

118TH CONGRESS
1ST SESSION

H. R. 5698

To amend the Federal Crop Insurance Act to reduce Federal spending on crop insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2023

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Federal Crop Insurance Act to reduce Federal spending on crop insurance, and for other purposes.

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”.

7 **SEC. 2. 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—

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 that obtained a federally subsidized
12 crop insurance, livestock, or forage policy
13 or plan of insurance during the previous
14 reinsurance 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 for that reinsurance year for each pol-
21 icy associated with that individual or enti-
22 ty; and

23 “(ii) for each private insurance pro-
24 vider, a description by the name of the pri-
25 vate insurance provider of—

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 under subparagraph (A) informa-
14 tion relating to individuals and entities covered
15 by a catastrophic risk protection plan offered
16 under section 508(b).”.

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

20 Section 508(e)(1) of the Federal Crop Insurance Act
21 (7 U.S.C. 1508(e)(1)) is amended—

22 (1) by striking “For the purpose” and inserting
23 the following:

1 “(A) PAYMENT AUTHORITY.—Subject to
2 subparagraphs (B) and (C), for the purpose”;
3 and
4 (2) by adding at the end the following:

5 “(B) ADJUSTED GROSS INCOME LIMITA-
6 TION.—The Corporation shall not pay a part of
7 the premium for additional coverage for any
8 person or legal entity that has an average ad-
9 justed gross income (as defined in section
10 1001D(a) of the Food Security Act of 1985 (7
11 U.S.C. 1308–3a(a))) that is greater than
12 \$250,000.

13 “(C) PER PERSON LIMITATION.—The Cor-
14 poration shall not pay more than \$125,000 for
15 any reinsurance year to any person or legal en-
16 tity for premiums under this section.”.

17 **SEC. 4. PROHIBITION ON PREMIUM SUBSIDY FOR HARVEST**
18 **PRICE POLICIES.**

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

22 “(9) PROHIBITION ON PREMIUM SUBSIDY FOR
23 HARVEST PRICE POLICIES.—Notwithstanding any
24 other provision of law, beginning with the 2023 rein-
25 surance year, the Corporation shall not pay any

1 amount of premium subsidy in the case of a policy
2 or plan of insurance that is based on the actual mar-
3 ket price of an agricultural commodity on the date
4 of harvest.”.

5 **SEC. 5. PROHIBITION ON PREMIUM SUBSIDY FOR PRO-**
6 **DUCERS NOT ENGAGED IN ACTIVE PERSONAL**
7 **LABOR OR ACTIVE PERSONAL MANAGEMENT.**

8 Section 508(e) of the Federal Crop Insurance Act (7
9 U.S.C. 1508(e)), as amended by section 4, is further
10 amended by adding at the end the following:

11 “(10) PROHIBITION ON PREMIUM SUBSIDY FOR
12 PRODUCERS NOT ENGAGED IN ACTIVE PERSONAL
13 LABOR ACTIVE PERSONAL MANAGEMENT.—

14 “(A) IN GENERAL.—Notwithstanding any
15 other provision of law, beginning with the 2023
16 reinsurance year, the Corporation shall not pay
17 any amount of premium subsidy to a producer
18 that is not engaged in active personal labor or
19 active personal management with respect to the
20 farming operation pursuant to which such sub-
21 sidy would apply.

22 “(B) DEFINITIONS.—In this paragraph:

23 “(i) ACTIVE PERSONAL LABOR.—The
24 term ‘active personal labor’ means, with
25 respect to a producer, physical labor and

1 activities personally performed by the pro-
2 ducer on a farming operation—

3 “(I) that—

4 “(aa) are necessary to such
5 farming operation, including land
6 preparation, planting, cultivating,
7 harvesting and marketing of agri-
8 cultural commodities;

9 “(bb) establish or maintain
10 conserving cover crops or con-
11 serving use acreages; or

12 “(cc) are required for live-
13 stock operations; and

14 “(II) for, with respect to a crop
15 year, a period of at least—

16 “(aa) 1,000 hours; or

17 “(bb) 50 percent of the total
18 hours that would be required to
19 conduct a farming operation
20 comparable in size to the pro-
21 ducer’s share in the farming op-
22 eration, as determined by the
23 Corporation.

