



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

**BULLETIN NO: MGR-03-010**

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

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson, Jr. 9/26/03  
Administrator

SUBJECT: Substantial Beneficial Interest Reporting Requirements

**BACKGROUND:**

Manager Bulletin No. MGR-02-005 reminded Insurance Providers that all spouses are presumed to have a substantial beneficial interest (SBI) for crop insurance reporting purposes, and that the collection of SBI information for spouses for new insureds should be done by the sales closing date for the crop (including new crops) and for carryover policyholders by the acreage reporting date. MGR-02-005 also provided that a spouse's share would be presumed to be 50 percent unless evidence was provided to show differently.

**ACTION:**

For the 2003 crop year:

1. Except as provided in paragraph 2, Insurance Providers may collect required SBI information, including all applicable SSNs (hereafter referred to as, **required information**) for spouses of current policyholders at the time of loss adjustment, including any policyholder who has been paid a reduced indemnity according to MGR-002-005. The full amount of the indemnity will be reinsured provided all other requirements have been met.
2. Any policyholder who refused to provide the required information for the spouse when requested by the Insurance Provider at any previous time during the crop year is not allowed to provide the required information at the time of loss adjustment. Evidence of refusal may consist of signed statements or other evidence that demonstrates a clear and convincing refusal.



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All Programs Authorized Under the Federal Crop Insurance Corporation

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3. The Insurance Provider must:
  - a. Verify the spouse of the policyholder is not listed in RMA's Ineligible Tracking System. (Void the policy of any policyholder, in accordance with 7 C.F.R. 400, subpart U, whose spouse is determined to be ineligible and delete all policy records.)
  - b. Resubmit all policy records with the required information for eligible policyholders with the claim record.
  - c. Continue to reduce the insured share by 50 percent for any policyholder who previously refused or who currently refuses to provide the required information for the spouse.

For the 2004 and succeeding crop years, Insurance Providers must:

1. Collect required information on the application for new applicants and on the acreage report for carryover policies.
2. Require the following statements to be initialed as part of the acreage reporting process:
  - a. I understand that I am required to provide the social security numbers of all individuals who have a substantial beneficial interest (SBI) in the applicant or insured, as herein required. \_\_\_\_\_ (insured's initials)
  - b. I understand that my spouse has an SBI in the applicant or insured unless my spouse can show differently in accordance with the procedures established by the Federal Crop Insurance Corporation. \_\_\_\_\_ (insured's initials)
  - c. I understand that if I fail to provide the social security number of any individual with a SBI in the applicant or insured, the insured share of such crops will be reduced commensurate with the share of the individual whose SSNs were not reported. \_\_\_\_\_ (insured's initials)
  - d. For individual policies that do not contain a SBI social security number record, failure to initial these statements will result in the denial of insurance and no indemnity will be due.
3. Reduce the insured interest for any policyholder for which the required information has not been provided by the applicable acreage reporting date.
4. Provide to the assuming company, the required information collected for the spouse of any policyholder's policy that is transferred.

**Disposal:**

This bulletin will remain in effect until incorporated in the FCIC 18010 Crop Insurance Handbook and other applicable handbooks. The disposal date is December 31, 2005.