

May 9, 2017

## Supporting Statement for Paperwork Reduction Act Submissions

**OMB Control Number: 1660 - 0005**

**Title: National Flood Insurance Program Claims Forms**

**Form Number(s): 086-0-06, 086-0-07, 086-0-08, 086-0-09, 086-0-10, 086-0-11, 086-0-12, 086-0-13, 086-0-14, 086-0-15, 086-0-16, 086-0-17, 086-0-18, 086-0-19, 086-0-20, 086-0-21, NFIP Claims Appeal Process (Flood Claims Insurance Handbook)**

### 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.**

The National Flood Insurance Program (NFIP) codified as 42 U.S.C. 4001, *et sec.* and authorized by Public Law 90-448 (1968) and expanded by Public Law 93-234 (1973) provides flood insurance for existing buildings that are exposed to flood risk. In return, communities must enact and administer construction safeguards to ensure that new construction in the flood plain will be built to eliminate or minimize future flood damage.

In accordance with Public Law 93-234, the purchase of flood insurance is mandatory when Federal or federally related financial assistance is being provided for acquisition or

construction of buildings located, or to be located, within the Federal Emergency management Agency (FEMA) identified special flood hazard areas of communities which are participating in the program. This collection is also in accordance with FEMA responsibilities under Section 555 of the National Flood Insurance Reform Act of 1994, Title V of the Riegle Community Development and Investment Act of 1994 (Public Law 103-325) which requires the NFIP to provide coverage under the Standard Flood Insurance Policy the increased costs of complying with the land use control measures established under section 1361 of the 1968 Act.

The NFIP flood insurance policies are sold and administered in two ways. Most of these policies are sold to the public by private insurers through the NFIP Write Your Own (WYO) Program. The WYO Program allows participating property and casualty insurance companies to write and service flood insurance policies in their own names. The companies receive an expense allowance for policies written and claims processed while the Federal Government retains responsibility for underwriting losses. The WYO Program operates as part of the NFIP, and is subject to its rules and regulations.

The information in this collection includes all of the data necessary to adjudicate claims for damages resulting from flood losses.

### **NFIP Claims Appeal Process (Flood Insurance Claims Handbook)**

Section 205 of The Bunning-Bereuter-Blumenauer Flood Insurance Reform Act (FIRA) of 2004, Public Law 108-264 Section 205, 42 U.S.C. 4102A, requires the Federal Emergency Management Agency (FEMA) to establish by regulation and additional process for the appeal of decisions of flood insurance claims issued through the NFIP. Title 44 CFR 62.20 details the appeal process, which has been established by regulation.

The process requires policyholders to submit a written appeal to FEMA (Federal Insurance and Mitigation Administration, Risk Insurance Division), in the form of a signed letter explaining the nature of their claims appeal, names and titles of persons contacted, dates of contact, contact information, and details of the contact relevant to their claims appeal. The policyholders are also required to state the basis for their appeal and submit supporting documentation including a copy of the insurer's written denial, in whole or in part, of the claim. The Flood Insurance Claims Handbook is the tool used by FEMA for policyholders to obtain the information and instruction on how to submit an appeal.

**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.**

The following FEMA forms are used by adjusters and policyholders to collect the information needed to investigate, document, evaluate, and settle claims against NFIP

policies by policyholders for flood damage to their insured property or qualification for benefits under Increased Cost of Compliance coverage.

**FEMA Form 086-0-06, Worksheet - Contents - Personal Property**

The adjuster and the policyholder list and assess the inventory of flood-damaged personal property on this form. This forms lists the personal property damaged for determination of what is covered within the claim.

**FEMA Form 086-0-07, Worksheet - Building**

The adjuster and the policyholder list and assess the scope of flood-damaged building property on this form. This documents the damage to the building so that a claim determination may be made.

**FEMA Form 086-0-08, Worksheet - Building (Continued)**

The adjuster and the policyholder continue to list and assess the scope of flood-damaged building property on this form when the amount of building property damage exceeds the space available on one worksheet. This is a continuation of 086-0-07 if necessary.

