

March 2007

Supporting Statement for Paperwork Reduction Act Submissions

OMB Control Number: 1660-0005

Title: National Flood Insurance Program Claims Forms

Form Number(s): 81-40, 81-41, 81-41A, 81-42, 81-42A, 81-43, 81-44, 81-57, 81-58, 81-59, 81-63, 81-96, 81-96A, 81-98, 81-109, 81-110

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a) (i) (iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 17 or the OMB Form 83-I is checked "Yes", Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

To complete the supporting statement, type in your responses in the white space below each question. Your responses should be full and complete and provide sufficient information to help the OMB desk officer to understand what you are planning to do and why and how the Agency/Federal Government will benefit from and use the information you will be obtaining or soliciting.

Specific Instructions

A. Justification

1. Explain the circumstances that make the collection of information necessary (give details as to why this information is being collected). Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information. Provide a detailed description of the nature and source of the information to be collected.

The National Flood Insurance Program (NFIP) is authorized by Public Law 90-448 (1968) and expanded by Public Law 93-234 (1973) provides low-cost federally subsidized flood Insurance for existing buildings exposed to flood risk. In return, communities must enact and administer construction safeguards to ensure that new

construction in the flood plain will be built to eliminate or minimize future flood damage. In accordance with Public Law 93-234, the purchase of flood insurance is mandatory when Federal or federally related financial assistance is being provided for acquisition or construction of buildings located, or to be located, within FEMA-identified special flood hazard areas of communities, which are participating in the program. This collection is also in accordance with FEMA responsibilities under Section 555 of the National Flood Insurance Reform Act of 1994, Title V of the Riegle Community Development and Investment Act of 1994 (Public Law 103-325) which requires the National Flood Insurance Program (NFIP) to provide coverage under the Standard Flood Insurance Policy the increased costs of complying with the land use control measures established under section 1361 of the National Flood Insurance Act of 1968 as amended. This collection includes all NFIP direct claims. The collection of this information is necessary for the continued proper performance of the Agency's function related to indemnifying policyholders for flood damages to their properties.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. Provide a detailed description of:
a) how the information will be shared, if applicable, and for what programmatic purpose.

The following FEMA forms are used by adjusters and policyholders to collect the information needed to investigate, document, evaluate, and settle claims against NFIP policies by policyholders for flood damage to their insured property or qualification for benefits under Increased Cost of Compliance coverage.

FEMA Form 81-40, Worksheet-Contents-Personal Property

The adjuster and the policyholder list and assess the inventory of flood-damaged personal property on this form.

FEMA Form 81-41, Worksheet-Building

The adjuster and the policyholder list and assess the scope of flood-damaged building property on this form.

FEMA Form 81-41A, Worksheet-Building (Cont'd)

The adjuster and the policyholder continue to list and assess the scope of flood-damaged building property on this form when the amount of building property damage exceeds the space available on one worksheet.

FEMA Form 81-42, Proof of Loss

The policyholder uses this form to make their statement of the amount claimed, and then signed and sworn along with details of the loss.

FEMA Form 81-42A, Increased Cost of Compliance Proof of Loss

The policyholder uses this form to make their statement of the amount claimed for an ICC claim, and then signed and sworn along with details of the loss.

FEMA Form 81-43, Notice of Loss

The policyholder gives prompt written notice of flood damage on this form, as required by the Standard Flood Insurance Policy (SFIP). The form includes policy information (name, address, mortgagee), description of the property and damage, and contact information for the policyholder.

FEMA Form 81-44, Statement as to Full Cost of Repair or Replacement under the Replacement Cost Coverage, Subject to the Terms and Conditions of this Policy

The policyholder uses this form to make their statement of the actual amount expended repairing building flood damage for reimbursement above actual cash value, when eligible under the terms of the SFIP.

FEMA Form 81-57, National Flood Insurance Program Preliminary Report

The adjuster uses this form to report information to the NFIP Servicing Agent for setting reserves and initial claims processing.

FEMA Form 81-58, National Flood Insurance Program Final Report

The adjuster uses this form to document the overall flood damages to the insured property and to provide a detailed summary of the claims information.

FEMA Form 81-59, National Flood Insurance Program Narrative Report

The adjuster uses this form to report information in a narrative format that is necessary to document the claim but not provided for on the Preliminary Report or Final Report.

