maintenance costs associated with the annual cost of underwriting for a policy described in paragraph (1).

(B) Duration

Payments with respect to maintenance costs may be provided for a period of not more than four reinsurance years subsequent to Board approval for payment under this subsection.

(C) Options for maintenance

On the expiration of the 4-year period described in subparagraph (B), the approved insurance provider responsible for maintenance of the policy may—

(i) maintain the policy and charge a fee to approved insurance providers that elect to sell the policy under this subsection; or

(ii) transfer responsibility for maintenance of the policy to the Corporation.

(D) Fee

(i) Amount

Subject to approval by the Board, the amount of the fee that is payable by an approved insurance provider that elects to sell the policy shall be an amount that is determined by the approved insurance provider maintaining the policy.

¹So in original. The second closing parenthesis probably should not appear.

(ii) Approval

The Board shall approve the amount of a fee determined under clause (i) for maintenance of the policy unless the Board determines that the amount of the fee—

(I) is unreasonable in relation to the maintenance costs associated with the policy; or

(II) unnecessarily inhibits the use of the policy.

(5) Treatment of payment

Payments made under this subsection for a policy shall be considered as payment in full by the Corporation for the research and development conducted with regard to the policy and any property rights to the policy.

(6) Reimbursement amount

The Corporation shall determine the amount of the payment under this subsection for an approved policy based on the complexity of the policy and the size of the area in which the policy or material is expected to be sold.

(c) Research and development authority**(1) Authority**

The Corporation may conduct activities or enter into contracts to carry out research and development to maintain or improve existing policies or develop new policies to—

(A) increase participation in States in which the Corporation determines that—

(i) there is traditionally, and continues to be, a low level of Federal crop insurance participation and availability; and

(ii) the State is underserved by the Federal crop insurance program;

(B) increase participation in areas that are underserved by the Federal crop insurance program; and

(C) increase participation by producers of underserved agricultural commodities, including specialty crops.

(2) Underserved agricultural commodities and areas**(A) Authority**

The Corporation may conduct research and development or enter into contracts under procedures prescribed by the Corporation with qualified persons to carry out research and development for policies that promote the purposes of paragraph (1).

(B) Consultation

Before conducting research and development or entering into a contract under subparagraph (A), the Corporation shall consult with groups representing producers of agricultural commodities that would be served by the policies that are the subject of the research and development.

(3) Qualified persons

A person with experience in crop insurance or farm or ranch risk management (including a college or university, an approved insurance provider, and a trade or research organization), as determined by the Corporation, shall be eligible to enter into a contract with the Corporation under this subsection.

(4) Types of contracts

A contract under this subsection may provide for research and development regarding new or expanded policies, including policies based on adjusted gross income, cost-of-production, quality losses, and an intermediate base program with a higher coverage and cost than catastrophic risk protection.

(5) Use of resulting policies

The Corporation may offer any policy developed under this subsection that is approved by the Board after expert review in accordance with section 1505(e) of this title.

(6) Research and development priorities

The Corporation shall establish as one of the highest research and development priorities of the Corporation the development of policies that increase participation by producers of underserved agricultural commodities, including sweet sorghum, biomass sorghum, rice, peanuts, sugarcane, alfalfa, pennycress, dedicated energy crops, and specialty crops.

(7) Study of multiyear coverage**(A) In general**

The Corporation shall contract with a qualified person to conduct a study to determine whether offering policies that provide coverage for multiple years would reduce fraud, waste, and abuse by persons that participate in the Federal crop insurance program.

(B) Report

Not later than 1 year after June 20, 2000, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under subparagraph (A).

(8) Contract for revenue coverage plans

The Corporation shall enter into a contract for research and development regarding one or more revenue coverage plans that are designed to enable producers to take maximum advantage of fluctuations in market prices and thereby maximize revenue realized from the sale of an agricultural commodity. A revenue coverage plan may include the use of existing market instruments or the development of new market instruments. Not later than 15 months after June 20, 2000, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the contract entered into under this paragraph.

(9) Contract for cost of production policy**(A) Authority**

The Corporation shall enter into a contract for research and development regarding a cost of production policy.

