

tion not employed by the Federal Government the daily equivalent of rate prescribed for grade GS-18 under section 5332 of title 5 when actually employed, and actual necessary traveling and subsistence expenses, or the per diem allowance in lieu of subsistence expenses, as authorized by section 5703 of title 5 for persons in Government service employed intermittently, when on the business of the Corporation away from their homes or regular places of business for former limitation of \$50 per day when actually employed and transportation expenses plus not to exceed \$10 per diem in lieu of subsistence expenses when on business of the Corporation away from their homes or regular places of business.

1949—Subsec. (c). Act Aug. 25, 1949, reduced compensation of members of Board of Directors who are not Government employees from “not to exceed \$100 per day” to “not to exceed \$50 per day”, and changed from “subsistence expenses” to “transportation expenses and not to exceed \$10 per diem”.

1947—Act Aug. 1, 1947, amended section generally and, among other changes, increased membership of Board from three to five, provided for two members with insurance experience, not Government employees, increased from two to three the number of members necessary to carry on functions and to constitute a quorum, provided for compensation and expenses of Board members not otherwise Government employed, and for appointment of manager of corporation by the Secretary of Agriculture instead of being selected by the Board.

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 1994 AMENDMENT

Amendment by Pub. L. 103-354 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 a note under section 1502 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-365 effective Sept. 26, 1980, see section 112 of Pub. L. 96-365, set out as a note under section 1504 of this title.

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.

APPOINTMENT OF BOARD OF DIRECTORS BEGINNING FEBRUARY 1, 2001

Pub. L. 106-224, title I, §142(a)(2), (3), June 20, 2000, 114 Stat. 390, provided that:

“(2) IMPLEMENTATION.—The initial members of the Board of Directors of the Federal Crop Insurance Corporation required to be appointed under section 505(a)(3) of the Federal Crop Insurance Act [7 U.S.C. 1505(a)(3)] (as amended by paragraph (1)) shall be appointed during the period beginning February 1, 2001, and ending April 1, 2001.

“(3) EFFECT ON EXISTING BOARD.—A member of the Board of Directors of the Federal Crop Insurance Corporation on the date of the enactment of this Act [June 20, 2000] may continue to serve as a member of the

Board until the members referred to in paragraph (2) are first appointed.”

REFERENCES IN OTHER LAWS TO GS-16, 17, OR 18 PAY RATES

References in laws to the rates of pay for GS-16, 17, or 18, or to maximum rates of pay under the General Schedule, to be considered references to rates payable under specified sections of Title 5, Government Organization and Employees, see section 529 [title I, §101(c)(1)] of Pub. L. 101-509, set out in a note under section 5376 of Title 5.

§ 1506. General powers

(a) Succession

The Corporation shall have succession in its corporate name.

(b) Corporate seal

The Corporation may adopt, alter, and use a corporate seal, which shall be judicially noticed.

(c) Property

The Corporation may purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of such property held by it upon such terms as it deems appropriate.

(d) Suit

Subject to section 1508(j)(2)(A) of this title, the Corporation, subject to the provisions of section 1508(j) of this title,¹ may sue and be sued in its corporate name, but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property. The district courts of the United States, including the district courts of the District of Columbia and of any territory or possession, shall have exclusive original jurisdiction, without regard to the amount in controversy, of all suits brought by or against the Corporation. The Corporation may intervene in any court in any suit, action, or proceeding in which it has an interest. Any suit against the Corporation shall be brought in the District of Columbia, or in the district wherein the plaintiff resides or is engaged in business.

(e) Bylaws and regulations

The Corporation may adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers granted to it by law may be exercised and enjoyed.

(f) Mails

The Corporation shall be entitled to the use of the United States mails in the same manner as the other executive agencies of the Government.

(g) Assistance

The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officials, and employees thereof in carrying out the provisions of this subchapter.

(h) Collection and sharing of information

(1) Surveys and investigations

The Corporation may conduct surveys and investigations relating to crop insurance, agri-

¹ So in original.

culture-related risks and losses, and other issues related to carrying out this subchapter.

(2) Data collection

The Corporation shall assemble data for the purpose of establishing sound actuarial bases for insurance on agricultural commodities.

(3) Sharing of records

Notwithstanding section 1502(c) of this title, records submitted in accordance with this subchapter and section 7333 of this title shall be available to agencies and local offices of the Department, appropriate State and Federal agencies and divisions, and approved insurance providers for use in carrying out this subchapter, such section 7333 of this title, and other agricultural programs.