**FEMA Form 086-0-09, Proof of Loss**

This form is the policyholder's statement of the amount claimed, which is signed with details of the loss. This document provides the net amount of the claimed loss and takes into account the amount of insurance coverage on the policy and any depreciation for the property.

**FEMA Form 086-0-10, Increased Cost of Compliance Proof of Loss**

This form is the policyholder's statement of the amount claimed for an Increased Cost of Compliance (ICC) claim, which is signed with details of the loss. This document provides for calculations to determine the amount of insurance coverage for mitigation activities.

**FEMA Form 086-0-11, Notice of Loss**

The agent assists the policyholder with giving prompt written notice of flood damage on this form, as required by the Standard Flood Insurance Policy (SFIP). The form includes policy information (name, address, mortgagee), description of the property and damage, and contact information for the policyholder.

**FEMA Form 086-0-12, Statement as to Full Cost of Repair or Replacement under the Replacement Cost Coverage, Subject to the Terms and Conditions of this Policy (proposed for removal)**

This form is the policyholder's statement of the amount claimed to make their statement of the actual amount expended repairing building flood damage for reimbursement above actual cash value, when eligible under the terms of the Standard Flood Insurance Policy.

**FEMA Form 086-0-13, National Flood Insurance Program Preliminary Report**

The adjuster uses this form to report information to the NFIP Servicing Agent for setting reserves and initial claims processing.

**FEMA Form 086-0-14, National Flood Insurance Program Final Report**

The adjuster uses this form to document the overall flood damages to the insured property and to provide a detailed summary of the claims information.

**FEMA Form 086-0-15, National Flood Insurance Program Narrative Report**

The adjuster uses this form to report additional information in a narrative format that is necessary to document the claim in addition to information provided by the Preliminary Report and Final Report.

**FEMA Form 086-0-16, Cause of Loss and Subrogation Report**

The adjuster uses this form to identify potentially responsible third parties and their actions that may have caused or worsened flood damage.

**FEMA Form 086-0-17, Manufactured (Mobile) Home/Travel Trailer Worksheet**

The adjuster uses this form to record information used to determine the replacement cost of a manufactured (mobile) home.

**FEMA Form 086-0-18, Manufactured (Mobile) Home/Travel Trailer Worksheet (continued)**

The adjuster continues to record information used to determine the actual cash value of a manufactured (mobile) home.

**FEMA Form 086-0-19, Increased Cost of Compliance (ICC) Adjuster Report**

The adjuster lists the information required to qualify a policyholder for an ICC claim and documents the mitigation option and cost.

**FEMA Form 086-0-20, Adjuster Preliminary Damage Assessment**

The adjuster lists potentially Substantially Damaged Structures in preparation for possible ICC Claims.

**FEMA Form 086-0-21, Adjuster Certification Application**

This form is used to collect information from those persons seeking to become certified flood adjusters. Under its contract, the NFIP Servicing Agent can only assign flood claim investigations to certified flood adjusters. Adjuster candidates list their personnel information, training, experiences and references on this form to document that they meet the requirements to be certified flood adjusters.

**NFIP Claims Appeal Process (Flood Claims Insurance Handbook)**

The adjuster provides the policyholder with the Flood Insurance Claims Handbook which explains the process on how to file a Claims Appeal. The policyholder's policy number, property address, mailing address and claims has already been recorded in the NFIP's database (NFIP ITS system) prior to the policyholder sending this information with

written appeal to FEMA. The Bureau Net was established to keep files and statistics on NFIP policyholders when the NFIP program was instituted.

The appeal process establishes a formal mechanism to allow policyholders to appeal the decisions of any insurance agent, adjuster, insurance company, or any FEMA employee or contactor, in cases of unsatisfactory decisions on claims, proof of loss and loss estimates. Under this process, FEMA will acknowledge receipt of a policyholder's appeal in writing and advise such policyholder if additional information is required in order to fully consider the appeal. FEMA will review the documentation submitted by the policyholder, conduct any necessary additional investigation, and advise both the policyholder and the appropriate flood insurance carrier, of its decision regarding the appeal.

