

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 L. 110-234 was repealed by section 4(a) of Pub.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

ance for policies or plans of insurance and subsidize the purchase of futures and options contracts or policies and plans of insurance offered under the pilot program.

(7) Private insurance

No action may be undertaken with respect to a risk under this subsection if the Corporation determines that insurance protection for livestock producers against the risk is generally available from private companies.

(8) Location

The Corporation shall conduct the livestock pilot programs under this subsection in a number of counties that is determined by the Corporation to be adequate to provide a comprehensive evaluation of the feasibility, effectiveness, and demand among producers for the risk management tools evaluated in the pilot programs.

(9) Eligible producers

Any producer of a type of livestock covered by a pilot program under this subsection that owns or operates a farm or ranch in a county selected as a location for that pilot program shall be eligible to participate in that pilot program.

(10) Limitation on expenditures

The Corporation shall conduct all livestock programs under this subchapter so that, to the maximum extent practicable, all costs associated with conducting the livestock programs (other than research and development costs covered by section 1522 of this title) are not expected to exceed the following:

- (A) \$10,000,000 for each of fiscal years 2001 and 2002.
- (B) \$15,000,000 for fiscal year 2003.
- (C) \$20,000,000 for fiscal year 2004 and each subsequent fiscal year.

(c) Revenue insurance pilot program

(1) In general

Subject to section 1522(e)(4) of this title,¹ the Secretary shall carry out a pilot program in a limited number of counties, as determined by the Secretary, for crop years 1997 through 2001, under which a producer of wheat, feed grains, soybeans, or such other commodity as the Secretary considers appropriate may elect to receive insurance against loss of revenue, as determined by the Secretary.

(2) Administration

Revenue insurance under this subsection shall—

- (A) be offered through reinsurance arrangements with private insurance companies;
- (B) offer at least a minimum level of coverage that is an alternative to catastrophic crop insurance;
- (C) be actuarially sound; and
- (D) require the payment of premiums and administrative fees by an insured producer.

(d) Premium rate reduction pilot program

(1) Purpose

The purpose of the pilot program established under this subsection is to determine whether

approved insurance providers will compete to market policies or plans of insurance with reduced rates of premium, in a manner that maintains the financial soundness of approved insurance providers and is consistent with the integrity of the Federal crop insurance program.

(2) Establishment

(A) In general

Beginning with the 2002 crop year, the Corporation shall establish a pilot program under which approved insurance providers may propose for approval by the Board policies or plans of insurance with reduced rates of premium—

- (i) for one or more agricultural commodities; and
- (ii) within a limited geographic area, as proposed by the approved insurance provider and approved by the Board.

(B) Determination by Board

The Board shall approve a policy or plan of insurance proposed under this subsection that involves a premium reduction if the Board determines that—

- (i) the interests of producers are adequately protected within the pilot area;
- (ii) rates of premium are actuarially appropriate, as determined by the Board;
- (iii) the size of the proposed pilot area is adequate;
- (iv) the proposed policy or plan of insurance would not unfairly discriminate among producers within the proposed pilot area;
- (v) if the proposed policy or plan of insurance were available in a geographic area larger than the proposed pilot area, the proposed policy or plan of insurance would—

- (I) not have a significant adverse impact on the crop insurance delivery system;
- (II) not result in a reduction of program integrity;
- (III) be actuarially appropriate; and
- (IV) not place an additional financial burden on the Federal Government; and
- (vi) the proposed policy or plan of insurance meets other requirements of this subchapter determined appropriate by the Board.

(C) Time limitations and procedures

The time limitations and procedures of the Board established under section 1508(h) of this title shall apply to a proposal submitted under this subsection.

(e) Adjusted gross revenue insurance pilot program

(1) In general

The Corporation shall carry out, through at least the 2004 reinsurance year, the adjusted gross revenue insurance pilot program in effect for the 2002 reinsurance year.

(2) Additional counties

(A) In general

In addition to counties otherwise included in the pilot program, the Corporation shall

¹ See References in Text note below.

include in the pilot program for the 2003 reinsurance year at least 8 counties in the State of California and at least 8 counties in the State of Pennsylvania.

(B) Selection criteria

In carrying out subparagraph (A), the Corporation shall work with the respective State Departments of Agriculture to establish criteria to determine which counties to include in the pilot program.

(f) Camelina pilot program

(1) In general

The Corporation shall establish a pilot program under which producers or processors of camelina may propose for approval by the Board policies or plans of insurance for camelina, in accordance with section 1508(h) of this title.

(2) Determination by Board

The Board shall approve a policy or plan of insurance proposed under paragraph (1) if, as determined by the Board, the policy or plan of insurance—

(A) protects the interests of producers;

(B) is actuarially sound; and

(C) meets the requirements of this subchapter.

(3) Timeframe

The Corporation shall commence the camelina insurance pilot program as soon as practicable after the date of enactment of this subsection.

(g) Sesame insurance pilot program

(1) In general

In addition to any other authority of the Corporation, the Corporation shall establish and carry out a pilot program under which a producer of nondehiscent sesame under contract may elect to obtain multiperil crop insurance, as determined by the Corporation.