(i) Expenditures

The Corporation shall determine the character and necessity for its expenditures under this subchapter and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government.

(j) Settling claims

The Corporation shall have the authority to make final and conclusive settlement and adjustment of any claim by or against the Corporation or a fiscal officer of the Corporation.

(k) Other powers

The Corporation shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation and all such incidental powers as are customary in corporations generally.

(l) Contracts

The Corporation may enter into and carry out contracts or agreements, and issue regulations, necessary in the conduct of its business, as determined by the Board. State and local laws or rules shall not apply to contracts, agreements, or regulations of the Corporation or the parties thereto to the extent that such contracts, agreements, or regulations provide that such laws or rules shall not apply, or to the extent that such laws or rules are inconsistent with such contracts, agreements, or regulations.

(m) Submission of certain information

(1) Social security account and employer identification numbers

The Corporation shall require, as a condition of eligibility for participation in the multiple peril crop insurance program, submission of social security account numbers, subject to the requirements of section 405(c)(2)(C)(iii)² of title 42, and employer identification numbers, subject to the requirements of section 6109(f) of title 26.

(2) Notification by policyholders

Each policyholder shall notify each individual or other entity that acquires or holds a substantial beneficial interest in such policy-

holder of the requirements and limitations under this subchapter.

(3) Identification of holders of substantial interests

The Manager of the Corporation may require each policyholder to provide to the Manager, at such times and in such manner as prescribed by the Manager, the name of each individual that holds or acquires a substantial beneficial interest in the policyholder.

(4) "Substantial beneficial interest" defined

For purposes of this subsection, the term "substantial beneficial interest" means not less than 5 percent of all beneficial interests in the policyholder.

(n) Actuarial soundness

(1) Projected loss ratio as of October 1, 1995

The Corporation shall take such actions as are necessary to improve the actuarial soundness of Federal multiperil crop insurance coverage made available under this subchapter to achieve, on and after October 1, 1995, an overall projected loss ratio of not greater than 1.1, including—

(A) instituting appropriate requirements for documentation of the actual production history of insured producers to establish recorded or appraised yields for Federal crop insurance coverage that more accurately reflect the associated actuarial risk, except that the Corporation may not carry out this paragraph in a manner that would prevent beginning farmers (as defined by the Secretary) from obtaining Federal crop insurance;

(B) establishing in counties, to the extent practicable, a crop insurance option based on area yields in a manner that allows an insured producer to qualify for an indemnity if a loss has occurred in a specified area in which the farm of the insured producer is located;

(C) establishing a database that contains the social security account and employee identification numbers of participating producers, agents, and loss adjusters and using the numbers to identify insured producers, agents, and loss adjusters who are high risk for actuarial purposes and insured producers who have not documented at least 4 years of production history, to assess the performance of insurance providers, and for other purposes permitted by law; and

(D) taking any other measures authorized by law to improve the actuarial soundness of the Federal crop insurance program while maintaining fairness and effective coverage for agricultural producers.

(2) Projected loss ratio

The Corporation shall take such actions, including the establishment of adequate premiums, as are necessary to improve the actuarial soundness of Federal multiperil crop insurance made available under this subchapter to achieve an overall projected loss ratio of not greater than 1.0.

(3) Nonstandard classification system

To the extent that the Corporation uses the nonstandard classification system, the Cor-

² See References in Text note below.

poration shall apply the system to all insured producers in a fair and consistent manner.

(o) Regulations

The Secretary and the Corporation are each authorized to issue such regulations as are necessary to carry out this subchapter.

(p) Purchase of American-made equipment and products

(1) Sense of Congress

It is the sense of Congress that, to the greatest extent practicable, all equipment and products purchased by the Corporation using funds made available to the Corporation should be American-made.

(2) Notice requirement

In providing financial assistance to, or entering into any contract with, any entity for the purchase of equipment and products to carry out this subchapter, the Corporation, to the greatest extent practicable, shall provide to the entity a notice describing the statement made in paragraph (1).

(r)³ Procedures for responding to certain inquiries

(1) Procedures required

The Corporation shall establish procedures under which the Corporation will provide a final agency determination in response to an inquiry regarding the interpretation by the Corporation of this subchapter or any regulation issued under this subchapter.