**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.**

All of the NFIP claim forms and the Flood Insurance Claims Handbook are accessible to the policyholders and the adjuster online at <http://www.fema.gov/national-flood-insurance-program/claims-adjuster-forms>.

Claims adjusters use automated electronic technology to document damage estimates. Once the adjuster has completed his inspection and determined the amount of flood damage to the insured property, the forms are printed and provided to the policyholder for their records. Information on filing a claim and supplying the proof of loss form can be found at <https://www.fema.gov/nfip-file-your-claim>, as well as the NFIP Fact Sheet that is given out to policyholders at the adjuster's visit. The policyholder must sign the proof of loss form and return it to the NFIP DSA for processing. Current forms are available electronically, and may be downloaded by the adjuster for each assignment. The forms are completed by the adjuster, with the exception of the three listed below. The adjuster emails the forms and the damage estimate to the NFIP DSA which completes the adjustment process. As the claim goes through the adjustment process, the following forms, FEMA Form 086-0-9 and 086-0-10 are mailed back to the respondent (policyholder) along with the entire claim package for their review and approval. Once the respondent (policyholder) signs these forms, they can mail, fax or email the signed documents to the NFIP DSA for a final disposition.

**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.**

As part of this 2016 revision, Form 086-0-12 is proposed for deletion and all necessary data to be collected from that form has been incorporated into Form 086-0-09, thereby reducing the burden on the NFIP policyholder.

As for the Appeal process, this collection constitutes the only mechanism available to policyholders to request an appeal: therefore, there is no duplication.

**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.**

The claims adjuster who performs the investigation works for an independent adjusting firm. These companies perform inspections as a regular part of their business process and are not impacted adversely by the collection of information.

**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.**

The information is required to investigate, evaluate, document, and determine the amount of the claim payment due the insured when a loss occurs. Without this collection, the NFIP could not operate and could not provide necessary flood insurance coverage and claims payments to property owners in communities participating in the NFIP. Nor would FEMA be able to formally initiate, evaluate, and process a respondent's formal appeal.

**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.**

There are no special circumstances that require respondents to report information to the agency more than quarterly.

**(b) Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.**

There are no special circumstances that would require respondents to prepare a written response to a collection of information in fewer than 30 days after receipt.

**(c) Requiring respondents to submit more than an original and two copies of any document.**

There are no special circumstances that require 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.**

There are no special circumstances that require respondents to retain 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.**

There are no special circumstances that require respondents to participate in a statistical survey.

- (f) Requiring the use of a statistical data classification that has not been reviewed and approved by OMB.**

There are no special circumstances that require respondents to participate in a statistical survey.

- (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.**

There are no special circumstances that include a pledge of confidentiality.

- (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.**

There are no special circumstances that require respondents to submit proprietary trade secret or other confidential information.

## **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 was published in the Federal Register on January 13, 2017 at 82 FR 4372. FEMA received one comment from an individual requesting to review all forms associated with the collection. The Records Management Division provided the forms to the requester.

A 30-day Federal Register Notice inviting public comments was published on Federal Register on March 27, 2017 at 82 FR 15231. FEMA has not received any comments from the public regarding this collection.

**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 Flood Insurance Producer National Committee (FIPNC), which is made up of non-government professionals involved with the NFIP. The Insurance Institute for Business & Home Safety (IBHS) is an independent, nonprofit, scientific research and communications organization supported solely by property insurers and reinsurers. Both groups meet quarterly with government officials from FEMA staff to discuss any aspects of the NFIP that are of concern to them and to make the process as efficient as possible. The forms used within this collection are subject to discussion during the meetings and the changes were discussed with them and input solicited the week of November 17, 2016.

The appeals process was established with input from Write Your Own Companies, Insurance Agents and other insurance-related entities that adjust flood insurance claims to provide additional services to the respondents.

**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.**

FEMA program personnel discuss the claim forms at annual meetings with the adjusters who are involved with investigating the claims and providing the information. FEMA provides annual training sessions for adjusters.

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

There are no payments or gifts to respondents in this collection.

