

## **Changes to Collection OMB No. 1660-0006**

The following questions have been updated since the last OMB Approval:

FEMA Form Numbers Changed from: FEMA Forms 81-16, 81-67, 81-17, 81-18, and 81-25  
**To: FEMA Form Numbers 086-0-1, 086-0-2, 086-0-3, 086-0-4, and 086-0-5 Note: Same forms with new form numbers using FEMA's new numbering system.**

### **8. Federal Register Notice:**

**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. Please note change in 8 b and c.**

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's Mitigation Directorate 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. It is the Mitigation Directorate's practice to solicit comments from this group and other NFIP stakeholders before any changes are made to the NFIP Policy Forms.

In addition, the NFIP program personnel frequently discuss the NFIP Policy Forms at meetings with other involved users; e.g., insurance agents, insurance company officials, mortgage lenders, surveyors, engineers, and others.

In June 2008 an NFIP Policy Forms Workgroup was formed to review the policy forms and make suggestions for their improvement. The workgroup consisted of Mitigation Directorate staff, insurance agents, insurance company officials, surveyors, mortgage lenders, and others. The changes to the NFIP Policy Forms 81-16 (Application), 81-18 (Endorsement), and 81-67 (Preferred Risk Application) in this submission are the direct result of the efforts of this workgroup.

**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.**

Mitigation Directorate program personnel discuss the V-Zone Risk Factor Rating Form at meetings with involved users; e.g., engineers, architects. The Mitigation Directorate worked very closely with the engineers and architects during the development process.

In addition, approximately 10 engineers and architects in different parts of the United States were involved in reviewing the form.

In June 2008 an NFIP Policy Forms Workgroup was formed to review the policy forms and make suggestions for their improvement. The workgroup consisted of Mitigation Directorate staff, insurance agents, insurance company officials, surveyors, mortgage lenders, and others. The changes recommended and adopted by the workgroup are reflected in the revisions of the NFIP Policy Forms 81-16 (Application), 81-18 (Endorsement), and 81-67 (Preferred Risk Application), which are submitted for approval with this submission. These changes do not change the paperwork burden associated with the forms as there is no significant net change to the information required to be collected on the form, i.e., some items have been added, others have been removed.

These changes do not change the paperwork burden associated with the forms as there is no significant net change to the information required to be collected on the form, i.e., some items have been added, some removed, some revised for clarification. The changes in the information requested reflect changes in NFIP rating categories and rates. The information requested is required to ensure that the policy is correctly rated and issued. Information items no longer needed have been removed.

These changes are not the result of changes in Regulations. FEMA periodically reviews its coverage and loss experience and adjust rates accordingly to make the NFIP more fiscally sound and to make the flood insurance rates more reflective of the risk. This action is consistent with underwriting activities and action in the private sector where rates are modified based on underwriting concerns, the financial condition of the company and other insurance considerations.

**12. Provide estimates of the hour burden of the collection of information. The statement should: PLEASE NOTE: All changes are detailed in Question 15 (below).**

**a. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated for each collection instrument (separately list each instrument and describe information as requested). 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.**

FEMA Form 086-0-1 is completed by an estimated 5,859 property owners. The average burden per response is 12 minutes and the total annual burden hours are 1,171.8.

FEMA Form 086-0-2 is completed by an estimated 2,958 property owners. The average burden per response is 7.5 minutes and the total annual burden hours are 369.75.

FEMA Form 086-0-3 is completed by an estimated 19,920 property owners. The average burden per response is 9 minutes and the total annual burden hours are 2.988.

FEMA Form 086-0-5 is completed by an estimated 1,090 property owners. The average burden per response is 8 minutes and the total annual burden hours are 145.33.

FEMA Form 086-0-4 is completed by an estimated 20 surveyors/engineers. The average burden per response is 6.5 hours and the total annual burden hours are 130.

The Renewal Premium Notice is completed by an estimated 93,514 property owners. The average burden per response is 3 minutes and the total annual burden hours are 4,675.7.

