

Public Law 100-546
100th Congress

An Act

Oct. 28, 1988

[H.R. 5325]

To establish a commission to review and make recommendations for the improvement of the Federal crop insurance program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Federal Crop
Insurance
Commission Act
of 1988.

7 USC 1508 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Crop Insurance Commission Act of 1988".

7 USC 1508 note.

SEC. 2. FINDINGS, POLICY, AND PURPOSE.

(a) **FINDINGS.**—The Congress finds that—

(1) the Federal crop insurance program was established to promote the national welfare by improving the economic stability of agriculture through a sound and comprehensive system of nationwide crop insurance that would allow the phasing out of disaster payments programs as part of farm price support and income protection programs;

(2) despite recent increases in the acreage covered by Federal crop insurance, the level of farmer participation in the Federal crop insurance program in most agricultural areas is below what the Congress anticipated when the Federal Crop Insurance Act of 1980 (Public Law 96-365) was enacted into law; and

(3) low levels of participation in the Federal crop insurance program, from time to time, have contributed to the need to continue disaster payment programs in response to recurring natural disasters that threaten farmers, crop production, and the food supply of the United States.

(b) **STATEMENT OF POLICY.**—It is hereby declared to be the policy of the Congress, in order to further the improvement of national farm policy, to determine why the Federal crop insurance program has not developed into a fully effective substitute for ad hoc disaster payment programs.

(c) **PURPOSE.**—The purpose of this Act is to ensure the thorough review of the Federal crop insurance program and the development of recommendations for such changes as are needed to improve the program so as to lessen, if not eliminate, the need for additional disaster payment programs, and thereby reduce the burden such programs impose on the Federal budget while providing to producers of agricultural commodities more equitable, efficient, and predictable protection from natural disasters.

7 USC 1508 note.

SEC. 3. ESTABLISHMENT OF COMMISSION.

There is hereby established a commission to be known as the Commission for the Improvement of the Federal Crop Insurance Program (in this Act referred to as the "Commission"), which shall review and make recommendations concerning the authorization

and administration of the crop insurance program established under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) (in this Act referred to as the "program"), as provided in section 5.

SEC. 4. MEMBERSHIP OF COMMISSION.

7 USC 1508 note.

(a) **IN GENERAL.**—The Commission shall be composed of 25 members, 21 of whom shall be voting members and 4 of whom shall be nonvoting members.

(b) **VOTING MEMBERS.**—The 21 voting members of the Commission shall be the Manager of the Federal Crop Insurance Corporation and 20 other members who shall be appointed by the Secretary, as follows:

(1) **APPOINTEES.**—Within 30 days after the date of the enactment of this Act, the Secretary shall appoint to the Commission—

(A) 4 individuals who will represent the views of the companies (or managing general agencies which write crop insurance through other companies) that—

(i) have a 1989 reinsurance agreement under the Federal Crop Insurance Act; and

(ii) for the 1987 crop year, wrote the greatest dollar volume of federally reinsured crop insurance;

(B) 2 individuals who will represent the views of companies writing lesser dollar volumes of federally reinsured crop insurance, and 1 of whom will represent the views of the companies writing Federal crop insurance whose primary business is the writing of crop insurance for losses due to hail;

(C) 2 individuals who will represent the views of the 2 largest agencies selling non-reinsured Federal crop insurance;

(D) 2 individuals who will represent the views of national organizations of insurance agents;

(E) 1 individual who will represent the views of the largest national association representing wheat producers;

(F) 1 individual who will represent the views of the largest national association representing corn producers;

(G) 1 individual who will represent the views of the largest national association representing cotton producers;

(H) 1 individual who will represent the views of the largest national association representing soybean producers;

(I) 3 individuals who will represent the views of the 3 largest national general farm organizations; and

(J) 3 individuals who will represent the views of producers of fruits, vegetables, specialty crops, and other crops not specified in subparagraph (E), (F), (G), or (H).

(2) **CONSIDERATION OF NOMINATIONS.**—

(A) In making appointments under subparagraph (A) of paragraph (1), the Secretary shall consider nominations submitted by the 4 companies described in such subparagraph.

(B) In making appointments under subparagraphs (B), (C), and (D) of paragraph (1), the Secretary shall consider nominations submitted by the organizations and associations representing the insurance companies and agents that participate in the program.