(2) Implementation

Not later than 180 days after June 23, 1998, the Corporation shall issue regulations to implement this subsection. At a minimum, the regulations shall establish—

(A) the manner in which inquiries described in paragraph (1) are required to be submitted to the Corporation; and

(B) a reasonable maximum number of days within which the Corporation will respond to all inquiries.

(3) Effect of failure to timely respond

If the Corporation fails to respond to an inquiry in accordance with the procedures established pursuant to this subsection, the person requesting the interpretation of this subchapter or regulation may assume the interpretation is correct for the applicable reinsurance year.

(Feb. 16, 1938, ch. 30, title V, §506, 52 Stat. 73; June 21, 1941, ch. 214, §2, 55 Stat. 255; Aug. 1, 1947, ch. 440, §7, 61 Stat. 719; Aug. 25, 1949, ch. 512, §8, 63 Stat. 665; Pub. L. 96-365, title I, §§103, 107(a), Sept. 26, 1980, 94 Stat. 1313, 1317; Pub. L. 101-624, title XXII, §§2201(a), 2202, Nov. 28, 1990, 104 Stat. 3951, 3954; Pub. L. 102-237, title VI, §601(1), (2), Dec. 13, 1991, 105 Stat. 1878; Pub. L. 103-66, title I, §1403(a), Aug. 10, 1993, 107 Stat. 333; Pub. L. 103-354, title I, §§104, 119(f)(1), Oct. 13, 1994, 108 Stat. 3181, 3208; Pub. L. 105-185, title V, §533, June 23, 1998, 112 Stat. 583; Pub. L. 106-224, title I, §§121(b), 124(b), June 20, 2000, 114 Stat. 377, 378; Pub. L. 110-234, title XII, §§12002(a), (b)(1),

12003(a), 12033(c)(2)(B), May 22, 2008, 122 Stat. 1371, 1405; Pub. L. 110-246, §4(a), title XII, §§12002(a), (b)(1), 12003(a), 12033(c)(2)(B), June 18, 2008, 122 Stat. 1664, 2133, 2167.)

REFERENCES IN TEXT

Section 405(c)(2)(C)(iii) of title 42, referred to in subsec. (m)(1), was redesignated section 405(c)(2)(C)(iv) of title 42 by Pub. L. 103-296, title III, §321(a)(9)(B), Aug. 15, 1994, 108 Stat. 1536.

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—Subsec. (d). Pub. L. 110-246, §12002(a)(1), substituted “Subject to section 1508(j)(2)(A) of this title, the Corporation” for “The Corporation” in first sentence.

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

Subsec. (n). Pub. L. 110-246, §12002(b)(1), redesignated subsec. (o) as (n).

Pub. L. 110-246, §12002(a)(2), struck out subsec. (n) which related to penalty for willful and intentional provision of false or inaccurate information to the Corporation or any insurer.

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

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

Pub. L. 110-246, §12003(a), in heading, struck out “as of October 1, 1998” after “loss ratio” and, in text, struck out “, on and after October 1, 1998,” after “to achieve” and substituted “1.0” for “1.075”.

Subsecs. (o), (p). Pub. L. 110-246, §12033(c)(2)(B), substituted “this subchapter” for “this chapter”.

Pub. L. 110-246, §12002(b)(1), redesignated subsecs. (p) and (q) as (o) and (p), respectively. Former subsec. (o) redesignated (n).

Subsec. (q). Pub. L. 110-246, §12002(b)(1), redesignated subsec. (q) as (p).

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

2000—Subsec. (h). Pub. L. 106-224, §124(b), added subsec. (h) and struck out heading and text of former subsec. (h). Text read as follows: “The Corporation shall assemble data for the purpose of establishing sound actuarial bases for insurance on agricultural commodities.”

Subsecs. (q) to (s). Pub. L. 106-224, §121(b), redesignated subsecs. (r) and (s) as (q) and (r), respectively, and struck out former subsec. (q), which related to program compliance by insurance providers and required notice to any provider of any error, omission, or failure to follow Corporation regulations or procedures for which provider may be responsible and which may result in a debt owed the Corporation.

1998—Subsec. (s). Pub. L. 105-185 added subsec. (s).

1994—Subsec. (d). Pub. L. 103-354, §119(f)(1), substituted “1508(j)” for “1508(f)” in first sentence.

Subsec. (j). Pub. L. 103-354, §104(2), added subsec. (j). Former subsec. (j) redesignated (k).