24 “(ii) ACTIVE PERSONAL MANAGE-
25 MENT.—The term ‘active personal manage-

1 ment’ means management activities per-
 2 sonally performed on a farming oper-
 3 ation—

4 “(I) by a person with a direct or
 5 indirect ownership interest in that
 6 farming operation;

7 “(II) on a regular continuous,
 8 and substantial basis; and

9 “(III) for, with respect to a crop
 10 year, a period of at least—

11 “(aa) 500 hours; or

12 “(bb) 50 percent of the total
 13 management hours required for
 14 that farming operation on an an-
 15 nual basis, as determined by the
 16 Corporation.”.

17 **SEC. 6. MAXIMUM AMOUNT OF ADDITIONAL PREVENTED**
 18 **PLANTING COVERAGE.**

19 Section 508(h)(6) of the Agricultural Adjustment Act
 20 of 1938 (7 U.S.C. 1508(h)(6)) is amended by adding at
 21 the end the following:

22 “(D) MAXIMUM AMOUNT OF COVERAGE.—

23 A crop loss of a producer may only be covered
 24 by the additional prevented planting coverage if,
 25 during the 3-year period preceding such loss,

1 such producer had less than or equal to 2 crop
2 losses covered by the additional prevented
3 planting coverage.”.

4 **SEC. 7. PREMIUM REDUCTION.**

5 Section 508(i) of the Agricultural Adjustment Act of
6 1938 (7 U.S.C. 1508(i)) is amended by adding at the end
7 the following:

8 “(5) PREMIUM REDUCTION.—If the Corpora-
9 tion makes a determination that a producer has re-
10 ceived 3 or more indemnities under a plan of insur-
11 ance for the same type of loss during a 4-year pe-
12 riod, the Corporation shall, with respect to such pro-
13 ducer, reduce the premium rate of such plan by 15
14 percent (except in no case may such premium rate
15 be less than zero).”.

16 **SEC. 8. CAP ON OVERALL RATE OF RETURN FOR CROP IN-**
17 **SURANCE PROVIDERS.**

18 Section 508(k)(3) of the Federal Crop Insurance Act
19 (7 U.S.C. 1508(k)(3)) is amended—

20 (1) by striking the paragraph designation and
21 heading and all that follows through “The” and in-
22 serting the following:

23 “(3) RISK.—

24 “(A) SHARE OF RISK.—The”; and

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

1 “(B) LIMITATION ON AVERAGE RATE OF
2 RETURN.—The target average rate of return for
3 reinsured companies for the 2023 reinsurance
4 year and each subsequent reinsurance year shall
5 be 8.9 percent of retained premiums.”.

6 **SEC. 9. CAP ON REIMBURSEMENTS FOR ADMINISTRATIVE**
7 **AND OPERATING EXPENSES OF CROP INSUR-**
8 **ANCE PROVIDERS.**

9 Section 508(k)(4) of the Federal Crop Insurance Act
10 (7 U.S.C. 1508(k)(4)) is amended by adding at the end
11 the following:

12 “(G) ADDITIONAL CAP ON REIMBURSE-
13 MENTS.—

14 “(i) IN GENERAL.—Notwithstanding
15 subparagraphs (A) through (F), the total
16 amount of reimbursements for administra-
17 tive and operating costs for the 2023 rein-
18 surance year for all types of policies and
19 plans of insurance shall not exceed
20 \$900,000,000.

21 “(ii) ADJUSTMENT.—For the 2024 re-
22 insurance year and each subsequent rein-
23 surance year, the dollar amount in effect
24 pursuant to clause (i) shall be increased by
25 the inflation factor established for the ad-

1 ministrative and operating costs limitation
2 in the 2011 Standard Reinsurance Agree-
3 ment.”.

4 **SEC. 10. RENEGOTIATION OF STANDARD REINSURANCE**
5 **AGREEMENT.**

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

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