

118TH CONGRESS  
1ST SESSION

# S. 2421

To require the Federal Crop Insurance Corporation to revise the terms of the Standard Reinsurance Agreement and the Livestock Price Reinsurance Agreement, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 20, 2023

Mr. BOOKER (for himself, Mr. BLUMENTHAL, and Mr. WELCH) 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 require the Federal Crop Insurance Corporation to revise the terms of the Standard Reinsurance Agreement and the Livestock Price Reinsurance Agreement, 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 “Insuring Fairness for  
5 Family Farmers Act of 2023”.

1 **SEC. 2. TERMS FOR STANDARD REINSURANCE AGREEMENT**  
2 **AND LIVESTOCK PRICE REINSURANCE**  
3 **AGREEMENT.**

4 (a) DEFINITIONS.—In this section:

5 (1) A&O SUBSIDY.—The term “A&O subsidy”  
6 means the subsidy for administrative and operating  
7 expenses paid by the Corporation on behalf of the  
8 policyholder to the applicable approved insurance  
9 provider for eligible crop insurance contracts for ad-  
10 ditional coverage levels, in accordance with section  
11 508(k)(4) of the Federal Crop Insurance Act (7  
12 U.S.C. 1508(k)(4)).

13 (2) CORPORATION.—The term “Corporation”  
14 has the meaning given the term in section 502(b) of  
15 the Federal Crop Insurance Act (7 U.S.C. 1502(b)).

16 (3) SECRETARY.—The term “Secretary” means  
17 the Secretary of Agriculture.

18 (b) RENEGOTIATION OF STANDARD REINSURANCE  
19 AGREEMENT AND THE LIVESTOCK PRICE REINSURANCE  
20 AGREEMENT.—

21 (1) IN GENERAL.—The Corporation shall revise  
22 the financial terms and conditions of the Standard  
23 Reinsurance Agreement and the Livestock Price Re-  
24 insurance Agreement to modify the calculation of  
25 A&O subsidies—

1 (A) to improve the equity of the distribu-  
2 tion of payments to crop insurance agents  
3 across farm sizes; and

4 (B) to improve the equity of policies sold  
5 across farm sizes.

6 (2) TERMS.—The terms that shall be included  
7 in the revised Standard Reinsurance Agreement and  
8 Livestock Price Reinsurance Agreement under para-  
9 graph (1) are the following:

10 (A) Subject to paragraph (3), there shall  
11 be a fixed minimum amount and maximum  
12 amount for the amount of A&O subsidy that  
13 may be paid per insurance policyholder, and the  
14 maximum amount shall not be more than 400  
15 percent greater than the minimum amount.

16 (B) The amount of an A&O subsidy, with-  
17 in the minimum and maximum amounts estab-  
18 lished under subparagraph (A), shall cor-  
19 respond to the complexity, for a crop insurance  
20 agent, of issuing 1 or more insurance plans for  
21 a specific policyholder—

22 (i) taking into account factors includ-  
23 ing the number of crops being insured by  
24 the policyholder, the type of insurance poli-  
25 cies being issued, the number of insurance

1 policies or endorsements being issued, and  
2 whether the policyholder has had crop in-  
3 surance previously; but

4 (ii) not taking into account the insur-  
5 ance policy premium.

6 (C)(i) A bonus of 10 percent of the appli-  
7 cable A&O subsidy amount shall be added to  
8 the total amount of the applicable A&O subsidy,  
9 for each condition described in clause (ii) that  
10 is satisfied.

11 (ii) The conditions referred to in clause (i)  
12 are the following:

13 (I) The applicable farm operates less  
14 than 180 acres.

15 (II) The insurance policy insures at  
16 least 1 specialty crop that is not eligible  
17 for a crop-specific insurance policy in the  
18 county in which the specialty crop is  
19 grown.

20 (III) The applicable farm is owned by  
21 a farmer who has never purchased crop in-  
22 surance before.

23 (3) EXCEPTIONS TO MINIMUM AND MAXIMUM  
24 AMOUNTS.—

1 (A) MINIMUM FOR STANDARD REINSUR-  
2 ANCE AGREEMENT.—In the case of the Stand-  
3 ard Reinsurance Agreement, the Corporation  
4 may reduce the minimum amount of an A&O  
5 subsidy established under paragraph (2)(A) as  
6 needed to comply with section III(a)(2)(G) of  
7 the 2024 Standard Reinsurance Agreement.

8 (B) MAXIMUM.—An A&O subsidy amount  
9 may exceed the maximum amount established  
10 under paragraph (2)(A) if a bonus or multiple  
11 bonuses under paragraph (2)(C) are applied to  
12 the A&O subsidy amount.