(C) In making appointments under subparagraphs (E), (F), (G), and (H) of paragraph (1), the Secretary shall consider nominations submitted by the 4 associations described in such subparagraphs.

(D) In making appointments under subparagraph (I) of paragraph (1), the Secretary shall consider nominations submitted by the organizations described in such subparagraph.

(E) In making appointments under subparagraph (J) of paragraph (1), the Secretary shall consider nominations submitted by organizations representing producers of the commodities specified in such subparagraph.

(c) **NONVOTING MEMBERS.**—The 4 nonvoting members of the Commission shall be—

(1) the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate (or the designee of such Chairman), and the ranking minority member of such Committee (or the designee of such minority member); and

(2) the Chairman of the Committee on Agriculture of the House of Representatives (or the designee of such Chairman), and the ranking minority member of such Committee (or the designee of such minority member).

(d) **ELECTION OF CO-CHAIRMEN.**—At the first Commission meeting, the Commission shall elect 2 members to be the co-chairmen of the Commission, 1 of whom shall be chosen from among members appointed under subparagraph (A), (B), (C), or (D) of subsection (b)(1), and the other of whom shall be chosen from among members appointed under subparagraph (E), (F), (G), (H), (I), or (J) of subsection (b)(1).

(e) **VACANCIES.**—A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

7 USC 1508 note.

SEC. 5. DUTIES OF COMMISSION.

(a) **STUDY OF FEDERAL CROP INSURANCE PROGRAM.**—

(1) **IN GENERAL.**—The Commission shall—

(A) study and determine why participation in the program has not reached the levels anticipated when the Federal Crop Insurance Act of 1980 was enacted;

(B) identify the States and commodities with respect to which the lack of participation in the program is most serious; and

(C) prepare findings and recommendations setting forth means by which—

(i) participation in such program, in such States and throughout the United States, and by producers of the commodities identified under subparagraph (B), may be increased; and

(ii) natural disaster protection for producers of agricultural commodities may be improved.

(2) **PARTICULAR AREAS TO BE EXAMINED.**—In particular, the Commission shall examine—

(A) the reasons why more producers of agricultural commodities do not participate in the program;

(B) the adequacy of the insurance coverage provided by the program;

(C) the adequacy of the development and use by the Federal Crop Insurance Corporation of yield data in the

program, including the yields used to establish insurance coverage;

(D) the effects of the crop insurance premiums charged such producers on the level of participation in, and the cost of, the program, and the actuarial soundness of such premiums;

(E) the nature and extent of all government subsidies associated with the program;

(F) whether the sales commission rates and Federal payments for services performed by crop insurance companies and agencies are at the proper levels, taking into consideration, among other things, commission rates and payment levels charged in other property insurance programs in which the Federal Government participates;

(G) the efficiency of sales and claims adjustment services provided to such producers who purchase insurance under the program, and the effectiveness of the educational efforts to inform such producers about the program;

(H) the ways in which the provision of Federal crop insurance information and the procedures for obtaining such insurance may be made simpler, more uniform, and stable;

(I) the adequacy of compliance efforts by insurance companies, agencies, and the Federal Crop Insurance Corporation to ensure program integrity;

(J) the extent to which financial institutions require such producers to purchase crop insurance as a prerequisite to making credit available to such producers;

(K) the effect of the crop insurance requirements imposed under section 207 of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) on participation in the program;

(L) the feasibility of adopting "premium pools" that would set a single, nationwide "group" premium for each agricultural commodity, including the impact of such pools on the premiums paid by such producers and on government subsidies of premiums charged under the program; and

(M) any other aspect of the program that the Commission determines has an impact on participation in, or the effectiveness of, the program.

(b) **INTERIM REPORT.**—Not later than April 1, 1989, the Commission shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Committee on Agriculture of the House of Representatives, and the Secretary of Agriculture (in this Act referred to as the "Secretary") an interim report containing findings and recommendations for immediate administrative improvement in the program, aimed at improving the program in the 1990 sales year.

(c) **FINAL REPORT.**—Not later than July 1, 1989, the Commission shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Committee on Agriculture of the House of Representatives, and the Secretary a report that shall include—

(1) recommendations for legislation including alternative methods for achieving the desired goals;

(2) a status report on the improvement of program administration by the Secretary based on the recommendations contained in the interim report and subsequent findings; and

(3) the findings and recommendations required to be prepared pursuant to subsection (a)(1)(C).

