



United States
Department of
Agriculture

Risk
Management
Agency

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Washington, DC
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INFORMATIONAL MEMORANDUM: IS-08-006

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: William J. Murphy *William J. Murphy* 6/18/2008
Deputy Administrator for Insurance Services

SUBJECT: Duty of Approved Insurance Providers to Comply with
Information Requests

BACKGROUND:

The Risk Management Agency (RMA) Office of Compliance periodically performs a National Program Operational Review (NPOR) of each approved insurance provider (AIP) to determine compliance with selected laws, regulations, the Standard Reinsurance Agreement (SRA), including all Appendices, and approved Federal Crop Insurance Corporation policies and procedures. In the course of performing its NPOR duties, the Regional Compliance Office (RCO) conducting the NPOR routinely requests a listing of all AIP employees, agents, agency employees, loss adjusters and contractors and their social security or tax identification numbers. The RCO uses this information to determine AIP compliance with conflict of interest requirements and to assess other potential areas of fraud, waste, or abuse.

During some NPORs, AIPs have raised questions regarding RMA’s authority to request and obtain such personally-identifiable information, given the requirements of the Privacy Act of 1974. This memorandum clarifies this authority.

ACTION:

Section 506(m)(1) of the Federal Crop Insurance Act (7 U.S.C. 1506(m)(1)) specifically establishes the requirement to provide social security and employer identification numbers as a condition for participation in the multiple peril crop insurance program. Further, section 506(o)(1)(C) of the Act (7 U.S.C. 1506(o)(1)(C)) requires the establishment of a database containing social security and employee identification numbers of, agents and loss adjusters for the purpose of identifying, agents, or loss adjusters who are high risk for actuarial purposes, to assess the performance of the AIP,



and for other purposes permitted by law. Thus, for instance, an AIP is required to submit the social security numbers of its employees and agency affiliates to the RCO so that the RCO can ensure that the AIP has properly identified any conflict of interest that might, in turn, impact actuarial performance and determine whether the AIP has established effective management controls for such situations.

In summary, AIPs, AIP employees, and affiliates have the duty as a condition of participation in the Federal crop insurance program to provide social security and tax identification numbers requested by an RCO in the course of conducting an NPOR.

DISPOSAL DATE:

This Informational Memorandum is for transmitting information and is consistent with existing policy provisions and procedures.