

**December 19, 2011**

## **Supporting Statement for Paperwork Reduction Act Submissions**

**OMB Control Number: 1660 - 0020**

**Title: Write-Your-Own (WYO) Program**

**Form Number(s): FEMA Form 129-1**

### **General Instructions**

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(1)(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.

### **Specific Instructions**

#### **A. Justification**

**1. Explain the circumstances that make the collection of information necessary. 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.**

Under the Write-Your-Own (WYO) Program, FEMA regulation 44 CFR 62.23 the Federal Insurance Administrator may enter into arrangements with individual private sector insurance companies that are licensed to engage in the business of property insurance. These companies may offer flood insurance coverage to eligible property owners utilizing their customary business practices. To facilitate the marketing of flood insurance, the Federal Government will be a grantor of flood insurance coverage for WYO Company policies issued under the WYO arrangement. To ensure that any policyholders' monies are accounted for and appropriately expended, the Federal Insurance and Mitigation Administration and WYO Companies implemented a Financial Control Plan (FCP) under FEMA's regulation at 44 CFR 62.23 (f) and Appendix B to Part 62. This plan requires that each WYO Company submit financial data on a

monthly basis into the National Flood Insurance Program's Transaction Record Reporting and Processing Plan (TRRPP) system as referenced in 44 CFR 62.23(h)(4). The regulation explains the operational and financial control procedures governing the issuance of flood insurance coverage under the National Flood Insurance Program (NFIP) by private sector property insurance companies under the WYO Program.

**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: how the information will be shared, if applicable, and for what programmatic purpose.**

The WYO Companies are required to submit financial data on a monthly basis to FEMA. The Computer Science Corporation (CSC), combines information into a consolidated financial statement using the NFIP Transaction Record Reporting and Processing Plan TRRPP system. The NFIP examines the data to insure that policyholder funds are accounted for and appropriately expended. Monthly financial statements are prepared by the NFIP for the WYO Program based on the data submitted by the WYO Companies. The financial statement is sent to FEMA's (Chief Financial Officer) CFO's office monthly.

**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.**

The WYO Companies are required to submit monthly financial statement exhibits containing all of their financial activities for each month. The NFIP provides the WYO Companies with an Excel software application to complete and return with their financial data. The financial data can be returned either in an e-mail with an excel attachment or can be saved on a CD and submitted. CSC uploads the financial data into the National Flood Insurance Program TRRPP system where the Financial Control Plan is stored.

**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.**

This information is not collected in any form, and therefore is not duplicated elsewhere.

**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.**

This information collection does not have an impact on small businesses or other small 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.**

Monthly reporting by the WYO Companies to the NFIP is necessary in order for the NFIP to maintain adequate financial control, thus ensuring that Federal funds are accounted for and appropriately expended. Failure to collect this information does not allow for proper accounting of the Federal funds.

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

There are no special circumstances contained in item 7(b) through (h) are not applicable to this information collection.

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

WYO Companies are required to submit financial data on a monthly basis per 44 CFR Appendix B Part 62, whereby the NFIP examines the data to insure the policyholder funds are accounted for and appropriately expended. This requirement allows FEMA to maintain control of the program.

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

**(c) Requiring 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.**

**(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.**

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

**(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.**

**(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.**

## **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 June 7, 2011, Volume 76, Number 109, pp. 32981. A 30-day Federal Register Notice was published for public comments on September 2, 2011, Volume 76, Number 171, page 54779. There were not comments received for this collection of information.

**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 WYO Program (insurance companies) are considered partners in the NFIP, therefore, before program changes are determined, FEMA consult with WYO's companies to receive their input and comments. When originally structuring the NFIP FEMA decided to establish a Standards Committee and the Institute for Business and Home Safety (IBHS) committee to help in the decision making process for implementing changes that would be beneficial to the WYO program. These committees consist of FEMA employees and private insurance companies' representatives.

**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 conducts an audit of the WYO Company's flood insurance claims, underwriting, customer service, marketing, and litigation activities once every two to three years. These findings are used to determine how WYO Companies are complying with FEMA regulations and procedures.

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

FEMA does not provide payments or gifts to respondents in exchange for a benefit sought.

**10. Describe any assurance of confidentiality provided to respondents. Present the basis for the assurance in statute, regulation, or agency policy.**

An approved Privacy Impact Assessment (PIA) was posted on the Department of Homeland Security website on November 26, 2008. An System of Records Notice was published December 19, 2008, volume 73, number 245, page 77747.

