

115TH CONGRESS
1ST SESSION

S. 1025

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

IN THE SENATE OF THE UNITED STATES

MAY 3, 2017

Mr. FLAKE (for himself and Mrs. SHAHEEN) introduced the following bill;
which was read twice and referred to the Committee on Agriculture, Nu-
trition, and Forestry

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Assisting Family Farmers through Insurance Reform
6 Measures Act” or the “AFFIRM Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Adjusted gross income and per person limitations on share of insurance
premiums paid by Corporation.

Sec. 3. Cap on reimbursements for administrative and operating expenses of crop insurance providers.

Sec. 4. Renegotiation of Standard Reinsurance Agreement.

Sec. 5. Cap on overall rate of return for crop insurance providers.

Sec. 6. Prohibition on premium subsidy for harvest price policies.

Sec. 7. Crop insurance premium subsidies disclosure in the public interest.

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.—Subject to
 9 subparagraphs (B) and (C), for the purpose”;
 10 and

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

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(a) of the Food Security Act of 1985 (7
 18 U.S.C. 1308–3a(a))) that is greater than
 19 \$250,000.

20 “(C) PER PERSON LIMITATION.—The Cor-
 21 poration shall not pay more than \$40,000 for

1 any reinsurance year to any person or legal en-
 2 tity for premiums under this section.”.

3 **SEC. 3. CAP ON REIMBURSEMENTS FOR ADMINISTRATIVE**
 4 **AND OPERATING EXPENSES OF CROP INSUR-**
 5 **ANCE PROVIDERS.**

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

9 “(G) ADDITIONAL CAP ON REIMBURSE-
 10 MENTS.—

11 “(i) IN GENERAL.—Notwithstanding
 12 subparagraphs (A) through (F), the total
 13 amount of reimbursements for administra-
 14 tive and operating costs for the 2018 rein-
 15 surance year for all types of policies and
 16 plans of insurance shall not exceed
 17 \$900,000,000.

18 “(ii) ADJUSTMENT.—For the 2019 re-
 19 insurance year and each subsequent rein-
 20 surance year, the dollar amount in effect
 21 pursuant to clause (i) shall be increased by
 22 the inflation factor established for the ad-
 23 ministrative and operating costs limitation
 24 in the 2011 Standard Reinsurance Agree-
 25 ment.”.

1 **SEC. 4. RENEGOTIATION OF STANDARD REINSURANCE**
 2 **AGREEMENT.**

3 Section 508(k)(8) of the Federal Crop Insurance Act
 4 (7 U.S.C. 1508(k)(8)) is amended by striking subpara-
 5 graph (F).

6 **SEC. 5. CAP ON OVERALL RATE OF RETURN FOR CROP IN-**
 7 **SURANCE PROVIDERS.**

8 Section 508(k)(3) of the Federal Crop Insurance Act
 9 (7 U.S.C. 1508(k)(3)) is amended—

10 (1) by striking “(3) SHARE OF RISK.—The”
 11 and inserting the following:

12 “(3) RISK.—

13 “(A) SHARE OF RISK.—The”; and

14 (2) by adding at the end the following:

15 “(B) LIMITATION ON AVERAGE RATE OF
 16 RETURN.—The target average rate of return for
 17 reinsured companies for the 2018 reinsurance
 18 year and each subsequent reinsurance year shall
 19 be 8.9 percent of retained premiums.”.

20 **SEC. 6. PROHIBITION ON PREMIUM SUBSIDY FOR HARVEST**
 21 **PRICE POLICIES.**

22 Section 508(e) of the Federal Crop Insurance Act (7
 23 U.S.C. 1508(e)) is amended by adding at the end the fol-
 24 lowing:

25 “(9) PROHIBITION ON PREMIUM SUBSIDY FOR
 26 HARVEST PRICE POLICIES.—Notwithstanding any

1 other provision of law, beginning with the 2018 rein-
 2 surance year, the Corporation shall not pay any
 3 amount of premium subsidy in the case of a policy
 4 or plan of insurance that is based on the actual mar-
 5 ket price of an agricultural commodity on the date
 6 of harvest.”.

7 **SEC. 7. CROP INSURANCE PREMIUM SUBSIDIES DISCLO-**
 8 **SURE IN THE PUBLIC INTEREST.**

9 Section 502(c)(2) of the Federal Crop Insurance Act
 10 (7 U.S.C. 1502(c)(2)) is amended—

11 (1) by redesignating subparagraphs (A) and
 12 (B) as subparagraphs (C) and (D) respectively; and
 13 (2) by inserting before subparagraph (C) (as so
 14 redesignated) the following:

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

20 “(i)(I) the name of each individual or
 21 entity that obtained a federally subsidized
 22 crop insurance, livestock, or forage policy
 23 or plan of insurance during the previous
 24 reinsurance year;

1 “(II) the amount of premium subsidy
 2 received by the individual or entity from
 3 the Corporation; and

4 “(III) the amount of any Federal por-
 5 tion of indemnities paid in the event of a
 6 loss for that reinsurance year for each pol-
 7 icy associated with that individual or enti-
 8 ty; and

9 “(ii) for each private insurance pro-
 10 vider, a description by the name of the pri-
 11 vate insurance provider of—

12 “(I) the underwriting gains
 13 earned through participation in the
 14 federally subsidized crop insurance
 15 program; and

16 “(II) the amount paid under this
 17 subtitle for—

18 “(aa) administrative and op-
 19 erating expenses;

20 “(bb) any Federal portion of
 21 indemnities and reinsurance; and

22 “(cc) any other purpose.

23 “(B) LIMITATION.—The Secretary shall
 24 not disclose under subparagraph (A) informa-
 25 tion relating to individuals and entities covered

- 1 by a catastrophic risk protection plan offered
- 2 under section 508(b).”.