(B) Research and development

The research and development shall—

(i) take into consideration the differences in the cost of production on a county-by-county basis; and

(ii) cover as many commodities as is practicable.

(10) Energy crop insurance policy

(A) Definition of dedicated energy crop

In this subsection, the term “dedicated energy crop” means an annual or perennial crop that—

(i) is grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or biobased products; and

(ii) is not typically used for food, feed, or fiber.

(B) Authority

The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out research and development regarding a policy to insure dedicated energy crops.

(C) Research and development

Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of dedicated energy crops, including policies and plans of insurance that—

(i) are based on market prices and yields;

(ii) to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate the policies and plans of insurance based on the use of weather or rainfall indices to protect the interests of crop producers; and

(iii) provide protection for production or revenue losses, or both.

(11) Aquaculture insurance policy

(A) Definition of aquaculture

In this subsection:

(i) In general

The term “aquaculture” means the propagation and rearing of aquatic species in controlled or selected environments, including shellfish cultivation on grants or leased bottom and ocean ranching.

(ii) Exclusion

The term “aquaculture” does not include the private ocean ranching of Pacific salmon for profit in any State in which private ocean ranching of Pacific salmon is prohibited by any law (including regulations).

(B) Authority

(i) In general

As soon as practicable after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Corporation shall offer to enter into 3 or more contracts with qualified entities to carry out research and development regarding a policy to insure the production of aquacultural species in aquaculture operations.

(ii) Bivalve species

At least 1 of the contracts described in clause (i) shall address insurance of bivalve species, including—

(I) American oysters (*crassostrea virginica*);

(II) hard clams (*mercenaria mercenaria*);

(III) Pacific oysters (*crassostrea gigas*);

(IV) Manila clams (*tapes philippinarum*); or

(V) blue mussels (*mytilus edulis*).

(iii) Freshwater species

At least 1 of the contracts described in clause (i) shall address insurance of freshwater species, including—

(I) catfish (*icataluridae*);

(II) rainbow trout (*oncorhynchus mykiss*);

(III) largemouth bass (*micropterus salmoides*);

(IV) striped bass (*morone saxatilis*);

(V) bream (*abramis brama*);

(VI) shrimp (*penaeus*); or

(VII) tilapia (*oreochromis niloticus*).

(iv) Saltwater species

At least 1 of the contracts described in clause (i) shall address insurance of saltwater species, including—

(I) Atlantic salmon (*salmo salar*); or

(II) shrimp (*penaeus*).

(C) Research and development

Research and development described in subparagraph (B) shall evaluate the effectiveness of policies and plans of insurance for the production of aquacultural species in aquaculture operations, including policies and plans of insurance that—

(i) are based on market prices and yields;

(ii) to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate how best to incorporate insuring of production of aquacultural species in aquaculture operations into existing policies covering adjusted gross revenue; and

(iii) provide protection for production or revenue losses, or both.

(12) Poultry insurance policy

(A) Definition of poultry

In this paragraph, the term “poultry” has the meaning given the term in section 182 of this title.

(B) Authority

The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out research and development regarding a policy to insure commercial poultry production.

(C) Research and development

Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of poultry, including policies and plans of insurance that provide protection for production or revenue losses, or both, while the poultry is in production.

(13) Apiary policies

The Corporation shall offer to enter into a contract with a qualified entity to carry out research and development regarding insurance policies that cover loss of bees.

(14) Adjusted gross revenue policies for beginning producers

The Corporation shall offer to enter into a contract with a qualified entity to carry out research and development into needed modifications of adjusted gross revenue insurance policies, consistent with principles of actuarial sufficiency, to permit coverage for beginning producers with no previous production history, including permitting those producers to have production and premium rates based on information with similar farming operations.

(15) Skiprow cropping practices**(A) In general**

The Corporation shall offer to enter into a contract with a qualified entity to carry out research into needed modifications of policies to insure corn and sorghum produced in the Central Great Plains (as determined by the Agricultural Research Service) through use of skiprow cropping practices.