(d) **CONTINUED MONITORING OF PROGRAM; MONTHLY REPORTS.**—Beginning July 1, 1989, and ending December 31, 1990, the Commission shall continue to monitor the program and shall report on a monthly basis to the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Committee on Agriculture of the House of Representatives, and the Secretary on—

(1) the extent to which the recommendations of the Commission have been implemented; and

(2) the level of participation in the program by producers of agricultural commodities.

7 USC 1508 note. **SEC. 6. TERM OF OFFICE.**

Appointment to the Commission shall be for the life of the Commission.

7 USC 1508 note. **SEC. 7. COMPENSATION OF COMMISSION MEMBERS.**

Commission members shall not receive pay by reason of their service on the Commission, except that the Commission shall reimburse Commission members for reasonable and necessary travel expenses incurred by such members to carry out the duties and functions of the Commission.

7 USC 1508 note. **SEC. 8. POWERS OF COMMISSION.**

(a) **HEARINGS.**—The Commission may, for the purpose of carrying out this Act, hold such hearings, sit and act at such times and places, take such testimony, and receive such information, as the Commission considers appropriate.

(b) **OBTAINING OFFICIAL INFORMATION.**—Subject to other law, the Commission may secure directly from any department or agency of the United States information necessary to enable the Commission to carry out the duties and functions of the Commission under this Act. On joint request of the co-chairmen of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) **USE OF OTHER FEDERAL PERSONNEL AND SUPPORT SERVICES.**—The head of each executive agency and the General Accounting Office shall furnish the Commission such personnel and support services as the head of such agency or Office, as the case may be, and the co-chairmen of the Commission agree are necessary to assist the Commission to carry out the duties and functions of the Commission under this Act. The Commission shall not be required to pay or reimburse such agency or Office for personnel and support services provided under this subsection.

(e) **INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.**—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission.

(f) **EXPERTS AND CONSULTANTS.**—Subject to such rules as may be prescribed by the Commission, the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(g) **LEASING OF OFFICE SPACE.**—The Commission may lease office space in the District of Columbia.

SEC. 9. DIRECTOR AND STAFF OF COMMISSION.

7 USC 1508 note.

(a) **APPOINTMENT.**—Subject to such rules as may be prescribed by the Commission, the co-chairmen of the Commission may jointly appoint a staff director and such additional personnel as such co-chairmen agree are necessary to assist the Commission to carry out the duties and functions of the Commission.

(b) **COMPENSATION.**—Subject to such rules as may be prescribed by the Commission, the co-chairmen of the Commission may jointly fix the compensation of the staff director at a rate not to exceed the rate of basic pay payable for level IV of the Executive Schedule, and the compensation of additional personnel at a rate not to exceed the maximum rate of basic pay payable for GS-16 of the General Schedule.

(c) **INAPPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.**—The Director and staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

SEC. 10. RULES GOVERNING COMMISSION MEETINGS.

7 USC 1508 note.

(a) **QUORUM.**—11 Commission members with the right to vote at Commission meetings shall constitute a quorum. Any number of Commission members may hold hearings and receive reports but only if such proceedings are conducted by a co-chairman of the Commission.

(b) **INITIAL MEETING.**—Within 60 days after the date of the enactment of this Act, the Secretary or the delegate of the Secretary shall conduct the first Commission meeting.

(c) **SUBSEQUENT MEETINGS.**—After the first Commission meeting, the Commission shall meet at the call of either co-chairman or of a majority of the Commission members.

(d) **PROHIBITION ON PROXY VOTING.**—Voting by proxy shall not be allowed.

SEC. 11. TERMINATION.

7 USC 1508 note.

The Commission shall cease to exist on December 31, 1990, except that the Secretary may, in the discretion of the Secretary, extend the life of the Commission beyond such date.

SEC. 12. FUNDING.

7 USC 1508 note.

From amounts appropriated to the Federal Crop Insurance Corporation for administrative and operating expenses for fiscal year 1989, the Corporation shall make available to the Commission not to exceed \$1,500,000 to carry out this Act. Amounts so made available shall remain available to the Commission until expended.

Approved October 28, 1988.

LEGISLATIVE HISTORY—H.R. 5325:

CONGRESSIONAL RECORD, Vol. 134 (1988):
Sept. 26, considered and passed House.
Oct. 7, considered and passed Senate.