

RMA



RISK MANAGEMENT AGENCY

United States Department of Agriculture

Whole-Farm and Enterprise- Unit Insurance Subsidy

November 3, 2008

Background

- The 2008 Farm Bill provided that:
 - The Corporation may carry out a “pilot program” where it pays a larger portion of premium for enterprise or whole farm units than currently.
 - Provide the same amount of subsidy for enterprise or whole farm units as would be the case for optional or basic units.
 - Subsidy not to exceed 80 percent of total premium.

SEC. 12011. ENTERPRISE AND WHOLE FARM UNITS.

Section 508(e) of Federal Crop Insurance Act (7 U.S.C. 1508(e)) (as amended by section 12010) is amended by adding at the end the following:

“(5) ENTERPRISE AND WHOLE FARM UNITS.—

“(A) IN GENERAL.—The Corporation may carry out a pilot program under which the Corporation pays a portion of the premiums for plans or policies of insurance for which the insurable unit is defined on a whole farm or enterprise unit basis that is higher than would otherwise be paid in accordance with paragraph (2).

“(B) AMOUNT.—The percentage of the premium paid by the Corporation to a policyholder for a policy with an enterprise or whole farm unit under this paragraph shall, to the maximum extent practicable, provide the same dollar amount of premium subsidy per acre that would otherwise have been paid by the Corporation under paragraph (2) if the policyholder had purchased a basic or optional unit for the crop for the crop year.

“(C) LIMITATION.—The amount of the premium paid by the Corporation under this paragraph may not exceed 80 percent of the total premium for the enterprise or whole farm unit policy.”

Enterprise Units

Based on Current Enterprise Discounts

Coverage Level	Current Subsidy	Alternative Subsidy Rate
50	0.67	0.80
55	0.64	0.80
60	0.64	0.80
65	0.59	0.80
70	0.59	0.80
75	0.55	0.77
80	0.48	0.68
85	0.38	0.53

Whole Farm Units

Based on a Sample of Current Whole Farm Discounts

Coverage Level	Current Subsidy	Alternative Subsidy Rate
50	NA	NA
55	NA	NA
60	NA	NA
65	0.59	0.80
70	0.59	0.80
75	0.55	0.80
80	0.48	0.71
85	0.38	0.56