

Department of the Treasury  
Terrorism Risk Insurance Program (TRIP)

Supporting Statement – Information Collection Requirement

Former OMB Control Number – 1505-0200

Terrorism Risk Insurance Program  
Claim and Program Forms

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 Act of 2002 (the Act), the Terrorism Risk Insurance Extension Act of 2005 (the Extension Act), the Terrorism Risk Insurance Program Reauthorization Act of 2007 (the 2007 Reauthorization Act), the Terrorism Risk Insurance Program Reauthorization Act of 2015 (the 2015 Reauthorization Act), the Terrorism Risk Insurance Program Reauthorization Act of 2019 (the 2019 Reauthorization Act), and the Department of Treasury regulations (31 CFR Part 50) (the Program Rules) for their implementation.

On November 26, 2002, the President signed into law the Terrorism Risk Insurance Act of 2002 (Pub. L. 107-297, 116 Stat. 2322) (TRIA or the Act). The Act's purposes are to address market disruptions, ensure the continued widespread availability and affordability of commercial property and casualty insurance for terrorism risk, and allow for a transition period for the private markets to stabilize and build capacity while preserving state insurance regulation and consumer protections.

TRIA has been reauthorized four times, most recently with the Terrorism Risk Insurance Program Reauthorization Act of 2019 (Pub. L. 116-94, 133 Stat. 2534) (2019 Reauthorization Act), which extended the Program through December 31, 2027.

Title I of the Act establishes a temporary federal program of shared public and private compensation for insured commercial property and casualty losses resulting from an act of terrorism. Section 103 of the Act authorizes the Secretary of the Treasury to administer and implement the Program, including the issuance of regulations and procedures. Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Federal Insurance Office assists the Secretary in administering the Program.

The operation of the Program depends upon a number of information collections to determine the right to and amount of Federal payments to which participating insurers would be entitled, and for other purposes relating to the administration of the Program. Now that Program has been reauthorized for another seven years, Treasury seeks to renew the existing collections under OMB No. 1505-0200. Treasury also seeks to increase administrative efficiency by reinstating another information collection previously approved by OMB under OMB No. 1505-0190, but which has since lapsed, and to consolidate it with the other information collections under OMB No. 1505-0200. These information collections include the following:

- **Commercial Property and Casualty Insurers Submission for Federal Share of Compensation (Existing OMB No. 1505-0200).** 31 CFR 50.72 requires an insurer to notify Treasury whenever the insurer's aggregate insured losses within a calendar year exceed 50% of the insurer's deductible. 31 CFR Part 50, Subpart H (Sec. 50.70–50.76) establishes requirements and procedures for insurers that file claims for payment of the Federal share of compensation for insured losses. This component of the information collection includes TRIP

Form 01 (Notice of Deductible Erosion), TRIP Form 02 (Certification of Loss) with Schedules A through C (Declaration of Direct Earned Premium and Calculation of Insurer Deductible, Certification of Compliance with Section 103(b) of TRIA, and Bordereau).