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

A System Of Records Notice (SORN) was published on May 19, 2014, volume 79, number 96, page 28747. A Privacy Impact Assessment (PIA) was published for this collection on October 12, 2012, DHS/FEMA/PIA-011, October 12, 2012.

**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 requirements for respondents to answer any 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 Form 086-0-06, National Flood Insurance Program Worksheet – Contents - Personal Property** – It is estimated that 2,167 adjusters will assess the personal property damage which is estimated to take 2.5 hours per assessment. The total hour burden would be  $2,167 \times 2.5 \text{ hours} = 5,418$ .

**FEMA Form 086-0-07, Worksheet – Building** – It is estimated that 5,783 adjusters will assess the scope of property damage and this is estimated to take 2.5 hours per assessment. The total hour burden would be  $5,783 \times 2.5 \text{ hours} = 14,458$ .

**FEMA Form 086-0-08, Worksheet - Building (Continued)** – It is estimated that 5,783 adjusters will utilize this form to continue to list the additional property damage beyond that which fits on FEMA Form 086-0-07 and is estimated to take 1 hour per response. The total hour burden would be  $5,783 \times 1 \text{ hours} = 5,783$ .

**FEMA Form 086-0-09, Proof of Loss** – It is estimated that 7,121 adjusters complete the proof of the loss they incurred which is estimated to take .0833 hours (5 minutes) hours per response. The total hour burden would be  $7,121 \times .0833 \text{ hours} = 593$ .

**FEMA Form 086-0-10, Increased Cost of Compliance Proof of Loss** – It is estimated that 57 adjusters will complete this statement which is estimated to take 2 hours per response. The total hour burden would be  $57 \times 2 \text{ hours} = 114$ .

**FEMA Form 086-0-11, Notice of Loss** – It is estimated that 7,121 Insurance Sales Agents will complete this notice of flood damage which is estimated to take .0667 (4 minutes) hours per response. The total hour burden would be  $7,121 \times .0667 \text{ hours} = 475$ .

**FEMA Form 086-0-12, Statement as to Full Cost of Repair or Replacement under the Replacement Cost Coverage, Subject to the Terms and Conditions of this Policy (Proposed for removal from collection)** – Therefore the total hour burden would be 0 hours.

**FEMA Form 086-0-13, National Flood Insurance Program Preliminary Report** – It is estimated that 7,121 adjusters will complete this form to determine reserves which is estimated to take .0667 hour (4 minutes) per response. The total hour burden would be  $7,121 \times .0667 \text{ hour} = 475$ .

**FEMA Form 086-0-14, National Flood Insurance Program Final Report** – It is estimated that 7,121 adjusters will document overall flood damage which is estimated to take .0667 hour (4 minutes) per response. The total hour burden would be  $7,121 \times .0667 \text{ hour} = 475$ .

**FEMA Form 086-0-15, National Flood Insurance Program Narrative Report** – It is estimated that 4,059 adjusters will complete this narrative to support the final report which is estimated to take .0833 hour (5 minutes) per assessment. The total hour burden would be  $4,059 \times .0833 \text{ hours} = 338$ .

**FEMA Form 086-0-16, Cause of Loss and Subrogation Report** – It is estimated that 715 adjusters will complete this form to document any responsible third parties which is estimated to take 1 hour per response. The total hour burden would be  $715 \times 1 \text{ hour} = 715$ .

**FEMA Form 086-0-17, Manufactured (Mobile) Home/Travel Trailer Worksheet** – It is estimated that 392 adjusters will assess the personal property determine the replacement cost of a manufactured home which is estimated to take .5 hour (30 minutes) per assessment. The total hour burden would be  $392 \times .5 \text{ hour} = 196$ .

**FEMA Form 086-0-18, Manufactured (Mobile) Home/Travel Trailer Worksheet (Continued)** – It is estimated that 392 adjusters will assess the personal property determine the actual cash value of a manufactured home which is estimated to take .25 hour (15 minutes) per assessment. The total hour burden would be  $392 \times .25 \text{ hour} = 98$ .

**FEMA Form 086-0-19, Increased Cost of Compliance (ICC) Adjuster Report** – It is estimated that 57 adjusters will document the mitigation option and cost which is

estimated to take .4167 hour (25 minutes) per assessment. The total hour burden would be 57 x .4167 hours = 24.

