

103^D CONGRESS
1ST SESSION

H. R. 3623

To amend the Federal Crop Insurance Act to establish a pilot program to evaluate the feasibility of including crop insurance based on costs of production among the types of crop insurance available under the Act.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 22, 1993

Mr. BARCIA of Michigan (for himself and Mr. DINGELL) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Federal Crop Insurance Act to establish a pilot program to evaluate the feasibility of including crop insurance based on costs of production among the types of crop insurance available under the Act.

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

3 **SEC. 1405. PILOT PROGRAM TO PROVIDE CROP INSURANCE**
4 **BASED ON COSTS OF PRODUCTION UNDER**
5 **THE FEDERAL CROP INSURANCE ACT.**

6 The Federal Crop Insurance Act is amended by in-
7 serting after section 508A (7 U.S.C. 1508a) the following
8 new section:

1 **“SEC. 508B. PILOT PROGRAM TO INSURE AGRICULTURAL**
2 **PRODUCERS FOR THEIR COSTS OF PRODUC-**
3 **TION.**

4 “(a) DEVELOPMENT OF PILOT PROGRAM.—The Cor-
5 poration, in cooperation with the Economic Research Serv-
6 ice of the Department of Agriculture, shall develop and
7 evaluate alternative methods to include among the crop
8 insurance options available under section 508 an insur-
9 ance coverage option under which agricultural producers
10 are indemnified based on their average costs of production
11 when they sustain losses to insured commodities as a re-
12 sult of adverse weather and other unavoidable causes. To
13 assist the Corporation, the Secretary of Agriculture shall
14 direct the Economic Research Service to prepare alter-
15 native designs for a pilot program to evaluate the feasibil-
16 ity of using insurance coverage based on costs of produc-
17 tion and to develop guidelines for the implementation of
18 the pilot project.

19 “(b) IMPLEMENTATION OF PILOT PROGRAM.—Be-
20 ginning in crop years after crop year 1994, the Corpora-
21 tion shall implement the pilot program developed under
22 subsection (a) in those areas of the United States that
23 the Corporation determines have traditionally suffered lev-
24 els of crop losses necessitating large amounts of payments
25 under Federal crop disaster relief laws. The Economic Re-
26 search Service shall assist the Corporation in introducing

1 the pilot program to the crop insurance industry and agri-
2 cultural producers and in collecting and evaluating the re-
3 sponse of the industry and producers to the pilot project.

4 “(c) RECOVERY OF COSTS OF PRODUCTION.—Under
5 the pilot program, an agricultural producer who sustains
6 a loss of an insured commodity as a result of adverse
7 weather or other unavoidable cause would receive an
8 amount based upon the average costs incurred by the pro-
9 ducer to plant, raise, and harvest the crop, including the
10 cost of seeds, fertilizer, and labor. The Economic Research
11 Service shall propose to the Corporation alternative meth-
12 ods to measure such costs and calculate recovery amounts.

13 “(d) EVALUATION OF PILOT PROGRAM.—As soon as
14 practicable after the end of 1995 crop year, the Economic
15 Research Service shall submit to the Secretary and the
16 Corporation a report evaluating the performance of the
17 pilot program since its implementation. The report shall
18 include an examination of the costs and benefits of the
19 pilot program to agricultural producers who participate in
20 the program and the effect of the program on Federal ex-
21 penditures under this Act and Federal crop disaster relief
22 laws.”.

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