

**SUPPORTING STATEMENT FOR  
PAPERWORK REDUCTION ACT SUBMISSIONS  
OMB No. 1530-0061**

**“Checklists of Filings for Certified Surety and/or Certified Reinsuring Companies and for Admitted Reinsurer Companies.”**

**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 collection of information is necessary when an insurance company requests recognition by Treasury for intentions of becoming either (a) certified to write or reinsure Federal surety bonds, or (b) an Admitted Reinsurer (except on risks running to the United States). The following checklists are available on the Surety Bond Branch (SBB) Internet website to aid companies in submitting the mandatory information items required for such recognition:

- a) Annual Checklist of Filings for Certified Companies
- b) Annual Checklist for Admitted Reinsurers

The Secretary of the Treasury has been given authority pursuant to 31 USC 9304 – 9308 to certify insurance companies wishing to write Federal surety bonds. The authority has been further codified at 31 CFR, Part 223. Section 223.9 specifies guidelines applicable to companies seeking certification while Section 223.12 specifies requirements applicable to companies seeking recognition as an Admitted Reinsurer. Furthermore, guidelines and requirements are found in the appropriate Instructions transmitted with Treasury’s “Annual Letter to Executive Officers of Surety Companies Reporting to Treasury” and “Annual Letter to Executive Officers of Companies Recognized by the Treasury as Admitted Reinsurers of Surety Companies Doing Business with the United States.”

**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.**

The information is used by the Bureau of the Fiscal Service, Surety Bond Branch (SBB) to make a determination if the applicant company is financially solvent and otherwise able to keep and perform any contracts of surety it may make with the Federal Government. All submitted information is reviewed against the criteria established in the above mentioned regulations and guidelines.

In order for an insurance company to either (a) contract with the Federal Government for purposes of writing or reinsuring Federal surety business, or (b) obtain status as an Admitted Reinsurer from Treasury for purposes of reinsuring a Surety Company that holds a Treasury Certificate of Authority (without the latter incurring an insurance penalty on Treasury Schedule F), a determination must be made as to the acceptability of the applicant. Without the submission of the information requested in either the Checklist of Filings for Certified Companies or the Checklist for Admitted Reinsurers, no such determinations can be made. The Treasury Department would not be able to add more companies to its current List of Acceptable Sureties (Treasury Department Circular 570), or to its current list of companies recognized as Admitted Reinsurers (except on risks running to the United States), thereby restricting the pool of available sureties. This action could ultimately increase the cost of surety insurance to the Federal Government. By restricting entry into the Federal Surety Bond market, competition would be impeded.

**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.**

The Annual Filing Checklists are available from the Bureau of the Fiscal Service and also on the Internet as a PDF form. Insurance companies submit some similar information to State Insurance Departments when applying for a State insurance license. Therefore, most of the information requested is readily available and submitted to SBB in electronic form via email. Whenever possible, SBB attempts to convert as many reporting functions as economically feasible from a paper base to an automated system.

**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.**

The Secretary of the Treasury, through the SBB, is the only entity responsible for the accumulation of this type of data and publication of the List of Acceptable Sureties for the benefit of Federal bond approving officers, as well as the List of Admitted Reinsurers (except on risks running to the United States.) Therefore, no duplication of this process occurs.

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

As indicated in item 3, insurance companies submit essentially identical information to State Insurance Departments when applying for a State insurance license, thus minimizing the burden for small companies. Most of the information requested is readily available and does not adversely impact small businesses or other small entities.

**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.**

The application process is a one-time occurrence per applicant followed by an annual renewal.

**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 situations or circumstances which would require a variation of the collection of 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 September 19, 2017 on page 43819, Vol. 82, No. 180. There were no comments received regarding this information collection. The SBB maintains contact with the applicant companies, providing assistance and guidance regarding the items to be submitted. 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 remuneration 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.**

A biographical affidavit is included among the checklist of items to be submitted by the applicant company. The affidavit is a standard state mandated form provided by the National Association of Insurance Commissioners and is subject to public disclosure, subject to and limited by an individual's stated request for confidentiality of specified data. The biographical affidavit includes a request for limited personal information including applicant's full name, address, date of birth, telephone numbers, Social Security Number, and background questions related to an applicant's personal and financial background. The information collected is necessary to determine if the applicant company is financially solvent and otherwise able to keep and perform any contracts of surety it may make with the Federal Government.

The Bureau of the Fiscal Service conducts a Privacy Impact Assessment (PIA) on information systems collecting personally identifiable information from the public. We do PIAs to ensure that:

- we tell the public the information that we collect about them,
- we adequately address impacts these systems have on personal privacy,
- we collect only enough personal information to administer our programs, and no more

Also, PIAs confirm that we use the information for the purpose intended; that the information remains timely and accurate; that it is protected while we have it, and we hold it only for as long as we need it.

The administration of the Surety Bond Program is included in the PIA for Surety Information Management System (SIMS IV) available at [https://www.fiscal.treasury.gov/fsreports/rpt/fspia/SIMS\\_IV\\_pia.pdf](https://www.fiscal.treasury.gov/fsreports/rpt/fspia/SIMS_IV_pia.pdf)

**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.**

The annual burden hour estimate is 150 hours. The number of respondents varies each year, depending on experience of the industry. (The insurance industry is sensitive to costs and pricing cycles.) For the purpose of burden hour computations, 30 applications in total for both List of Data (A) and List of Data (B) have been used. As to the frequency of response, there is one per applicant, unless rejected and the applicant subsequently decides to reapply. A subsequently re-filing by a company of a previously rejected application is considered to be a new filing.

**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 are no other costs to respondents other than the applicable application fee (item 14) and 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.**

Respondents are currently charged \$9,300 and \$3,275 to process applications either for a Certificate of Authority or for recognition as an Admitted Reinsurer, respectively. The figures are based on an annual analysis of actual expenses and budgeted costs. All components, such as personnel costs, paperwork, overhead, etc., have been considered in the determination of the applicable fees. The fees represent the approximate overall costs to the Government for processing the particular application.

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

A reduction of 390 hours is attributed to a program change which allows insurance companies to submit information in electronic format via email. Previously, Insurance companies submitted financial statements on diskettes or CDs along with hard copies of the financial statements.

**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. The results of the collection of this information will not be 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.**

Not Applicable. Fiscal Service will display the expiration date on the 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.**

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.