- **Litigation Management – Information Collection Regarding Proposed Settlements (Existing OMB No. 1505-0200).** Section 107 of the Act contains specific provisions designed to manage claims litigation arising out of a certified act of terrorism. 31 CFR Part 50, Subpart K (Sections 50.102 and 50.103) requires Treasury's advance approval of such settlements as a condition precedent for inclusion in an insurer's aggregate insured losses in its request for the Federal share of compensation under the Program. This component of the information collection includes TRIP Form 03 (Proposed Settlement of Third Party Claims).
- **Recoupment Provisions of the Terrorism Risk Insurance Act (Existing OMB No. 1505-0200).** Section 103(e)(7) of the Act requires Treasury to use policyholder surcharges to recoup certain federal payments made to insurers for insured losses under the Program, and provides Treasury with the discretion to recoup certain additional payments. 31 CFR Part 50, Subpart J (Sec. 50.90-50.96): establishes requirements and procedures that describe how Treasury will determine the amounts to be recouped; identify the factors and considerations that would be the basis for establishing the specific surcharge amount; describe the procedures for Treasury to notify insurers that a policyholder surcharge will be imposed; and establish the requirements for insurers to collect, report, and remit surcharges to Treasury. 31 CFR 50.91(d) permits Treasury to issue a data call to insurers to collect insurer deductible and insured loss information year for purposes of determining initial or recalculated recoupment amounts. This component of the information collection includes TRIP Form 04A (Direct Written Premium and Monthly Surcharge Calculation), TRIP Form 04B (Direct Written Premium and End of Year Calculation), and TRIP Form 05 (Data Call)
- **Cap on Annual Liability (Existing OMB No. 1505-0200).** Section 103(e)(3) of the Act requires the Secretary to notify Congress not later than 15 days after an act of terrorism as to whether aggregate insured losses are estimated to exceed the annual \$100 billion cap on insured losses. Treasury may use data previously collected under 31 CFR 50.62 to assess aggregate industry losses and determine if the \$100 billion cap could be exceeded; however, 31 CFR 50.114 permits Treasury to issue a data call for purposes of determining initial or recalculated Pro Rata Loss Percentages. This component of the information collection includes TRIP Form 05 (Data Call).
- **Certification Data Call (Existing OMB No. 1505-0200).** Section 103 of the Act states that payments can be made under the Program only if the Secretary has certified (in consultation with the Attorney General and the Secretary of Homeland Security) that the event in question from which insured losses subject to compensation arise is an "act of terrorism" within the meaning of TRIA. No act of terrorism may be certified by the Secretary if property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5 million. In order to determine whether the \$5 million threshold has been reached, Treasury may need to obtain loss information directly from participating insurers as part of the certification process. 31 CFR 50.62 permits the Secretary to obtain such information from these insurers. This component of the information collection includes TRIP Form 06 (Certification Data Call).
- **Monthly Claims Report (Existing OMB No. 1505-0200).** Although a participating insurer is potentially entitled to payment of the Federal share of compensation once it has satisfied its individual insurance company deductible, no payments may be made by Treasury until aggregate industry losses resulting from a certified act (or multiple certified acts) of terrorism exceed the Program Trigger threshold. 31 CFR 50.53 establishes requirements and procedures for insurers to periodically report information about potential insured losses arising from a certified act of terrorism, which will allow Treasury to determine whether or not the Program Trigger has been reached. This component of the information collection includes TRIP Form 07 (Monthly Claims Report).

- **Commutations Under Final Netting Rule (Existing OMB No. 1505-0200):** Section 103(e)(4) of the Act grants the Secretary the authority to determine any final netting of payments under the Program, including payments owed to the Federal Government from any insurer, and any Federal share of compensation for insured losses owed to any insurer. 31 CFR 50.76 memorializes the process for the Secretary to determine the time at which claims relating to any insured loss or act of terrorism become final, and potentially require (or entertain the request of a particular insurer for) a commutation of an insurer's future claims for the Federal share of compensation. In connection with such a process, Treasury will need access to insurer information that would justify a final payment estimate, including supporting actuarial factors and methodology. There are no specific forms associated with this component of the information collection.
  - **Recordkeeping Requirements for Insurers Compensated under Terrorism Risk Insurance Program (Existing OMB No. 1505-0200).** 31 CFR Part 50, Subpart H (Sec. 50.70–50.76) establishes specific requirements and procedures for insurers that file claims for payment of the Federal share of compensation for insured losses resulting from a certified act of terrorism. Furthermore, 31 CFR 50.80 allows Treasury access to records of an insurer pertinent to amounts paid as the Federal share of compensation for insured losses in order to conduct investigations, confirmations, audits, and examinations. 31 CFR 50.81 requires insurers to retain all records as are necessary to fully disclose all material matters pertaining to insured losses. There are no specific forms associated with this component of the information collection.
  - **Surcharge Records Maintenance (Existing OMB No. 1505-0200).** 31 CFR Part 50, Subpart J (Sec. 50.90-50.96) may require or permit Treasury to impose surcharges on commercial policyholders in order to recoup funds expended by Treasury for the Federal share of compensation; these amounts are collected by insurers and then remitted by them to Treasury. Furthermore, 31 CFR 50.80 allows Treasury access to records of an insurer pertinent to any Federal terrorism policy surcharge that is imposed. 31 CFR 50.81 requires insurers to retain all records as are necessary to fully disclose all material matters pertaining to such surcharges. There are no specific forms associated with this component of the information collection.
  - **Rebuttal of Controlling Influence Submissions (Lapsed; Formerly OMB No. 1505-0190).** Treasury has promulgated procedures at 31 CFR 50.7 for an insurer to follow in seeking to rebut a regulatory presumption of “controlling influence” over another insurer (which, because of the way in which the Program operates, would affect the amount of direct earned premium attributable to the insurer's deductible calculation). These procedures require insurers to provide Treasury necessary information to determine whether a “controlling influence” exists, and if it does, whether it has been rebutted. There are no specific forms associated with this component of the information collection.
2. 1Explain how, by whom, how frequently, and for what purpose the information will be used. 1If 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.

