

Department of the Treasury
Terrorism Risk Insurance Program

Supporting Statement – Information Collection Requirement
Emergency Clearance and Review Sought
OMB Control Number 1505-0257

Collection of Data from Property and Casualty Insurers relating to Terrorism Risk Insurance for Places of Worship for a Report on the Effectiveness of the Terrorism Risk Insurance Program Due By June 30, 2020

Justification for Emergency Processing:

The U.S. Department of the Treasury's Federal Insurance Office (which assists the Secretary of the Treasury in the administration of the Terrorism Risk Insurance Program (TRIP)) requests emergency processing of a revision to OMB Control 1505-0257 in accordance with 5 C.F.R. 1320.13. The revision will modify the TRIP Data Collection Templates for CY 2020 in order to collect additional data elements required by recent legislation.

The Terrorism Risk Insurance Program is essential to the Department's mission to strengthen national security by combating threats and protecting the integrity of the U.S. financial system. Under the 2019 Terrorism Risk Insurance Program Reauthorization Act of 2019 (2019 Reauthorization Act) signed by the President on December 20, 2019, Treasury is required for the first time to address in certain reports concerning TRIP the availability and affordability of terrorism risk insurance for places of worship. The first report including this new information must be submitted to Congress no later than June 30, 2020.

Although Treasury has been collecting terrorism risk insurance data annually since 2016, pursuant to the requirements of Section 111 of the Terrorism Risk Insurance Program Reauthorization Act of 2015, the new legislation requires Treasury to request certain additional data on places of worship (Places of Worship) that was not previously included in the prior data collection templates approved by OMB. If Treasury were to follow normal clearance procedures it would not be able to collect and process the data relating to Places of Worship in time to submit the report to Congress by the statutory deadline of June 30, 2020. Given that this new requirement was just signed into law in late December, it was not possible to prepare for and seek clearance earlier.

Treasury requests that OMB approve this request for emergency clearance of a new template (and associated instructions) relating to Places of Worship so that Treasury may begin the data collection in February, in time to receive and process the necessary information for its June 30, 2020 Report. There are no material changes to the other data points being collected under TRIP, which OMB has approved under Control Number 1505-0257. Treasury has solicited public comment previously on the existing data requirements, and the new Places of Worship template is similar to the existing TRIP data collection templates.

Treasury requests approval of the revision for 1505-0257 by March 6, 2020 and will publish notice in the Federal Register seeking public comment during the period of OMB review.

1. Explain the circumstances that make the collection of information necessary.

This information collection is made necessary by the provisions of the Terrorism Risk Insurance Program Reauthorization Act of 2019 (Public Law 116-94, 133 Stat. 2534 (December 20, 2019)).

On November 26, 2002, the President signed into law the Terrorism Risk Insurance Act of 2002 (Public Law 107-297, 116 Stat. 2322) (as amended, TRIA). The purposes of TRIA are to address market disruptions, ensure the continued widespread availability and affordability of commercial

property and casualty insurance for terrorism risk, and to allow for a transition period for the private markets to stabilize and build capacity while preserving state insurance regulation and consumer protections.

Title I of TRIA establishes a temporary federal program of shared public and private compensation for insured commercial property and casualty losses resulting from an act of terrorism. TRIA authorizes Treasury to administer and implement the Terrorism Risk Insurance Program (Program), including the issuance of regulations and procedures. The Program provides a federal backstop for insured losses from an act of terrorism. Although the Program was originally set to expire on December 31, 2005, it has now been extended and modified on four occasions; most recently, the 2019 Reauthorization Act extended the Program through December 31, 2027.

Section 104(h) of TRIA provides that the Secretary of the Treasury, commencing in the calendar year beginning on January 1, 2016, shall require insurers participating in the Program to submit information regarding insurance coverage for terrorism losses, to enable Treasury to prepare and submit a report on the effectiveness of the Program to Congress no later than June 30 of every other calendar year. Treasury seeks emergency clearance and review for the Places of Worship template to be used during the 2020 data collection only, as the normal public review and comment processes will not permit the collection of data in time for Treasury to complete the report to Congress by June 30, 2020. Under the annual Section 104(h) data collection, over 900 entities that participate in the Program submit some amount of information. The data collection relating to terrorism risk insurance for Places of Worship for which Treasury seeks emergency clearance will likely result in a much smaller number of entities being required to respond with actual additional information (depending upon whether they provide insurance to Places of Worship).

