

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Federal Crop Insurance Corporation**  
**OMB NUMBER: 0563-0064**

**TITLE:**

General Administrative Regulations; Subpart V-Submission of Policies, Provisions of Policies and Rates of Premium.

**Purpose:**

The purpose of this request to the Office of Management and Budget (OMB) is for approval of a currently approved package.

**A. Justification**

**1. CIRCUMSTANCES MAKING COLLECTION OF INFORMATION NECESSARY:**

The Federal Crop Insurance Corporation (FCIC) is a wholly-owned Government corporation created February 16, 1938, (7 U.S.C. 1501). The program was amended previously, but Public Law 96-365, dated September 26, 1980, provided for nationwide expansion of a comprehensive crop insurance program. The Federal Crop Insurance Act (Act), as amended in 1994, 1996, and 1998, further expanded the role of the crop insurance program to be the principal tool for risk management by producers of farm products. The Act further required that the crop insurance program operate on an actuarially sound basis. The Act allows any person to prepare a submission or propose to the Board a policy, provision of a policy, or rates of premium. The Act as amended June 20, 2000, by Public Law 106-224 provides for independent reviews of insurance products by persons experienced as actuaries and in underwriting.

**2. HOW, BY WHOM, AND PURPOSE INFORMATION IS TO BE USED:**

To meet these goals, existing crop programs must be improved and expanded, new crop products developed, and new insurance concepts studied for possible implementation. Meeting these goals requires the collection of a wide range of information that is used in part to establish insurance coverage, premiums, payments, indemnities, and allow for other program and administrative operations. It also creates an information database used to support continued development and improvement in crop insurance products that are available to producers and which meet the goal of a sound insurance program.

In order to have a product presented to the Board, a person must prepare a submission package according to the procedures described in the General Administrative Regulations, Subpart V-Submission of Policies, Provisions of Policies, Rates of Premium, and Premium Reduction Plans (Subpart V), published in the Federal Register on August 2, 2005. A submission is defined as a policy, plan of insurance, provision of a policy or plan of insurance, or rates of premium provided by an applicant to FCIC.

Once the submission package is submitted the Board will determine if the submission is complete (The date the Board votes to contract with independent reviewers is the date the submission is deemed to be a complete submission for the start of the 120 day time-period for approval).

The Board will forward the complete submission to at least 5 independent persons with underwriting or actuarial experience to review the submission. The reviewers will each provide their assessment of

whether the submission protects the interests of agricultural producers and taxpayers, is actuarially appropriate; follows appropriate insurance principles; meets the requirements of the Act, does not contain excessive risks; follows sound, reasonable, and appropriate underwriting principals; as well as other items the Board may deem necessary.

RMA will also review the submission to determine if it: protects the interests of agricultural producers and taxpayers; is actuarially appropriate; follows appropriate insurance principles; meets the requirements of the Act; does not contain excessive risks; is consistent with USDA's public policy goals; does not increase or shift risk to any other FCIC reinsured policy; offers coverage that is similar to another policy or plan of insurance and if the producer would further benefit from the submission and it can be administered and delivered efficiently and effectively; the marketing plan is reasonable, RMA has the resources to consider, implement, and administer the submission and the requested amount of government reinsurance, risk subsidy, and administrative and operating subsidies is reasonable and appropriate for the type of coverage provided by the submission.

At any time, the applicant may withdraw the submission by written request to the Board or modify and resubmit the submission. The applicant may negotiate a time delay in order to revise a submission. The Board may approve or disapprove a submission or a modified submission, but before they disapprove a submission they must notify the applicant of their intention. An agreement must be completed by the applicant and FCIC that specifies the responsibilities of each with respect to the implementation, delivery and oversight of the submission. The property rights to the submission automatically transfer to FCIC if the applicant elects not to maintain the submission and FCIC has paid any amounts for research and development costs or maintenance costs. The applicant is responsible for preparing and assuring that all final policy documents and supporting materials, including actuarial documents are the same as presented and approved by the Board. Applicants will coordinate with FCIC all responses to procedural issues, questions, problems, or clarifications in regard to policies. A policy previously approved by the Board must be resubmitted for Board consideration and approval if a submission makes any change to the previously approved policy that causes a material impact. The applicant must administer the program in accordance with all terms of the approved reinsurance agreement and any other requirements FCIC deems appropriate. At any time after approval of the submission, the Board may review the program; request additional information; and require appropriate revisions to comply with legal or regulatory changes, to improve actuarial soundness, improve program integrity and protect the interests of producers. In addition, the Board will seek review from the Office of the General Counsel (OGC) to determine whether interests of producers are adequately protected and if the submission conforms to the requirements of the Act. After the Board reviews the results of the independent reviewers, FCIC reviewers, and OGC, the Board will render a decision to approve or give notice of an intent to disapprove within 90 days after the date the submission is considered submitted to the Board, unless the applicant and the Board agree to a time delay.

