

Federal Agriculture Risk Management Enhancement & Resilience Act (FARMER Act)

Summary

The **FARMER Act** improves crop insurance affordability by increasing premium support for the highest levels of coverage and enhancing the Supplemental Coverage Option (SCO). 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, which would allow 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 - 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 percent 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 percent coverage level from 68 percent to 77 percent.
 - at the 85 percent coverage level from 53 percent to 68 percent.
- 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 SCO from 65 percent to 80 percent.
- Increases the SCO coverage level from 86 percent to 90 percent.

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.