2. 1 Explain how, by whom, how frequently, and for what purpose the information will be used. 1 If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.

This is a new collection in Calendar Year 2020, which will be used to support a required report by the Secretary to Congress that includes, *inter alia*, a new requirement to analyze the availability and affordability of terrorism risk insurance for Places of Worship. Collections of this data will also be made in subsequent calendar years while TRIP remains in effect, pursuant to a standard OMB clearance process that Treasury will initiate. The information collected pursuant to this authorization will be used to evaluate changes and trends in the terrorism risk insurance data collected in future years. The data collected will not be directly disseminated to the public by Treasury; however, it will be used in connection with reports that Treasury will produce that will be disseminated publicly. Treasury will follow its Information Quality Guidelines in connection with any reports produced that rely upon the data collected pursuant to this collection. To ensure the integrity of the data that is collected, Treasury's insurance statistical aggregator will monitor the information as collected to identify anomalies that can be addressed during the collection process, and will otherwise validate the data once collected, pursuant to standard insurance data aggregation techniques, to confirm that the information correctly represents the experience of the reporting insurers.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.

Treasury is requesting that all responses be submitted electronically. Treasury expects that the responding insurers will largely generate responses electronically by querying their computer operating systems for the requested data. Treasury's intention is to follow, as appropriate, best insurance and reinsurance industry practices. Treasury may offer exceptions where an insurer lacks the capability to make an electronic submission.

4. Describe efforts to identify duplication.

Treasury has not identified any entity or collection of entities that currently holds the nonpublic data Treasury seeks to collect. Accordingly, the required records do not duplicate any existing records. Insurers do not currently report information specific to terrorism risk insurance for Places of Worship to Treasury, state insurance regulators, or otherwise.

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

The collection of information is expected to impact insurers in general, some of which may be defined as “small businesses” or “small entities” in other contexts. Even these small insurers, however, typically utilize electronic systems to collect their business data, such that no particular burden is placed upon “small” insurers operating in this industry.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

The data is being requested pursuant to a statutory mandate to collect information beginning in 2020. The collected data will be used to support a report that is due by June 30, 2020, which must address the availability and affordability of terrorism risk insurance specifically for Places of Worship.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

There are no special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines. Moreover, the proposed data collection elements sought in the 2020 TRIP Data Collection Template for Places of Worship have been selected to be consistent with the manner in which insurers presently collect data, such that the collection should be consistent with insurance industry and state regulatory practice.

8. Provide a copy of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the 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.

Because this is an Emergency Clearance and Review request, there is no PRA Federal Register notice addressing the proposed 2020 Data Collection Template for Places of Worship. This proposed collection, however, follows substantial interaction between Treasury and various industry stakeholders concerning the required collection of data regarding the availability and affordability of terrorism risk insurance for Places of Worship. During this process Treasury has engaged state insurance regulators, insurance industry trade associations, insurance data aggregators, insurers, reinsurers, insurance brokers, and captive insurance companies, among others. Based on these interactions, Treasury believes the data sought is available, that it is being requested in a manner consistent with standard industry practice, and that it is for the most part reportable through queries participating insurers can pose to existing

systems, without any significant reprogramming to systems. Information is sought on a national basis, which will not require insurers to provide information on a state-by-state or locality basis (although that is required for certain other elements of the annual TRIP data calls).

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

There will be no payments or gifts to respondents associated with the proposed 2020 Data Collection Template for Places of Worship.

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

Given the sensitivity of the requested data, Treasury expects to provide assurances of confidentiality to respondents. The basis for such an assurance is the confidentiality provisions of Section 104(h)(5) of TRIA. Section 104(h)(5)(A) states that the submission of any non-publicly available data and information to the Secretary and the sharing of any non-publicly available data with or by the Secretary among other Federal agencies, the state insurance regulatory authorities or any other entities under this subsection shall not constitute a waiver of, or otherwise affect, any privilege arising under Federal or state law to which the data or information is otherwise subject. Furthermore, Section 104(h)(5)(D) states that Section 552 of title 5, United States Code, including any exceptions thereunder, shall apply to any data or information submitted under this subsection to the Secretary by an insurer.