(2) Terms and conditions

The multiperil crop insurance offered under the sesame insurance pilot program shall—

(A) be offered through reinsurance arrangements with private insurance companies;

(B) be actuarially sound; and

(C) require the payment of premiums and administrative fees by a producer obtaining the insurance.

(3) Location

The sesame insurance pilot program shall be carried out only in the State of Texas.

(4) Duration

The Corporation shall commence the sesame insurance pilot program as soon as practicable after the date of the enactment of this subsection.

(h) Grass seed insurance pilot program

(1) In general

In addition to any other authority of the Corporation, the Corporation shall establish and carry out a grass seed pilot program under which a producer of Kentucky bluegrass or pe-

renial rye grass under contract may elect to obtain multiperil crop insurance, as determined by the Corporation.

(2) Terms and conditions

The multiperil crop insurance offered under the grass seed insurance pilot program shall—

(A) be offered through reinsurance arrangements with private insurance companies;

(B) be actuarially sound; and

(C) require the payment of premiums and administrative fees by a producer obtaining the insurance.

(3) Location

The grass seed insurance pilot program shall be carried out only in each of the States of Minnesota and North Dakota.

(4) Duration

The Corporation shall commence the grass seed insurance pilot program as soon as practicable after the date of the enactment of this subsection.

(i) Underserved crops and regions pilot programs

(1) Definition of livestock commodity

In this subsection, the term “livestock commodity” includes cattle, sheep, swine, goats, and poultry, including pasture, rangeland, and forage as a source of feed for that livestock.

(2) Authorization

Notwithstanding subsection (a)(2), the Corporation may conduct 2 or more pilot programs to provide producers of underserved specialty crops and livestock commodities with index-based weather insurance, subject to the requirements of this section.

(3) Review and approval of submissions

(A) In general

The Board shall approve 2 or more proposed policies or plans of insurance from approved insurance providers if the Board determines that the policies or plans provide coverage as specified in paragraph (2), and meet the conditions described in this paragraph²

(B) Requirements

To be eligible for approval under this subsection, the approved insurance provider shall have—

(i) adequate experience underwriting and administering policies or plans of insurance that are comparable to the proposed policy or plan of insurance;

(ii) sufficient assets or reinsurance to satisfy the underwriting obligations of the approved insurance provider, and possess a sufficient insurance credit rating from an appropriate credit rating bureau, in accordance with Board procedures; and

(iii) applicable authority and approval from each State in which the approved insurance provider intends to sell the insurance product.

(C) Review requirements

In reviewing applications under this subsection, the Board shall conduct the review

² So in original. Probably should be followed by a period.

in a manner consistent with the standards, rules, and procedures for policies or plans of insurance submitted under section 1508(h) of this title and the actuarial soundness requirements applied to other policies and plans of insurance made available under this subchapter.

(D) Prioritization

The Board shall prioritize applications that provide a new kind of coverage for specialty crops and livestock commodities that previously had no available crop insurance, or has demonstrated a low level of participation under existing coverage.

(4) Payment of premium support

(A) In general

The Corporation shall pay a portion of the premium for producers that purchase a policy or plan of insurance approved pursuant to this subsection.

(B) Amount

The premium subsidy shall provide a similar dollar amount of premium subsidy per acre that the Corporation pays for comparable policies or plans of insurance reinsured under this subchapter, except that in no case shall the premium subsidy exceed 60 percent of total premium, as determined by the Corporation.

(C) Calculation

The premium subsidy, as determined by the Corporation, shall be calculated as—

- (i) a percentage of premium;
- (ii) a percentage of expected loss determined pursuant to a reasonable actuarial methodology; or
- (iii) a fixed dollar amount per acre.

(D) Payment

Subject to subparagraphs (B) and (C), the premium subsidy under this subsection shall be paid by the Corporation in the same manner and under the same terms and conditions as premium subsidy for other policies and plans of insurance.

(E) Operating and administrative expense payments

(i) In general

Subject to clause (ii), operating and administrative expense payments may be made for policies and plans of insurance approved under this subsection in an amount that is commensurate with similar policies and plans of insurance reinsured under this subchapter, on the condition that the operating and administrative expenses are not included in premiums.

(ii) Limitation

Subject to subparagraph (F)(i), Federal reinsurance, research and development costs, other reimbursements, or maintenance fees shall not be provided or collected for policies and plans of insurance approved under this subsection.

(F) Approved insurance providers

Any policy or plan of insurance approved under this subsection may be sold only by

the approved insurance provider that submits the application and by any additional approved insurance provider that—

- (i) agrees to pay maintenance fees or other payments to the approved insurance provider that submitted the application in an amount agreed to by the applicant and the additional approved insurance provider, on the condition that the fees or payments shall be reasonable and appropriate to ensure that the policies or plans of insurance may be made available by additional approved insurance providers; and
- (ii) meets the eligibility criteria of paragraph (3)(B), as determined by the Board.

(G) Relationship to other provisions

The requirements of this paragraph shall apply notwithstanding paragraph (6).

