
7 U.S. Code § 1508

Crop insurance

(a) Authority to offer insurance

(1) In general

If sufficient actuarial data are available (as determined by the Corporation), the Corporation may insure, or provide reinsurance for insurers of, producers of agricultural commodities grown in the United States under 1 or more plans of insurance determined by the Corporation to be adapted to the agricultural commodity concerned. To qualify for coverage under a plan of insurance, the losses of the insured commodity must be due to drought, flood, or other natural disaster (as determined by the Secretary).

(2) Period

Except in the cases of tobacco, potatoes, sweet potatoes, and hemp, insurance shall not extend beyond the period during which the insured commodity is in the field. As used in the preceding sentence, in the case of an aquacultural species, the term “field” means the environment in which the commodity is produced.

(3) Exclusion of losses due to certain actions of producer

(A) Exclusions

Insurance provided under this subsection shall not cover losses due to—

- (i) the neglect or malfeasance of the producer;
- (ii) the failure of the producer to reseed to the same crop in such areas and under such circumstances as it is customary to reseed; or
- (iii) the failure of the producer to follow good farming practices, including scientifically sound sustainable and organic farming practices.

(B) Good farming practices determination review

(i) Informal administrative process

A producer shall have the right to a review of a determination regarding good farming practices made under subparagraph (A)(iii) in accordance with an informal administrative process to be established by the Corporation.

(ii) Administrative review

(I) No adverse decision

The determination shall not be considered an adverse decision for purposes of subtitle H of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6991 et seq.).

(II) Reversal or modification

Except as provided in clause (i), the determination may not be reversed or modified as the result of a subsequent administrative review.

(iii) Judicial review

(I) Right to review

A producer shall have the right to judicial review of the determination without exhausting any right to a review under clause (i).

(II) Reversal or modification

The determination may not be reversed or modified as the result of judicial review unless the determination is found to be arbitrary or capricious.

(C) Limitation on revenue coverage for potatoes

No policy or plan of insurance provided under this subchapter (including a policy or plan of insurance approved by the Board under subsection (h)) shall cover losses due to a reduction in revenue for potatoes except as covered under a whole farm policy or plan of insurance, as determined by the Corporation.

(4) Expansion to other areas or single producers

(A) Area expansion

The Corporation may offer plans of insurance or reinsurance for production of agricultural commodities in the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau in the same manner as provided in this section for production of agricultural commodities in the United States.

(B) Producer expansion

In an area in the United States or specified in subparagraph (A) where crop insurance is not available for a particular agricultural commodity, the Corporation may offer to enter into a written agreement with an individual producer operating in the area for insurance coverage under this subchapter if the producer has actuarially sound data relating to the production by the producer of the commodity or similar commodities and the data is acceptable to the Corporation.

(5) Dissemination of crop insurance information

(A) Available information

The Corporation shall make available to producers through local offices of the Department—

- (i) current and complete information on all aspects of Federal crop insurance; and
- (ii) a listing of insurance agents and companies offering to sell crop insurance in the area of the producers.

(B) Use of electronic methods

(i) Dissemination by Corporation

The Corporation shall make the information described in subparagraph (A) available electronically to producers and approved insurance providers.

(ii) Submission to Corporation

To the maximum extent practicable, the Corporation shall allow producers and approved insurance providers to use electronic methods to submit information required by the Corporation.

(6) Addition of new and specialty crops (including value-added crops)

(A) Annual review

Not later than 1 year after December 20, 2018, and annually thereafter, the manager of the Corporation shall prepare, to the maximum extent practicable, based on data shared from the noninsured crop disaster assistance program established by section 7333 of this title, written agreements, or other data, and present

to the Board not less than 1 of each of the following:

- (i) Research and development for a policy or plan of insurance for a commodity for which there is no existing policy or plan of insurance.
- (ii) Expansion of an existing policy or plan of insurance to additional counties or States, including malting barley endorsements or contract options.
- (iii) Research and development for a new policy or plan of insurance, or endorsement, for commodities with existing policies or plans of insurance, such as dollar plans.

(B) Report

Not later than 1 year after October 13, 1994, and annually thereafter, the Corporation shall report to Congress on the progress and expected timetable for expanding crop insurance coverage under this subchapter to new and specialty crops.

(7) Adequate coverage for States and underserved producers

(A) Definitions

In this paragraph:

(i) Adequately served

The term “adequately served” means having a participation rate, by crop, that is at least 50 percent of the national average participation rate.

(ii) Underserved producer

The term “underserved producer” means an individual (including a member of an Indian Tribe) that is—

- (I) a beginning farmer or rancher;
- (II) a veteran farmer or rancher; or
- (III) a socially disadvantaged farmer or rancher.

(B) Review

Using resources and information available to the Board or the Secretary, the Board shall review the policies and plans of insurance that are offered by approved insurance providers under this subchapter, including policies and plans of insurance for underserved producers, to determine if each State is adequately served by the policies and plans of insurance.