(B) Research

Research described in subparagraph (A) shall—

(i) review existing research on skiprow cropping practices and actual production history of producers using skiprow cropping practices; and

(ii) evaluate the effectiveness of risk management tools for producers using skiprow cropping practices, including—

(I) the appropriateness of rules in existence as of the date of enactment of this paragraph relating to the determination of acreage planted in skiprow patterns; and

(II) whether policies for crops produced through skiprow cropping practices reflect actual production capabilities.

(16) Margin coverage for catfish**(A) In general**

The Corporation shall offer to enter into a contract with a qualified entity to conduct research and development regarding a policy to insure producers against reduction in the margin between the market value of catfish and selected costs incurred in the production of catfish.

(B) Eligibility

Eligibility for the policy described in subparagraph (A) shall be limited to freshwater species of catfish that are propagated and reared in controlled or selected environments.

(C) Implementation

The Board shall review the policy described in subparagraph (B) under section 1508(h) of this title and approve the policy if the Board finds that the policy—

(i) will likely result in a viable and marketable policy consistent with this subsection;

(ii) would provide crop insurance coverage in a significantly improved form;

(iii) adequately protects the interests of producers; and

(iv) meets other requirements of this subchapter determined appropriate by the Board.

(17) Biomass and sweet sorghum energy crop insurance policies**(A) In general**

The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out research and development regarding—

(i) a policy to insure biomass sorghum that is grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or biobased products; and

(ii) a policy to insure sweet sorghum that is grown for a purpose described in clause (i).

(B) Research and development

Research and development with respect to each of the policies required in subparagraph (A) shall evaluate the effectiveness of risk management tools for the production of biomass sorghum or sweet sorghum, including policies and plans of insurance that—

(i) are based on market prices and yields;

(ii) to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate the policies and plans of insurance based on the use of weather indices, including excessive or inadequate rainfall, to protect the interest of crop producers; and

(iii) provide protection for production or revenue losses, or both.

(18) Study on swine catastrophic disease program**(A) In general**

The Corporation shall contract with 1 or more qualified entities to conduct a study to determine the feasibility of insuring swine producers for a catastrophic event.

(B) Report

Not later than 1 year after February 7, 2014, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under subparagraph (A).

(19) Whole farm diversified risk management insurance plan**(A) In general**

Unless the Corporation approves a whole farm insurance plan, similar to the plan described in this paragraph, to be available to producers for the 2016 reinsurance year, the Corporation shall conduct activities or enter into contracts to carry out research and development to develop a whole farm risk management insurance plan, with a liability limitation of \$1,500,000, that allows a diversified crop or livestock producer the option to qualify for an indemnity if actual gross farm revenue is below 85 percent of the average gross farm revenue or the expected gross farm revenue that can reasonably be ex-

pected of the producer, as determined by the Corporation.

(B) Eligible producers

The Corporation shall permit producers (including direct-to-consumer marketers and producers servicing local and regional and farm identity-preserved markets) who produce multiple agricultural commodities, including specialty crops, industrial crops, livestock, and aquaculture products, to participate in the plan developed under subparagraph (A) in lieu of any other plan under this subchapter.

(C) Diversification

The Corporation may provide diversification-based additional coverage payment rates, premium discounts, or other enhanced benefits in recognition of the risk management benefits of crop and livestock diversification strategies for producers that—

- (i) grow multiple crops; or
- (ii) may have income from the production of livestock that uses a crop grown on the farm.

(D) Market readiness

The Corporation may include coverage for the value of any packing, packaging, or any other similar on-farm activity the Corporation determines to be the minimum required in order to remove the commodity from the field.

(20) Study on poultry catastrophic disease program

(A) In general

The Corporation shall contract with a qualified person to conduct a study to determine the feasibility of insuring poultry producers for a catastrophic event.

(B) Report

Not later than 1 year after February 7, 2014, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under subparagraph (A).

(21) Poultry business interruption insurance policy

(A) Definitions

In this paragraph, the terms “poultry” and “poultry grower” have the meanings given those terms in section 182 of this title.

(B) Authority

The Corporation shall offer to enter into a contract or cooperative agreement with an institution of higher education or other legal entity to carry out research and development regarding a policy to insure the commercial production of poultry against business interruptions caused by integrator bankruptcy.