Subsec. (k). Pub. L. 103-354, §104(1), redesignated subsec. (j) as (k). Former subsec. (k) redesignated (l).

Subsec. (l). Pub. L. 103-354, §104(1), (3), redesignated subsec. (k) as (l), in first sentence inserted “, and issue regulations,” after “agreements”, and in second sentence substituted “contracts, agreements, or regulations” for “contracts or agreements” wherever appearing. Former subsec. (l) redesignated (m).

Subsec. (m). Pub. L. 103-354, §104(1), redesignated subsec. (l) as (m). Former subsec. (m) redesignated (n).

³So in original. Probably should be “(q)”.

Subsec. (n). Pub. L. 103-354, §104(1), redesignated subsec. (m) as (n). Former subsec. (n) redesignated (o).

Subsec. (n)(1)(B). Pub. L. 103-354, §104(4), added subpar. (B) and struck out former subpar. (B) which read as follows: “disqualify the person from receiving any benefit under this chapter for a period of not to exceed 10 years.”

Subsec. (o). Pub. L. 103-354, §104(1), (5)(B), redesignated subsec. (n) as (o) and reenacted heading without change.

Subsec. (o)(1). Pub. L. 103-354, §104(5)(B), designated existing provisions as par. (1) and inserted heading. Former par. (1) redesignated subpar. (A).

Subsec. (o)(1)(A). Pub. L. 103-354, §104(5)(A), (C), redesignated former par. (1) as subpar. (A) and substituted “(as defined by the Secretary) from obtaining Federal crop insurance” for “from obtaining adequate Federal crop insurance, as determined by the Corporation”.

Subsec. (o)(1)(B). Pub. L. 103-354, §104(5)(A), redesignated former par. (2) as subpar. (B).

Subsec. (o)(1)(C). Pub. L. 103-354, §104(5)(A), (D), redesignated former par. (3) as subpar. (C) and inserted “, agents, and loss adjusters” after “participating producers” and after “identify insured producers”.

Subsec. (o)(1)(D). Pub. L. 103-354, §104(5)(A), redesignated former par. (4) as subpar. (D).

Subsec. (o)(2) to (4). Pub. L. 103-354, §104(5)(A), (E), added pars. (2) and (3) and redesignated former pars. (2) to (4) as subpars. (B) to (D), respectively, of par. (1) and realigned their margins.

Subsecs. (p) to (r). Pub. L. 103-354, §104(6), added subsecs. (p) to (r).

1993—Subsec. (n). Pub. L. 103-66 added subsec. (n).

1991—Subsec. (d). Pub. L. 102-237, §601(1), substituted “section 1508(f)” for “section 1508(c)” and a period for semicolon at end.

Subsec. (m)(1). Pub. L. 102-237, §601(2), in introductory provisions substituted “willfully” for “wilfully” and in subpar. (A) struck out “to” after “exceed”.

1990—Pub. L. 101-624, §2202(b)(1), substituted “General powers” for “General powers of Corporation” as section catchline and struck out “The Corporation—” before subsec. (a).

Subsec. (a). Pub. L. 101-624, §2202(b)(2), (13), inserted heading and “The Corporation” and substituted period for semicolon at end.

Subsec. (b). Pub. L. 101-624, §2202(b)(3), (13), inserted heading and “The Corporation” and substituted period for semicolon at end.

Subsec. (c). Pub. L. 101-624, §2202(b)(4), (13), inserted heading and “The Corporation” and substituted period for semicolon at end.

Subsec. (d). Pub. L. 101-624, §2202(b)(5), inserted heading and “The Corporation.”

Subsec. (e). Pub. L. 101-624, §2202(b)(6), (13), inserted heading and “The Corporation” and substituted period for semicolon at end.

Subsec. (f). Pub. L. 101-624, §2202(b)(7), (13), inserted heading and “The Corporation” and substituted period for semicolon at end.

Subsec. (g). Pub. L. 101-624, §2202(b)(8), (13), inserted heading and “The Corporation,” and substituted period for semicolon at end.

Subsec. (h). Pub. L. 101-624, §2202(b)(9), (13), inserted heading and “The Corporation” and substituted period for semicolon at end.

Subsec. (i). Pub. L. 101-624, §2202(b)(10), (14), inserted heading and “The Corporation” and substituted period for “; and” at end.

