

SUPPORTING STATEMENT  
49 CFR PART 544, INSURER REPORTING REQUIREMENTS --  
MOTOR VEHICLE THEFT LAW ENFORCEMENT ACT OF 1984

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary. Attach a copy of the appropriate statute or regulation mandating or authorizing the collection of information.

This information collection supports the Departmental's Strategic goal of Safety. The Motor Vehicle Theft Law Enforcement Act of 1984, added Title VI to the Motor Vehicle and Information Cost Savings Act (recodified as Chapter 331 of Title 49, United States Code) (copy attached) which mandated this information collection. The National Highway Traffic Safety Administration (NHTSA) is authorized under 49 U.S.C. 33112, to collect this information. This information collection supports the agency's safety goal through rulemaking implementation that uses market forces to encourage consumer safety and to help reduce the cost of vehicle ownership by reducing the cost of comprehensive insurance coverage for consumers. 49 U.S.C. 33112 requires certain passenger motor vehicle insurance companies and rental/leasing companies to provide information to NHTSA on comprehensive insurance premiums, theft and recoveries and actions taken to address the motor vehicle theft problem.

2. Indicate how, by whom, and for what purpose the information is to be used. Indicate actual use of information received from the current collection.

The insurer's report will be submitted by motor vehicle insurance companies and rental/leasing companies on an annual basis to NHTSA. All rental/leasing companies (which have a fleet of 50,000 or more units in its fleet and are not covered by theft insurance policies issued by motor vehicle insurers) are bound to comply. Specific motor vehicle insurance companies and subject rental and leasing companies are listed in Appendices A, B, and C of Part 544 (copy attached). These reports are required to be submitted in a specified format as shown in Parts 544.5 and 544.6, giving requirements and contents of the report.

The information will be used by NHTSA in exercising its statutory authority to help reduce comprehensive insurance premiums charged by insurers of motor vehicles due to motor vehicle thefts. The report will also show the rate of theft and recoveries of stolen vehicles that they insure by type and other categories.

Without this information, the agency cannot adequately assess the effectiveness of the 49 U.S.C. 331 as directed by Congress.

3. Describe whether the collection of information involves the use of technological collection techniques or other forms of information technology.

The agency has encouraged manufacturers to submit this information on computer disks (using NHTSA-approved format), or by email. At this time about 75% of the submissions are collected electronically. Currently, we still receive about 25% of the submissions via mail carrier service.

4. Describe efforts to identify duplication. Show specifically why similar information cannot be used.

The agency contacted State insurance commissions/agencies to identify data requested by them from insurance companies regarding motor vehicle comprehensive insurance. The agency also contacted various insurance associations in an attempt to identify information being reported to State offices. The agency is unaware of any State reporting requirement imposed on vehicle rental/leasing companies.

Discussions with the insurance industry and State insurance departments have shown that, while virtually all States require some kind of reporting, the level of detailed reporting varies significantly. The proposed 49 CFR Part 544.7 allows respondents to incorporate in these reports sections of the reports they submit to State agencies, thus minimizing duplication. Since this information is reported in varying levels of detail and formats, the agency has proposed a uniform reporting format to ensure consistency in data collection. The ACTA states that NHTSA should not require any more detailed information than is contained in those reports to the State agencies unless otherwise needed to perform the requirements of the Act.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

The agency consulted A.M. Best to identify the market shares of insurance companies doing business in the 50 States. 49 U.S.C. 331 specifies that companies whose total premiums account for 10 percent or more of the motor vehicle insurance issued by insurers within any one of the 50 States, must report the required data. Congress did not intend for every insurer to be required to comply. Accordingly, there are two provisions in the rule to exempt certain insurers, particularly the smaller ones, from the reporting requirements. The first provision allows for small insurers to be exempt from the requirements if such an exemption will not significantly affect the validity or usefulness of the information collected and compiled, nationally or State-by-State. Additionally, small insurers whose premiums for all forms of motor vehicle insurance issued by insurers within the United States, and account for less than 10 percent of the total premiums for all forms of motor vehicle insurance issued by insurers within any one of the 50 States are exempt. Unless both criteria are met, a small insurer may not be exempt. To identify the insurance companies required to comply, the agency compiled a list of 25 insurance companies (Appendixes A and B of Part 544) whose premiums accounted for 10 percent or more

of the total premiums for all forms of motor vehicle insurance in any one of the 50 States. All insurance companies excluded from these lists would not be required to file reports under this Part. The lists will be updated annually.

The second provision provides authority to the agency to exempt insurers from these reporting requirements if the agency determines that (a) the cost of preparing and furnishing such reports and information is excessive in relation to the size of the business of the insurer, and (b) the insurer's report and information will not significantly contribute to carrying out the purposes of the ACTA. Exemptions under this provision are statutorily available to all insurers, including rental and leasing companies as well as insurance companies that do not qualify as small insurers. The agency believes that this exemption provision will be used primarily by rental or leasing companies.