(C) Research and development

As part of the research and development conducted pursuant to a contract or cooperative agreement entered into under subparagraph (B), the entity shall—

(i) evaluate the market place for business interruption insurance that is available to poultry growers;

(ii) determine what statutory authority would be necessary to implement a business interruption insurance through the Corporation;

(iii) assess the feasibility of a policy or plan of insurance offered under this subchapter to insure against a portion of losses due to business interruption or to the bankruptcy of an business integrator; and

(iv) analyze the costs to the Federal Government of a Federal business interruption insurance program for poultry growers or producers.

(D) Deadline for contract or cooperative agreement

Not later than 180 days after February 7, 2014, the Corporation shall offer to enter into the contract or cooperative agreement required by subparagraph (B).

(E) Deadline for completion of research and development

Not later than 1 year after February 7, 2014, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the research and development conducted pursuant to the contract or cooperative agreement entered into under subparagraph (B).²

(22) Study of food safety insurance

(A) In general

The Corporation shall offer to enter into a contract with 1 or more qualified entities to conduct a study to determine whether offering policies that provide coverage for specialty crops from food safety and contamination issues would benefit agricultural producers.

(B) Subject

The study described in subparagraph (A) shall evaluate policies and plans of insurance coverage that provide protection for production or revenue impacted by food safety concerns including, at a minimum, government, retail, or national consumer group announcements of a health advisory, removal, or recall related to a contamination concern.

(C) Report

Not later than 1 year after February 7, 2014, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under subparagraph (A).

(23) Alfalfa crop insurance policy

(A) In general

The Corporation shall offer to enter into 1 or more contracts with qualified entities to

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carry out research and development regarding a policy to insure alfalfa.

(B) Report

Not later than 1 year after February 7, 2014, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under subparagraph (A).

(24) Relation to limitations

A policy developed under this subsection may be prepared without regard to the limitations of this subchapter, including—

(A) the requirement concerning the levels of coverage and rates; and

(B) the requirement that the price level for each insured agricultural commodity must equal the expected market price for the agricultural commodity, as established by the Board.

(d) Partnerships for risk management development and implementation

(1) Purpose

The purpose of this subsection is to authorize the Corporation to enter into partnerships with public and private entities for the purpose of either—

(A) increasing the availability of loss mitigation, financial, and other risk management tools for producers, with a priority given to risk management tools for producers of agricultural commodities covered by section 7333 of this title, specialty crops, and underserved agricultural commodities; or

(B) improving analysis tools and technology regarding compliance or identifying and using innovative compliance strategies.

(2) Authority

The Corporation may enter into partnerships with the National Institute of Food and Agriculture, the Agricultural Research Service, the National Oceanic Atmospheric Administration, and other appropriate public and private entities with demonstrated capabilities in developing and implementing risk management and marketing options for producers of specialty crops and underserved agricultural commodities.

(3) Objectives

The Corporation may enter into a partnership under paragraph (2)—

(A) to enhance the notice and timeliness of notice of weather conditions that could negatively affect crop yields, quality, and final product use in order to allow producers to take preventive actions to increase end product profitability and marketability and to reduce the possibility of crop insurance claims;

(B) to develop a multifaceted approach to pest management and fertilization to decrease inputs, decrease environmental exposure, and increase application efficiency;

(C) to develop or improve techniques for planning, breeding, planting, growing, maintaining, harvesting, storing, shipping, and

marketing that will address quality and quantity challenges associated with year-to-year and regional variations;

(D) to clarify labor requirements and assist producers in complying with requirements to better meet the physically intense and time-compressed planting, tending, and harvesting requirements associated with the production of specialty crops and underserved agricultural commodities;

(E) to provide assistance to State foresters or equivalent officials for the prescribed use of burning on private forest land for the prevention, control, and suppression of fire;

(F) to provide producers with training and informational opportunities so that the producers will be better able to use financial management, farm financial benchmarking, crop insurance, marketing contracts, and other existing and emerging risk management tools;

(G) to improve analysis tools and technology regarding compliance or identifying and using innovative compliance strategies; and

(H) to develop other risk management tools to further increase economic and production stability.

(e) Funding

(1) Reimbursements

Of the amounts made available from the insurance fund established under section 1516(c) of this title, the Corporation may use to provide reimbursements under subsection (b) not more than \$7,500,000 for fiscal year 2008 and each subsequent fiscal year.

