

TITLE 7--AGRICULTURE
CHAPTER 36--CROP INSURANCE
Sec. 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 reimbursement

The Corporation shall provide a payment to reimburse an applicant for research and development costs directly related to a policy that is—

- (A) submitted to the Board and approved by the Board under section 1508(h) of this title for reinsurance; and
- (B) if applicable, offered for sale to producers.

(2) Existing plans

The Corporation shall reimburse costs associated with research and development costs directly related to a policy that was approved by the Board prior to June 20, 2000.

(3) Marketability

The Corporation shall approve a reimbursement under paragraph (1) or (2) 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 paragraphs (1) and (2).

(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.

(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 contracting authority

(1) Authority

The Corporation may enter into contracts to carry out research and development 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 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 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.

(6) Research and development priorities

The Corporation shall establish as one of the highest research and development priorities of the Corporation the development of a pasture, range, and forage program.

(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) Relation to limitations

A policy developed under this subsection may be prepared without regard to the limitations of this chapter, 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 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.

(2) Authority

The Corporation may enter into partnerships with the Cooperative State Research, Education, and Extension Service, 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, crop insurance, marketing contracts, and other existing and emerging risk management tools; and

(G) 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) of this section not more than \$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.

(2) Contracting

(A) Authority

Of the amounts made available from the insurance fund established under section 1516(c) of this title, the Corporation may use to carry out contracting and partnerships under subsections (c) and (d) of this section not more than \$20,000,000 for each of fiscal years 2001 through 2003 and not more than \$25,000,000 for fiscal year 2004 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 carry out contracting for research and development to carry out the purpose described in subsection (c)(1)(A) of this section.

(3) Unused funding

If the Corporation determines that the amount available to provide either reimbursement payments or contract payments under this section for a fiscal year is not needed for such purposes, the Corporation may use the excess amount to carry out another function authorized under this section.

(4) Prohibited research and development by Corporation

(A) New policies

Notwithstanding subsection (d) of this section, on and after October 1, 2000, the Corporation shall not conduct research and development for any new policy for an agricultural commodity offered under this chapter.

(B) Existing policies

Any policy developed by the Corporation under this chapter before that date may continue to be offered for sale to producers.