(5) Oversight

The Corporation shall develop and publish procedures to administer policies or plans of insurance approved under this subsection that—

- (A) require each approved insurance provider to report sales, acreage and claim data, and any other data that the Corporation determines to be appropriate, to allow the Corporation to evaluate sales and performance of the product; and
- (B) contain such other requirements as the Corporation determines necessary to ensure that the products—

- (i) do not have a significant adverse impact on the crop insurance delivery system;
- (ii) are in the best interests of producers; and
- (iii) do not result in a reduction of program integrity.

(6) Confidentiality

(A) In general

All reports required under paragraph (5) and all other proprietary information and data generated or derived from applicants under this subsection shall be considered to be confidential commercial or financial information for the purposes of section 552(b)(4) of title 5.

(B) Standard

If information concerning a proposal could be withheld by the Secretary under the standard for privileged or confidential information pertaining to trade secrets and commercial or financial information under section 552(b)(4) of title 5, the information shall not be released to the public.

(7) Ineligible purposes

In no case shall a policy or plan of insurance made available under this subsection provide coverage substantially similar to privately available hail insurance.

(8) Funding

(A) Limitation on expenditures

Notwithstanding any other provision in this subsection, of the funds of the Corporation, the Corporation shall use to carry out

this section not more than \$12,500,000 for each of fiscal years 2015 through 2018, to remain available until expended.

(B) Relation to other programs

The amount of funds made available under this section shall be in addition to amounts made available under other provisions of this subchapter, including amounts made available under subsection (b).

(Feb. 16, 1938, ch. 30, title V, § 523, as added Pub. L. 106–224, title I, § 132(a), June 20, 2000, 114 Stat. 383; amended Pub. L. 107–171, title X, § 10004, May 13, 2002, 116 Stat. 487; Pub. L. 110–234, title XII, §§ 12025(a), 12033(c)(2)(B), May 22, 2008, 122 Stat. 1389, 1405; Pub. L. 110–246, § 4(a), title XII, §§ 12025(a), 12033(c)(2)(B), June 18, 2008, 122 Stat. 1664, 2151, 2167; Pub. L. 113–79, title XI, §§ 11025, 11026, Feb. 7, 2014, 128 Stat. 974.)

REFERENCES IN TEXT

Section 1522(e)(4) of this title, referred to in subsec. (c)(1), was repealed by Pub. L. 113–79, title XI, § 11022(b)(3), Feb. 7, 2014, 128 Stat. 973.

The date of enactment of this subsection, referred to in subssecs. (f)(3), (g)(4), and (h)(4), 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. (a)(1). Pub. L. 113–79, § 11025(1), inserted “, at the sole discretion of the Corporation,” after “the Corporation may”.

Subsec. (a)(5). Pub. L. 113–79, § 11025(2), struck out par. (5) which related to evaluation of the pilot program.

Subsec. (i). Pub. L. 113–79, § 11026, added subsec. (i).

2008—Subsecs. (a), (b), (d). Pub. L. 110–246, § 12033(c)(2)(B), substituted “this subchapter” for “this chapter” wherever appearing.

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

Pub. L. 110–246, § 12025(a), added subsec. (f).

Subsecs. (g), (h). Pub. L. 110–246, § 12025(a), added subssecs. (g) and (h).

2002—Subsec. (e). Pub. L. 107–171 added subsec. (e).

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. 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.

§ 1524. Education and risk management assistance

(a) Education assistance

(1) In general

Subject to the amounts made available under paragraph (5)—

(A) the Corporation shall carry out the program established under paragraph (2); and

(B) the Secretary, acting through the National Institute of Food and Agriculture,

shall carry out the program established under paragraph (3).

(2) Education and information

The Corporation shall establish a program under which crop insurance education and information is provided to producers in States in which (as determined by the Secretary)—

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

(B) producers are underserved by the Federal crop insurance program.

(3) Partnerships for risk management education

(A) Authority

The Secretary, acting through the National Institute of Food and Agriculture, shall establish a program under which competitive grants are made to qualified public and private entities (including land grant colleges, cooperative extension services, and colleges or universities), as determined by the Secretary, for the purpose of educating agricultural producers about the full range of risk management activities, including futures, options, agricultural trade options, crop insurance, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, farm financial benchmarking, and other risk management strategies.

(B) Basis for grants

A grant under this paragraph shall be awarded on the basis of merit and shall be subject to peer or merit review.

(C) Obligation period

Funds for a grant under this paragraph shall be available to the Secretary for obligation for a 2-year period.

(D) Administrative costs

The Secretary may use not more than 4 percent of the funds made available for grants under this paragraph for administrative costs incurred by the Secretary in carrying out this paragraph.

(4) Requirements

In carrying out the programs established under paragraphs (2) and (3), the Secretary shall place special emphasis on risk management strategies (including farm financial benchmarking), education, and outreach specifically targeted at—

(A) beginning farmers or ranchers;

(B) legal immigrant farmers or ranchers that are attempting to become established producers in the United States;

(C) socially disadvantaged farmers or ranchers;

(D) farmers or ranchers that—

(i) are preparing to retire; and

(ii) are using transition strategies to help new farmers or ranchers get started; and

(E) new or established farmers or ranchers that are converting production and marketing systems to pursue new markets.