

2008 Farm Bill Crop Insurance Title: Helping Farmers Better Manage Risk

- **Expands data mining for crop insurance records to reduce waste, fraud and abuse**
 - Authorizes mandatory funds to search crop insurance records for anomalous patterns that indicate potential fraud.
 - Data mining has a proven record of detecting and deterring fraud and abuse in the crop insurance program and saving hundreds of millions of dollars
- **Reforms crop insurance to provide better coverage for organic producers**
 - Requires USDA's Risk Management Agency (RMA) to conduct a thorough risk analysis on differences between conventional and organic crops
 - Directs RMA to reduce premium surcharges on organic crops if the analysis demonstrates no significant difference in production risks between conventional and organic crops
 - Directs RMA to work with USDA's Agricultural Marketing Service (AMS) to survey prices organic products receive in the marketplace so those prices can be incorporated in the crop insurance options available to organic crops
- **Decreases reimbursements to crop insurance companies**
 - Cuts A&O reimbursement by 2.3 percent
 - Allows a 50 percent restoration in states with a loss ratio greater than 1.2
- **Authorizes renegotiation of the Standard Reinsurance Agreement (SRA) by 2011**
 - Ensures that the crop insurance market reflects current conditions
 - Grants the Federal Crop Insurance Corporation (FCIC) the authority to conduct periodic renegotiations of the SRA
 - Requires renegotiations every five years beginning in the 2011 reinsurance year
- **Promotes conservation and protects our nation's prairies**
 - Denies crop insurance coverage for crops grown on grassland or pasture in the Prairie Pothole National Priority Area that has never been planted, at the discretion of the governor
- **Increases efficiency and education in the crop insurance program to help farmers better manage risk**
 - Increases USDA's focus on risk management education for socially disadvantaged and beginning farmers and ranchers

Farm Bill Crop Insurance Program Facts:

- Crop insurance companies currently receive government reimbursement for their administrative and operating (A&O) expenses.
- The Standard Reinsurance Agreement (SRA) governs the terms and conditions under which crop insurance companies provide crop insurance to farmers.
- The last SRA Renegotiation took place in 2005.