Except for the Certification Data Call, the information identified in this information collection will be only required after an event has been certified as an act (or multiple acts) of terrorism that exceed the Program Trigger threshold. Beginning in calendar year 2020 and continuing through calendar year 2027, the Program Trigger will be reached if annual aggregate industry insured losses exceed \$200 million. The Certification Data Call will occur only if an event occurs that is under consideration as an act of terrorism, and Treasury needs to determine if the event reaches the \$5 million loss threshold.

Subpart I of the Program Rules grants Treasury access to all books, documents, papers and records of an insurer that are pertinent to TRIP for the purpose of investigation, confirmation, audit, and examination. In addition to collecting this

information for the specific purposes outlined below, this information collection provides Treasury the means to review and audit an insurer's records relating to premiums, surcharges, collections, and remittances to Treasury to ensure the amounts are proper and in compliance with the Act.

The information collected will not be disseminated to the public by Treasury. The information could be used, however, to support information that might be disseminated, such as aggregate loss information arising from a particular act of terrorism.

- **Commercial Property and Casualty Insurers Submission for Federal Share of Compensation**

This information will be used to determine the extent of Treasury's obligation to compensate individual insurers for insured losses under the Act.

Form TRIP 01 (Notice of Deductible Erosion) will be submitted when an insurer incurs losses equaling 50 percent of its deductible.

Once an insurer's insured losses meets its deductible and it seeks reimbursement from Treasury, it will submit Form TRIP 02 (Certification of Loss), Schedule A (Declaration of Direct Earned Premium and Calculation of Insurer Deductible), Schedule B (Certification of Compliance with Section 103(b) of TRIA) and Schedule C (Bordereau).

If an insurer needs to update its initial certification or request additional compensation, it will continue to submit additional copies of Schedules B and C. It is Treasury's intent to be flexible regarding the frequency of submissions of requests for payment; however, a lesser frequency that inhibits rapid payments to the affected insurers could have negative economic consequences and would run counter to the intent of the Act.

- **Litigation Management – Information Collection Regarding Proposed Settlements**

The information will be used by Treasury to evaluate and approve settlements that are subject to prior approval as provided for in the Program Rules.

This information will only be required by insurers that intend to submit any part of their Federal payment as part of a proposed agreement to settle or compromise an applicable Federal cause of action involving an insured loss.

- **Recoupment Provisions of the Terrorism Risk Insurance Act**

This information will be used to help Treasury determine whether a Federal Terrorism Policy Surcharge should be implemented following a certified act of terrorism, and if so, calculate the amount each individual insurer will be responsible for remitting to Treasury.

Treasury may issue a data call notice in the Federal Register to determine whether a Federal Terrorism Policy Surcharge should be implemented. Insurers will respond to the data call notice by submitting TRIP 05 (Data Call).

If a surcharge is implemented, it is expected that insurers will be required to submit 11 monthly remittance reports using TRIP 04A (Direct Written Premium and Monthly Surcharge Calculation) as well as an annual report with reconciliation and remittance using TRIP 04B (Direct Written Premium and End of Year Calculation), until the recoupment period is complete.

The length of the recoupment period (and therefore the total number of reports submitted) will depend on multiple factors, outlined in 31 CFR 50.92(a).

- **Cap on Annual Liability**

In order to comply with the liability cap provisions of the Act, Treasury may issue a data call through the Federal Register regarding insured loss and deductible information to accurately assess aggregate industry losses and determine if the \$100 billion cap is to be exceeded, as well as to determine and adjust the “pro rata loss percentage” (PRLP) to be applied against claim payments in such a situation. To the extent Treasury can determine whether the \$100 billion cap has been exceeded through other means (such as, for example, a data call conducted by one or more state insurance departments), there may be no need for Treasury to conduct a data call. Insurers will respond to the data call notice by submitting TRIP 05 (Data Call).