The use of blanket exemptions represents the agency's best efforts, within statutory bounds, to impose the minimum reporting burden on the affected industries.

The agency has taken this action after making two statutorily specified determinations. First, NHTSA has determined that for those companies with combined fleets of fewer than 50,000 vehicles, the cost of preparing and furnishing such reports is excessive in relation to the size of the business of the insurer.

Second, NHTSA has determined that those reports from the largest rental and leasing companies would provide the agency with a representative sampling of the theft experience of rental and leasing companies.

6. Describe the consequence to Federal program or policy activities if the collection is not collected or collected less frequently.

The frequency of reporting under 49 U.S.C. 331 is statutorily set in Section 33112 of 49 U.S.C. 331. Accordingly, the agency, has no option in determining the frequency of information collection under this proposed regulation.

If the insurer reports were required to be based on other than calendar year data, the agency could not make comparative evaluations of the information in the insurer reports with calendar year theft data provided to the agency by the National Crime Information Center (NCIC), an element of the Federal Bureau of Investigation. Such comparative evaluations are desirable since they would allow the agency to judge what percentage of total thefts are reported of these insurance companies and estimate the total number and condition of stolen vehicles that are recovered. To allow the agency to perform these evaluations using insurer reports with other than calendar year data, the agency would have to require insurers either to break down the theft and recovery information in their reports into separate months, or to perform an overall calculation showing the calendar year in which each theft and recovery had occurred. A requirement for either of these additional steps would, in this agency's opinion, be an unnecessary burden on the insurers.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines set form in 5 CFR 1320.6.

The procedures specified for this information collection are fully consistent with guidelines set forth in 5 CFR 1320.6.

8. Provide a copy of the FEDERAL REGISTER document soliciting comments on extending the collection of information, a summary of all public comments responding to the notice, and a description of the agency's actions in response to the comments. Describe efforts to consult with persons outside the agency to obtain their views.

In response to the notice published in the Federal Register (copy attached) soliciting comments on the proposed collection of information, NHTSA received no comments. The document was published on November 25, 2011, Vol. 76, No. 227, pages 72750 thru 72752 (76 FR 72750).

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

No payment or gift will be provided to any respondent.

10. Describe any assurance of confidentiality provided to respondents.

Any insurer wishing to seek confidential treatment of their reports may do so through the provisions of 49 CFR Part 512 (copy attached)(Confidential Business Information). This law allows data providers to certify that they have submitted confidential and proprietary data and establishes guidelines for NHTSA.

11. Provide additional justification for any questions on matters that are commonly considered private.

The agency believes no questions of a sensitive nature are involved in this information collection.

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

The agency estimates that the time to review and compile information for the reports will take an approximate total of 12,950 man-hours for all 25 insurance companies, and 425 man-hours for 5 rental/leasing companies, assuming an average cost of \$47.00 per hour for clerical and technical staff to prepare annual reports. Claim adjusters incur separate burden hours from the number of insurers, there is one claim adjuster assigned to each insurer. Claim adjusters duties are those of normal business practice and do not assist in preparing or compiling information for the reports. The agency estimates the total cost associated with the burden hours to be \$628,625.

The total burden in man-hours for approximately 30 respondents is 13,375 as itemized below:

<u>Number of Insurers</u>	<u>Total Reporting Burden</u>
25 (Nat'l) and (State)	12,950
5 Rental/Leasing Co.	<u>425</u>
	13,375

13. Provide estimates of the total annual cost to the respondents or recordkeepers.

There are no additional costs to the respondents or recordkeepers beyond those reported in item 12.

14. Provide estimates of annualized cost to the Federal Government.

Congress estimated that the required activities of the Department of Transportation under the initial Motor Vehicle Theft Law Enforcement Act of 1984 would cost the Department approximately \$200,000 annually, H. Rep. No. 10987, 98th Cong., 2d Sess. At p. 8, (1984).

The total labor and overhead costs incurred by the Federal Government to analyze the reported information for this year is estimated to be \$0 for each of the 30 submittals. This is based on clerical and technical expenses. The agency is using an independent computer firm to interpret and analyze the data at an estimated cost of \$64,000 annually. Annualized cost to the Federal Government is estimated to be \$64,000.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

The decrease in burden hours is due to less manual labor, improved technology and networking to store, retrieve, compile and generate information necessary to complete the report. Additionally, there was a decrease in the number of companies that issued motor vehicle insurance policies written within a State and several rental and leasing companies that have merged into one entity or have been exempted from the reporting requirements since the last reporting period. The agency has re-estimated the burden hours to be 13,375 total annual hours requested in lieu of 58,186 as the current OMB inventory. This is a decrease of 44,811 hours.

16. For collections of information whose results will be published, outline plans for tabulation, and publication.

This collection of information will not have the results published for statistical use.

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

Approval is not sought to not display the expiration date for OMB approval.

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

No exceptions to the certification statement are made.