

114TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

Mr. FLAKE introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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## **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.—For the pur-  
9 pose”; and

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

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

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

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

4 Section 508(k)(4) of the Federal Crop Insurance Act  
5 (7 U.S.C. 1508(k)(4)) is amended by adding at the end  
6 the following:

7 “(G) ADDITIONAL CAP ON REIMBURSE-  
8 MENTS.—

9 “(i) IN GENERAL.—Notwithstanding  
10 subparagraphs (A) through (F), total reim-  
11 bursements for administrative and oper-  
12 ating costs for the 2015 reinsurance year  
13 for all types of policies and plans of insur-  
14 ance shall not exceed \$900,000,000.

15 “(ii) ADJUSTMENT.—For the 2016  
16 and each subsequent reinsurance year, the  
17 dollar amount in effect pursuant to clause  
18 (i) shall be increased by the same inflation  
19 factor as established for the administrative  
20 and operating costs cap in the 2011 Stand-  
21 ard Reinsurance Agreement.”.

22 **SEC. 4. RENEGOTIATION OF STANDARD REINSURANCE**  
23 **AGREEMENT.**

24 Section 508(k)(8) of the Federal Crop Insurance Act  
25 (7 U.S.C. 1508(k)(8)) is amended by striking subpara-  
26 graph (F).

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

3 Section 508(k)(3) of the Federal Crop Insurance Act  
4 (7 U.S.C. 1508(k)(3)) is amended—

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

7 “(3) RISK.—

8 “(A) SHARE OF RISK.—The”; and

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

10 “(B) CAP ON OVERALL RATE OF RE-  
11 TURN.—The target rate of return for all the  
12 companies combined for the 2015 reinsurance  
13 year and each subsequent reinsurance year shall  
14 be 8.9 percent of retained premium.”.

15 **SEC. 6. PROHIBITION ON PREMIUM SUBSIDY FOR HARVEST**  
16 **PRICE POLICIES.**

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

20 “(9) PROHIBITION ON PREMIUM SUBSIDY FOR  
21 HARVEST PRICE POLICIES.—Notwithstanding any  
22 other provision of law and beginning with the 2016  
23 reinsurance year, the Corporation may not pay any  
24 amount of premium subsidy in the case of a policy  
25 or plan of insurance that is based on the actual mar-

1 ket price of an agricultural commodity at the time  
2 of harvest.”.

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

5 Section 502(c)(2) of the Federal Crop Insurance Act  
6 (7 U.S.C. 1502(c)(2)) is amended—

7 (1) by redesignating subparagraphs (A) and  
8 (B) as subparagraphs (C) and (D) respectively; and

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

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

16 “(i)(I) the name of each individual or  
17 entity who obtained a federally subsidized  
18 crop insurance, livestock, or forage policy  
19 or plan of insurance during the previous  
20 fiscal year;

21 “(II) the amount of premium subsidy  
22 received by the individual or entity from  
23 the Corporation; and

24 “(III) the amount of any Federal por-  
25 tion of indemnities paid in the event of a

1 loss during that fiscal year for each policy  
2 associated with that individual or entity;  
3 and

4 “(ii) for each private insurance pro-  
5 vider, by name—

6 “(I) the underwriting gains  
7 earned through participation in the  
8 federally subsidized crop insurance  
9 program; and

10 “(II) the amount paid under this  
11 subtitle for—

12 “(aa) administrative and op-  
13 erating expenses;

14 “(bb) any Federal portion of  
15 indemnities and reinsurance; and

16 “(cc) any other purpose.

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