**FEMA Form 086-0-20, Adjuster Preliminary Damage Assessment** – It is estimated that 57 adjusters will assess the damage to determine if an ICC claim is possible which is estimated to take .25 hour (15 minutes) per assessment. The total hour burden would be 57 x .25 hours = 14.

**FEMA Form 086-0-21, Adjuster Certification Application** – It is estimated that 227 adjusters will seek to become certified adjusters which is estimated to take .25 hour (15 minutes) per assessment. The total hour burden would be 227 x .25 hours = 57.

**The NFIP Appeals Process (Flood Claims Insurance Handbook)** – It is estimated that 1200 policyholders will utilize the appeals process which is estimated to take 2.0 hour per appeal. The total hour burden would be 1200 x 2.0 hours = 2,400.

**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	National Flood Insurance Program Worksheet-Contents-Personal Property / FEMA Form 86-0-06	2,167	1	2,167	2.5	5,418	\$45.13	\$244,514
Business or other for-profit	Worksheet - Building / FEMA Form 086-0-07	5,783	1	5,783	2.5	14,458	\$45.13	\$652,490

Business or other for-profit	Worksheet - Building (Continued) / FEMA Form 086-0-08	5,783	1	5,783	1	5,783	\$45.13	\$260,987
Business or other for-profit	Proof of Loss / FEMA Form 086-0-09	7,121	1	7,121	0.0833	593	\$45.13	\$ 26,762
Business or other for-profit	Increased Cost of Compliance Proof of Loss / FEMA Form 086-0-10	57	1	57	2	114	\$45.13	\$5,145
Business or other for-profit	Notice of Loss / FEMA Form 086-0-11	7,121	1	7,121	0.0667	475	\$45.13	\$21,437
Business or other for-profit	Statement as to Full Cost of Repair or Replacement under the Replacement Cost Coverage, Subject to the Terms and Conditions of this Policy / FEMA Form 086-0-12	Proposed for Removal	Proposed for Removal	Proposed for Removal	Proposed for Removal	Proposed for Removal	\$45.13	0
Business or other for-profit	National Flood Insurance Program Preliminary Report / FEMA Form 086-0-13	7,121	1	7,121	0.0667	475	\$45.13	\$21,437
Business or other for-profit	National Flood Insurance Program Final Report / FEMA Form 086-0-14	7,121	1	7,121	0.0667	475	\$45.13	\$21,437
Business or other for-profit	National Flood Insurance	4,059	1	4,059	0.08	338		\$15,254

	Program Narrative Report / FEMA Form 086-0-15						\$45.13	
Business or other for-profit	Cause of Loss and Subrogation Report / FEMA Form 086-0-16	715	1	715	1	715	\$45.13	\$32,268
Business or other for-profit	Manufactured (Mobile) Home/Travel Trailer Worksheet / FEMA Form 086-0-17	392	1	392	0.5	196	\$45.13	\$8,845
Business or other for-profit	Manufactured (Mobile) Home/Travel Trailer Worksheet (Continued)/ FEMA Form 086-0-18	392	1	392	0.25	98	\$45.13	\$4,423
Business or other for-profit	Increased Cost of Compliance (ICC) Adjuster Report / FEMA Form 086-0-19	57	1	57	0.4167	24	\$45.13	\$1,080
Business or other for-profit	Adjuster Preliminary Damage Assessment / FEMA Form 086-0-20	57	1	57	0.25	14	\$45.13	\$632
Business or other for-profit	Adjuster Certification Application / FEMA Form 086-0-21	227	1	227	0.25	57	\$45.13	\$2,572
Individual and Household	NFIP Claims Appeal Process (Flood Claims Insurance Handbook)	1200	1	1200	2	2400	\$45.13	\$108,312
<b>Total</b>		<b>49,373</b>		<b>49,373</b>		<b>31,633</b>		<b>\$1,427,595</b>