13 (4) BUDGET.—The Corporation shall ensure  
14 that the Standard Reinsurance Agreement and the  
15 Livestock Price Reinsurance Agreement renegotiated  
16 under paragraph (1) shall each, to the maximum ex-  
17 tent practicable, be estimated as budget neutral with  
18 respect to the total amount of A&O subsidy pay-  
19 ments as compared to the total amount of such pay-  
20 ments estimated to be made under the immediately  
21 preceding Standard Reinsurance Agreement or Live-  
22 stock Price Reinsurance Agreement, as applicable, if  
23 that Agreement were extended over the same period  
24 of time.

1           (5) TRACKING DATA.—The Administrator of  
2 the Risk Management Agency may establish a pro-  
3 gram that maintains a list of farmers that have pur-  
4 chased crop insurance previously to share with ap-  
5 proved insurance providers for purposes of imple-  
6 menting the bonus described in paragraph (2)(C).

7 (c) PUBLIC DATA.—

8           (1) GUIDANCE.—The Corporation shall develop  
9 and publish the methodology used to determine the  
10 amount of an A&O subsidy, within the minimum  
11 and maximum amounts established pursuant to sub-  
12 section (b)(2)(A), based on the complexity of issuing  
13 an insurance policy for 1 or more farms of a policy-  
14 holder.

15           (2) A&O SUBSIDY DATA.—

16           (A) IN GENERAL.—The Secretary shall  
17 make publicly available, on an annual basis,  
18 A&O subsidy data regarding—

19                   (i) the total amount of A&O subsidy  
20 payments, organized by State, commodity,  
21 insurance plan type, and practice type;

22                   (ii) the average and median A&O sub-  
23 sidy payments per insured acre, organized  
24 by State, commodity, insurance plan type,  
25 and practice type;

1 (iii) the total amount of compensation  
2 paid by approved insurance providers to  
3 crop insurance agents, organized by State,  
4 commodity, insurance plan type, and prac-  
5 tice type;

6 (iv) the average and median com-  
7 pensation per insured acre paid by ap-  
8 proved insurance providers to crop insur-  
9 ance agents, organized by State, com-  
10 modity, insurance plan type, and practice  
11 type;

12 (v) the average and median A&O sub-  
13 sidy payment per policyholder, organized  
14 by State, commodity, insurance plan type,  
15 and practice type;

16 (vi) the average and median A&O sub-  
17 sidy payment per insured acre, organized  
18 by State, commodity, insurance plan type,  
19 and practice type;

20 (vii) whether and how much total ad-  
21 ditional A&O subsidies were paid due to  
22 the SnapBack program or 1 or more bo-  
23 nuses described in subsection (b)(2)(C), or-  
24 ganized by State, insurance plan type, and  
25 commodity; and

1                   (viii) whether A&O subsidies were  
2                   subject to the Standard Reinsurance  
3                   Agreement or Livestock Price Reinsurance  
4                   Agreement, as applicable, cap for A&O  
5                   subsidies, and if so, what the total amount  
6                   of A&O subsidy amounts would have been  
7                   without the cap, organized by State, insur-  
8                   ance plan type, and commodity.

9                   (B) CONFIDENTIALITY.—The data made  
10                  publicly available under subparagraph (A) shall  
11                  be aggregated and anonymized to protect the  
12                  privacy of individuals and approved insurance  
13                  providers.

14               (d) DATA FROM APPROVED INSURANCE PRO-  
15               VIDERS.—An approved insurance provider shall annually  
16               submit data on agent compensation, by individual agent,  
17               agency, and policy, to the Secretary and the Comptroller  
18               General of the United States on request.

19               (e) STUDY.—The Administrator of the Risk Manage-  
20               ment Agency shall use data mining and other available  
21               information—

22                   (1) to analyze the impact of the changes to  
23               A&O subsidy amounts required under this section  
24               on—



1 (A) the distribution of A&O subsidy  
2 amounts across policies and farming operations;  
3 and

4 (B) agent and producer choices on how to  
5 insure crops; and

6 (2) to assess whether changes in the number of  
7 policies per farming operation and other factors indi-  
8 cate attempts to undermine the goal of this section  
9 to improve the equity of the distribution of A&O  
10 subsidy amounts.

11 (f) REGULATIONS.—The Administrator of the Risk  
12 Management Agency shall promulgate regulations, if need-  
13 ed, to limit the attempts described in subsection (e)(2).

14 **SEC. 3. GAO REPORT.**

15 Not later than 1 year after the date of enactment  
16 of this Act, the Comptroller General of the United States  
17 shall make publicly available a report that—

18 (1) assesses the structure of the Federal crop  
19 insurance program; and

20 (2) provides recommendations on how to reform  
21 that program to best reflect generally accepted in-  
22 surance and market principles.

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