(2) Contracting

(A) Conducting and contracting for research and development

Of the amounts made available from the insurance fund established under section 1516(c) of this title, the Corporation may use to conduct research and development and carry out contracting and partnerships under subsections (c) and (d) not more than \$12,500,000 for fiscal year 2008 and each subsequent fiscal year.

(B) Underserved States

Of the amount made available under subparagraph (A) for a fiscal year, the Corporation shall use not more than \$5,000,000 for the fiscal year to conduct research and development and carry out contracting for research and development to carry out the purpose described in subsection (c)(1)(A).

(3) Unused funding

If the Corporation determines that the amount available under this section for a fiscal year is not needed for such purposes, the Corporation may use—

(A) not more than \$5,000,000 for each fiscal year to improve program integrity, including by—

(i) increasing compliance-related training;

(ii) improving analysis tools and technology regarding compliance;

(iii) use of information technology, as determined by the Corporation; and

(iv) identifying and using innovative compliance strategies; and

(B) any excess amounts to carry out other activities authorized under this section.

(Feb. 16, 1938, ch. 30, title V, §522, as added Pub. L. 106-224, title I, §131, June 20, 2000, 114 Stat. 379; amended Pub. L. 110-234, title VII, §7511(c)(1), title XII, §§12022-12024, 12033(c)(2)(B), May 22, 2008, 122 Stat. 1267, 1382-1388, 1405; Pub. L. 110-246, §4(a) title VII, §7511(c)(1), title XII, §§12022-12024, 12033(c)(2)(B), June 18, 2008, 122 Stat. 1664, 2028, 2144-2150, 2167; Pub. L. 113-79, title XI, §§11010(b), 11022, 11023(b), 11024, 11027(b), 11028(b), Feb. 7, 2014, 128 Stat. 959, 969, 973, 974, 977.)

REFERENCES IN TEXT

The date of enactment of the Food, Conservation, and Energy Act of 2008 and the date of enactment of this paragraph, referred to in subsec. (c)(11)(B)(i), (15)(B)(ii)(I), is the date of enactment of Pub. L. 110-246, which was approved June 18, 2008.

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.

AMENDMENTS

2014—Subsec. (b)(2)(E). Pub. L. 113-79, §11010(b), added subpar. (E) and struck out former subpar. (E) which related to Board approval of up to 50 percent of the projected total research and development costs to be paid in advance to an applicant.

Subsec. (b)(4)(A). Pub. L. 113-79, §11028(b)(1), substituted “paragraph (1)” for “paragraphs (1)”.

Subsec. (c). Pub. L. 113-79, §11022(a)(1), struck out “contracting” after “development” in heading.

Subsec. (c)(1). Pub. L. 113-79, §11022(a)(2), substituted “may conduct activities or enter into contracts to carry out research and development to maintain or improve existing policies or develop new policies to” for “may enter into contracts to carry out research and development to” in introductory provisions.

Subsec. (c)(2)(A). Pub. L. 113-79, §11022(a)(3)(A), inserted “conduct research and development or” after “The Corporation may”.

Subsec. (c)(2)(B). Pub. L. 113-79, §11022(a)(3)(B), inserted “conducting research and development or” after “Before”.

Subsec. (c)(5). Pub. L. 113-79, §11022(a)(4), inserted “after expert review in accordance with section 1505(e) of this title” after “approved by the Board”.

Subsec. (c)(6). Pub. L. 113-79, §11022(a)(5), substituted “policies that increase participation by producers of underserved agricultural commodities, including sweet sorghum, biomass sorghum, rice, peanuts, sugarcane, alfalfa, pennycress, dedicated energy crops, and specialty crops” for “a pasture, range, and forage program”.

Subsec. (c)(10) to (16). Pub. L. 113-79, §11023(b), redesignated pars. (11) to (17) as (10) to (16), respectively, and struck out former par. (10) which related to contracts for organic production coverage improvements.

Subsec. (c)(17) to (24). Pub. L. 113-79, §11023(b)(2), redesignated pars. (18) to (25) as (17) to (24), respectively. Former par. (17) redesignated (16).