**11. Provide additional justification for any question 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 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.**

The FCP under FEMA regulation 44 CFR, Part 62. (b) and Appendix B requires that each WYO Company submit financial data on a monthly basis into the National Flood Insurance Program's TRRPP system. FEMA has estimated that 88 WYO Companies will submit 12 monthly financial reports each. Therefore, the annually responses for this collection is estimated to be 1,056 annual financial reports at approximately 0.59 hours (35.4 minutes) per completion and submission of each report is estimated to be 623.04 annual burden hours.

**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.**

Table A.12: Estimated Annualized Burden Hours and Costs

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
Business or other for-profit	FEMA Form 129-1	88	12	0.59	623.04	\$39.42	\$24,560.24
<b>Total</b>		<b>88</b>	<b>12</b>	<b>0.59</b>	<b>623.04</b>	<b>\$39.42</b>	<b>\$24,560.24</b>

- Note: The “Avg. Hourly Wage Rate” for each respondent includes a 1.4 multiplier to reflect a fully-loaded wage rate.
- “Type of Respondent” should be entered exactly as chosen in Question 3 of the OMB Form 83-I

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 Insurance Sales Agents & Related Occupations is estimated to be \$28.16 per hour; therefore, the estimated burden hour cost to respondents Insurance Sales Agents is estimated to be \$24,560.24 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.)**

There are no recordkeeping, capital start-up or maintenance costs associated with this information collection.

**The cost estimates should be split into two components:**

- 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.**
- 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.**

**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.**

### Annual Cost to the Federal Government

Item	Cost (\$)
Contract Costs: CSC processes and uploads all financial control plans in the National Flood Insurance Program Information TRRPP system.	\$5,700,000.00
Staff Salaries: 4 PFT employees with, GS grades 12 to 15 employees spending approximately 85% of time annually in collection related activities for this data collection. 1 GS 12 employee spending 85% time at \$69,000 year. $\$69,000 \times 85\% = \$58,650$ , 1 GS 14 employee spending 85% time at \$95,000 year. $\$95,000 \times 85\% = 80,750$ , 1 GS 14 employee spending 85% time at \$100,000 year. $\$100,000 \times 85\% = \$85,000$ . 1 GS 15 employee spending 85% time at \$108,000 year. $\$108,000 \times 85\% = \$91,800$	\$316,200.00
Facilities [cost for renting, overhead, ect. for data collection activity]	
Computer Hardware and Software [cost of equipment annual lifecycle]	
Equipment Maintenance [cost of annual maintenance/service agreements for equipment]	
Travel	
Printing [number of data collection instruments annually]	
Postage [annual number of data collection instruments x postage]	
Other	
<b>Total</b>	<b>\$6,016,200.00</b>

**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.**

*A "Program increase" is an additional burden resulting from a 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.*

Itemized Changes in Annual Burden Hours						
Data collection Activity/Instrument	Program Change (hours currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (hours currently on OMB Inventory)	Adjustment (New)	Difference
Financial Report				644	623	-21
<b>Total(s)</b>					<b>623</b>	<b>-21</b>

**Explain:**

The adjustment to this information collection results from three WYO Companies departing the program. Therefore the number of respondents decreased from 91 to 88 respondents (x 12 responses per WYO company), resulting in a decrease from 1092 responses annual responses to 1056 annual responses. This submission has decrease of -21 burden hours.

Itemized Changes in Annual Cost Burden						
Data collection Activity/Instrument	Program Change (cost currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (cost currently on OMB Inventory)	Adjustment (New)	Difference
				\$17,544.81	\$24,560.25	+7,015.44
<b>Total(s)</b>					<b>\$24,560.25</b>	<b>+7,015.44</b>

**Explain:**

- The cost adjustment increase to this collection of information is a result of including a 1.4 multiplier to reflect respondents fully-loaded wage rate.

**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.**

FEMA does not intend to employ the use of statistics or the publication thereof for this information collection.



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

FEMA will display the expiration date for OMB approval of this information collection.

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

FEMA does not request an exception to the certification of this information collection.

**B. Collections of Information Employing Statistical Methods.**

When Item 17 on the Form OMB 83-I is checked “Yes”, the following documentation should be included in the Supporting Statement to the extent it applies to the methods proposed:

There is no statistical methodology involved in this collection.