

Federal Agriculture Risk Management Enhancement and Resilience (FARMER) Act

Senator Hoeven

Summary

The **FARMER Act** improves crop insurance affordability by increasing premium support for the highest levels of coverage and enhancing the Supplemental Coverage Option. Making higher levels of coverage more affordable will shrink producer deductibles and reduce the need for ad-hoc disaster assistance in the future. The bill does not require producers to choose between enhanced crop insurance coverage and commodity support programs, allowing them to make decisions that work best for their operations.

Background

Crop Insurance Units – A grouping of a crop’s insurable acreage in a county that is used to determine coverage, premiums and indemnities.

Deductible – The amount of loss incurred before insurance coverage begins, determined by subtracting the coverage level percentage from 100 percent.

Premium Support – The portion of the premium paid by the Federal government.

Supplemental Coverage Option (SCO) – Provides additional county-based coverage on top of a producer’s individual crop insurance policy. First authorized in the 2014 Farm Bill, SCO currently covers losses from 86% down to the producer’s individual coverage level.

Section-by-Section

Section 1. Short Title

Section 2. Premium Support for Certain Plans of Insurance

- Increases premium support for revenue protection and yield protection policies:
 - at the **80% coverage level** from 68% to **77%**.
 - at the **85% coverage level** from 53% to **68%**.
- Increased support is provided for only Enterprise and Whole Farm units.

Section 3. Coverage Level and Premium Subsidy Under Supplemental Coverage Option

- Increases premium support for the **Supplemental Coverage Option (SCO)** from 65% to **80%**.
- Increases the **SCO coverage level** from 86% to **90%**.

Section 4. Study

- Directs the Risk Management Agency (RMA) to conduct a study to improve the effectiveness of SCO in counties larger than 1,400 square miles.

Supporting Organizations

American Farm Bureau Federation, American Soybean Association, American Sugarbeet Growers Association, Crop Insurance Professionals Association, Crop Insurance and Reinsurance Bureau, Midwest Council on Agriculture, National Association of Wheat Growers, National Barley Growers Association, National Cotton Council, National Corn Growers Association, National Sunflower Association, Southwest Council of Agribusiness, U.S. Beet Sugar Association, U.S. Canola Association, U.S. Durum Growers Association, Western Peanut Growers Association, Minnesota Corn Growers Association, North Dakota Corn Growers Association, North Dakota Farmers Union, North Dakota Grain Growers Association, North Dakota Soybean Growers Association, Northharvest Bean Growers Association