**Supporting Statement**
**Consumer Protections for Depository Institution Sales of Insurance**
**3064-0140**

The subject collection of information is currently approved by OMB under control number 3064-0140. OMB approval is scheduled to expire on December 31, 2016. This submission is a request to renew the collection for three years without substantive revision.

A. Justification

1. Circumstances and Need

This information collection is required by section 305 of the Gramm-Leach-Bliley Act (GLB Act), which mandates that the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation (collectively, the Agencies) 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) and to obtain consumer acknowledgments. The Agencies' implementing regulations (12 CFR 343) require disclosures at two different times. Respondents must prepare and provide certain disclosures to consumers: 1) before the completion of the initial sale of an insurance product or annuity to a consumer; and 2) 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 Information Collected

Consumers use the disclosures to understand the risks of insurance products or annuities and some of their rights.

3. Use of Technology to Reduce Burden

Institutions and other covered persons may use any technology that is reasonable and appropriate for their circumstances so long as the method is consistent with facilitating consumer receipt. There are specific disclosure rules for the timing and method of electronic and telephone disclosures. Where a consumer agrees, a Covered Person may provide the written disclosures through electronic media in a format that the consumer may retain or obtain later, for example, by printing or storing electronically, such as by downloading.

4. Efforts to identify duplication

The collection of information is unique and covers the institution’s or other covered person’s particular circumstances. No duplication with other collections exists. The disclosure requirements do, however, contain some overlap with prior guidance issued by the Agencies in the Interagency Statement on Retail Sales of Nondeposit Investment Products (February 15, 1994).

5. Minimizing Burden on Small Business

The information collection is required by statute. Because of the statutory requirements, there are no significant alternatives that would minimize burden on small businesses.

6. Consequences of Less Frequent Collections

Less frequent disclosure would violate the law.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

These information collections are contained in a rule that follows closely the underlying GLB Act. Prior to this request for renewal under the Paperwork Reduction Act, a “first” notice was published for comment in the *Federal Register* on September 22, 2016 (81 FR 65463). No comments were received.

9. Payment or Gift to Respondents

No payments are made to respondents.

10. Confidentiality

Not applicable.

11. Questions of a sensitive nature

No questions of a sensitive nature are involved.

12. Estimate of Annualized Burden and Associated Cost

This information collection involves two elements.

First, printed disclosure materials must conform to the requirements of the regulation. FDIC estimates that it takes approximately one hour to review the disclosure materials to assure that they conform to regulatory requirements. FDIC estimates that currently 2,020 institutions engage in the sale of covered insurance products to consumers. Therefore, the estimated annual burden associated with reviewing and updating disclosure materials is:

2,020 respondents @ 1 burden hour = 2,020 annual burden hours

Second, banks and other covered persons must make certain disclosures to consumers. The FDIC estimates that covered institutions make an average of 240 disclosures annually, and that a disclosure takes one minute. This totals (4) four hours per institution per year.

2,020 respondents @ 4 burden hours = 8,080 annual burden hours

TOTAL ESTIMATED ANNUAL BURDEN: 2,020 + 8,080 = 10,100 burden hours

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

| | | | |
|---|---|---|---|
| Clerical: | 20% x 10,100 = 2,020 @ $23= | | $ 46,460 |
| Professional: | 80% x 10,100 = 8,080 @ $86 | = | $ 694,880 |
| | Total cost | = | $ 741,340 |

These burden estimates are based on the experience of examination staff. A formal statistical survey might result in more accurate burden estimates. However, because the disclosures are required by statute and the Agencies' flexibility to modify the disclosures is limited by the statute, the FDIC believes that a formal survey of disclosure burden is unwarranted and would unnecessarily burden institutions. The time spent by an institution or other covered person in developing and making these disclosures varies based on institution size and the scope and volume of its insurance product and annuity activities.

13. <u>Capital Start-up and Operation / Maintenance Costs</u>

None.

14. <u>Annualized cost to the Federal Government</u>

None.

15. <u>Reason for Change in burden</u>

The decrease in burden of 3,545 hours stems from an adjustment in the FDIC's estimate of respondents reflecting a decrease of 709 in the estimated number of institutions selling insurance products.

16. Publication

These disclosures are between banks and other covered persons and consumers. There will be no publication.

17. Exceptions to display of expiration date

None.

18. Exceptions to certification

None.

B. Statistical Methods

Not applicable.