(C) Report

(i) In general

Not later than 30 days after completion of the review under subparagraph (B), and not less frequently than once every 3 years thereafter, the Board shall make publicly available 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 describing the results of the review.

(ii) Recommendations

The report under clause (i) shall include recommendations to increase participation in States and among underserved producers that are not adequately served by the policies and plans of insurance, including any plans for administrative action or recommendations for Congressional action.

(8) Special provisions for cotton and rice

Notwithstanding any other provision of this subchapter, beginning with the 2001 crops of upland cotton, extra long staple cotton, and rice, the Corporation shall offer plans of insurance, including prevented planting coverage and replanting coverage, under this subchapter that cover losses of upland cotton, extra

long staple cotton, and rice resulting from failure of irrigation water supplies due to drought and saltwater intrusion.

(9) Premium adjustments

(A) Prohibition

Except as provided in subparagraph (B), no person shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, either as an inducement to procure insurance or after insurance has been procured, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy or any other valuable consideration or inducement not specified in the policy.

(B) Exceptions

Subparagraph (A) does not apply with respect to—

- (i) a payment authorized under subsection (b)(5)(B);
- (ii) a performance-based discount authorized under subsection (d)(3); or
- (iii) a patronage dividend, or similar payment, that is paid—

(I) by an entity that was approved by the Corporation to make such payments for the 2005, 2006, or 2007 reinsurance year, in accordance with subsection (b)(5)(B) as in effect on the day before the date of enactment of this paragraph; and

(II) in a manner consistent with the payment plan approved in accordance with that subsection for the entity by the Corporation for the applicable reinsurance year.

(C) Publication of violations

(i) Publication required

Subject to clause (ii), the Corporation shall publish in a timely manner on the website of the Risk Management Agency information regarding each violation of this paragraph, including any sanctions imposed in response to the violation, in sufficient detail so that the information may serve as effective guidance to approved insurance providers, agents, and producers.

(ii) Protection of privacy

In providing information under clause (i) regarding violations of this paragraph, the Corporation shall redact the identity of the persons and entities committing the violations in order to protect the privacy of those persons and entities.

(10) Commissions

(A) Definition of immediate family

In this paragraph, the term “immediate family” means an individual’s father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, the spouse of the foregoing, and the individual’s spouse.

(B) Prohibition

No individual (including a subagent) may receive directly, or indirectly through an entity, any compensation (including any commission, profit sharing, bonus, or any other direct or indirect benefit) for the sale or service of a policy or plan of insurance offered under this subchapter if—

- (i) the individual has a substantial beneficial interest, or a member of the individual’s immediate family has a substantial beneficial interest, in the policy or plan of insurance; and
- (ii) the total compensation to be paid to the individual with respect to the sale or service of the policies or plans of insurance that meet the condition described in clause (i) exceeds 30 percent or the percentage

specified in State law, whichever is less, of the total of all compensation received directly or indirectly by the individual for the sale or service of all policies and plans of insurance offered under this subchapter for the reinsurance year.

(C) Reporting

Not later than 90 days after the annual settlement date of the reinsurance year, any individual that received directly or indirectly any compensation for the service or sale of any policy or plan of insurance offered under this subchapter in the prior reinsurance year shall certify to applicable approved insurance providers that the compensation that the individual received was in compliance with this paragraph.

(D) Sanctions

The procedural requirements and sanctions prescribed in section 1515(h) of this title shall apply to the prosecution of a violation of this paragraph.

(E) Applicability

(i) In general

Sanctions for violations under this paragraph shall only apply to the individuals or entities directly responsible for the certification required under subparagraph (C) or the failure to comply with the requirements of this paragraph.

(ii) Prohibition

No sanctions shall apply with respect to the policy or plans of insurance upon which compensation is received, including the reinsurance for those policies or plans.

(11) Cover crops

(A) In general

The voluntary practice of cover cropping shall be considered a good farming practice under paragraph (3)(A)(iii) if the cover crop is terminated in accordance with subparagraph (B).

(B) Termination

(i) In general

The termination of a cover crop shall be carried out according to—

- (I) guidelines established by the Secretary; or
- (II) an exception to the guidelines approved under clause (ii).

(ii) Exception to guidelines

The Corporation shall approve an exception to the guidelines under clause (i)(I) if that exception is recommended by—

- (I) the Natural Resources Conservation Service; or
- (II) an agricultural expert, as determined by the Corporation, unless the exception is determined to be unreasonable by the Corporation.

(C) Insurability of subsequent crop

Cover crop termination shall not affect the insurability of a subsequently planted insurable crop if the cover crop is terminated in accordance with subparagraph (B).

(D) Summer fallow

In a county in which summer fallow is an insurable practice, a cover crop in that county that is terminated in accordance with subparagraph (B) shall be considered as summer fallow for the purpose of insurability.

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