

Proposed Rule to Amend Part 400

Why is FCIC issuing a rule that has non-farm bill items?

For the past couple years, FCIC has been working on improving the submission process for private submitters. FCIC had a rule drafted, but the 2014 Farm Bill, which included several provisions regarding the FCIC Board approval process, was subsequently signed into law. FCIC decided to incorporate language from the 2014 Farm Bill into the proposed rule rather than issuing two separate rules.

What is an "index-based weather insurance plan"? What will FCIC's involvement be under the proposed rule?

An index-based weather insurance program is one that bases payments on a defined weather parameter for a specific time period. For example, a payment may be triggered if it does not rain a certain amount in a defined area for a month. The 2014 Farm Bill provides the Board the authority to approve two or more of these policies for premium subsidy. The FCIC may provide administrative and operating expenses to the companies that sell these policies as well. However, no reinsurance is provided for these policies and the index-based weather plan must be approved by the state insurance regulatory body in which the plan is proposed to be offered. In addition, the Board must give priority to specialty crops and livestock commodities that do not have crop insurance coverage or have demonstrated a low level of participation under existing coverage. The regulation provides flexibility for the Board to establish procedures to guide the submission and approval process for this new and untested plan of insurance.

What are these "consultation" provisions? Do they apply to all submissions?

No, the “consultation” provisions only apply to submissions involving specialty crops. Private submitters for specialty crop policies must first consult with groups representing producers of those commodities in all major producing areas for the commodity to be served or potentially impacted. The private submitters must present their findings to the Board, and the Board shall use the findings to evaluate whether the interest of producers are adequately protected.

Does the proposed rule change the types of plans the FCIC Board must first consider?

Yes, the FCIC Board must first consider underserved commodities, including commodities that do not have insurance. Second, the FCIC Board must consider policies for commodities that have inadequate coverage or there are low levels of participation. Thereafter, policies that do not fit into these categories may be considered. This part of the proposed rule essentially echoes the language included in the 2014 Farm Bill.

Does the proposed rule give the FCIC Board greater ability to reject certain policies?

The Proposed Rule provides the Board greater ability to reject policies that are not likely to be marketable, are not in the best interest of producers, or that may have an adverse impact on the crop insurance delivery system. This part of the proposed rule essentially echoes the language included in the 2014 Farm Bill.

What do I need to do if I want to submit a comment on the Proposed Rule?

You may submit comments, identified by Docket ID No. FCIC-13-0006 by any of the following methods:

- Federal eRulemaking Portal: www.regulations.gov. Follow the instructions for submitting comments.
- By mail to: Director, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, P.O. Box 419205, Kansas City, MO 64133-6205.

All comments received, including those received by mail, will be posted without change to www.regulations.gov, including any personal information provided, and can be accessed by the public. All comments must include the agency name and docket number or Regulatory Information Number (RIN) for this rule. For detailed instructions on submitting comments and additional information, see www.regulations.gov.

When will this rule go final?

RMA anticipates the final rule will be published in the summer of 2015.