In the event of imposition of a PRLP, insurers will submit loss payment information to Treasury on Form TRIP 02C Schedule C (Bordereau).

- **Certification Data Call**

The Secretary may issue a Certification Data Call in connection with a process to certify an event as an act of terrorism to determine whether the \$5 million loss threshold has been met. To the extent Treasury can determine whether the \$5 million threshold has been satisfied through other means (such as, for example, a data call conducted by one or more state insurance departments), there may be no need for Treasury to conduct a data call.

If a Certification Data Call is required, Treasury will publish an announcement in the Federal Register and insurers will be required to submit information on Form TRIP 06 (Certification Data Call) to the extent instructed to do so in the Notice.

- **Monthly Claims Report**

This information will be used to allow Treasury to assess, in a timely fashion, when the aggregate industry Program Trigger threshold has been met. Because Treasury’s obligation to pay the Federal share of compensation is not triggered until aggregate industry losses reach certain thresholds, Treasury requires up-to-date information concerning aggregate losses across industry as a whole so that it can determine when the payment obligation is triggered.

Following the certification of an act of terrorism, insurers will be required to file TRIP Form 07 (Monthly Claims Report) within 60 days of establishing one or more claims associated with the act of terrorism, and on a monthly basis thereafter, until all claims arising from the act of terrorism have been resolved.

- **Commutations Under Final Netting Rule**

This information will be used when Treasury determines claims relating to a certified act of terrorism are final to calculate an insurer’s final payment amounts under a Federal Terrorism Policy Surcharge through a commutation process. In connection with such a process, Treasury will need access to insurer information that would justify a final payment estimate, including supporting actuarial factors and methodology.

This information will be only required after: (1) there is a certified act (or multiple certified acts) of terrorism that exceed the Program Trigger threshold; (2) the Secretary determines a final netting date; and (3) as part of the final netting date, one or more commutation processes commence with particular insurers.

No particular elements of information are necessarily required or identified, as the information required will depend upon the circumstances presented each particular insurer.

- **Recordkeeping Requirements for Insurers Compensated under Terrorism Risk Insurance Program**

Insurers who seek payment of the Federal share of compensation for insured losses under the Act will be required to retain records related to premium information for a period of 3 years for premium information and 5 years for reinsurance and claims data. The recordkeeping is needed in order to permit Treasury to conduct investigations, confirmations, and audits.

The Program is balancing the need to respond quickly in providing the Federal share of compensation for insured losses for a certified terrorism event with subsequent auditing that may have to be scheduled for a later time. The record retention requirements are consistent with normal industry standards for retaining such records.

- **Surcharge Records Maintenance**

Insurers who are required to levy, collect, and remit to Treasury terrorism policy surcharges under the Act will be required to retain records related to such surcharge, including records of the property and casualty insurance premiums subject to the surcharge, the amount of the surcharge imposed on each policy, aggregate Federal terrorism policy surcharges collected, and aggregate Federal terrorism policy surcharges remitted to Treasury during each assessment period for a period of three (3) years following the conclusion of the assessment period or settlement of accounts with Treasury, whichever is later. The recordkeeping is needed in order to permit Treasury to conduct investigations, confirmations, and audits.

The Program is balancing the need to obtain the surcharge amounts in a timely fashion with subsequent auditing that may have to be scheduled for a later time. The record retention requirements are consistent with normal industry standards for retaining such records.

- **Rebuttal of Controlling Influence Submissions**

Treasury has promulgated procedures at 31 CFR 50.7 for an insurer to follow in seeking to rebut a regulatory presumption of “controlling influence” over another insurer (which, because of the way in which the Program operates, would affect the amount of direct earned premium attributable to the insurer’s deductible calculation). These procedures require insurers to provide Treasury necessary information to determine whether a “controlling influence” exists, and if it does, whether it has been rebutted. The procedure

allows affected insurers to demonstrate whether the regulatory presumption in fact applies, and if so to rebut it based upon specific information demonstrating that relevant controlling influence does not exist.

The Program is balancing the need for regulatory presumptions for the efficient administration of the Program with the ability of an affected insurer to rebut the application of the presumption in any particular case. No particular elements of information are necessarily required or identified, as the information required will depend upon the circumstances presented each particular insurer.