FEMA Form 81-63, Cause of Loss and Subrogation Report

The adjuster uses this form to identify potentially responsible third parties and their actions that may have caused or worsened flood damage.

FEMA Form 81-96, Mobile Home Worksheet

The adjuster uses this form to record information used to determine the replacement cost and actual cash value of a manufactured (mobile) home.

FEMA Form 81-96A, Mobile Home Worksheet (Cont'd)

The adjuster continues to record information used to determine the replacement cost and actual cash value of a manufactured (mobile) home.

FEMA Form 81-98, Increased Cost of Compliance (ICC) Adjuster Report

The adjuster lists the information required to qualify for an ICC claim and documents the mitigation option and cost.

FEMA Form 81-109, Adjuster Preliminary Damage Assessment

The adjuster lists potentially Substantially Damaged Structures (buildings that appear to be damaged to 50% or more of their market value) in preparation for possible ICC Claims.

FEMA Form 81-110, Adjuster Certification Application

This form is used to collect information from individuals seeking to become certified flood adjusters. Under its contract, the NFIP Servicing Agent can only assign flood claims to certified flood adjusters. Adjuster candidates list their personnel information, training, experiences and references on this form to document that they meet the requirements to be certified flood adjusters.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

Claim adjusters use automated electronic technology to write damage estimates. However, the forms are printed and a copy of the damage estimate is provided to the insured in order to receive payment. The insured must sign and notarize the proof of loss. Current forms are available on line at www.fema.gov/business/nfip/forms.shtm. All forms can be submitted electronically with the following exceptions; these forms cannot be submitted electronically as 81-42, the Proof of Loss form, 81-42A, the Increased Cost of Compliance Proof of Loss form, 81-44, Statement as to full cost of repair or replacement under the replacement cost coverage, subject to the terms and conditions of this policy form, must be signed and sworn to by the insured.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

There is no duplication since only one set of forms is required per claim. Information on each claim is unique and not available from sources other than the adjuster and policyholder. Therefore, there is no duplication of information.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize.

The same information is required from small business as from individuals and any other applicants. No additional burden is placed on small businesses or entities.

6. Describe the consequence to Federal/FEMA program or policy activities if the collection of information is not conducted, or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The information is required to investigate, evaluate, document, and determine the amount of the claim payment due the insured when a loss occurs. Without this collection, the NFIP could not operate and could not provide necessary flood insurance coverage to property owners in communities participating in the NFIP.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- (a) Requiring respondents to report information to the agency more often than quarterly.**

There are no special circumstances that require respondents to report information to the agency more than quarterly.

- (b) Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.**

There are no special circumstances that would require respondents to prepare a written response to a collection of information in fewer than 30 days after receipt.

- (c) Requiring respondents to submit more than an original and two copies of any document.**

There are no special circumstances that require respondents to submit more than an original and two copies of any document.

- (d) Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years.**

There are no special circumstances that require respondents to retain records for more than three years.

- (e) In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.**

There are no special circumstances that require respondents to participate in a statistical survey.

- (f) Requiring the use of a statistical data classification that has not been reviewed and approved by OMB.**

There are no special circumstances that require respondents to participate in a statistical survey.

- (g) That includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.**

There are no special circumstances that include a pledge of confidentiality.

- (h) Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no special circumstances that require respondents to submit proprietary trade secret or other confidential information.

8. Federal Register Notice:

- a. Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

A 60-day Federal Register Notice inviting public comments was published on April 20, 2007, volume 72, number 76, pages 19943-19944. There were no comments received.

- b. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

The Flood Insurance Producer National Committee (FIPNC), which is made up of non-government professionals involved with the NFIP, meets regularly with government officials from FEMA staff to discuss any aspects of the NFIP that are of concern to them. This information collection, including the forms used, is open to FIPNC as a subject of discussion if it so chooses.

- c. Describe consultations with representatives of those from whom information is to be obtained or those who must compile records. Consultation should occur at least once every three years, even if the collection of information activities is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

FEMA program personnel discuss the claim forms at meeting with involved users; e.g., Flood Insurance Producer National Committee (FIPNC), and adjusters. FEMA works closely with FIPNC and adjusters during annual training sessions. Form revisions may be discussed at these training sessions.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There are no payments or gifts to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. Provide details on authorized tracking of respondents (due to a compelling need), and whether there is an intent to identify individual respondents in conjunction with other data elements (i.e., gender, race, age, geography, and other descriptors).

