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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, Nutrition, and Forestry

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A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Assisting Family Farmers through Insurance Reform Measures Act'' or the ''AFFIRM Act''.

(b) TABLE OF CONTENTS.—The table of contents for 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.

SEC. 2. ADJUSTED GROSS INCOME AND PER PERSON LIMITATIONS ON SHARE OF INSURANCE PREMIUMS PAID BY CORPORATION.

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

(1) by striking ''For the purpose'' and inserting the following:

''(A) PAYMENT AUTHORITY.—Subject to subparagraphs (B) and (C), for the purpose''; and

(2) by adding at the end the following:

''(B) ADJUSTED GROSS INCOME LIMITATION.—The Corporation shall not pay a part of the premium for additional coverage for any person or legal entity that has an average adjusted gross income (as defined in section 1001D(a) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(a))) that is greater than $250,000.

''(C) PER PERSON LIMITATION.—The Corporation shall not pay more than $40,000 for

any reinsurance year to any person or legal entity for premiums under this section.''.

SEC. 3. CAP ON REIMBURSEMENTS FOR ADMINISTRATIVE AND OPERATING EXPENSES OF CROP INSURANCE PROVIDERS.

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

''(G) ADDITIONAL CAP ON REIMBURSEMENTS.—

''(i) IN GENERAL.—Notwithstanding subparagraphs (A) through (F), the total amount of reimbursements for administrative and operating costs for the 2018 reinsurance year for all types of policies and plans of insurance shall not exceed $900,000,000.

''(ii) ADJUSTMENT.—For the 2019 reinsurance year and each subsequent reinsurance year, the dollar amount in effect pursuant to clause (i) shall be increased by the inflation factor established for the administrative and operating costs limitation in the 2011 Standard Reinsurance Agreement.''.

SEC. 4. RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.

Section 508(k)(8) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(8)) is amended by striking subparagraph (F).

SEC. 5. CAP ON OVERALL RATE OF RETURN FOR CROP INSURANCE PROVIDERS.

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

(1) by striking ''(3) SHARE OF RISK.—The'' and inserting the following:

''(3) RISK.—

''(A) SHARE OF RISK.—The''; and

(2) by adding at the end the following:

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

SEC. 6. PROHIBITION ON PREMIUM SUBSIDY FOR HARVEST PRICE POLICIES.

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

''(9) PROHIBITION ON PREMIUM SUBSIDY FOR HARVEST PRICE POLICIES.—Notwithstanding any

other provision of law, beginning with the 2018 reinsurance year, the Corporation shall not pay any amount of premium subsidy in the case of a policy or plan of insurance that is based on the actual market price of an agricultural commodity on the date of harvest.''.

SEC. 7. 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) by redesignating subparagraphs (A) and (B) as subparagraphs (C) and (D) respectively; and

(2) by inserting before subparagraph (C) (as so redesignated) the following:

''(A) DISCLOSURE IN THE PUBLIC INTEREST.—Notwithstanding paragraph (1) or any other provision of law, except as provided in subparagraph (B), the Secretary shall on an annual basis make available to the public—

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

''(II) the amount of premium subsidy received by the individual or entity from the Corporation; and

''(III) the amount of any Federal portion of indemnities paid in the event of a loss for that reinsurance year for each policy associated with that individual or entity; and

''(ii) for each private insurance provider, a description by the name of the private insurance provider of—

''(I) the underwriting gains earned through participation in the federally subsidized crop insurance program; and

''(II) the amount paid under this subtitle for—

''(aa) administrative and operating expenses;

''(bb) any Federal portion of indemnities and reinsurance; and

''(cc) any other purpose.

''(B) LIMITATION.—The Secretary shall not disclose under subparagraph (A) information relating to individuals and entities covered

by a catastrophic risk protection plan offered under section 508(b).''.

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