**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 an estimate of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost to the respondents of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 13.**

Type of Respondent	Form Name / Form Number	No. of Respondents	No. of Responses per Respondent	Avg. Burden per Response (in hours)	Total Annual Burden (in hours)	Avg. Hourly Wage Rate	Total Annual Respondent Cost
Individual and Household, Business or other for profit, Not-for-profit institutions, Farms, State, Local or Tribal Government (Property Owner)	Flood Insurance Application / FEMA Form 086-0-1	5,859	1	.2 Hours (12 Minutes)	1,171.8 Hours (70,308 Minutes)	\$19.56	\$22,920.41
Individual and Household, Business or other for	Flood Insurance Cancellation / Nullification Request	2,958	1	.125 Hours (7.5 Minutes)	369.75 Hours (22,185 Minutes)	\$19.56	\$7,232.31

profit, Not-for-profit institutions, Farms, State, Local or Tribal Government (Property Owner)	Form / FEMA Form 086-0-2						
Individual and Household, Business or other for profit, Not-for-profit institutions, Farms, State, Local or Tribal Government (Property Owner)	Flood Insurance General Change Endorsement / FEMA Form 086-0-3	19,920	1	.15 Hours (9 Minutes)	2,988 Hours (179,280 Minutes)	\$19.56	\$58,445.28
Individual and Household, Business or other for profit, Not-for-profit institutions, Farms, State, Local or Tribal Government (Property Owner)	Flood Insurance Preferred Risk Policy Application / FEMA Form 086-0-5	1,090	1	.133 Hours (8 Minutes)	145.33 Hours (8,720 Minutes)	\$19.56	\$2,842.72
Individual and Household, Business or other for profit, Not-for-profit institutions, Farms, State, Local or Tribal Government (Property Owner)	Renewal Premium Notice / No Form	93,514	1	.05 Hours (3 Minutes)	4,675.7 Hours (280,542 Minutes)	\$19.56	\$91,456.69
Business or other for profit (Surveyors)	V-Zone Risk Factor Rating Form and	20	1	6.5 Hours (390 Minutes)	130 Hours (7,800 minutes)	\$33.11	\$4,304.30

	Instructions / FEMA Form 086-0-4 (including reference to the Coastal Construction Manual CD)					
<b>Total</b>		<b>123,361</b>			<b>9,480.58</b>	<b>\$187,201.71</b>

According to the U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)) the wage rate category for property owners of various occupations, is estimated to be \$19.56 per hour; therefore, the estimated burden hour cost to respondent property owners is estimated to be \$182,897.41 annually.

According to the U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)) the wage rate category for Architects and Engineers is estimated to be \$33.11 per hour; therefore, the estimated burden hour cost to respondent property owners is estimated to be \$4,304.30 annually.

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers 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.) Costs are updated to more accurately reflect those associated with this collection.**

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.

#### Annual Cost Burden to Respondents or Record-keepers

Data Collection Activity/Instrument	*Annual Capital Start-Up Cost	*Annual Operations and Maintenance Cost (such as recordkeeping, technical/professional services, etc.)	Annual Non-Labor Cost	Total Annual Cost to Respondents
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	(investments in overhead, equipment and other one-time expenditures)		(expenditures on training, travel and other resources)	
V-Zone Risk Factor Rating Form FEMA 81-25 (including reference to the Coastal Construction Manual CD)	0	\$13,000	0	\$13,000
Premium Cost to Respondents (19,920 policies x \$320 average cost per premium)	0	\$6,374,400		\$6,374,400
<b>Total</b>	<b>0</b>	<b>\$6,387,400</b>	<b>0</b>	<b>\$6,387,400</b>

The cost to the respondent (e.g., applicants for flood insurance for whose building the V-Zone Risk Factor Rating Form FEMA 086-0-4 is being completed) is estimated to be a fee of \$650 charged (6.5 hrs. x \$100/hr.) to the applicant by the private sector professional (architect/engineer) completing the V-Zone Risk Factor Rating Form. This estimated cost to the respondent is based on verbal reports by applicants/policyholders and insurance agents incidental to FEMA's normal course of business. The annual cost to 20 respondents x an average cost of \$650 per V-Zone Risk Factor Rating Form is estimated to be approximately \$13,000. Each policy is charged an estimated average premium for insurance of \$320, and the total number of policies renewed each year is 19,920, for a total of \$6,374,400. The total cost to respondents is estimated to be \$6,387,400 annually. NOTE: The prior associated cost for the purchasing of services to complete the V-Zone Risk Factor Rating of \$720 x 22,300 respondents (\$16,056,000) were inaccurate as all respondents did not actually need to complete that form. The actual burden is now correctly calculated at \$13,000.

