

**SUPPORTING STATEMENT  
INSURANCE SALES CONSUMER PROTECTION  
(OMB No. 3064-0140)**

**INTRODUCTION**

The FDIC is requesting OMB approval of the three-year extension, without change, of its collection of information entitled “Insurance Sales Consumer Protection” (OMB Control No. 3064-0140) which consists of third-party disclosure requirements contained in regulations jointly issued by the federal financial institution regulatory agencies, including the FDIC. There is no change in the method or substance of the collection. which currently expires on June 30, 2020.

**A. JUSTIFICATION**

**1. Circumstances that make the collection necessary:**

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 FDIC’s implementing regulations (12 CFR Part 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 the information:**

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

**3. Consideration of the use of improved information technology:**

Institutions and other covered persons may use any technology that is reasonable and appropriate for their circumstances as 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.

5. **Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:**

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 to the Federal program if the collection were conducted less frequently:**

Less frequent collection would hinder consumers' ability to understand the risks of insurance products or annuities and to be informed of their rights.

7. **Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):**

None. The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

8. **Efforts to consult with persons outside the agency:**

The FDIC published a notice in the Federal *Register* seeking comment for a 60-day period on renewal of this information collection on March 17, 2020 (85 FR 15172). No comments were received.

9. **Payment or gifts to respondents:**

None.

10. **Any assurance of confidentiality:**

Information is kept private to the extent allowed by law.

11. **Justification for questions of a sensitive nature:**

Not applicable. No sensitive information is collected.

12. **Estimate of hour burden including annualized hourly costs:**

***Estimated Annual Burden:***

*Total Estimated Number of Respondents*

All FDIC-insured institutions that sell insurance must comply with this information collection. Institutions report income from insurance activities differently depending on which Call Report form they file. FDIC-insured institutions file Call Report form 051 if they have less than \$1 billion in total assets and do not have any foreign offices, and they file forms 031 or 041 otherwise. Banks that file form 051 report income from insurance activities on Call Report schedule RI line 5(d) 2, while banks that file forms 031 or 041 report income from annuity sales, underwriting income from insurance and reinsurance activities, and other income from insurance activities on Call Report schedule RI lines 5(d) 3-5.

As of December 31, 2019, 747 FDIC-insured institutions reported non-zero values of income from annuity sales, underwriting income from insurance and reinsurance activities, or income from other insurance activities on Call Report forms 031 or 041. Another 1,399 FDIC-insured institutions reported non-zero values of income from insurance activities on Call Report form 051.<sup>1</sup> Accordingly, the estimated number of respondents for this information collection is 2,146.<sup>2</sup>

*Estimated Hourly Burden*

FDIC estimates the third-party disclosure burden associated with this information collection remains at 5 hours per year per respondent.

<b>Information Collection (IC) Description</b>	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Time per Response (Hours)	Frequency of Response	Total Estimated Annual Burden (Hours)
Insurance Sales Consumer Protection Disclosures	Third-Party Disclosure	Mandatory	2,146	5	On Occasion	10,730
Total Estimated Annual Burden						10,730

<sup>1</sup> FDIC Call Report data, December 2019  
<sup>2</sup> 747 + 1,399 = 2,146

*Annualized Cost of Internal Hourly Burden:*

FDIC estimates that 70 percent of the work related to responding to this information collection will be performed by Financial Analysts; 20 percent will be performed by Clerical occupations; 4 percent will be performed by Compliance Officers; 3 percent will be performed by IT Specialists; 2 percent will be performed by Lawyers; and 1 percent will be performed by Executives and Managers. A reasonable estimate of the average hourly compliance cost for institutions is \$75.10.<sup>3</sup>

*Total Estimated Cost Burden*

FDIC estimates the total annual cost burden for this information collection by multiplying the total estimated annual burden of 10,730 hours, by the weighted average hourly compensation estimate of \$75.10 to arrive at an estimated labor cost of \$805,823.00 per year.

**13. Estimate of start-up costs to respondents:**

None.

**14. Estimate of annualized costs to the government:**

None.

**15. Analysis of change in burden:**

There is no change in the substance or methodology of this information collection. The change in burden is due solely to an increase in the estimated number of respondents which is derived from Call Report data indicating the number of by institutions offering insurance products. The number of respondents increased by 126 from 2,020 to 2,146.

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<sup>3</sup> The estimate includes the May 2018 75<sup>th</sup> percentile hourly wage rate for Financial Analysts (\$54.34), Office and Administrative Support Occupations (\$20.92), Compliance Officers (\$42.00), Computer and Mathematical Occupations (\$58.58), Legal Occupations (\$88.49), and Management Occupations (\$78.25) reported by the Bureau of Labor Statistics, National Industry-Specific Occupational Employment, and Wage Estimates. These wage rates have been adjusted for changes in the Consumer Price Index for all Urban Consumers between May 2018 and December 2019 (3.11 percent) and grossed up by 51 percent to account for non-monetary compensation as reported by the December 2019 Employer Costs for Employee Compensation Data. The calculation assumes that Financial Analysts would conduct 70 percent of the hourly burden associated with this collection, Office and Administrative Support Occupations would conduct 20 percent, Compliance Officers would conduct 4 percent, Computer and Mathematical Occupations would conduct 3 percent, Legal Occupations would conduct 2 percent, and Management Occupations would conduct 1 percent. The hourly cost estimate is calculated as  $(0.7*\$84.64 + 0.2*\$32.359 + 0.04*\$65.42 + 0.03*\$91.24 + 0.02*\$137.83 + 0.01*\$121.88 = \$75.10$ .

16. **Information regarding collections whose results are planned to be published for statistical use:**

The information collection consists of consumer disclosures and is not intended to be published.

17. **Display of expiration date:**

This information collection involves third-party disclosure requirements only. The expiration date of the information collection is readily available at [www.reginfo.gov](http://www.reginfo.gov)<sup>4</sup>

18. **Exceptions to certification:**

None.

B. **COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.

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<sup>4</sup> <https://www.reginfo.gov/public/Forward?SearchTarget=PRA&textfield=3064-0140>