The applicant is responsible for preparing and ensuring that all policy documents, rates of premium, and supporting materials, including actuarial documents, are submitted to FCIC in the form approved by the Board, annually updating and providing maintenance changes no later than 180 days prior to the earliest contract change date for the commodity in all counties or states in which the policy or plan of insurance is sold, unless FCIC assumes maintenance of the product, addressing responses to procedural issues, questions, problems or clarifications in regard to a policy or plan of insurance (all such resolutions will be communicated to all approved insurance providers through FCIC's official issuance system), and annually reviewing the policy's performance and providing a report on the policy's performance to the Board by each anniversary date of when the product was first available to be purchased by the public. The applicant is liable for any mistakes, errors, or flaws in the submission until the policy is transferred to FCIC. The applicant must request reimbursement for research and development costs that must be supported by itemized statements and hard-copy proof. Following reimbursement of research and development costs, the applicant may request FCIC to enter into an agreement to provide reimbursement

of maintenance costs, which must be supported by itemized statements and hard-copy proof by August 1 of the maintenance period. After the maintenance period, the applicant has a choice of requesting FCIC to approve a use fee and the applicant will continue to maintain the policy or transfer responsibility for maintenance and all property rights to FCIC. Insurance companies reinsured by FCIC must submit 3 hard copies or an electronic copy of new or revised non-reinsured supplemental policies and related materials to FCIC for review and approval or disapproval.

3. USE OF IMPROVED INFORMATION TECHNOLOGY:

The collection of information may involve the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. FCIC does not suggest or mandate how the person is to obtain or develop the information that is requested. However, an applicant is required to submit to FCIC, an electronic copy of the submission that when printed will be an exact duplicate of the information that would have been found in the 3-ring binder or 7 hard copies of specific information that will be contained in 3-ring binders, with section dividers clearly labeling each section. Because of this requirement, if a submission is submitted in hard-copy, the submission must be sent by some form of transportation, mailed, or hand delivered. A document submitted in electronic media must be in a format that can be accessed by FCIC. This includes all necessary forms for insurance coverage. Also, data used in determining rates must be included in an electronic format that can be accessed by FCIC.

4. EFFORTS TO IDENTIFY DUPLICATION:

The Board would not approve a submission that is identical to another product so it is unlikely anyone would go to the time and expense of duplicating another policy. If the submission is a provision of a policy or rates of premium, only information applicable to the change being made must be included.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR ENTITIES:

A person, including an approved insurance provider, a college or university, a cooperative or trade association, or any other person may prepare a submission for the Board. The regulation is very specific in regards to what must be included in every submission regardless of who prepares it. The information collection burden would not be minimized for small businesses or entities because specific information is necessary to adequately protect the interests of producers and to assure that premium charged to producers is actuarially appropriate.

6. CONSEQUENCE IF INFORMATION COLLECTION WERE LESS FREQUENT:

The majority of the information collection burden will be from the time an applicant starts working on a submission until it is completed and approved by the Board. If the Board does not have all the information required to evaluate the program, the submission will be disapproved. After the submission is approved, if the applicant does not provide the information necessary to substantiate the request for reimbursement of research and development costs, maintenance costs or to obtain a use fee after the maintenance period, the applicant will not be reimbursed.

7. SPECIAL CIRCUMSTANCES OF THE INFORMATION COLLECTIONS

The applicant may have to report information more often than quarterly if the regulation is not followed and the applicant is repeatedly asked to provide more information in order for the Board to approve the submission. FCIC does not require the applicant to prepare a written response to a collection of information in fewer than 30 days after receipt of it. However, the applicant may have to request a time delay in order to modify a submission so that the Board does not provide a notice of intent to disapprove a submission or disapprove a submission. FCIC lists, within the regulation, specific contents of a complete submission. Applicants are required to submit either an electronic copy of the submission (that when printed would be identical to the hard copy information, except for section binders) or 7 identical hard copies of their submission. The 7 hard copies provides identical copies for the Administrator of RMA in Washington D.C., the Deputy Administrator of Research and Development in Kansas City, Missouri, and a copy for each of the five independent reviewers, so they can immediately begin their review. Copies are made for RMA personnel, the office of General Counsel, and the Board. However, if an electronic copy is provided, copies are printed for each of the above. Insurance companies maintain records longer than 3 years as a normal business practice. No statistical survey is conducted by these collections. No statistical data classification is used that has not been reviewed and approved by OMB. A pledge of confidentiality is not required. No proprietary trade secrets or other confidential information are requested.