Pub. L. 113-79, §11022(a)(7), added pars. (17) to (24).

Subsec. (c)(25). Pub. L. 113-79, §11022(a)(6), redesignated par. (17) as (25).

Subsec. (d)(1). Pub. L. 113-79, §11024(a), added par. (1) and struck out former par. (1). Text read as follows: “The purpose of this subsection is to authorize the Corporation to enter into partnerships with public and private entities for the purpose of increasing the avail-

ability of loss mitigation, financial, and other risk management tools for producers, with a priority given to risk management tools for producers of agricultural commodities covered by section 7333 of this title, specialty crops, and underserved agricultural commodities.”

Subsec. (d)(3)(F). Pub. L. 113-79, §11027(b), inserted “farm financial benchmarking,” after “financial management.”.

Subsec. (d)(3)(G), (H). Pub. L. 113-79, §11024(b), added subpar. (G) and redesignated former subpar. (G) as (H).

Subsec. (e)(1). Pub. L. 113-79, §11028(b)(2), inserted period at end.

Subsec. (e)(2)(A). Pub. L. 113-79, §11022(b)(1)(A), in heading, substituted “Conducting and contracting for research and development” for “Authority” and, in text, inserted “conduct research and development and” after “the Corporation may use to”.

Subsec. (e)(2)(B). Pub. L. 113-79, §11022(b)(1)(B), inserted “conduct research and development and” after “for the fiscal year to”.

Subsec. (e)(3). Pub. L. 113-79, §11022(b)(2), struck out “to provide either reimbursement payments or contract payments” after “available” in introductory provisions.

Subsec. (e)(4). Pub. L. 113-79, §11022(b)(3), struck out par. (4) which related to prohibited research and development by the Corporation.

2008—Subsec. (b)(1), (2). Pub. L. 110-246, §12022(a), added pars. (1) and (2) and struck out former pars. (1) and (2) which related to reimbursement for research and development costs directly related to a policy that was submitted to and approved by the Board under section 1508(h) of this title for reinsurance and, if applicable, offered for sale to producers, and reimbursement for research and development costs approved prior to June 20, 2000.

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

Subsec. (b)(3). Pub. L. 110-246, §12022(b)(1), struck out “or (2)” after “paragraph (1)”.

Subsec. (b)(4)(A). Pub. L. 110-246, §12022(b)(2), struck out “and (2)” after “paragraphs (1)”.

Subsec. (c)(10) to (16). Pub. L. 110-246, §12023(2), added pars. (10) to (16). Former par. (10) redesignated (17).

Subsec. (c)(17). Pub. L. 110-246, §12033(c)(2)(B), substituted “this subchapter” for “this chapter” in introductory provisions.

Pub. L. 110-246, §12023(1), redesignated par. (10) as (17).

Subsec. (d)(2). Pub. L. 110-246, §7511(c)(1), substituted “the National Institute of Food and Agriculture” for “the Cooperative State Research, Education, and Extension Service”.

Subsec. (e)(1). Pub. L. 110-246, §12024(1), substituted “\$7,500,000 for fiscal year 2008 and each subsequent fiscal year” for “\$10,000,000 for each of fiscal years 2001 and 2002 and not more than \$15,000,000 for fiscal year 2003 and each subsequent fiscal year.”

Subsec. (e)(2)(A). Pub. L. 110-246, §12024(2), substituted “\$12,500,000 for fiscal year 2008” for “\$20,000,000 for each of fiscal years 2001 through 2003 and not more than \$25,000,000 for fiscal year 2004”.

Subsec. (e)(3). Pub. L. 110-246, §12024(3), substituted “the Corporation may use—” for “the Corporation may use the excess amount to carry out another function authorized under this section.” and added subpars. (A) and (B).

Subsec. (e)(4). Pub. L. 110-246, §12033(c)(2)(B), substituted “this subchapter” for “this chapter” in two places.

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, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

Pub. L. 110-234, title VII, §7511(c), May 22, 2008, 122 Stat. 1267, and Pub. L. 110-246, §4(a), title VII, §7511(c),

June 18, 2008, 122 Stat. 1664, 2028, provided that the amendments made by section 7511(c) are effective Oct. 1, 2009.

