

AMMENDMENT OFFERED BY MR. SORENSEN OF ILLINOIS TO TITLE 11

This amendment would direct the Federal Crop Insurance Corporation to conduct a study to analyze consistently high and low ratios by commodity, and directs the Corporation to adjust premiums to balance differences for commodities to achieve actuarially soundness.

AMENDMENT TO H.R. 8467
OFFERED BY MR. SORENSEN OF ILLINOIS

At the end of section 11016 add the following:

1 (i) LOSS RATIO STUDY.—Section 522(c) of the Fed-
2 eral Crop Insurance Act (7 U.S.C. 1522(c)) is further
3 amended by adding at the end the following:

4 “(28) LOSS RATIO STUDY.—

5 “(A) IN GENERAL.—The Corporation shall
6 carry out research, or offer to enter into 1 or
7 more contracts with 1 or more qualified persons
8 to carry out research on, with respect to the 10-
9 year period preceding date of the enactment of
10 this paragraph—

11 “(i) the loss ratios for each com-
12 modity insured pursuant to this Act, as de-
13 termined by the Corporation; and

14 “(ii) the policies and plans that pri-
15 marily contribute to the consistency of
16 such loss ratios.

17 “(B) ADJUSTMENT.—The Corporation
18 shall adjust premiums for the policies and plans
19 described in subparagraph (A)(ii) so as to—

1 “(i) in the case of a low-loss com-
2 modity, establish a consistent loss ratio be-
3 tween 0.8 and 1.0; and

4 “(ii) in the case of a high-loss com-
5 modity, establish a consistent loss ratio be-
6 tween 1.0 and 1.1.

7 “(C) DEFINITIONS.—In this paragraph:

8 “(i) HIGH-LOSS COMMODITY.—The
9 term ‘high-loss commodity’ means a com-
10 modity determined pursuant to subpara-
11 graph (A) to have a 10-year average loss
12 ratio of more than 1.0.

13 “(ii) LOW-LOSS COMMODITY.—The
14 term ‘low-loss commodity’ means a com-
15 modity determined pursuant to subpara-
16 graph (A) to have a 10-year average loss
17 ratio of less than 0.5.”.

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