

113TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Federal Crop Insurance Act to extend and improve the crop insurance program, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

\_\_\_\_\_ introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Federal Crop Insurance Act to extend and improve the crop insurance program, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Crop Insurance Im-  
5 provement Act of 2013”.

6 **SEC. 2. INFORMATION SHARING.**

7        Section 502(c) of the Federal Crop Insurance Act (7  
8 U.S.C. 1502(c)) is amended by adding at the end the fol-  
9 lowing:

10                “(4) INFORMATION.—

1           “(A) REQUEST.—Subject to subparagraph  
2           (B), the Farm Service Agency shall, in a timely  
3           manner, provide to an agent or an approved in-  
4           surance provider authorized by the producer  
5           any information (including Farm Service Agen-  
6           cy Form 578s (or any successor form), maps,  
7           or any corrections to those forms or maps) that  
8           may assist the agent or approved insurance pro-  
9           vider in insuring the producer under a policy or  
10          plan of insurance under this subtitle.

11          “(B) PRIVACY.—Except as provided in  
12          subparagraph (C), an agent or approved insur-  
13          ance provider that receives the information of a  
14          producer pursuant to subparagraph (A) shall  
15          treat the information in accordance with para-  
16          graph (1).

17          “(C) SHARING.—Nothing in this section  
18          prohibits the sharing of the information of a  
19          producer pursuant to subparagraph (A) be-  
20          tween the agent and the approved insurance  
21          provider of the producer.”.

22 **SEC. 3. SUPPLEMENTAL COVERAGE OPTION.**

23          (a) AVAILABILITY OF SUPPLEMENTAL COVERAGE  
24          OPTION.—Section 508(c) of the Federal Crop Insurance

1 Act (7 U.S.C. 1508(c)) is amended by striking paragraph  
2 (3) and inserting the following:

3 “(3) YIELD AND LOSS BASIS OPTIONS.—A pro-  
4 ducer shall have the option of purchasing additional  
5 coverage based on—

6 “(A)(i) an individual yield and loss basis;

7 or

8 “(ii) an area yield and loss basis;

9 “(B) an individual yield and loss basis,  
10 supplemented with coverage based on an area  
11 yield and loss basis to cover a part of the de-  
12 ductible under the individual yield and loss pol-  
13 icy, as authorized in paragraph (4)(C); or

14 “(C) a margin basis alone or in combina-  
15 tion with—

16 “(i) individual yield and loss coverage;

17 or

18 “(ii) area yield and loss coverage.”.

19 (b) LEVEL OF COVERAGE.—Section 508(c) of the  
20 Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amend-  
21 ed by striking paragraph (4) and inserting the following:

22 “(4) LEVEL OF COVERAGE.—

23 “(A) DOLLAR DENOMINATION AND PER-  
24 CENTAGE OF YIELD.—Except as provided in  
25 subparagraph (C), the level of coverage—

1 “(i) shall be dollar denominated; and

2 “(ii) may be purchased at any level  
3 not to exceed 85 percent of the individual  
4 yield or 95 percent of the area yield (as de-  
5 termined by the Corporation).

6 “(B) INFORMATION.—The Corporation  
7 shall provide producers with information on cat-  
8 astrophic risk and additional coverage in terms  
9 of dollar coverage (within the allowable limits of  
10 coverage provided in this paragraph).

11 “(C) SUPPLEMENTAL COVERAGE OP-  
12 TION.—

13 “(i) IN GENERAL.—Notwithstanding  
14 subparagraph (A), in the case of the sup-  
15 plemental coverage option described in  
16 paragraph (3)(B), the Corporation shall  
17 offer producers the opportunity to pur-  
18 chase coverage in combination with a pol-  
19 icy or plan of insurance offered under this  
20 subtitle that would allow indemnities to be  
21 paid to a producer equal to part of the de-  
22 ductible under the policy or plan of insur-  
23 ance, if sufficient area data is available (as  
24 determined by the Corporation).

1           “(ii) TRIGGER.—Coverage offered  
2 under this subparagraph shall be triggered  
3 only if the losses in the area exceed 10 per-  
4 cent of normal levels (as determined by the  
5 Corporation).

