

February 29, 2012

Supporting Statement for Paperwork Reduction Act Submissions

OMB Control Number: 1660 - 0038

Title: Write Your Own (WYO) Company Participation Criteria; New Applicant

Form Number(s): None

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.

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 National Flood Insurance Program's (NFIP) Write Your Own (WYO) Program, the Federal Emergency Management Agency may enter into arrangements authorized by the National Flood Insurance Act of 1968, as amended (the Act) 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 practice. To facilitate the marketing of flood insurance, the federal government will be a guarantor of flood insurance coverage for WYO companies policies issued under the WYO Program Financial Assistance/Subsidy Arrangement (Arrangement). To ensure that a company seeking to return or participate in the WYO program is qualified, FEMA is requiring a one-time submission of information to determine the company's qualifications, as set forth in 44 CFR 62.24.

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.

There is no collection instrument associated with this data collection. New insurance companies that wish to join the NFIP WYO Program are notified annually by Federal Register Notice as required by the WYO Arrangement to advise private insurance companies of the availability of that Arrangement, and to make available to the Companies the terms for subscription or re-subscription to the Arrangement. The Arrangement is set forth at 44 CFR 62, Appendix 1. That Notice includes information to both WYO Program participating and non-participating private insurance companies wishing to consider FEMA's offer, including where those company can find out the type of information companies needed to apply to participate in the Arrangement, and where to submit that information.

New insurance companies that seek to participate in the WYO program, as well as former WYO companies seeking to return, must meet standards for WYO Financial Control Plan (approved under OMB Control# 1660-0020). Private Insurance Companies and/or public entity risk-sharing organizations wishing to enter or reenter the WYO program must demonstrate the ability to meet the financial requirements. The information allows FEMA to determine the applicant's capability of meeting program goals including marketing of flood insurance, training agents and staff in the program rules, and its capabilities for claims handling and disaster response.

Applicants must submit evidence of the following to FEMA:

- Be a licensed property insurance company;
- Have a five year history of writing property insurance;
- Disclose any legal proceedings for the prior five years regarding company's business practices;
- Submit the most recent National Association of Insurance Commissioners (NAIC) annual statement;
- Meet or exceed NAIC standards for risk-based capital and surplus; and
- Submit the most recent state or regional audits, which should contain no material negative findings.

FEMA collects this information to determine if companies are qualified to participate in the WYO Program as described in the Financial Control Plan in the 44 CFR Part 62.24.

Testing Process

FEMA waives 100% of the applications and therefore the testing process is not required for the applicants. As a result, there is no burden for testing in this collection.

Waiver Process

There is no burden to the respondents in this collection for the waiver process.

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.

FEMA requires that the information be sent by the U.S. Postal Service system. The requirement to use regular mail is due to the large and varied types of documentation required of an insurance company to document their competency. It is not cost-efficiency but the belief that the large packet of information needed for a thorough response could be affected, or part of it lost in non-postal transmission.

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.

If FEMA does not collect this information, it cannot determine if companies seeking to sell flood insurance meet the requirements for participation in the WYO.

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.

(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.

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

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 November 9, 2011, Volume 76 FR 69752. **No comments were received.** See attached copy of the published notice included in this package.

A 30-day Federal Register Notice inviting public comments was published on January 24, 2012, Volume 77 FR 3483. **No comments were received.** See attached copy of the published notice included in this package.

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 requirements for participation criteria were developed within the Federal Emergency Management Agency. Outside consultation was not necessary.

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.

When FEMA receives information from insurance company representatives seeking entry into the WYO program, consultation may be necessary if we do not receive the requested information. For further assistance, insurance company representatives may consult with FEMA several times before submitting information for review. This is an ongoing process, it occurs when a new company applies to the WYO program.

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.

A Privacy Threshold Analysis (PTA) was completed and approved by the DHS Privacy Office on December 19, 2011 for this collection. The final results of the PTA have been adjudicated as a privacy sensitive system. The Paper-Base Records system used in this collection is covered by an existing Privacy Impact Assessment (PIA), DHS General Contact Lists, approved by DHS on June 15, 2007 and an existing System of Records Notice (SORN), DHS-FEMA-003 National Flood Insurance Program Files System of Records, 73 FR 77747 approved by DHS on December 19, 2008.

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 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 estimates that 5 private insurance companies will seek to participate in the NFIP WYO program annually. FEMA also estimates that it will take approximately 7 hours to gather and submit the requested information for the application. The total annual burden is estimated to be 5 responses x 7 hours per response = 35 total 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. NOTE: The wage-rate category for each respondent must be multiplied by 1.4 and this total should be entered in the cell for “Avg. Hourly Wage Rate”. 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.

Estimated Annualized Burden Hours and Costs								
Type of Respondent	Form Name / Form Number	No. of Respondents	No. of Responses per Respondent	Total No. of Responses	Avg. Burden per Response (in hours)	Total Annual Burden (in hours)	Avg. Hourly Wage Rate	Total Annual Respondent Cost
Business or Other for-profit (Insurance Industry)	Application Process / No Form	5	1	5	7 hrs.	35	\$63.53	\$2,223.55
Total		5		5		35		\$2,223.55

• Note: The “Avg. Hourly Wage Rate” for each respondent includes a 1.4 multiplier to reflect a fully-loaded wage rate.

According to the U.S. Department of Labor, Bureau of Labor Statistics website (www.bls.gov) the wage rate category for General and Operations Manager is estimated to be \$63.53 per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents (General and Operations Manager) is estimated to be \$2,223.55 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.)

Annual Cost Burden to Respondents or Record-keepers

Data Collection Activity/Instrument	*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, etc.)	Annual Non-Labor Cost (expenditures on training, travel and other resources)	Total Annual Cost to Respondents
Application Process / No Form			5 x \$5.35 (Small Flat Rate Box)	\$27.00
Total			\$27.00	\$27.00

Note: The numbers above has been rounded due to the rounding of numbers in ROCIS.

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.

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 [Describe]	
Staff Salaries* 1 GS-14, step 5 employee spending approximately 15 hrs. annually reviewing information submitted for this data collection = $57.33 \times 15 = 860.00 \times 1.4 = 1,204.00$	\$1,204.00
Facilities [cost for renting, overhead, etc. 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	
Total	\$1,204.00

* Note: The "Salary Rate" includes a 1.4 multiplier to reflect a fully-loaded wage rate.

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 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.

Annual Burden Hours Explain:

There are no changes to the annual hour burden and there has been no change to the information being collected.

Annual Cost Burden Explain:

There are no changes in the annual cost burden.

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.

There is no statistical methodology involved in this collection.