[Pub. L. 110-234 and Pub. L. 110-246 enacted identical provisions. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246, set out as a note under section 8701 of this title.]

EFFECTIVE DATE

Section effective Oct. 1, 2000, see section 171(b)(1)(A) of Pub. L. 106-224, set out as an Effective Date of 2000 Amendment note under section 1501 of this title.

REIMBURSEMENT REGULATIONS

Pub. L. 107-20, title II, §2103, July 24, 2001, 115 Stat. 165, provided that:

“(a) Not later than August 1, 2001, the Federal Crop Insurance Corporation shall promulgate final regulations to carry out section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 522(b) [1522(b)]), without regard to—

“(1) the notice and comment provisions of section 553 of title 5, United States Code;

“(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

“(3) chapter 35 of title 44, United States Code (commonly known as the ‘Paperwork Reduction Act’).

“(b) In carrying out this section, the Corporation shall use the authority provided under section 808 of title 5, United States Code.

“(c) The final regulations promulgated under subsection (a) shall take effect on the date of publication of the final regulations.”

§ 1523. Pilot programs

(a) General provisions

(1) Authority

Except as otherwise provided in this section, the Corporation may, at the sole discretion of the Corporation, conduct a pilot program submitted to and approved by the Board under section 1508(h) of this title, or that is developed under subsection (b) or section 1522 of this title, to evaluate whether a proposal or new risk management tool tested by the pilot program is suitable for the marketplace and addresses the needs of producers of agricultural commodities.

(2) Private coverage

Under this section, the Corporation shall not conduct any pilot program that provides insurance protection against a risk if insurance protection against the risk is generally available from private companies.

(3) Covered activities

The pilot programs described in paragraph (1) may include pilot programs providing insurance protection against losses involving—

(A) reduced forage on rangeland caused by drought or insect infestation;

(B) livestock poisoning and disease;

(C) destruction of bees due to the use of pesticides;

(D) unique special risks related to fruits, nuts, vegetables, and specialty crops in general, aquacultural species, and forest industry needs (including appreciation);

(E) after October 1, 2001, wild salmon, except that—

(i) any pilot program with regard to wild salmon may be carried out without regard to the limitations of this subchapter; and

(ii) the Corporation shall conduct all wild salmon programs under this subchapter so that, to the maximum extent practicable, all costs associated with conducting the programs are not expected to exceed \$1,000,000 for fiscal year 2002 and each subsequent fiscal year.

(4) Scope of pilot programs

The Corporation may—

(A) approve a pilot program under this section to be conducted on a regional, State, or national basis after considering the interests of affected producers and the interests of, and risks to, the Corporation;

(B) operate the pilot program, including any modifications of the pilot program, for a period of up to 4 years;

(C) extend the time period for the pilot program for additional periods, as determined appropriate by the Corporation; and

(D) provide pilot programs that would allow producers—

(i) to receive a reduced premium for using whole farm units or single crop units of insurance; and

(ii) to cross State and county boundaries to form insurable units.

(b) Livestock pilot programs

(1) Definition of livestock

In this subsection, the term “livestock” includes, but is not limited to, cattle, sheep, swine, goats, and poultry.

(2) Programs required

Subject to paragraph (7), the Corporation shall conduct two or more pilot programs to evaluate the effectiveness of risk management tools for livestock producers, including the use of futures and options contracts and policies and plans of insurance that protect the interests of livestock producers and that provide—

(A) livestock producers with reasonable protection from the financial risks of price or income fluctuations inherent in the production and marketing of livestock; or

(B) protection for production losses.

(3) Purpose of programs

To the maximum extent practicable, the Corporation shall evaluate the greatest number and variety of pilot programs described in paragraph (2) to determine which of the offered risk management tools are best suited to protect livestock producers from the financial risks associated with the production and marketing of livestock.

(4) Timing

The Corporation shall begin conducting livestock pilot programs under this subsection during fiscal year 2001.

(5) Relation to other limitations

Any policy or plan of insurance offered under this subsection may be prepared without regard to the limitations of this subchapter.

(6) Assistance

As part of a pilot program under this subsection, the Corporation may provide reinsur-