8. FEDERAL REGISTER NOTICE, SUMMARIZATION OF COMMENTS, AND CONSULTATION WITH PERSONS OUTSIDE THE AGENCY:

The Federal Register Notice soliciting comments on the Risk Management Agency's intent to seek extension of approval of an information collection was published in the Federal Register, Vol. 72, No. 30, on February 14, 2007, on pages 7006-7. No comments were received.

9. EXPLAIN ANY DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS.

FCIC will provide a one-time payment to the applicant for reimbursement of costs directly related to the research and development of the submission, subsequent to Board approval. Following payment of research and development costs, the applicant may request FCIC to enter into an agreement to provide a payment to reimburse maintenance costs, subsequent to Board approval, associated with the annual cost of maintaining the policy during the maintenance period. At the end of the maintenance period, the applicant may request to enter into an agreement with FCIC to continue to maintain the policy and charge each approved insurance provider who markets the product, a use fee as approved by the Board for the use of such policy or coverage for that reinsurance year.

10. CONFIDENTIALITY PROVIDED TO RESPONDENTS:

A submission, including any information generated from the submission, will be considered confidential commercial or financial information for purposes of 5 U.S.C. until approved by the Board. An applicant may waive such confidentiality by advising FCIC in writing, or by releasing such information to a person other than FCIC. Information that can be withheld by the Secretary under 5 U.S.C. shall not be released to the public at any time. Once the Board approves a submission, all information provided may be released to the public unless protected by 5 U.S.C. Any submission disapproved by the Board will remain confidential commercial or financial information in accordance with 5 U.S.C.

11. QUESTIONS OF A SENSITIVE NATURE:

No questions of a sensitive nature are contained in the regulation.

12. ESTIMATE OF INFORMATION BURDEN:

FCIC estimated that people in 14 positions (marketing manager, computer manager, financial manager, technical writer, actuary, accountant, lawyer, economist, computer programmer, underwriter, paralegal, marketing researcher, statistician, and office assistant) and a total of 15 applicants will submit a submission for a total of **210 respondents**.

FCIC estimates **105 annual responses** due to 15 applicants completing seven objectives (preparing the submission, modifying the submission, corresponding with the Board, preparation and presentation to the Board, responding to issues, negotiating agreements, costs and fees and maintenance of approved products). To determine approximate annual burden hours, FCIC estimates 15 entities will prepare a submission (applicants).

Description	Respondents	Hours	Total
Read Document	75	2	150
Time to Prepare the Submission	15	1500	22500
Time Spent Modifying submission prior to Board Approval	15	1000	15000
Time to prepare correspondence between Board & Applicant	15	10	150
Preparation & Presentation to the Board	15	40	600
Time applicant spends to respond to procedural, policy & data automation issues subsequent to Board approval	15	1000	15000
Negotiation of Memorandum of Understanding, including reinsurance arrangements & user fees	15	40	600
Maintenance of approved products that do not require Board action	15	200	3000
<b>TOTAL HOURS</b>			<b>57000</b>

13. TOTAL ANNUAL COST TO RESPONDENTS OR RECORD-KEEPERS

The estimated total burden cost per year is \$1,468,920.

14. ANNUAL COST TO THE FEDERAL GOVERNMENT:

The estimated cost to the Federal Government per year is \$3,427,562.

15. REASONS FOR CHANGES IN BURDEN:

There are no changes in burden from the previous submission.

16. TABULATION, ANALYSIS AND PUBLICATION PLANS

The data is not planned for publication.

17. REASONS DISPLAY OF EXPIRATION DATE OF OMB APPROVAL IS INAPPROPRIATE.

RMA does not produce or distribute forms, therefore, there is no request to not display an expiration date on forms.

18. EXCEPTIONS to 83-I CERTIFICATION STATEMENT

This information collection meets the certification requirements of SF-83-I, Item 19.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS.

The information collections represented in this docket do not employ statistical methods.