

SUPPORTING STATEMENT  
OMB 1215-0034  
OWCP-1 Agreement and Undertaking

1. Coal mine operators desiring to be self-insurers are required by law (30 USC 933 BL) to produce security by way of an indemnity bond, security deposit, a letter of credit, or 501(c)(21) trust. Once a company's application to become self-insured is reviewed by the Division of Coal Mine Workers' Compensation (DCMWC) and it is determined the company is potentially eligible, an amount of security is determined to guarantee the payment of benefits required by the Act. The OWCP-1 form is executed by the self-insurer who agrees to abide by the Department's rules and authorizes the Secretary, in the event of default, to file suit to secure payment from a bond underwriter or in the case of a Federal Reserve account, to sell the securities for the same purpose. A company cannot be authorized to self-insure until this requirement is met. Regulations establishing this requirement are at 20 CFR 726.110 for Black Lung.

The OWCP-1 was formerly used by the Division of Longshore and Harbor Workers' Compensation as well as by the Division of Coal Mine Workers' Compensation. However, DLHWC now uses forms LS-275ic and LS-275si, which together comprise OMB 1215-0204.

2. An authorized representative of a coal mine operator is required to complete this form only after the company is determined to be potentially eligible to become self-insured. The information is reviewed to insure that the correct amounts of negotiable securities are deposited or indemnity bond is purchased and that in case of default OWCP has the authority to utilize the securities or bond. If this Agreement and Undertaking were not required, OWCP would not be empowered to utilize the company's security deposit to meet its financial responsibilities for the payment of black lung benefits in case of default.
3. The OWCP-1 is a short, concise form which requires notarized signature and is considered to be a legal document. The document is available on the internet for completion and printing for manual submission and when the respondent wishes additional copies. Because this is a controlled

document to be submitted only by authorized self-insured employers and requires original notarized signatures, it is not available for electronic submission. There is no additional technology that would improve the submission process. The website where the form can be found is:

<http://www.dol.gov/esa/owcp/dfec/regs/compliance/OWCP-1.pdf>

4. There is no duplicated effort for obtaining this information.
5. Due to the nature of the OWCP-1, requiring companies to pledge financial security to become self-insurers, small businesses are not involved.
6. The information is required when a company or corporation first applies to become a self-insurer, and is updated whenever there is a change in the corporate name, corporate structure or the security requirement.
7. There are no special circumstances for the collection of this information.
8. No outside consultations have been conducted concerning the use of this form. However, the form has been in use since 1978, which has given the user public ample time to comment on the use of the form.

A Federal Register Notice inviting public comment was published on June 4, 2008 in Vol. 73, No. 108 Page 31889. No comments were received.

9. No payments or gifts are provided to respondents.
10. This form is used exclusively by self-insured businesses to secure the payment of compensation benefits. Even though there are no provisions in the Federal Coal Mine Health and Safety Act to share this information with any other entity, DOL provides no assurance of confidentiality in the completion of form OWCP-1 by the respondent. No information covered by the Privacy Act of 1974 is collected.
11. There is no information of a sensitive nature requested on this form.

12. Burden Estimate:

The estimated burden is .25 hours or 15 minutes per form for completion and mailing for a total estimated time of 5 hours for 20 forms. This estimate is based on the estimated number of authorized self-insured employers who will be responding. The form requires only minimal basic information, i.e., the amount of securities or the amount of the bond and the name of the bonding company. The estimate is considered reasonable considering the type of information that is requested. Accordingly, 20 forms x .25 hours = 5 hours

Annualized Burden Cost:

The annualized burden cost to the respondents has been estimated to be approximately \$327.25. Since the form is to be completed by various categories of employees in the coal mining industry, i.e., some clerical workers, professionals and other office personnel, it appears reasonable to use the most recent table Median Weekly Earnings of Full-time and Salary Workers for 2007 from the Bureau of Labor Standards in estimating the annualized burden cost under the Black Lung Act (<http://www.bls.gov/cps/cpsaat39.pdf>). Accordingly, the calculations are as follows:  $\$695.00 \div 40 \text{ hrs} = \$17.38/\text{hr} \times 5 \text{ hrs} = \$86.90$  annualized burden cost.

13. This information collection does not require the use of systems or technology for generating, maintaining or disclosing the data above that which would already be kept as a customary business practice. A mailing cost of \$.45 per response (\$.42 postage and \$.03 envelope charge) is applied as an operation cost with a total of \$9.00 (20 x .45) for the 20 responses.
14. The cost to the government has been estimated to be approximately \$76.10. This estimate was determined by taking into consideration printing, distribution and analysis costs associated with the issuance and review of Form OWCP-1. Printing costs were determined by using a cost of \$5.00 per 100 copies for a two-sided form (\$2.50 per side). Distribution costs were determined by applying a postage and envelope charge (\$.42 for postage and \$.03 for envelopes) against the number of copies issued annually. Analysis and handling costs were determined by applying the hourly rate of a GS-13 supervisory claims examiner to the

total annual hours required for review. The annual review hours were determined by applying an estimate of 5 minutes for the review and analysis of each form against the 20 forms that are received each year. The calculations are as follows:

Printing	\$	5.00	(\$2.50 x 2 sides x 100)
Mailing		9.00	(20 x \$.45)
Processing		<u>62.10</u>	(20 x .083 = 1 2/3hrs x \$37.27)*
Total	\$	76.10	

\*One GS-13 claims examiner at the hourly rate of \$37.27 spending .083 hours or 5 minutes per form.

15. There has been a program change due to a substantial reduction in burden hours and operation costs because of the discontinuance of this collection by DLHWC (200 forms) the burden hours have been reduce from the previous submission of 75 hours to 5 hours. There is an operation and maintenance cost of \$9.00 for mailing for the 20 responses. In addition, use of the OWCP-1 by DCMWC is declining because of mergers and consolidation of coal mine operators in which a single operator self-insures a number of subsidiaries.
16. This information will not be published for statistical use.
17. This request does not need a waiver from the requirement to display the expiration date.
18. There are no exceptions to the certification statement.