6           “(iii) COVERAGE.—Subject to the trig-  
7 ger described in clause (ii) and the deduct-  
8 ible imposed by clause (iv), coverage of-  
9 fered under this subparagraph shall cover  
10 the first loss incurred by the producer, not  
11 to exceed the difference between—

12                   “(I) 100 percent; and

13                   “(II) the coverage level selected  
14 by the producer for the underlying  
15 policy or plan of insurance.

16           “(iv) DEDUCTIBLE.—Coverage offered  
17 under this subparagraph shall be subject to  
18 a deductible in an amount equal to 10 per-  
19 cent of the expected value of the crop of  
20 the producer covered by the underlying  
21 policy or plan of insurance, as determined  
22 by the Corporation.

23           “(v) CALCULATION OF PREMIUM.—  
24 Notwithstanding subsection (d), the pre-  
25 mium shall—

1                   “(I) be sufficient to cover antici-  
2                   pated losses and a reasonable reserve;  
3                   and

4                   “(II) include an amount for oper-  
5                   ating and administrative expenses es-  
6                   tablished in accordance with sub-  
7                   section (k)(4)(F).”.

8           (c) PAYMENT OF PORTION OF PREMIUM BY COR-  
9   PORATION.—Section 508(e)(2) of the Federal Crop Insur-  
10   ance Act (7 U.S.C. 1508(e)(2)) is amended by adding at  
11   the end the following:

12                   “(H) In the case of the supplemental cov-  
13                   erage option authorized in subsection (c)(4)(C),  
14                   the amount shall be equal to the sum of—

15                   “(i) 70 percent of the additional pre-  
16                   mium associated with the coverage; and

17                   “(ii) the amount determined under  
18                   subsection (c)(4)(C)(v)(II) for the coverage  
19                   to cover operating and administrative ex-  
20                   penses.”.

21           (d) CONFORMING AMENDMENT.—Section  
22   508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.  
23   1508(k)(4)(F)) is amended by inserting “or authorized  
24   under subsection (c)(4)(C)” after “of this subparagraph”.

1 (e) EFFECTIVE DATE.—The Federal Crop Insurance  
2 Corporation shall begin to provide additional coverage  
3 based on an individual yield and loss basis, supplemented  
4 with coverage based on an area yield and loss basis, not  
5 later than for the 2014 crop year.

6 **SEC. 4. PERMANENT ENTERPRISE UNIT SUBSIDY.**

7 Section 508(e)(5) of the Federal Crop Insurance Act  
8 (7 U.S.C. 1508(e)(5)) is amended by striking subpara-  
9 graph (A) and inserting the following:

10 “(A) IN GENERAL.—The Corporation may  
11 pay a portion of the premiums for plans or poli-  
12 cies of insurance for which the insurable unit is  
13 defined on a whole farm or enterprise unit basis  
14 that is higher than would otherwise be paid in  
15 accordance with paragraph (2).”.

16 **SEC. 5. ENTERPRISE UNITS FOR IRRIGATED AND NONIRRI-  
17 GATED CROPS.**

18 Section 508(e)(5) of the Federal Crop Insurance Act  
19 (7 U.S.C. 1508(e)(5)) is amended by adding at the end  
20 the following:

21 “(D) NONIRRIGATED CROPS.—Beginning  
22 with the 2014 crop year, the Corporation shall  
23 make available separate enterprise units for ir-  
24 rigated and nonirrigated acreages of crops in  
25 counties.”.

1 **SEC. 6. DATA COLLECTION.**

2 Section 508(g)(2) of the Federal Crop Insurance Act  
3 (7 U.S.C. 1508(g)(2)) is amended by adding at the end  
4 the following:

5 “(E) SOURCES OF YIELD DATA.—To deter-  
6 mine yields under this paragraph, the Corpora-  
7 tion—

8 “(i) shall use data collected by the  
9 Risk Management Agency or the National  
10 Agricultural Statistics Service, or both; or

11 “(ii) if sufficient county data is not  
12 available, may use other data considered  
13 appropriate by the Secretary.”.

