

## **Crop Insurance Modernization Act of 2018**

### **Section-By-Section**

#### **Section 1: Short Title**

**Short Title:** This provision names the legislation the Crop Insurance Modernization Act of 2018

#### **Section 2 Amendments to the Federal Crop Insurance Act**

**Beginning Farmer Definition (a):** This provision changes the Federal Crop Insurance Act's definition of beginning farmer to bring it in line with the definition used by the rest of USDA. Currently, USDA defines a beginning farmer as one with 10 or fewer years of experience, but crop insurance uses five years. This provision allows farmers with up to 10 years of experience to receive the beginning farmer premium subsidy discounts.

**NRCS Representation on Federal Crop Insurance Corporation Board (b):** This subsection adds the Chief of the Natural Resources Conservation Service (NRCS) to the Federal Crop Insurance Board as an *ex officio* non-voting member. The Administrator of Risk Management Agency (RMA) already sits on the Board.

**Data Gathering (c):** This subsection allows FCIC to conduct survey and investigations on how the condition of soil and other natural resources and the use of conservation practices impact the crop insurance program. RMA is already exploring many types of risk; this provision clarifies its broad authority to add conservation to its risk analysis.

**Cover Crop Termination (d):** This subsection ensures that all NRCS-approved conservation practices and enhancements are considered Good Farming Practices. The Good Farming Practices standard is the standard that all farmers utilizing crop insurance must comply with in order to maintain their insurance. Currently, undertaking NRCS approved practices and activities, even if approved and paid for by NRCS, can endanger a farmer's crop insurance coverage. This provision brings internal consistency to USDA policy.

This subsection also brings the entirety of cover crop practices under the Good Farming Practices rules, allowing any issue that may arise concerning cover crop termination to be referred to area experts per the Good Farming Practices process. This subsection also defines cover crop termination.

Sub-section (d)(2) creates an ombudsperson position at USDA to assist farmers in the appeals process when they have concerns about a denial of a crop insurance claim.

**Crop Insurance Access (e):** This section aims to reduce paperwork associated with the Whole-Farm Revenue Protection policy by creating a version of the policy for smaller farms with a lower revenue limit (\$1 million) and fewer reporting requirements, akin to FSA's micro-loan program.

Subsection (e)(2) requires the Federal Crop Insurance Board (FCIB) to write a report within one year outlining barriers to beginning farmers accessing crop insurance.

This subsection also requires FCIB to write a report annually addressing the possibility of expanding revenue policy availability to the 10 crops with available yield policies, but not revenue policies.

**Conservation Practice-based Pilot Program (j):** This provision would set up a pilot program to study the effects of providing premium subsidy enhancements to farmers in high loss counties that engage in advanced conservation activities. The pilot would be limited to six states with high loss ratios. The pilot would proceed for at least five years and FCIB would be required to report the results in year one, three, and five.

### **Section 3: Amendments to the Food Security Act of 1985**

**Spot Checks (a)(1):** This section requires annual spot checks on at least 5 percent of applicable farms for conservation compliance purposes. The current five percent spot check rate for conservation compliance maintained by NRCS is a national average. As a result, compliance spot checks are not occurring uniformly across states. For example, USDA's Office of Inspector General (OIG) found that some states, including states with a historically large number of tracts subject to compliance reviews, did not conduct any spot checks in 2015.

**Ephemeral Gully Modification (a)(2):** This section is meant to codify steps taken by USDA to address inconsistent application of conservation compliance requirements related to gullies. In January of 2017, USDA eliminated state-level variations in guidelines on how to identify and treat gullies, and required NRCS to work with farmers to revise their Highly Erodible Land (HEL) conservation plans to treat any identified ephemeral gullies. The issues with gullies were identified in 2016 OIG report that found that NRCS has failed to bring gully erosion, which accounts for upwards of 40 percent of soil loss in America, within the scope of HEL conservation compliance because of inconsistent application of the rules.

**Yield Transfer (a)(2):** This provision is intended to prevent farmers from using actual production histories from one parcel of land to establish a history on another parcel for the purpose of boosting that land's crop insurance coverage. This is intended to prevent the practice where farmers transfer high yields from high quality land to lower quality land with lower historic yields. This is currently allowed and essentially allows farmers to greatly increase their chance at a crop insurance claim because it is unlikely the lower quality land will ever produce as well as the land providing the yield data.