Subsec. (j). Pub. L. 101-624, §2202(b)(11), (14), inserted heading and “The Corporation” and substituted period for “; and” at end.

Subsec. (k). Pub. L. 101-624, §2202(b)(12), inserted heading and “The Corporation.”

Subsec. (l). Pub. L. 101-624, §2201(a), added subsec. (l).

Subsec. (m). Pub. L. 101-624, §2202(a), added subsec. (m).

1980—Subsec. (c). Pub. L. 96-365, §103(1), substituted “may purchase” for “may make contracts and purchase”. See subsec. (k) of this section.

Subsec. (d). Pub. L. 96-365, §103(2), substituted provision granting exclusive original jurisdiction to district courts of the United States, including district courts of the District of Columbia and of any territory or possession, for prior grant to any State court of record having general jurisdiction or any United States district court, authorized intervention by the Corporation in proceedings, and required suits against the Corporation to be brought in the District of Columbia or in district wherein plaintiff resides or is engaged in business.

Subsec. (f). Pub. L. 96-365, §103(3), substituted “use of the United States mails” for “free use of the United States mails”.

Subsec. (h). Pub. L. 96-365, §107(a), struck out authority for conducting researches, surveys, and investigations relating to crop insurance. See section 1508(i) of this title.

Subsec. (k). Pub. L. 96-365, §103(4), added subsec. (k).

1949—Subsec. (h). Act Aug. 25, 1949, struck out obsolete language and included authority for a study of the possibility of developing some type of livestock insurance.

1947—Subsec. (d). Act Aug. 1, 1947, provided for suits in State courts of general jurisdiction or in United States district courts regardless of amount in controversy.

1941—Subsec. (h). Act June 21, 1941, substituted “and preparatory to the application of the chapter to other basic commodities when so provided by law, shall assemble data relative to field corn, for the purpose of establishing a satisfactory actuarial basis for such commodity” for “for wheat and other agricultural commodities.”

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 1998 AMENDMENT

Pub. L. 105-185, title V, §537, June 23, 1998, 112 Stat. 584, provided that: “Except as provided in section 535 [112 Stat. 583], this subtitle [subtitle C (§§ 531-537) of title V of Pub. L. 105-185, amending this section and sections 1508 and 1516 of this title and enacting provisions set out as notes under this section] and the amendments made by this subtitle take effect on July 1, 1998.”

EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-354 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 a note under section 1502 of this title.

EFFECTIVE DATE OF 1993 AMENDMENT

Pub. L. 103-66, title I, §1403(c)(1), Aug. 10, 1993, 107 Stat. 335, provided that: “Except as provided in paragraph (2), this section [amending this section and sections 1508 and 1508a of this title] and the amendments made by this section shall become effective on October 1, 1993.”

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-365 effective Sept. 26, 1980, see section 112 of Pub. L. 96-365, set out as a note under section 1504 of this title.

REGULATIONS

Pub. L. 103-66, title I, §1403(c)(2), Aug. 10, 1993, 107 Stat. 335, provided that: “Not later than 30 days after the date of enactment of this Act [Aug. 10, 1993], the Secretary of Agriculture shall publish, for public com-

ment, proposed regulations to implement the amendments made by this section [amending this section and sections 1508 and 1508a of this title].”

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.

REQUIRED TERMS AND CONDITIONS OF STANDARD REINSURANCE AGREEMENTS

Pub. L. 106-224, title I, §148, June 20, 2000, 114 Stat. 394, provided that: “Notwithstanding section 536 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 1506 note; Public Law 105-185), the Federal Crop Insurance Corporation may renegotiate the Standard Reinsurance Agreement once during the 2001 through 2005 reinsurance years.”

Pub. L. 105-185, title V, §536, June 23, 1998, 112 Stat. 584, provided that:

“(a) DEFINITIONS.—In this section, the terms ‘approved insurance provider’ and ‘Corporation’ have the meanings given the terms in section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)).

“(b) TERMS AND CONDITIONS.—

“(1) INCORPORATION OF AMENDMENTS.—For each of the 1999 and subsequent reinsurance years, the Corporation shall ensure that each Standard Reinsurance Agreement between an approved insurance provider and the Corporation reflects the amendments to the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) that are made by this subtitle [see Effective Date of 1998 Amendment note above] to the extent the amendments are applicable to approved insurance providers.