**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. Note change to cost to the Federal Government below.**

#### ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Item	Cost (\$)
Contract Costs [processing policy forms and customer service] See Note 1 below	\$6,500,000.
Staff Salaries [One GS-14 estimated annual salary \$116,000; spending approximately 2% of time with NFIP forms] See Note 2 below	\$ 2,320.
Facilities [cost of storage area for forms] See Note 3 below	\$ 600.

Printing (34,750 forms printed annually x \$0.069 rounded) See Note 4 below	\$ 2,408.
Postage [18,773 x \$0.80] See Note 5 below	\$ 15,018.
<b>Total</b>	<b>\$ 6,520,346.</b>

Note 1: The contract costs for NFIP is estimated to be \$6,500,000 for fiscal year 2008. This amount includes all administrative expenses such as processing flood applications, endorsements, cancellations, and customer service.

Note 2: It is estimated that one GS-14 spend approximately 2% of his/her time analyzing NFIP forms to see if any changes are needed and responding to program changes and program experiences.

Note 3: The annual warehouse storage cost associated with the five NFIP Policy Forms is \$600. This is based on a cost of \$10 per month per form for twelve months, or \$10 per month times 5 forms times 12 months.

Note 4: The annualized printing cost of the NFIP Policy Forms is calculated to be \$2,408, which is determined based on the 2008 printing cost for each form as follows:

Form Numbers	Number of Forms Printed	Cost of Printing Forms
FEMA Form 086-0-1	7,000	\$350
FEMA Form 086-0-2	6,000	\$300
FEMA Form 086-0-3	10,000	\$630
FEMA Form 086-0-4*	6,750	\$878
FEMA Form 086-0-5	5,000	\$250
<b>Total</b>	<b>34,750</b>	<b>\$2,408</b>
*Form 81-25 was last printed in 2007. The numbers used for the 2008 figure for Form 81-25 is half of the number printed in 2007 and half of that printing cost.		

The printing cost per form is the cost of the forms \$2,408 *divided by* 34,750 forms, which equals \$0.069295 rounded to \$0.069.

Note 5: The annualized mailing cost associated with the five NFIP Policy Forms is estimated to be approximately \$15,018.40. This is based on an average per form mailing cost of \$0.80 times the number of forms mailed. The FY2008 mailing cost for each of the five forms as follows:

Form Number	Number of Forms Mailed	Cost of Mailing
FEMA Form 086-0-1	4,553	\$3,642.40
FEMA Form 086-0-2	6,939	5,551.20
FEMA Form 086-0-3	4,084	3,267.20
FEMA Form 086-0-4	228	182.40
FEMA Form 086-0-5	2,969	2,375.20

<b>Total</b>	<b>18,773</b>	<b>\$15,018.40</b>
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**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I in a narrative form. Present the itemized changes in hour burden and cost burden according to program changes or adjustments in Table 5. Denote a program increase as a positive number, and a program decrease as a negative number. See descriptions below each chart for changes.**

*A "Program increase" is an additional burden resulting from an federal government regulatory action or directive. (e.g., an increase in sample size or coverage, amount of information, reporting frequency, or expanded use of an existing form). This also includes previously in-use and unapproved information collections discovered during the ICB process, or during the fiscal year, which will be in use during the next fiscal year.*

*A "Program decrease", is a reduction in burden because of: (1) the discontinuation of an information collection; or (2) a change in an existing information collection by a Federal agency (e.g., the use of sampling (or smaller samples), a decrease in the amount of information requested (fewer questions), or a decrease in reporting frequency).*

*"Adjustment" denotes a change in burden hours due to factors over which the government has no control, such as population growth, or in factors which do not affect what information the government collects or changes in the methods used to estimate burden or correction of errors in burden estimates.*

