

Supporting Statement  
OMB Control Number 1506-0035

Anti-Money Laundering Programs for Insurance Companies and Non-Bank Residential Mortgage Lenders and Originators

1. Circumstances necessitating collection of information.

The statute generally referred to as the “Bank Secrecy Act,” (“BSA”) Titles I and II of Public Law 91-508, as amended, codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5332, authorizes the Secretary of the Treasury, among other things, to require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters, or in the conduct of intelligence or counter-intelligence activities, to protect against international terrorism, and to implement counter-money laundering programs and compliance procedures.<sup>1</sup> Regulations implementing Title II of the BSA appear at 31 CFR Chapter X. The authority of the Secretary to administer the BSA has been delegated to the Director of the Financial Crimes Enforcement Network (“FinCEN”).

Section 352 of the USA PATRIOT Act added a new subsection (h) to 31 U.S.C. 5318 of the BSA that requires the Secretary of the Treasury to require financial institutions to establish and maintain anti-money laundering (“AML”) programs. Pursuant to section 352, FinCEN issued regulations requiring insurance companies and non-bank residential mortgage lenders and originators to develop and implement a written AML program, respectively 31 CFR 1025.210 and 31 CFR 1029.210. The program must be reasonably designed to prevent these financial institutions from being used for money laundering or the financing of terrorist activities, and to achieve and monitor compliance with applicable BSA requirements.

2. Method of collection and use of data.

The AML program requirements are used by insurance companies and non-bank residential mortgage lenders and originators to detect the occurrence of transactions required to be recorded or reported under the BSA and to ensure that such institutions are not used to facilitate money laundering or terrorist financing. The compliance program will be reviewed by regulatory agencies during the course of BSA compliance examinations.

3. Use of improved information technology to reduce burden.

Financial institutions are permitted to automate their AML program to meet their requirements. There is no specific government mandate to do so.

---

<sup>1</sup> Language expanding the scope of the BSA to intelligence or counter-intelligence activities to protect against international terrorism was added by Section 358 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, P.L. 107-56 (“USA PATRIOT Act”).

4. Efforts to identify duplication.

There is no similar information available; thus there is no duplication.

5. Methods to minimize burden on small businesses or other small entities.

All financial institutions are required to document their AML programs and are permitted to use the method most suitable to their requirements.

6. Consequences to the Federal government of not collecting the information.

The Federal government requires reporting of a financial institution's AML program only upon request of appropriate law enforcement agencies and supervisory agencies.

7. Special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

Under 31 CFR 1010.430, records must be kept for 5 years. This retention period is necessary to substantiate violations that have occurred within the statute of limitations (5 years).

8. Consultation with individuals outside of the agency on availability of data. Frequency of collection, clarity of instructions and forms, and data elements.

On July 19, 2018, FinCEN issued a notice and request for comments to renew existing AML programs. (See 83 FR 34298). FinCEN received no comments to the Federal Register notice.

9. Explanation of decision to provide any payment or gift to respondents.

No payments or gifts were made to respondents.

10. Assurance of confidentiality of responses.

Information collected under 31 U.S.C. 5318(h) may be made available to appropriate law enforcement agencies and supervisory agencies.

11. Justification of sensitive questions.

No sensitive questions are asked.

12 & 13. Estimated burden & cost of information collection.

FinCEN estimates that approximately 1,200 insurance and 31,000 non-bank residential mortgage lenders and originators will respond to this collection, for a total of 32,200 respondents. FinCEN further estimates that the time burden to each respondent to maintain their AML program will be 1 hour, for a total of 32,200 hours.

Estimated burden cost: 32,200 hours X \$63.53 per hour = \$2,045,666.<sup>2</sup>

Total burden hours: 32,200.

Total cost: \$2,045,666.

<b>Information Collection</b>	<b># of Respondents</b>	<b>Annual # of Responses per Respondent</b>	<b>Total Responses</b>	<b>Hours per Response</b>	<b>Total Hours</b>	<b>Labor Cost per Hour</b>	<b>Total Labor Costs</b>
AML program	32,200	1	32,200	1	32,200	\$63.53	\$2,045,666
<b>TOTAL</b>			<b>32,200</b>		<b>32,200</b>		<b>\$2,045,666</b>

There are no non-labor costs associated with this collection of information.

14. Estimated annual cost to the Federal government.

The Federal government requires reporting of a financial institution's AML program only upon request of appropriate law enforcement agencies and supervisory agencies; therefore, the estimated annual cost to the Federal government is \$0.

15. Reason for change in burden.

There is no change in burden.

16. Plans for tabulation, statistical analysis, and publication.

This collection of information will not be published.

17. Request not to display the OMB expiration date.

FinCEN requests that the expiration date of the control number of the regulation not be displayed so that there is no confusion as to whether the certification form is still valid. This request will not affect the normal 3-year Paperwork Reduction Act renewal process.

18. Exceptions to the certification statement.

There are no exceptions.

---

<sup>2</sup> The above Average Hourly Wage Rate is calculated from the May 2017 Bureau of Labor Statistics average hourly wage for "13-2061 Financial Examiners" of \$44.12, plus an additional 44% for benefits to produce a fully-loaded rate of \$63.53.