14 **SEC. 7. ADJUSTMENT IN ACTUAL PRODUCTION HISTORY TO**  
15 **ESTABLISH INSURABLE YIELDS.**

16 Section 508(g)(4)(B) of the Federal Crop Insurance  
17 Act (7 U.S.C. 1508(g)(4)(B)) is amended—

18 (1) in the matter preceding clause (i), by insert-  
19 ing “for the 2013 crop year or any prior crop year,  
20 or 70 percent of the applicable transitional yield for  
21 the 2014 or any subsequent crop year,” after “tran-  
22 sitional yield”; and

23 (2) in clause (ii), by striking “60 percent of the  
24 applicable transitional yield” and inserting “the ap-  
25 plicable percentage of the transitional yield described  
26 in this subparagraph”.

1 **SEC. 8. SUBMISSION AND REVIEW OF POLICIES.**

2 Section 508(h)(1) of the Federal Crop Insurance Act  
3 (7 U.S.C. 1508(h)(1)) is amended—

4 (1) by redesignating subparagraphs (A) and  
5 (B) as clauses (i) and (ii), respectively, and indent-  
6 ing appropriately;

7 (2) by striking “(1) IN GENERAL.—In addition”  
8 and inserting the following:

9 “(1) SUBMISSION AND REVIEW OF POLICIES.—

10 “(A) SUBMISSIONS.—In addition”; and

11 (3) by adding at the end the following:

12 “(B) REVIEW.—The Corporation shall re-  
13 view any policy developed under section 522(c)  
14 or any pilot program developed under section  
15 523 and submit the policy or program to the  
16 Board under this subsection if the Corporation,  
17 at the sole discretion of the Corporation, finds  
18 that the policy or program—

19 “(i) will likely result in a viable and  
20 marketable policy consistent with this sub-  
21 section;

22 “(ii) would provide crop insurance  
23 coverage in a significantly improved form;  
24 and

25 “(iii) adequately protects the interests  
26 of producers.”.

1 **SEC. 9. BOARD REVIEW AND APPROVAL.**

2 Section 508(h) of the Federal Crop Insurance Act (7  
3 U.S.C. 1508(h)) is amended by striking paragraph (3) and  
4 inserting the following:

5 “(3) REVIEW AND APPROVAL BY THE BOARD.—

6 A policy, plan of insurance, or other material sub-  
7 mitted to the Board under this subsection shall be  
8 reviewed by the Board and shall be approved by the  
9 Board for reinsurance and for sale by approved in-  
10 surance providers to producers at actuarially appro-  
11 priate rates and under appropriate terms and condi-  
12 tions if the Board, in the sole discretion of the  
13 Board, determines that—

14 “(A) the interests of producers are ade-  
15 quately protected;

16 “(B) the rates of premium and price elec-  
17 tion methodology are actuarially appropriate;

18 “(C) the terms and conditions for the pro-  
19 posed policy or plan of insurance are appro-  
20 priate and would not unfairly discriminate  
21 among producers;

22 “(D) the proposed policy or plan of insur-  
23 ance will, at the sole discretion of the Board—

24 “(i) likely result in a viable and mar-  
25 ketable policy that can reasonably attain

1 levels of participation similar to other like  
2 policies or plans of insurance;

3 “(ii) provide crop insurance coverage  
4 in a significantly improved form or in a  
5 manner that addresses a recognized flaw  
6 or problem in an existing policy; or

7 “(iii) provide a new kind of coverage  
8 for a commodity that previously had no  
9 available crop insurance, or has dem-  
10 onstrated a low level of participation under  
11 existing coverage;

12 “(E) the proposed policy or plan of insur-  
13 ance will, at the sole discretion of the Board,  
14 not have a significant adverse impact on the  
15 crop insurance delivery system; and

16 “(F) the proposed policy or plan of insur-  
17 ance meets such other requirements as are de-  
18 termined appropriate by the Board.”.