- Note: The “Avg. Hourly Wage Rate” for each respondent includes a 1.46 multiplier to reflect a fully-loaded wage rate.
- “Type of Respondent” should be entered exactly as chosen in Question 3 of the OMB Form 83-I
- Table shows inputs as rounded numbers however, calculations were done using unrounded numbers

**Instruction for Wage-rate category multiplier: Take each non-loaded “Avg. Hourly Wage Rate” from the BLS website table and multiply that number by 1.46. For example, a non-loaded BLS table wage rate of \$30.91 would be multiplied by 1.46, and the entry for the “Avg. Hourly Wage Rate” would be \$45.13.**

According to the U.S. Department of Labor, Bureau of Labor Statistics website <https://www.bls.gov/oes/2015/may/oes131031.htm> the mean wage rate category from 2015 for Claims Adjusters, Examiners, and Investigators (Claim Adjusters OES 13-1031, NAICS Code 524291) is estimated to be \$30.91 per hour without the wage rate multiplier, \$45.13 per hour with the wage rate multiplier. Also, the mean wage rate from 2015 for insurance sales agents (Insurance Sales Agents OES 41-3021, NAICS code 524210, <https://www.bls.gov/oes/2015/may/oes413021.htm>) is estimated to be \$31.15 without the wage rate multiplier; \$45.13 per hour with the wage rate multiplier, therefore, the estimated cost to respondents is estimated to be \$1,427,595.00 annually.

**13. Provide an estimate of the total annual cost burden to respondents or record-keepers 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.)**

**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.**

**Annual Cost Burden to Respondents or Record-keepers**

<b>Data Collection Activity/Instrument</b>	<b>*Annual Capital Start-Up Cost</b> (investments in overhead, equipment and other one-time expenditures)	<b>*Annual Operations and Maintenance Cost</b> (such as recordkeeping, technical/professional services, etc.)	<b>Annual Non-Labor Cost</b> (expenditures on training, travel and other resources)	<b>Total Annual Cost to Respondents</b>

<b>Total</b>				

There are no operation and maintenance, or capital and start-up costs associated with this the collection of information.

**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 - The contract costs for claims processing is estimated to be an average of \$1,113.00 per claim based on an estimated 3,560 claims annually. The total would be $\$1,113 \times 3,560 = \$3,962,280$ .	\$3,962,280
Staff Salaries* [ 1 of GS 14 , step 7 employee in Washington DC spending approximately 20% of time annually monitoring the program including quality review of selected claims and adherence to program guidelines] [ $\$134,426 \times 20\% \times 1.46 = \$39,252$ ]	\$39,252
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	
<b>Total</b>	<b>\$4,001,532</b>

\* Note: The "Salary Rate" includes a 1.46 multiplier to reflect a fully-loaded wage rate.  
<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2016/general-schedule/>

**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 a 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.

Itemized Changes in Annual Burden Hours						
Data collection Activity/Instrument	Program Change (hours currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (hours currently on OMB Inventory)	Adjustment (New)	Difference
Worksheet-Contents-Personal Property / FEMA Form 86-0-6	15,503	5,418	-10,085	15,503	5,418	-10,085
Worksheet-Building / FEMA Form 86-0-7	24,360	14,458	-9,902	24,360	14,458	-9,902
Worksheet-Building (Continued) FEMA Form 086-0-8	9,744	5,783	-3,961	9,744	5,783	-3,961
Proof of Loss / FEMA Form 086-0-9	827	593	-234	827	593	-234
Increased Cost of Compliance Proof of Loss / FEMA Form 086-0-10	11,812	114	-11,698	11,812	114	-11,698
Notice of Loss /FEMA Form 086-0-11	723	475	-248	723	498	-248
Statement as to full cost of repair or replacement under the replacement cost coverage, subject to the terms and conditions of this policy / FEMA Form 086-0-0-12	295	0	-295	295	0	-295
Preliminary Report / FEMA Form 086-0-13	723	475	-248	723	498	-248
Final Report / FEMA Form 086-0-14	723	475	-248	723	498	-248
Narrative Report / FEMA Form 086-0-15	472	338	-134	472	325	-134
Cause of Loss and Subrogation Report / FEMA Form 086-0-16	1,034	715	-319	1,034	715	-319
Manufactured (Mobile) Home/Travel Trailer Worksheet / FEMA Form 086-0-17	296	196	-100	295	196	-100
Manufactured (Mobile) Home/Travel Trailer Worksheet (Continued) / FEMA Form 086-0-18	148	98	-50	148	98	-50