The Standard Flood Insurance Policy provides specific requirements that an insured must follow to provide us with the information concerning their flood loss. Within 60 days after the loss, the insured must submit a proof of loss, the date and time of loss and briefly explain how the loss happened. It is mandatory that the insured sign and swear to the proof of loss in order to receive payment. If the respondents decline to provide the information, their claim may be denied.

The information is subject to the provisions of the Privacy Act which state that the information requested is necessary to process the subject loss. The authority to collect the information is Title 42, U.S. Code, Section 4001 to 4028. It is voluntary on your part to furnish the information. However, omission of an item may preclude processing of the form. The information will not be disclosed outside of the Federal Emergency Management Agency, except to the servicing agent, acting as the government's fiscal agent; to claims adjusters to enable them to confirm coverage and the location of the insured property; to certain Federal, State, and Local Government agencies for determining eligibility for benefits and for verification of agencies for acquisition and relocation-related projects, consistent with the National Flood Insurance Program and consistent with the routine uses described in the program's system of record. Failure by you to provide some or all of the information may result in delay in processing or denial of this claim and/or application.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no requirements for respondents to answer any questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information.

The statement should:

a. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desired. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

Project/Activity (Survey, Form(s), Focus Group, etc.)	Burden Hours Per Respondent (A)	Annual Responses (B)	Total Annual Burden Hours (AxB=C)
FEMA Form:			
81-40	2.50	3,150	7,875
81-41	2.50	4,950	12,375
81-41A	1.00	5,250	5,250
81-42	0.08	5,250	420
81-42A	2.00	375	750
81-43	0.07	5,250	368
81-44	0.10	1,500	150
81-57	0.07	5,250	368
81-58	0.07	5,250	368
81-59	0.08	3,000	240
81-63	1.00	525	525
81-96	0.50	300	150
81-96A	0.25	300	75
81-98	0.42	375	158
81-109	0.25	750	188
81-110	0.25	750	188
TOTAL		42,225	29,448

Of the estimated 7,500 respondents, not all will file all forms. The estimated number of policyholders who will file insurance claims due to flood damage is based upon claims' historical trends. The public reporting burden for the collection of information is estimated to average 4 hours per claim. This estimate includes the time, effort, or financial resources expended by persons to generate, maintain, retain, disclose, or provided information.

b. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

c. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 14.

To provide cost to respondents for the hour burden, we used the U.S. Department of Labor, Bureau of Labor Statistics' May, 2005 Occupational Employment Statistics, which reports national median and mean hourly rates based on the Standard Occupations Code. The national median hourly rate for Claims Adjusters, Examiners, and Investigators (13-1031) is \$22.21. Based on the different time frames from completing the collection's forms, the average cost per hour per respondent is \$9.91. Please refer to the table below:

FEMA Form	Burden Hrs	Average Cost per Respondent ⁽²⁾ (\$)	Annualized Cost All Respondents (\$)
81-40	7,875	22.21	174,904.00
81-41	12,375	22.21	274,849.00
81-41A	5,250	22.21	116,603.00
81-42	420	1.78	9,328.00
81-42A	750	22.21	16,658.00
81-43	368	1.55	8,173.00
81-44	150	2.22	3,332.00
81-57	368	1.55	8,173.00
81-58	368	1.55	8,173.00
81-59	240	1.78	5,330.00
81-63	525	22.21	11,660.00
81-96	150	11.11	3,332.00
81-96A	75	5.55	1,666.00
81-98	158	9.33	3,509.00
81-109	188	5.55	4,175.00
81-110	188	5.55	4,175.00
TOTAL	29,448		\$654,040.00

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. Do not include the cost of any hour burden shown in Items 12 and 14. The cost estimates should be split into two components:

- a. **Operation and Maintenance and purchase of services component.** These estimates should take into account cost associated with generating, maintaining, and disclosing or providing information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred.
- b. **Capital and Start-up-Cost should include, among other items, preparations for collecting information such as purchasing computers and software, monitoring sampling, drilling and testing equipment, and record storage facilities.**

Information Collection Activity	*Annual Capital Start-Up Cost (investments in overhead, equipment and other one-time expenditures)	*Annual Operations and Maintenance Cost (such as recordkeeping, technical/professional services, ect.)	Annual Non-Labor Costs (expenditures on training, travel and other resources)	Total Annual Cost to Respondents
There are no cost burdens to respondents or record keepers from the collection of information.				

