

TITLE 7 - AGRICULTURE
CHAPTER 36 - CROP INSURANCE
SUBCHAPTER I - FEDERAL CROP INSURANCE

§ 1523. Pilot programs

(a) General provisions

(1) Authority

Except as otherwise provided in this section, the Corporation may 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) of this section 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.

(5) Evaluation

(A) Requirement

After the completion of any pilot program under this section, the Corporation shall evaluate the pilot program and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the operations of the pilot program.

(B) Evaluation and recommendations

The report shall include an evaluation by the Corporation of the pilot program and the recommendations of the Corporation with respect to implementing the program on a national basis.

(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 reinsurance 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, 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 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 perennial 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.

(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.)

References in Text

The date of enactment of this subsection, referred to in subsecs. (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

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”.

NB: This unofficial compilation of the U.S. Code is current as of Jan. 8, 2008 (see <http://www.law.cornell.edu/uscode/uscpri.html>).

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

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