19 **SEC. 10. BUDGET LIMITATIONS ON RENEGOTIATION OF**  
20 **THE STANDARD REINSURANCE AGREEMENT.**

21 Section 508(k)(8) of the Federal Crop Insurance Act  
22 (7 U.S.C. 1508(k)(8)) is amended by adding at the end  
23 the following:

24 “(F) BUDGET.—

1                   “(i) IN GENERAL.—The Board shall  
2                   ensure that any Standard Reinsurance  
3                   Agreement negotiated under subparagraph  
4                   (A)(ii), as compared to the previous Stand-  
5                   ard Reinsurance Agreement—

6                                 “(I) to the maximum extent prac-  
7                                 ticable, shall be budget neutral; and

8                                 “(II) in no event, may signifi-  
9                                 cantly depart from budget neutrality.

10                   “(ii) USE OF SAVINGS.—To the extent  
11                   that any budget savings is realized in the  
12                   renegotiation of a Standard Reinsurance  
13                   Agreement under subparagraph (A)(ii),  
14                   and the savings are determined not to be  
15                   a significant departure from budget neu-  
16                   trality under clause (i), the savings shall  
17                   be used for programs administered or  
18                   managed by the Risk Management Agen-  
19                   cy.”.

20 **SEC. 11. STACKED INCOME PROTECTION PLAN FOR PRO-**  
21 **DUCERS OF UPLAND COTTON.**

22                   (a) AVAILABILITY OF STACKED INCOME PROTECTION  
23 PLAN.—The Federal Crop Insurance Act is amended by  
24 inserting after section 508A (7 U.S.C. 1508a) the fol-  
25 lowing:

1 **“SEC. 508B. STACKED INCOME PROTECTION PLAN FOR**  
2 **PRODUCERS OF UPLAND COTTON.**

3 “(a) AVAILABILITY.—Beginning not later than the  
4 2014 crop of upland cotton, if practicable, the Corporation  
5 shall make available to producers of maximum eligible  
6 acres of upland cotton an additional policy (to be known  
7 as the ‘Stacked Income Protection Plan’), which shall pro-  
8 vide coverage consistent with the Group Risk Income Pro-  
9 tection Plan (and the associated Harvest Revenue Option  
10 Endorsement) offered by the Corporation for the 2012  
11 crop year.

12 “(b) REQUIRED TERMS.—The Corporation may mod-  
13 ify the Stacked Income Protection Plan on a program-wide  
14 basis, except that the Stacked Income Protection Plan  
15 shall comply with the following requirements:

16 “(1)(A) Provide coverage for revenue loss of not  
17 more than 30 percent of expected county revenue,  
18 specified in increments of 5 percent.

19 “(B) The deductible is the minimum percent of  
20 revenue loss at which indemnities are triggered  
21 under the plan, not to be less than 10 percent of the  
22 expected county revenue.

23 “(C) Once the deductible is met, any losses in  
24 excess of the deductible will be paid up to the cov-  
25 erage selected by the producer.

1           “(2) Be offered to producers of upland cotton  
2 in all counties with upland cotton production—

3           “(A) at a county-wide level to the fullest  
4 extent practicable; or

5           “(B) in counties that lack sufficient data,  
6 on the basis of such larger geographical area as  
7 the Corporation determines to provide sufficient  
8 data for purposes of providing the coverage.

9           “(3) Be purchased in addition to any other in-  
10 dividual or area coverage in effect on the producer’s  
11 acreage or as a stand-alone policy, except that if a  
12 producer has an individual or area coverage for the  
13 same acreage, the maximum coverage available  
14 under the Stacked Income Protection Plan shall not  
15 exceed the deductible for the individual or area cov-  
16 erage.