Increased Cost of Compliance (ICC) Adjuster Report / FEMA Form 086-0-19	2,481	24	-2,457	2,481	24	-2,457
Adjuster Preliminary Damage Assessment / FEMA Form 086-0-20	1,477	14	-1,463	1,477	14	-1,463
Adjuster Certification Application / FEMA Form 086-0-21	130	57	-73	130	57	-73
NFIP Claims Appeal Process (Flood Claims Insurance Handbook)	1800	2400	+600	1800	2400	+600
<b>Total(s)</b>	<b>72,548</b>	<b>31,633</b>	<b>-40,915</b>	<b>72,548</b>	<b>31,633</b>	<b>-40,915</b>

***Explain:***

The **NFIP** DSA had decrease from 965,000 policies in 2012 to a total of 639,054 policies today (2016). As part of the NFIP Transformation, several forms that the policyholders sees and is required to complete, with the assistance of an adjuster, have been simplified for easier use, thereby decreasing the number of hours to complete. Additionally, with the last filing of the collection in 2013, that was based upon numbers of claims in the post-Superstorm Sandy environment and the number of overall claims has greatly decreased since that time.

**FEMA Form 086-0-06, National Flood Insurance Program Worksheet – Contents - Personal Property** – There was a decrease in NFIP DSA policies and claims. This causes decrease in claims hours from 15,503 to 5,418, a reduction of 10,085 hours.

**FEMA Form 086-0-07, Worksheet – Building** – There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 24,360 to 14,458, a reduction of 9,902 hours.

**FEMA Form 086-0-08, Worksheet - Building (Continued)** – There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 9,744 to 5,783 a reduction of 3,961 hours.

**FEMA Form 086-0-09, Proof of Loss** – There was a decrease in NFIP DSA polices claims and several forms were recently revised to be more customer friendly. This causes a decrease in claims hours from 827 to 593, a reduction of 234 hours.

**FEMA Form 086-0-10, Increased Cost of Compliance Proof of Loss** – There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 11,812 to 114, a reduction of 11,698 hours.

**FEMA Form 086-0-11, Notice of Loss** – There was a decrease in NFIP DSA polices claims and several forms were recently revised to be more customer friendly. This causes a decrease in claims hours from 723 to 475, a reduction of 248 hours.

**FEMA Form 086-0-12, Statement as to Full Cost of Repair or Replacement under the Replacement Cost Coverage, Subject to the Terms and Conditions of this Policy**

There was a decrease in NFIP DSA policies claims and several forms were recently revised to be more customer friendly. The necessary parts of this form were combined into Form 086-0-09. This causes a decrease in claims hours from 295 to 0, a reduction of 295 hours.

**FEMA Form 086-0-13, National Flood Insurance Program Preliminary Report –**

There was a decrease in NFIP DSA policies claims and several forms were recently revised to be more customer friendly. This causes a decrease in claims hours from 723 to 475, a reduction of 248 hours.

**FEMA Form 086-0-14, National Flood Insurance Program Final Report –**

There was a decrease in NFIP DSA policies claims and several forms were recently revised to be more customer friendly. This causes a decrease in claims hours from 723 to 475, a reduction of 248 hours.

**FEMA Form 086-0-15, National Flood Insurance Program Narrative Report –**

There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 472 to 338, a reduction of 134 hours.

**FEMA Form 086-0-16, Cause of Loss and Subrogation Report –**

There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 1,034 to 715, a reduction of 319 hours.

**FEMA Form 086-0-17, Manufactured (Mobile) Home/Travel Trailer Worksheet**

There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 296 to 196, a reduction of 100 hours.