“(2) RETENTION OF EXISTING PROVISIONS.—Except to the extent necessary to implement the amendments made by this subtitle, each Standard Reinsurance Agreement described in paragraph (1) shall contain the following provisions of the Standard Reinsurance Agreement for the 1998 reinsurance year:

“(A) Section II, concerning the terms of reinsurance and underwriting gain and loss for an approved insurance provider.

“(B) Section III, concerning the terms for subsidies and administrative fees for an approved insurance provider.

“(C) Section IV, concerning the terms for loss adjustment for an approved insurance provider under catastrophic risk protection.

“(D) Section V.C., concerning interest payments between the Corporation and an approved insurance provider.

“(E) Section V.I.5., concerning liquidated damages.

“(c) IMPLEMENTATION.—To implement this subtitle and the amendments made by this subtitle, the Corporation is not required to amend provisions of the Standard Reinsurance Agreement not specifically affected by this subtitle or an amendment made by this subtitle.”

CROP INSURANCE PROVIDER EVALUATION

Pub. L. 103-354, title I, §118, Oct. 13, 1994, 108 Stat. 3205, provided that:

“(a) IN GENERAL.—The Comptroller General of the United States and the Federal Crop Insurance Corporation (referred to in this section as the ‘Corporation’) shall jointly evaluate the financial arrangement between the Corporation and approved insurance providers to determine the quality, costs, and efficiencies of providing the benefits of multiple peril crop insurance to producers of agricultural commodities covered under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

“(b) COLLECTION OF INFORMATION AND PROPOSALS.—The Corporation shall require private insurance providers and agents to supply, and the private insurance providers and agents shall supply, records and information necessary to make the determinations and evaluations required under this section. The Corporation shall solicit from the approved insurance providers and agents proposals for modifying or altering the requirements, regulations, procedures, and processes related to implementing the Federal Crop Insurance Act to reduce the operating and administrative costs of the providers and agents.

“(c) INITIAL REPORT.—Not later than 180 days after receipt of information and cost-reduction proposals under subsection (b), the Corporation shall evaluate the information and proposals obtained and report the results of the evaluation to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

“(d) FINAL REPORT.—Not later than 2 years after the date of enactment of this Act [Oct. 13, 1994], the Comptroller General and the Corporation shall submit a final report that provides the evaluation required under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. In making the evaluation, the Comptroller General and the Corporation shall—

“(1) consider the changes made by the Corporation in response to increased program participation resulting from the enactment of this Act;

“(2) include an evaluation and opinion of the accuracy and reasonableness of—

“(A) the average actual costs for approved insurance providers to deliver multiple peril crop insurance;

“(B) the cost per policy of complying with the requirements, regulations, procedures, and processes of the Federal Crop Insurance Act;

“(C) the cost differences for various provider firm sizes and any business delivered by the Federal Government;

“(D) the adequacy of the standard reimbursement for potential new providers; and

“(E) the identification of any new costs related to the enactment of this Act not previously identified in the information reported by the providers;

“(3) compare delivery costs of multiple peril crop insurance to other insurance coverages that the provider may sell and determine the extent, if any, to which any funds provided to carry out the Federal Crop Insurance Act are being used to fund any other business enterprise operated by the provider;

“(4)(A) assess alternative methods for reimbursing providers for reasonable and necessary expenses associated with delivery of multiple peril crop insurance;

“(B) recommend changes under this paragraph that reasonably demonstrate the need to achieve the greatest operating efficiencies on the part of the provider and the Corporation has been recognized; and

“(C) identify areas for improved operating efficiencies, if any, in the requirements made by the Corporation for compliance and program integrity;

“(5) assess the potential for alternative forms of reinsurance arrangements for providers of different firm sizes, taking into consideration—

“(A) the need to achieve a reasonable return on the capital of the provider compared to other lines of insurance;

“(B) the relative risk borne by the provider for the different lines of insurance;

“(C) the availability and price of commercial reinsurance; and

“(D) any additional costs that may be incurred by the Federal Government in carrying out the Federal Crop Insurance Act; and

“(6) include an analysis of the effect of the current or proposed reinsurance arrangements on providers having different business levels.

“(e) INFORMATION.—

“(1) PRIVACY.—In conducting the evaluation required by this section, the Comptroller General and the Corporation shall maintain the privacy of proprietary information.

“(2) SUBPOENAS.—The Comptroller General shall have the power to subpoena information relevant to the evaluation required by this section from any private insurance provider. The Comptroller General shall allow the Corporation access to the information subpoenaed taking into consideration the necessity of preserving the privacy of proprietary information.”