17           “(4) Establish coverage based on—

18           “(A) an expected price that is the expected  
19 price established under existing Group Risk In-  
20 come Protection or area wide policy offered by  
21 the Corporation for the applicable county (or  
22 area) and crop year; and

23           “(B) an expected county yield that is the  
24 higher of—

1                   “(i) the expected county yield estab-  
2                   lished for the existing area-wide plans of-  
3                   fered by the Corporation for the applicable  
4                   county (or area) and crop year (or, in geo-  
5                   graphic areas where area-wide plans are  
6                   not offered, an expected yield determined  
7                   in a manner consistent with those of area-  
8                   wide plans); or

9                   “(ii)(I) the average of the applicable  
10                  yield data for the county (or area) for the  
11                  most recent 5 years, excluding the highest  
12                  and lowest observations, from the Risk  
13                  Management Agency or the National Agri-  
14                  cultural Statistics, or both; or

15                  “(II) if sufficient county data is not  
16                  available, such other data considered ap-  
17                  propriate by the Secretary.

18                  “(5) Use a multiplier factor to establish max-  
19                  imum protection per acre (referred to as a ‘protec-  
20                  tion factor’) of not more than 120 percent.

21                  “(6)(A) Pay an indemnity based on the amount  
22                  that the expected county revenue exceeds the actual  
23                  county revenue, as applied to the individual coverage  
24                  of the producer.

1           “(B) Indemnities under the Stacked Income  
2 Protection Plan shall not include or overlap the  
3 amount of the deductible selected under paragraph  
4 (1).

5           “(7) To the maximum extent practicable, in all  
6 counties for which data are available, establish sepa-  
7 rate coverage for irrigated and nonirrigated prac-  
8 tices.

9           “(8) Notwithstanding section 508(d), include a  
10 premium that—

11           “(A) is sufficient to cover anticipated  
12 losses and a reasonable reserve; and

13           “(B) includes an amount for operating and  
14 administrative expenses established in accord-  
15 ance with section 508(k)(4)(F).

16           “(c) RELATION TO OTHER COVERAGES.—

17           “(1) IN GENERAL.—Except as provided in para-  
18 graph (2), the Stacked Income Protection Plan is in  
19 addition to all other coverages available to producers  
20 of upland cotton.

21           “(2) LIMITATION.—Acreage of upland cotton  
22 insured under the supplemental coverage option de-  
23 scribed in section 508(c)(4)(C) shall not be eligible  
24 for the Stacked Income Protection Plan.

1       “(d) PAYMENT OF PORTION OF PREMIUM BY COR-  
2 PORATION.—Subject to section 508(e)(4), the amount of  
3 premium paid by the Corporation for all qualifying cov-  
4 erage levels of the Stacked Income Protection Plan shall  
5 be—

6               “(1) 80 percent of the amount of the premium  
7 established under subsection (b)(8)(A) for the cov-  
8 erage level selected; and

9               “(2) the amount determined under subsection  
10 (b)(8)(B) to cover administrative and operating ex-  
11 penses.”.

12       (b)       CONFORMING        AMENDMENT.—Section  
13 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.  
14 1508(k)(4)(F)) (as amended by section 3(d)) is amended  
15 by inserting “or under section 508B” after “subsection  
16 (c)(4)(C)”.

17 **SEC. 12. AUTHORITY TO CORRECT ERRORS.**

18       Section 515(c) of the Federal Crop Insurance Act (7  
19 U.S.C. 1515(c)) is amended—

20               (1) in the first sentence, by striking “The Sec-  
21 retary” and inserting the following:

22               “(1) IN GENERAL.—The Secretary”;

23               (2) in the second sentence, by striking “Begin-  
24 ning with” and inserting the following:

25               “(2) FREQUENCY.—Beginning with”; and

1 (3) by adding at the end the following:

2 “(3) CORRECTIONS.—

3 “(A) IN GENERAL.—The Corporation shall  
4 establish procedures that allow an agent and  
5 approved insurance provider within a reasonable  
6 amount of time following the applicable sales  
7 closing date to correct information regarding  
8 the entity name, social security number, tax  
9 identification number, or such other eligibility  
10 information as determined by the Corporation  
11 that is provided by a producer for the purpose  
12 of obtaining coverage under any policy or plan  
13 of insurance made available under this subtitle  
14 to ensure that the eligibility information is con-  
15 sistent with the information reported by the  
16 producer to the Farm Service Agency.