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing and support staff), and any other expense that would have been incurred without this collection of information. You may also aggregate cost estimates for Items 12, 13, and 14 in a single table.

ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Item	Cost (\$)
Contract Costs [Specify what is for and what is included, I.e S/W development, survey, etc.]	\$9,000,000.00
Staff Salaries [State number of employees involved, GS-level, Time spent w/ this collection]	\$853.00
Facilities	0
Computer Hardware and Software	0
Equipment Maintenance	0
Travel	0
Printing	0
Postage	0
Other	0
Total	\$9,000,853.00

The adjusters are paid from a fee schedule based on the gross amount of the claim. The larger claims require more time and effort and generate a higher payment. The average adjuster payment was \$1,200.00 per claim. The number of claims annually varies with the weather and related flooding conditions. We estimate 7,500 claims, which provide reimbursements to adjusters for expenses incurred in accordance with NFIP standards to evaluate the loss and obtain a proof of loss signed by the policyholder, of approximately \$9,000,000.00. The increase is due to the number of claims reported in two record-breaking years in the 2004 and 2005 hurricane seasons that generated activity from Hurricanes Ivan, Jeanne, Charlie, Frances, Dennis, Rita, Wilma, and Katrina. This is unprecedented in FEMA's history of the flood program.

FEMA staff does not utilize the forms. The only time spent with this collection is every three years at renewal. FEMA salaries are GS-12 at 80 hours at the rate of \$32.00 per hour divided over the three year period, for an annual cost of \$853.00.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I. Changes in hour burden, i.e., program changes or adjustments made to annual reporting and recordkeeping hour and cost burden. A program change is the result of deliberate Federal government action. All new collections and any subsequent revisions of existing collections (e.g., the addition or deletion of questions) are recorded as program changes. An adjustment is a change that is not the result of a deliberate Federal government action. These changes that result from new estimates or actions not controllable by the Federal government are recorded as adjustments.

Six forms have been revised in this collection; the NFIP Preliminary Report-FEMA Form 81-57 (0.07 Burden Hours), the NFIP Final Report-FEMA Form 81-58 (0.07 Burden Hours), the Mobile Home Worksheet-FEMA Forms 81-96 (.50 Burden Hours), and 81-96A, (.25 Burden Hours), the Increased Cost of Compliance (ICC) Adjuster Report-FEMA Form 81-98 (0.42 Burden Hours), and the Adjuster Certification Application-FEMA Form 81-110 (.25 Burden Hours).

Changes in Hour Burden		
Data Collection Activity/Instrument	Program Changes (hours)	Adjustments (hours)
FEMA FORM 81-57	0	0
FEMA FORM 81-58	0	0
FEMA FORM 81-96	0	0
FEMA FORM 81-96A	0.25	75
FEMA FORM 81-98	0	0
FEMA FORM 81-110	0	0
Total	+0.25	75
Changes in Cost Burden		
Data Collection Activity/Instrument	Program Changes (\$)	Adjustments
FEMA FORM 81-57	0	0
FEMA FORM 81-58	0	0
FEMA FORM 81-96	0	0
FEMA FORM 81-96A	5.55	1,665
FEMA FORM 81-98	0	0
FEMA FORM 81-110	0	0
Total	+\$5.55	+1,665

There has been a slight increase in the burden hours by .025 hours and a cost increase of 5.55 with FEMA Form 81-96A as this form has been revised to add a second page necessary for the continued collection of information related to identifying policyholders for flood damages to their properties.

There has been no change in the burden hours or cost associated with revisions to FEMA Forms 81-57; FEMA Form 81-58; FEMA Form 81-96; FEMA Form 81-98 and FEMA Form 81-100 as the revisions do not require an increase in time.

Of the estimated 7500 respondents, not all will file all forms. Participants use only those forms that are relevant to their loss and type of claim reported.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The information will not be published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain reasons that display would be inappropriate.

A valid OMB control number, expiration date and burden disclosure notice will be displayed in the collection materials.

18. Explain each exception to the certification statement identified in Item 19 “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-I.

This collection does not seek exception to the certification statement referenced above.

B. Collections of Information Employing Statistical Methods.

This collection does not employ the use of statistical methodology.