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.

It is planned that all responses be submitted electronically, unless otherwise shown to be impractical. The intention is to follow, as appropriate, best insurance/reinsurance industry practices. Exceptions may be required where an insurer lacks the capability to make an electronic submission or where the volume of documentation makes electronic submission impractical.

The systems for the reporting and recordkeeping of this information are usual and customary for insurers.

4. Describe efforts to identify duplication.

The required records do not duplicate any existing federal government records. While some of these data elements (e.g., premium data) may be separately reported by the insurer to state insurance regulators or the federal government in connection with annual data collection requirements, it would not be feasible to match this data with other required information, and furthermore may not be as detailed as required for the Program's needs in undertaking a certification, claims, or recoupment process.

The information identified in this collection will be required only after there is a certified act of terrorism, with the exception of a Certification Data Call, which as mentioned above may occur if the Secretary is considering an event for certification as an act of terrorism. As this information may be collected at different times throughout the Program's operation, Treasury will not duplicate requests for information to the extent an insurer has already produced relevant information in connection with other reporting requirements under the Program.

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

This information collection will be focused on insurers participating in the Terrorism Risk Insurance Program, and will not disproportionately place a burden on small insurers. Like all insurers, small insurers will be required to maintain records under the Program; however, this recordkeeping can largely be accomplished using practices and systems standard to the industry.

Smaller insurers are otherwise subject to a lesser burden because by virtue of their size, they are likely to have smaller claim volumes.

Furthermore, to the extent an insurer makes a claim under the Program, this information collection will permit payments to be made to smaller insurers more quickly than might be the case otherwise in the absence of an industry-wide reporting requirement.

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

The information collection is necessary to comply with provisions of the Act and to facilitate the Secretary's administration of the Program. Each portion of this information collection would be impacted as follows:

- **Commercial Property and Casualty Insurers Submission for Federal Share of Compensation:** The information collection will ensure that payments under the Program are made in a timely fashion, particularly with respect to smaller insurers that cannot demonstrate through their own losses that the Program Trigger has been reached. Such delays could lead to financial consequences to smaller insurers that are less able to absorb substantial losses during periods of uncertainty, and would run counter to the intent of the Act.
- **Litigation Management – Information Collection Regarding Proposed Settlements:** For affected claims, the Act and the Program Rules require prior approval of TRIP settlements as a required precursor to the payment of the Federal Share of compensation. Absent this information collection, it would be impossible to review and approve valid claims for payment. A less frequent collection would also delay the payment of legitimate claims.
- **Recoupment Provisions of the Terrorism Risk Insurance Act:** The Act and the Program Rules require Treasury to recoup payments made to insurers, subject to certain time limits, through the imposition of a policyholder surcharge. Failure to implement the recoupment provisions would delay repayment of funds to Treasury and consequently make it impossible to comply with the Act and the Program Rules.
- **Cap on Annual Liability:** Failure to collect insurer claims and deductible information could make it impossible to determine the need for or adjustment of a PRLP, and consequently make it impossible to comply with the Act and for the Program to properly account for payments to insurers.
- **Certification Data Call:** Failure to collect loss information concerning an event under consideration for certification as an act of terrorism could make it impossible for Treasury to confirm that the event in question is eligible for certification. Consequently, it would make it impossible for the Program to make payments, even if warranted under the circumstances presented.
- **Monthly Claims Report:** The information collection will assure that payments under the Program are made in a timely fashion, particularly with respect to smaller insurers that cannot demonstrate through their own losses that the Program Trigger has been reached. Such delays could lead to financial consequences for smaller insurers that are less able to absorb substantial losses during periods of uncertainty, and would run counter to the intent of the Act.
- **Commutations Under Final Netting Rule:** The information collection is necessary to the Secretary's administration of the final netting rule, assuming the Secretary determines that it is appropriate to establish a final netting date in connection with insured losses arising from any particular act of terrorism. If not available, the Secretary would be unable to engage in a fair and appropriate commutation process.
- **Recordkeeping Requirements for Insurers Compensated under Terrorism Risk Insurance Program:** The information collection is necessary to the Secretary's administration of the Program Rules. This recordkeeping requirement is also necessary to meet standard audit requirements, to account for taxpayer funds, and to assure that Treasury has paid insurers the proper amounts.
- **Surcharge Records Maintenance.** The information is necessary to the Secretary's administration of the Program Rules. This recordkeeping requirement is also necessary to



meet standard audit requirements, to account for taxpayer funds, and to assure that insurers have collected and remitted to Treasury the proper surcharge amounts.

