



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO: MGR-03-006

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Ross J. Davidson, Jr. /s/ *Ross J. Davidson, Jr.* April 2, 2003
Administrator

SUBJECT: Disclosure of Possible Conflict of Interest Situations

BACKGROUND:

The Risk Management Agency (RMA) was recently notified by the Office of Inspector General (OIG) that certain provisions contained in Manual 14010 – Guidelines and Expectations for Delivery of the Federal Crop Insurance Program (M-14) should be strengthened. The provisions in question cover the reporting of potential conflicts of interest by personnel of the approved insurance providers (Providers).

M-14 already requires all Providers to review claims of persons affiliated with the crop insurance program. Specifically, section 7.C.5.(b) of M-14 states:

“Conflict of interest field reviews (Mandatory). The insurance provider must conduct field reviews for all crop insurance contract claims of individuals directly associated with the Federal crop insurance program (i.e., agency owner, agent, loss adjuster, FCIC employee, insurance provider employee or contractor).”

However, there are circumstances where the agency owner, agent, loss adjuster, FCIC employee, or a Provider employee or contractor may enter into a business or financial relationship with an insured, such as a lease of land, etc. OIG’s concern is that not all such persons with a business relationship with an insured are reporting that relationship and, therefore, the Provider is unaware of the potential conflict of interest and does not conduct the required review.



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

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This bulletin is only a clarification of M-14 and provides a means to obtain the applicable information from an agency owner, agent, loss adjuster, FCIC employee, or a Provider employee or contractor. It does not revise, modify or amend the requirements of M-14.

ACTION:

With respect to policies reinsured by the Federal Crop Insurance Corporation (FCIC) for the 2003 and succeeding crop years:

- A. All agency owners, agents, loss adjusters, FCIC employees, and Provider employees and contractors must disclose in writing to the Provider any formal or informal business or financial relationship with any person or entity insured by the provider. Such relationships include, but are not limited to, the sharing of crop proceeds, the leasing of land, and custom farming arrangements. Relationships based on either oral or written agreements must be reported.
- B. Each Provider must notify all of its employees and contractors, including agents, agencies, and loss adjusters, in writing of the duty to disclose any business or financial relationship with an insured.
- C. All agency owners, agents, loss adjusters, FCIC employees, and Provider employees and contractors must provide a written statement each year certifying whether or not they have entered into a business or financial relationship with an insured, including identifying the name of the insured, and the type of relationship, not later than the acreage reporting date in order to be eligible to sell and service FCIC-reinsured policies. Relationships established after that date must be reported within 15 days of the establishment of the relationship.
- D. Providers must evaluate the business relationship to determine whether a conflict of interest review is necessary.

DISPOSAL DATE:

When Manual 14010 is revised to include this clarification.