

113TH CONGRESS
1ST SESSION

H. R. 1995

To reform the Federal Crop Insurance Act and reduce Federal spending
on crop insurance.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2013

Mr. KIND (for himself, Mr. PETRI, Mr. BLUMENAUER, Ms. DELAURO, Mr. WAXMAN, Mr. SENSENBRENNER, Mr. MCGOVERN, and Mr. COOPER) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To reform the Federal Crop Insurance Act and reduce
Federal spending on crop insurance.

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 “Assisting Family
5 Farmers through Insurance Reform Measures Act” or the
6 “AFFIRM Act”.

1 **SEC. 2. ADJUSTED GROSS INCOME AND PER PERSON LIM-**
 2 **TATIONS ON SHARE OF INSURANCE PRE-**
 3 **MIUMS PAID BY CORPORATION.**

4 Section 508(e)(1) of the Federal Crop Insurance Act
 5 (7 U.S.C. 1508(e)(1)) is amended—

6 (1) by striking “For the purpose” and inserting
 7 the following:

8 “(A) PAYMENT AUTHORITY.—For the pur-
 9 pose”; and

10 (2) by adding at the end the following new sub-
 11 paragraphs:

12 “(B) ADJUSTED GROSS INCOME LIMITA-
 13 TION.—The Corporation shall not pay a part of
 14 the premium for additional coverage for any
 15 person or legal entity that has an average ad-
 16 justed gross income (as defined in section
 17 1001D of the Food Security Act of 1985 (7
 18 U.S.C. 1308–3a)) in excess of \$250,000.

19 “(C) PER PERSON LIMITATION.—The Cor-
 20 poration shall not pay more than \$40,000 to
 21 any person or legal entity for premiums under
 22 this section.”.

23 **SEC. 3. CAP ON OVERALL RATE OF RETURN FOR CROP IN-**
 24 **SURANCE PROVIDERS.**

25 Section 508(k)(3) of the Federal Crop Insurance Act
 26 (7 U.S.C. 1508(k)(3)) is amended—

1 (1) by designating paragraph (3) as subpara-
 2 graph (A) (and adjusting the margin two ems to the
 3 right);

4 (2) by inserting before subparagraph (A) (as so
 5 designated) the following:

6 “(3) RISK.—”; and

7 (3) by adding at the end the following new sub-
 8 paragraph:

9 “(B) CAP ON OVERALL RATE OF RE-
 10 TURN.—The target rate of return for all the
 11 companies combined for the 2013 and subse-
 12 quent reinsurance years shall be 12 percent of
 13 retained premium.”.

14 **SEC. 4. CAP ON REIMBURSEMENTS FOR ADMINISTRATIVE**
 15 **AND OPERATING EXPENSES OF CROP INSUR-**
 16 **ANCE PROVIDERS.**

17 Section 508(k)(4) of the Federal Crop Insurance Act
 18 (7 U.S.C. 1508(k)(4)) is amended by adding at the end
 19 the following new subparagraph:

20 “(G) ADDITIONAL CAP ON REIMBURSE-
 21 MENTS.—Notwithstanding subparagraphs (A)
 22 through (F), total reimbursements for adminis-
 23 trative and operating costs for the 2013 insur-
 24 ance year for all types of policies and plans of
 25 insurance shall not exceed \$900,000,000. For

each subsequent insurance year, the dollar amount in effect pursuant to the preceding sentence shall be increased by the same inflation factor as established for the administrative and operating costs cap in the 2011 Standard Reinsurance Agreement.”.

**SEC. 5. BUDGET LIMITATIONS ON RENEGOTIATION OF
STANDARD REINSURANCE AGREEMENT.**

Section 508(k)(8) of the Federal Crop Insurance Act of 1938 (7 U.S.C. 1508(k)(8)) is amended by adding at the end the following new subparagraph:

“(F) REDUCTION IN CORPORATION OBLIGATIONS.—The Board shall ensure that any Standard Reinsurance Agreement negotiated under subparagraph (A)(ii), when compared to the immediately preceding Standard Reinsurance Agreement, shall reduce, to the maximum extent practicable, the obligations of the Corporation under subsections (e)(2) or (k)(4) or section 523.”.

SEC. 6. CROP INSURANCE PREMIUM SUBSIDIES DISCLOSURE IN THE PUBLIC INTEREST.

Section 502(c)(2) of the Federal Crop Insurance Act (7 U.S.C. 1502(c)(2)) is amended—

1 (1) by redesignating subparagraphs (A) and
2 (B) as subparagraphs (C) and (D) respectively; and
3 (2) by inserting before subparagraph (C) (as so
4 redesignated) the following:

5 “(A) DISCLOSURE IN THE PUBLIC INTER-
6 EST.—Notwithstanding paragraph (1) or any
7 other provision of law, except as provided in
8 subparagraph (B), the Secretary shall on an
9 annual basis make available to the public—

10 “(i)(I) the name of each individual or
11 entity who obtained a federally subsidized
12 crop insurance, livestock, or forage policy
13 or plan of insurance during the previous
14 fiscal year;

15 “(II) the amount of premium subsidy
16 received by the individual or entity from
17 the Corporation; and

18 “(III) the amount of any Federal por-
19 tion of indemnities paid in the event of a
20 loss during that fiscal year for each policy
21 associated with that individual or entity;
22 and

23 “(ii) for each private insurance pro-
24 vider, by name—

1 “(I) the underwriting gains
2 earned through participation in the
3 federally subsidized crop insurance
4 program; and

5 “(II) the amount paid under this
6 subtitle for—

7 “(aa) administrative and op-
8 erating expenses;

9 “(bb) any Federal portion of
10 indemnities and reinsurance; and

11 “(cc) any other purpose.

12 “(B) LIMITATION.—The Secretary shall
13 not disclose information pertaining to individ-
14 uals and entities covered by a catastrophic risk
15 protection plan offered under section 508(b).”.

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