§§ 1506a, 1506b. Omitted

CODIFICATION

Section 1506a, act July 30, 1947, ch. 356, title II, §202, 61 Stat. 550, which related to authority of Federal Crop Insurance Corporation to make expenditures, was from the Department of Agriculture Appropriation Act, 1948, and was not repeated in subsequent appropriation acts.

Section 1506b, acts June 29, 1954, ch. 409, title II, §201, 68 Stat. 317; May 23, 1955, ch. 43, title II, §201, 69 Stat. 60; June 4, 1956, ch. 355, title II, §201, 70 Stat. 238, which provided that crop inspection costs and loss adjustments could be considered as nonadministrative or nonoperating expenses, was from the Department of Agriculture and Farm Credit Administration Appropriation Acts for fiscal years 1955-57, and was not repeated in subsequent appropriation acts.

§ 1507. Personnel of Corporation**(a) Appointment; civil service exemption; compensation**

The Secretary shall appoint such officers and employees as may be necessary for the transaction of the business of the Corporation pursuant to civil-service laws and regulations, fix their compensation in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5, define their authority and duties, and delegate to them such of the powers vested in the Corporation as the Secretary may determine appropriate. However, personnel paid by the hour, day, or month when actually employed may be appointed without regard to civil-service laws and regulations.

(b) Application of employees' compensation law

Insofar as applicable, the benefits of subchapter I of chapter 81 of title 5, shall extend to persons given employment under the provisions of this subchapter, including the employees of the committees and associations referred to in subsection (c) of this section and the members of such committees.

(c) Use of associations of producers and private insurance companies; payment of administrative and program expenses; sale of crop insurance through private agents and brokers: renewals, exclusion of compensation from premium rates, indemnification for errors or omissions of Commission or its contractors

In the administration of this subchapter, the Board shall, to the maximum extent possible, (1) establish or use committees or associations of producers and make payments to them to cover the administrative and program expenses, as determined by the Board, incurred by them in cooperating in carrying out this subchapter, (2) contract with private insurance companies, private rating bureaus, and other organizations as

appropriate for actuarial services, services relating to loss adjustment and rating plans of insurance, and other services to avoid duplication by the Federal Government of services that are or may readily be available in the private sector and to enable the Corporation to concentrate on regulating the provision of insurance under this subchapter and evaluating new products and materials submitted under section 1508(h) or 1523 of this title, and reimburse such companies for the administrative and program expenses, as determined by the Board, incurred by them, under terms and provisions and rates of compensation consistent with those generally prevailing in the insurance industry, and (3) encourage the sale of Federal crop insurance through licensed private insurance agents and brokers and give the insured the right to renew such insurance for successive terms through such agents and brokers, in which case the agent or broker shall be reasonably compensated from premiums paid by the insured for such sales and renewals recognizing the function of the agent or broker to provide continuing services while the insurance is in effect: *Provided*, That such compensation shall not be included in computations establishing premium rates. The Board shall provide such agents and brokers with indemnification, including costs and reasonable attorney fees, from the Corporation for errors or omissions on the part of the Corporation or its contractors for which the agent or broker is sued or held liable, except to the extent the agent or broker has caused the error or omission. Nothing in this subsection shall permit the Corporation to contract with other persons to carry out the responsibility of the Corporation to review and approve policies, rates, and other materials submitted under section 1508(h) of this title.

(d) Allotment of funds to Federal and State agencies

The Secretary may allot to bureaus and offices of the Department or transfer to such other agencies of the State and Federal Governments that the Secretary requests to assist in carrying out this subchapter any funds made available pursuant to the provisions of section 1516 of this title.

(e) Utilization of producer cooperative associations

In carrying out the provisions of this subchapter the Board may, in its discretion, utilize producer-owned and producer-controlled cooperative associations.

(f) Use of resources, data, boards, and committees of Federal agencies

The Board should use, to the maximum extent possible, the resources, data, boards, and the committees of (1) the Soil Conservation Service, in assisting the Board in the classification of land as to risk and production capability and in the development of acceptable conservation practices; (2) the Forest Service, in assisting the Board in the development of a timber insurance plan; (3) the Agricultural Stabilization and Conservation Service, in assisting the Board in the determination of individual producer yields and in serving as a local contact point for farmers where the Board deems necessary; and (4) other