17 “(B) LIMITATION.—In accordance with the  
18 procedures of the Corporation, procedures  
19 under subparagraph (A) may include any subse-  
20 quent correction to the eligibility information  
21 described in that subparagraph made by the  
22 Farm Service Agency if the corrections do not  
23 allow the producer—

24 “(i) to obtain a disproportionate ben-  
25 efit under the crop insurance program or

1 any related program of the Department of  
2 Agriculture;

3 “(ii) to avoid ineligibility requirements  
4 for insurance; or

5 “(iii) to avoid an obligation or re-  
6 quirement under any Federal or State  
7 law.”.

8 **SEC. 13. IMPLEMENTATION.**

9 Section 515 of the Federal Crop Insurance Act (7  
10 U.S.C. 1515) is amended—

11 (1) in subsection (j), by striking paragraph (1)  
12 and inserting the following:

13 “(1) SYSTEMS MAINTENANCE AND UP-  
14 GRADES.—

15 “(A) IN GENERAL.—The Secretary shall  
16 maintain and upgrade the information manage-  
17 ment systems of the Corporation used in the  
18 administration and enforcement of this subtitle.

19 “(B) REQUIREMENT.—

20 “(i) IN GENERAL.—In maintaining  
21 and upgrading the systems, the Secretary  
22 shall ensure that new hardware and soft-  
23 ware are compatible with the hardware and  
24 software used by other agencies of the De-

1           partment to maximize data sharing and  
2           promote the purposes of this section.

3           “(ii) ACREAGE REPORT STREAM-  
4           LINING INITIATIVE PROJECT.—As soon as  
5           practicable, the Secretary shall develop and  
6           implement an acreage report streamlining  
7           initiative project to allow producers to re-  
8           port acreage and other information directly  
9           to the Department.”; and

10           (2) in subsection (k), by striking paragraph (1)  
11           and inserting the following:

12           “(1) INFORMATION TECHNOLOGY.—

13           “(A) IN GENERAL.—For purposes of sub-  
14           section (j)(1), the Corporation may use, from  
15           amounts made available from the insurance  
16           fund established under section 516(c), not more  
17           than—

18           “(i)(I) for fiscal year 2014,  
19           \$25,000,000; and

20           “(II) for each of fiscal years  
21           2015 through 2018, \$10,000,000; or

22           “(ii) if the Acreage Crop Reporting  
23           Streamlining Initiative (ACRSI) project is  
24           substantially completed by September 30,

1                   2014, not more than \$15,000,000 for each  
2                   of fiscal years 2015 through 2018.

3                   “(B) NOTIFICATION.—Not later than July  
4                   1, 2014, the Secretary shall notify the Com-  
5                   mittee on Agriculture of the House of Rep-  
6                   resentatives and the Committee on Agriculture,  
7                   Nutrition, and Forestry of the Senate on the  
8                   status of the substantial completion of the  
9                   Acreage Crop Reporting Streamlining Initiative  
10                  (ACRSI) project.”.

11 **SEC. 14. RESEARCH AND DEVELOPMENT.**

12                  (a) IN GENERAL.—Section 522(c) of the Federal  
13 Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

14                  (1) in the subsection heading, by striking  
15                  “CONTRACTING”;

16                  (2) in paragraph (1), in the matter preceding  
17                  subparagraph (A), by striking “may enter into con-  
18                  tracts to carry out research and development to”  
19                  and inserting “may conduct activities or enter into  
20                  contracts to carry out research and development to  
21                  maintain or improve existing policies or develop new  
22                  policies to”;

23                  (3) in paragraph (2)(A), by inserting “conduct  
24                  research and development or” after “The Corpora-  
25                  tion may”;

1           (4) in paragraph (5), by inserting “after expert  
2 review in accordance with section 505(e) and proce-  
3 dures of the Board” after “approved by the Board”;  
4 and

5           (5) in paragraph (6), by striking “a pasture,  
6 range, and forage program” and inserting “policies  
7 that increase participation by producers of under-  
8 served agricultural commodities, including sweet sor-  
9 ghum, sorghum for biomass, specialty crops, sugar-  
10 cane, and dedicated energy crops”.

