

actively 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 reimburse-

ment 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.

(Feb. 16, 1938, ch. 30, title V, § 522, as added Pub. L. 106-224, title I, § 131, June 20, 2000, 114 Stat. 379.)

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.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1508, 1516, 1523 of this title.

§ 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 chapter; and

(ii) the Corporation shall conduct all wild salmon programs under this chapter 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 chapter.

(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 chapter 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 chapter 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.

(Feb. 16, 1938, ch. 30, title V, § 523, as added Pub. L. 106-224, title I, § 132(a), June 20, 2000, 114 Stat. 383.)

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.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1507, 1508, 1516 of this title.

§ 1524. Education and risk management assistance**(a) Education assistance****(1) In general**

Subject to the amounts made available under paragraph (4)—

- (A) the Corporation shall carry out the program established under paragraph (2); and
- (B) the Secretary, acting through the Cooperative State Research, Education, and Extension Service, 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 Cooperative State Research, Education, and Extension Service, 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, 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.