Under Section 104(h)(3) of TRIA, the Secretary is also instructed “to the extent possible” to collect data through an insurance statistical aggregator, which shall keep any nonpublic information collected confidential and provide the information to Treasury in aggregate form or in some other form or manner that does not permit identification of submitting insurers. Treasury has employed this approach in connection with the annual data collections that have been conducted under Section 104 since 2016, under which the data collection templates approved by OMB can be completed and uploaded through a web-based portal through which participating insurers report the requested data to the insurance statistical aggregator. The aggregator that will be employed for this process (Insurance Services Office, Inc.) regularly performs this function in connection with other reporting performed by insurers for state regulatory purposes and otherwise.

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.

No personally identifiable information (PII) is requested.

12. Provide an estimate in hours of the burden of the collection of information.

It is difficult to determine at this point the precise number of entities that will be required to complete the new template respecting terrorism risk insurance for Places of Worship. For these

purposes, Treasury estimates that approximately 65 larger insurers will respond with some information, with in addition responses from approximately 150 smaller insurers, and 50 captive insurers. Other participating insurers that do not write insurance for Places of Worship would simply enter "0" figures in the relevant fields. Treasury does not anticipate that any significant number of alien surplus lines insurers will be required to respond to this template. Treasury anticipates that carriers that provide some amount of insurance to Places of Worship (but not carriers that do not provide insurance for this class of policyholders) will incur an additional 10 hours to collect, process and report the requested data. Treasury expects that reporting insurers will generate queries to existing data systems to collect the required information, and will also provide individual responses to specific questions. The insurance statistical aggregator that Treasury is utilizing has advised that it believes this hours burden estimate to be reasonable.

The following table illustrates the existing cost estimates for the data call as augmented by the estimated costs for the new Places of Worship template:

Type of Insurer	Number Responding Generally	Total Hours (before Places of Worship Template)	Total Cost (before Places of Worship)	Number Responding (Places of Worship Template)	Additional Hours (Table of Worship Template)	Total Additional Cost	Total Costs after Places of Worship Template Added
Non-Small	100	7,500	\$637,500	65	650	\$55,250	\$692,750
Small	25	5,000	425,000	150	1,500	127,600	552,600
Captive	550	27,500	2,337,500	50	500	42,500	2,380,000
Alien Surplus	50	1,250	106,250	0	0	0	106,250
Totals	725	41,250	\$3,506,250	265	2,650	\$225,350	\$3,731,600

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).

The assembly, consolidation, review, and transmission of the information are expected to present nominal costs to the insurers that respond given the data elements Treasury seeks to collect, which should be readily available in company systems and documents. There could be some limited amount of "start up" costs (estimated at \$500 per insurer) for identifying the additional information that will now be required by the new 2020 Data Collection Template for Places of Worship. The costs are expected to consist of a limited amount of time for consolidation of accounting records and for their internal review and certification of submissions. No equipment purchases or capital investment should be needed; however, some insurers may elect to perform some amount of incidental systems development to facilitate their initial and subsequent submissions.

Insurers do not report information on terrorism risk insurance specifically for Places of Worship elsewhere, such that Treasury must request the information directly from them. The data Treasury seeks to collect, however, is contained within statistical information that insurers otherwise develop in order to achieve compliance with other state insurance regulatory requirements, particularly annual statutory reporting requirements. The information collection is also directly extractive of information required for or generated in the course of normal business activity. For insurers that are significant participants in this market, Treasury anticipates that the costs for responding will be lower because such insurers will have less difficulty in extracting the requested information.

14. Provide estimates of annualized cost to the Federal government.

The added incremental cost to the Federal government of the data collection will be the additional costs of the insurance statistical aggregator that will be used to collect and validate the data. Treasury estimates that the added incremental cost for collecting data in the 2020 TRIP data call will be approximately \$15,000.

15. Explain the reasons for any program changes or adjustments to previously identified annual reporting and recordkeeping burden hours or cost burden.

The changes are based solely upon the additional Congressional reporting requirements contained in the 2019 Reauthorization Act.

16. For collections whose results will be published, outline the plans for tabulation and publication.

There are no plans for publication of the information as collected, although as stated above the information will form the basis for a report to be issued by Treasury to Congress in June 2020.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

We will display the expiration date of OMB approval for this collection.

18. Explain each exception to the certification of compliance with 5 CFR 1320.9 statement.

There are no exceptions to the certification statement.

Part B. Describe the use of statistical methods such as sampling or imputation.

This collection does not employ statistical methods.