11       (b) FUNDING.—Section 522(e) of the Federal Crop  
12 Insurance Act (7 U.S.C. 1522(e)) is amended—

13           (1) in paragraph (2)—

14               (A) by striking “(A) AUTHORITY.—” and  
15 inserting “(A) CONDUCTING AND CONTRACTING  
16 FOR RESEARCH AND DEVELOPMENT.—”;

17               (B) in subparagraph (A), by inserting  
18 “conduct research and development and” after  
19 “the Corporation may use to”; and

20               (C) in subparagraph (B), by inserting  
21 “conduct research and development and” after  
22 “for the fiscal year to”;

23           (2) in paragraph (3), in the matter preceding  
24 subparagraph (A), by striking “to provide either re-  
25 imbursement payments or contract payments”; and

1 (3) by striking paragraph (4).

2 **SEC. 15. BIOMASS AND SWEET SORGHUM ENERGY CROP IN-**  
3 **SURANCE POLICIES.**

4 Section 522(c) of the Federal Crop Insurance Act of  
5 1938 (7 U.S.C. 1522(c)) is amended by adding at the end  
6 the following:

7 “(18) BIOMASS AND SWEET SORGHUM ENERGY  
8 CROP INSURANCE POLICIES.—

9 “(A) AUTHORITY.—The Corporation shall  
10 offer to enter into 1 or more contracts with  
11 qualified entities to carry out research and de-  
12 velopment regarding—

13 “(i) a policy to insure biomass sor-  
14 ghum that is grown expressly for the pur-  
15 pose of producing a feedstock for renew-  
16 able biofuel, renewable electricity, or  
17 biobased products; and

18 “(ii) a policy to insure sweet sorghum  
19 that is grown for a purpose described in  
20 clause (i).

21 “(B) RESEARCH AND DEVELOPMENT.—  
22 Research and development with respect to each  
23 of the policies required in subparagraph (A)  
24 shall evaluate the effectiveness of risk manage-  
25 ment tools for the production of biomass sor-

1           ghum or sweet sorghum, including policies and  
2           plans of insurance that—

3                   “(i) are based on market prices and  
4                   yields;

5                   “(ii) to the extent that insufficient  
6                   data exist to develop a policy based on  
7                   market prices and yields, are based on the  
8                   use of weather indices, including, at a min-  
9                   imum, excessive or inadequate rainfall, to  
10                  protect the interests of crop producers; and

11                  “(iii) provide protection for production  
12                  or revenue losses, or both.”.

13 **SEC. 16. PILOT PROGRAMS.**

14           Section 523(a) of the Federal Crop Insurance Act (7  
15 U.S.C. 1523(a)) is amended—

16                   (1) in paragraph (1), by inserting “, at the sole  
17                   discretion of the Corporation,” after “may”; and

18                   (2) by striking paragraph (5).

19 **SEC. 17. TECHNICAL AMENDMENTS.**

20           Section 508(b) of the Federal Crop Insurance Act (7  
21 U.S.C. 1508(b)) is amended—

22                   (1) by striking paragraph (7); and

23                   (2) by redesignating paragraphs (8) through  
24                   (11) as paragraphs (7) through (10), respectively.

1 **SEC. 18. REPEAL OF DIRECT PAYMENTS.**

2 (a) REPEAL.—Sections 1103 and 1303 of the Food,  
3 Conservation, and Energy Act of 2008 (7 U.S.C. 8713,  
4 8753) are repealed.

5 (b) CONTINUED APPLICATION FOR 2013 CROP  
6 YEAR.—Sections 1103 and 1303 of the Food, Conserva-  
7 tion, and Energy Act of 2008 (7 U.S.C. 8713, 8753), as  
8 in effect on the day before the date of enactment of this  
9 Act, shall continue to apply through the 2013 crop year  
10 with respect to all covered commodities (as defined in sec-  
11 tion 1001 of that Act (7 U.S.C. 8702)) (except pulse  
12 crops) and peanuts on a farm.