**FEMA Form 086-0-18, Manufactured (Mobile) Home/Travel Trailer Worksheet**

**(Continued)** – There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 148 to 98, a reduction of 50 hours.

**FEMA Form 086-0-19, Increased Cost of Compliance (ICC) Adjuster Report –**

There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 2,481 to 24, a reduction of 2,457 hours.

**FEMA Form 086-0-20, Adjuster Preliminary Damage Assessment –**

There was a decrease in NFIP DSA policies claims and several forms were recently revised to be more customer friendly. This causes a decrease in claims hours from 1,477 to 14, a reduction of 1,463 hours.

**FEMA Form 086-0-21, Adjuster Certification Application –**

There was a decrease in NFIP DSA policies and claims. This causes a decrease in claims hours from 130 to 57, a reduction of 73 hours.

**The NFIP Appeals Process (Flood Claims Insurance Handbook)** – While there was a decrease in NFIP DSA policies and claims, more policyholders are reading the Handbook to better understand the Claims and Appeals process, resulting in higher hours. This causes a rise in hours from 1800 to 2400, an increase of 600 hours.

**Itemized Changes in Annual Cost Burden**

<b>Data collection Activity/Instrument</b>	<b>Program Change (hours currently on OMB Inventory)</b>	<b>Program Change (New)</b>	<b>Difference</b>	<b>Adjustment (hours currently on OMB Inventory)</b>	<b>Adjustment (New)</b>	<b>Difference</b>
National Flood Insurance Program Worksheet-Contents- Personal Property / FEMA Form 86-0-06				\$641,956	\$244,514	-\$397,442
Worksheet - Building / FEMA Form 086-0-07				\$1,008,748	\$652,490	-\$356,258
Worksheet - Building (Continued) / FEMA Form 086-0-08				\$403,499	\$260,987	-\$142,512
Proof of Loss / FEMA Form 086-0-09				\$34,238	\$26,762	-\$7,476
Increased Cost of Compliance Proof of Loss / FEMA Form 086-0-10				\$489,135	\$5,145	-\$483,990
Notice of Loss / FEMA Form 086-0-11				\$29,958	\$22,670	-\$8,521
Statement as to Full Cost of Repair or Replacement under the Replacement Cost Coverage, Subject to the Terms and Conditions of this Policy / FEMA Form 086-0-12				\$12,228	\$0	-\$12,228
National Flood Insurance Program Preliminary Report / FEMA Form 086-0-13				\$29,958	\$21,437	-\$8,521
National Flood Insurance Program Final Report / FEMA Form 086-0-14				\$29,958	\$21,437	-\$8,521
National Flood Insurance Program Narrative Report / FEMA Form 086-0-15				\$19,565	\$15,254	-\$4,311
Cause of Loss and Subrogation Report / FEMA Form 086-0-16				\$42,818	\$32,268	-\$10,550

Manufactured (Mobile) Home/Travel Trailer Worksheet / FEMA Form 086-0-17				\$12,237	\$8,845	-\$3,392
Manufactured (Mobile) Home/Travel Trailer Worksheet (Continued)/ FEMA Form 086-0-18				\$6,118	\$4,423	-\$1,695
Increased Cost of Compliance (ICC) Adjuster Report / FEMA Form 086-0-19				\$102,718	\$1,080	-\$101,638
Adjuster Preliminary Damage Assessment / FEMA Form 086-0-20				\$61,142	\$632	-\$60,510
Adjuster Certification Application / FEMA Form 086-0-21				\$5,383	\$2,572	-\$2,811
NFIP Claims Appeal Process (Flood Claims Insurance Handbook)				\$74,538	\$108,309	\$33,774
<b>Total(s)</b>				<b>\$3,004,197</b>	<b>\$1,428,825</b>	<b>-\$1,644,150</b>

- Table shows inputs as rounded numbers however, calculations were done using unrounded numbers

**Explain:** Based on the revised estimate Annual Hours Burden, the Annual Cost Burden would be an overall decrease in the total annual cost due to the decrease in the number of policies and claims received, simplification of several forms, and due to the incorporation of the 1.46 multiplier on the wage rates. The new annual Cost Burden is \$1,644,150.00, and the net difference is -\$1,428,825.00.

**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.