

**SUPPORTING STATEMENT FOR  
PAPERWORK REDUCTION ACT SUBMISSIONS  
OMB No. 1510-0004  
Schedule of Excess Risks (FMS 285-A)**

**A. Justifications**

**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.**

The information contained in the Schedule of Excess Risks, FMS 285-A (Schedule), is collected pursuant to 31 CFR, Part 223.14 and Instruction VII of Treasury's "Annual Letter to Executive Officers of Surety Companies" by the Surety Bond Branch (SBB). The Schedule provides a listing of risks, either written or assumed, that exceed a company's underwriting limitation as established by the Treasury (for companies holding Certificates of Authority from Treasury) or in excess of 10 percent of that company's Policyholders' surplus (for companies applying for certification). Treasury has been mandated at 31 USC, Sections 9304 - 9308, to ensure that companies so certified by Treasury are solvent and able to carry out their contracts. The information contained in this Schedule assists in this analysis.

**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.**

As indicated above, the purpose of the collection is to assist in the assurance that a currently certified company is solvent and able to carry out its contracts, as well as being in compliance with Treasury regulations. Auditors of the SBB perform an analysis of the Schedules to confirm that a company is in compliance with Treasury's excess risk regulations. If a company is found to be in non-compliance, it is afforded the opportunity to cure the deficiency. Failure to do so will either result in termination of the authority or rejection of that company's application.

The Schedules are submitted quarterly for companies holding Certificates of Authority. Failure to submit this type of information would hinder SBB staff ability to determine whether a company is adequately protecting itself on risks that it writes in excess of the amount Treasury has determined the company can safely handle by itself. If a company is over-extending itself financially by retaining or reinsuring with unknown or "unauthorized" reinsurers (as defined at 31 CFR, Part 223.11), the solvency of that company becomes questionable. The Schedule affords the SBB the ability to monitor this one aspect of financial stability.

**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.**

Companies have the option of submitting the information contained in the Excess Risk Schedules either on the form itself or on a form that is computer generated, as long as it contains the required information in the Treasury format. SBB can receive the information electronically, in ".pdf" format through the internet, however, the acceptance of Schedules submitted electronically may raise legal issues as to the acceptability of corporate signatures and notarizations that are facsimiles and/or electronically generated. Therefore, SBB requires originally generated Schedules with original corporate signatures and notarizations.

**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.**

No information of this type or format is known to be accumulated elsewhere in the Federal Government. The Surety Bond Branch (SBB), within the Financial Accounting & Services Division (FASD), Comptroller Directorate, Management of the Bureau of the Fiscal Service (FS), Treasury Department, is the only office responsible for the review of Surety Companies. Thus, no duplication of this process should occur.

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

Small companies reporting to the Treasury are not adversely impacted by this form requirement. The companies have the option of completing Treasury's form or sending their own computer generated form, provided that it contains the information needed in the Treasury format.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

For applicant companies, the submission of this Schedule is a one-time occurrence. Should the applicant be granted a Certificate of Authority, the Schedule is submitted on a quarterly basis. If we were to require the companies to submit this form less frequently, the submission would become quite lengthy for those companies writing a significant amount of excess risks. In addition, the SBB would be unable to take timely action on violations of excess risk regulations. When the Schedules become lengthy, the SBB auditor would be required to assign more time in the review of these Schedules.

We have found a quarterly submission to work very effectively in allowing the SBB to accomplish its various responsibilities. If we were to shift to a semi-annual collection, the companies would be submitting their information on March 1<sup>st</sup>, which would include business written from July 1<sup>st</sup> to December 31<sup>st</sup>; and the other submission would be due on September 1<sup>st</sup>, which would include business written from January 1<sup>st</sup> to June 30<sup>th</sup>. This would place an undue burden on the SBB at March 1<sup>st</sup> since this is the time assigned specifically for the review of the currently certified companies for renewal purposes. To go to an annual submission due at March 1<sup>st</sup> would be even more burdensome.

