



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-02-005

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson, Jr. 03/25/02
Administrator

SUBJECT: Substantial Beneficial Interest Reporting Requirements

BACKGROUND:

Section 506(m) of the Federal Crop Insurance Act and the policy require policyholders to report social security numbers (SSN) or employer identification numbers (EIN) to the insurance provider and the Risk Management Agency (RMA) for all persons having a substantial beneficial interest (SBI) in their crop insurance policy. This requirement applies to spouses of policyholders.

The RMA approved Crop Insurance Handbook (CIH), FCIC 18010, has required the submission of a spouse's SSN insured under an individual policy for several years. Exhibit 32 of the CIH has contained the following:

“1. Entities: Definition, Determination, and Documentation . . . If a spouse's interest is covered by the policy, the spouse must be listed as having a Substantial Beneficial Interest (SBI) and his or her SSN provided.”

For the 2002 crop year, RMA further clarified its procedures by amending the entity table contained in Exhibit 32 to reflect the requirement that a spouse's social security number must be reported as an SBI. Many insured's have already provided the spouse's information when it has been requested. However, RMA has received questions and some concerns regarding this requirement.



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The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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ACTION:

All spouses are presumed to have a SBI for crop insurance program reporting purposes. Insurance providers must continue all efforts to collect SBI information for spouses and individual interest persons for 2002 crop year policies. The SBI information may be collected at the time of application, a policy change, reporting of actual production history or acreage or during any other contact with the insured.

For the 2003 crop year, the collection of SBI information for spouses will be required by the sales closing date or with the application for the crop. For carryover policyholders, the SBI information for a spouse must be provided by the acreage reporting date. The spouse's share will be presumed to be 50 percent in the spouse unless evidence is provided to show differently. If the required information is not provided, the insurance application for new applicants must be rejected and for carry-over insureds, the amount of coverage under the policy will be reduced proportionately to the spouse's share. Insurance providers have a continuing responsibility to ensure the spouse's reported SBI information is accurate.

DISPOSAL:

This bulletin is for the purpose of transmitting/updating information and the expiration date is December 31, 2002.