<b>Itemized Changes in Annual Burden Hours</b>						
<b>Data collection Activity/Instrument</b>	<b>Program Change (hours currently on OMB Inventory)</b>	<b>Program Change (New)</b>	<b>Difference</b>	<b>Adjustment (hours currently on OMB Inventory)</b>	<b>Adjustment (New)</b>	<b>Difference</b>
Flood Insurance Application / FEMA Form 086-0-1				1,880	1,171.8	-708.2
Flood Insurance Cancellation / Nullification Request Form / FEMA Form 086-0-2				850	369.75	-480.25
Flood Insurance General Change Endorsement				12,510	2,988	-9,522



/ FEMA Form 086-0-3						
V-Zone Risk Factor Rating Form and Instructions / FEMA Form 086-0-4 (including reference to the Coastal Construction Manual CD)				300	130	-170
Flood Insurance Preferred Risk Policy Application / FEMA Form 086-0-5				375	145.33	-229.67
Renewal Premium Notice				6,360	4,675.7	-1,684.3
Coastal Construction Manual CD Version				25	0	-25
<b>Total(s)</b>				<b>22,300</b>	<b>9,480.58</b>	<b>-12,819.42</b>

**Explain:** The paperwork burden associated with FEMA Form 086-0-5 (Preferred Risk Application) has been changed from 15 minutes per form to 8 minutes per form. This change is a correction of an error in the burden estimate. The correction is based on conversations with insurance agents whose comments and time estimates for completing Form 086-0-5 indicated that the burden is less than originally estimated. This burden hour change is not due to the change in the information requested on the form.

The decreases in the burden hours for the NFIP Policy Forms is due to fewer forms being submitted by property owners, i.e., fewer applications and renewal being submitted, etc. The decreases are not due to program changes or changes in the information collection.

The changes (recommended and adopted by the NFIP Policy Form workgroup, as explained above) to the NFIP Policy Forms 086-0-1 (Application), 086-0-3 (Endorsement), and 086-0-5 (Preferred Risk Application) do not change the paperwork burden associated with the forms as there is no significant net change to the information to be collected on the form.

FEMA Form 086-0-4 changes result from fewer forms being submitted, and the Coastal Construction Manual CD, which contains related information, has been added into this form's burden hours as it is used in conjunction with the form. The hours are removed

from the Coastal Construction Manual CD Version calculation from the previous approval.

<b>Itemized Changes in Annual Cost Burden</b>						
<b>Data collection Activity/Instrument</b>	<b>Program Change (cost currently on OMB Inventory)</b>	<b>Program Change (New)</b>	<b>Difference</b>	<b>Adjustment (cost currently on OMB Inventory)</b>	<b>Adjustment (New)</b>	<b>Difference</b>
Flood Insurance Application / FEMA Form 086-0-1				\$29,704	\$22,920.41	-\$6,783.59
Flood Insurance Cancellation / Nullification Request Form / FEMA Form 086-0-2				\$13,430	\$7,232.31	-\$6,197.69
Flood Insurance General Change Endorsement / FEMA Form 086-0-3				\$197,658	\$58,445.28	-\$139,212.72
V-Zone Risk Factor Rating Form and Instructions / FEMA Form 086-0-4 (including reference to the Coastal Construction Manual CD)	\$30,000	0	-\$30,000	\$30,000	\$4,304.30	-26,695.70
Flood Insurance Preferred Risk Policy Application / FEMA Form 086-0-5				\$5,925	\$2,842.72	-\$3,082.28
Renewal				\$100,488	\$91,456.69	-\$9,031.31

Premium Notice						
Coastal Construction Manual CD Version	\$2,500	0	\$2,500	\$2,500	0	-\$2500.00
<b>Total(s)</b>	<b>\$32,500</b>	<b>0</b>	<b>-\$32,500</b>	<b>\$377,205</b>	<b>\$187,201.71</b>	<b>-\$190,003.29</b>

**Explain:** The change in the cost burden is due to (1) a decrease in the number of NFIP Policy Forms submitted by property owners, and (2) an increase in the category wage rate from \$15.80 to \$19.56. The Coastal Construction Manual CD, which contains related information, was included in the previous Burden and Cost estimate separately but is now added into the burden for FEMA Form 086-0-4 as it is used in conjunction with that form.