

**Consumer Protections for Depository Institution Sales of Insurance
Supporting Statement A**

**12 CFR Part 14
OMB Control No. 1557-0220**

A. Justification

1. Circumstances that make collection necessary:

These information collections are required under section 305 of the Gramm-Leach-Bliley Act (GLB Act), Public Law No. 106-102. Section 305 of the GLB Act requires the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System and Federal Deposit Insurance Corporation (collectively, the Agencies) to prescribe joint consumer protection regulations that apply to retail sales practices, solicitations, advertising, and offers of any insurance product by a depository institution or by other persons performing these activities at an office of the institution or on behalf of the institution (other covered persons). Section 305 requires those performing such activities to disclose certain information to consumers (e.g., that insurance products and annuities are not FDIC-insured).

This information collection requires national banks, Federal savings associations, and other covered persons, as defined in 14.20(f) and 136.20, involved in insurance sales to make two separate disclosures to consumers. Under 12 CFR 14.40 and 12 CFR 136.40, a national bank, Federal savings association, or other covered person must prepare and provide orally and in writing: (1) certain insurance disclosures to consumers before the completion of the initial sale of an insurance product or annuity to a consumer and (2) certain credit disclosures at the time of application for the extension of credit (if insurance products or annuities are sold, solicited, advertised, or offered in connection with an extension of credit).

2. Use of the information:

Consumers use the disclosures to understand the risks associated with insurance products and annuities and to understand that they are not required to purchase, and may refrain from purchasing, certain insurance products or annuities in order to qualify for an extension of credit.

3. Consideration of the use of improved information technology:

National banks, Federal savings associations, and other covered persons may use any technology that is reasonable and appropriate for its circumstances so long as the method is consistent with 12 CFR 14 and 12 CFR 136 and facilitates consumer receipt and response.

4. Efforts to identify duplication:

These disclosures are unique and cover the particular circumstances of the national bank, Federal savings association, or other covered person. No duplication with other regulatory requirements exists.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

The information collections are required by statute and do not have a significant impact on a substantial number of small entities.

6. Consequences to the Federal program if the collection were conducted less frequently:

The frequency of disclosure is required by the GLB Act.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

Not applicable. The collection is conducted in accordance with the guidelines in 5 CFR 1320.

8. Efforts to consult with persons outside the agency:

On February 15, 2013, the OCC published a *Federal Register* notice for 60 days of comment concerning this collection. 78 FR 11274. No comments were received.

9. Payment to respondents:

Not applicable. There is no payment to respondents.

10. Any assurance of confidentiality:

Not applicable. No assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

Not applicable. No questions of a sensitive nature are involved.

12. Burden estimate:

This information collection involves two elements.

First, printed disclosure materials must conform to the requirements of the regulation. The OCC estimates the burden associated with an institution reviewing and updating its materials as follows:

812 respondents @ 1 response = 812 responses
 812 responses @ 1 burden hours = 812 burden hours

Second, national banks, Federal savings associations, and other covered persons must make certain disclosures to consumers. The OCC is using a figure of 240 disclosures on average, annually, and one minute per disclosure. This totals four hours per institution. The OCC is using this figure of four hours per institution only as a marker to show that it has considered the requirements imposed by the statute and the regulations and has included them in this request for OMB approval. The market is so diverse and institutions vary so much in activity level that only a large survey would result in accurate estimates of transactions. The OCC believes that since the disclosures are needed and required by statute, and since its flexibility to modify the disclosures is limited by the statute, any survey of disclosure activity is unwarranted and would unnecessarily burden national banks.

812 respondents @ 1 response = 812 responses
 812 responses @ 4 burden hours = 3,248 burden hours

TOTAL BURDEN:

812 respondents @ 1 response = 812 responses
 812 responses @ 5 burden hours = 4,060 burden hours

The OCC estimates the cost of the hour burden to respondents as follows:

Clerical:	20% x 4,060	= 812 @ \$20	=	\$ 16,240
Senior management:	30% x 4,060	= 1,218 @ \$80	=	\$ 97,440
Legal:	50% x 4,060	= 2,030 @ \$100	=	<u>\$203,000</u>
				\$316,680

13. Estimate of annualized cost to respondents (capital start-up and operation/maintenance):

Banks, Federal savings associations, and other covered persons use readily available equipment to comply with these information collections.

14. Estimate of annualized costs to the government:

None.

15. Change in burden:

FORMER BURDEN:

1,482 respondents
13 burden hours per respondent
19,327 burden hours

NEW BURDEN:

812 respondents
5 burden hours per respondent
4,060 burden hours

DIFFERENCE:

-670 respondents; -15,267 burden hours

The reduction in burden is due to the fact that OTS's burden transferred to the OCC through Dodd-Frank was significantly overstated. Prior to Dodd-Frank, the OCC's burden for this collection was 717 respondents and 3,585 total burden hours.

16. Information regarding collections whose results are planned to be published for statistical use:

The OCC has no plans to publish the information for statistical use.

17. Display of expiration date:

None.

18. Exceptions to certification statement:

None.

- B. Collections of information employing statistical methods:

Not applicable.