To make any changes to the quarterly submission would require a revision of our regulations at 31 CFR, Part 223.14. Although these regulations are constantly under review, there is no intention to change this requirement.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner: \*requiring respondents to report information to the agency more often than quarterly; \*requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; requiring respondents to submit more than an original and two copies of any document; etc.**

There would be no special circumstances that would cause the information collected to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- requiring respondents to submit more than an original and two copies of any document;
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, pre-tax records for more than three years;
- 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;
- requiring the use of statistical data classification that has not been reviewed and approved by OMB;

- that includes a pledge of confidentiality 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; or
- 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. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), 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 notice for comments was published in the Federal Register on May 6, 2014 on page 25995, Vol. 79, No. 87. There were no comments received regarding this information collection. Users of the Schedule have contacted the SBB from time to time for clarification, or for instructions for submission. The questions pertain to whether the form must be submitted if excess risks were not written, types of information to be reported, and various other related questions. No major problems with the use of the form have been communicated to the SBB. Companies are contacted who violate the regulations. There have been no other consultations with parties outside the agency concerning collection of this information.

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

There are no payments or gifts made to respondents.

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

Aside from protections contained in the Privacy Act, there is no guarantee of confidentiality.

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

No personally identifiable information (PII) is collected and no information of a sensitive nature is required.

**12. Provide estimates of the hour burden of the collection of information. The statement should: \*indicate the number of respondents, frequency of response, annual hour burden; and an explanation of how the burden was estimated.**

Number of Respondents: Applications: Estimated 20 per calendar year  
Renewals: Estimated 260 per calendar quarter

Frequency of Response: Applications: One Schedule per application. Should the application be rejected and the applicant later resubmits, we estimate one out of 10 rejections results in a resubmission.

Renewals: 260 Schedules per calendar quarter

Annual Burden Hours: 5,600 combined total hours. For applications (20 applications estimated per calendar year X 1 submission X 20 hours estimated to prepare = 400 hours), the burden hour estimate per Schedule is

presumed to be higher due to first-time filing by the company and the uniqueness of the form. The type of business the company writes would also determine the time required for completing the Schedule. For renewals (260 certified companies X 4 calendar quarter submissions X 5 hours estimated to prepare per Schedule = 5,200 hours) the hours required to complete the Schedule vary due to the size of the respondent and the complexity of the business operations.

A number of years ago, a limited inquiry had been performed on companies reporting information on the Schedule. Companies reporting that no excess risks were written spent about 1 hour per quarter. Many of the certified companies reported none. Larger companies and company groups spent considerably more time completing the Schedule, upwards of 5 business days. For inquiry purposes at the time, a blended time of 5 hours per quarterly submission was used. The SBB assumed that 10% of companies required 5 business days to complete the Schedule, 15% required 4 hours and 75% required 1 hour.

**13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).**

There should be no costs to respondents other than mailing costs. The information requested is of a general nature and is already maintained by the companies in their normal business practices. Therefore, there are no capital or start-up costs; nor are there operational or maintenance costs associated with this information collection.

**14. Provide estimates of annualized costs 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 not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.**

The costs to the government are nominal. The Schedule is available for companies to access from the SBB website. Only upon specific requests would SBB actually mail hard copies of the Schedule to a company.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14.**

The burden hours have not changed since our prior submission.

**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.**

No complex analytical techniques are used in collecting this information. Respondents access a copy of the Schedule for completion from the SBB website and return the completed Schedule based upon information compiled for each calendar quarter. There is no publication of the information contained in the completed Schedules submitted by the company respondents.

**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.**

N/A

**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 have been made to the certification statement (Item 19, OMB Form 83-I).

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

**The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. 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 that it applies to the methods proposed:**

The information collected was not accomplished using statistical methods. The result of the collection of this information is not for statistical use.