- **Rebuttal of Controlling Influence Submissions.** The information collection will assure that application of regulatory presumptions under the Program are fair and do not result in the attribution of inappropriate deductible amounts to insurers, contrary to the provisions of TRIA.

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.

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.

Public comments were solicited for this submission. The Notice and Request for Comments, Terrorism Risk Insurance Program, was published in the Federal Register on July 10, 2020, at 85 FR 41673. A copy of this Notice is attached. The collections were originally identified in the Notice as separate information collections; as noted above, to increase administrative efficiency, we are now seeking to consolidate a previously approved collection under OMB No. 1505-0190 under OMB No. 1505-0200. Two comments were received; one from Lloyd's of London, which generally indicated its support for the Program and did not provide any comments concerning the substance of the forms ("We have no substantive concerns to report at this time with respect to either the annual data collection forms, or the forms related to post-event claims processing."), and the other which was non-responsive to the Notice.

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, other than claims payments made to those insurers with losses meeting the criteria set by the Act and the Program Rules.

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

No assurances of confidentiality have been made to respondents for the submission of records.

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.

Responses of a sensitive nature are not required.

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

The information being requested is that which would normally be generated and maintained by insurers during the ordinary course of their operations. The burden hours are for the assembly,

consolidation, verification, and certification of information. Because of the extreme uncertainty regarding any such event a “best estimate” has been developed based on the considered judgment of Treasury staff; however, the hours required could be affected by the size and complexity of the insurer’s organization and by the size and nature of the certified act of terrorism.

- **Commercial Property and Casualty Insurers Submission for Federal Share of Compensation**

This estimate has the information collection being triggered for 100 insurers following a certified act of terrorism.

The burden associated with the collection of information is comprised of five elements: (1) TRIP 01 Notice of Deductible Erosion (1 hour); (2) TRIP 02 Certification of Loss (1.5 hours); (3) TRIP 02A Schedule A (Declaration of Direct Earned Premium and Calculation of Insurer Deductible) (6.5 hours); (4) TRIP 02B Schedule B (Certification of Compliance with Section 103(b) of TRIA) (.25 hour); and (5) TRIP 02C Schedule C (Bordereau) (4 hours). Each insurer is also estimated to require submission of five supplementary TRIP 02 Certifications of Loss (1.5 hours) with TRIP 02B Schedules B (Certification of Compliance with Section 103(b) of TRIA) (.25 hour) and TRIP 02C Schedules C (Bordereau) (4 hours). Therefore, Treasury estimates that an insurer would require approximately 42 hours for a total burden of 4,200 hours {100 insurers X [1 hour + (1.5 hours X 6) + 6.5 hours + (.25 hour X 6) + (4 hours X 6)]}.

- **Litigation Management – Information Collection Regarding Proposed Settlements**

Treasury has typically utilized an estimate that perhaps 100 insurers might sustain insured losses in connection with any given act of terrorism, and these insurers would incur 100 third-party claims each for a total of 10,000 claims. In such a situation, Treasury estimates that one in seven claims (1,429 in total) would exceed the dollar thresholds established in the Program Rules. Of these, Treasury estimates that 90% (1,286 in total) would settle before trial and require the submission of information needed for advance approval by Treasury. Treasury estimates that an insurer would require approximately 4 hours to complete the information for each claim for a total burden of 5,144 hours (1,286 claims X 4 hours).

No change is proposed to the burden estimate that was previously calculated, however the numbers have been corrected to account for a previous rounding error.

- **Recoupment Provisions of the Terrorism Risk Insurance Act**

The burden associated with the information collection is comprised of four components: (1) the “data call” for insured losses and related information; (2) the development and implementation of systems and procedures; (3) the reporting and remittance of surcharges; and (3) ongoing recordkeeping.

Treasury estimates that 200 insurers would be asked to respond to the data call; and 2,000 insurers would be subject to each of the remaining requirements of systems and process development, reporting and remittance, and recordkeeping.

Calculating and imposing surcharges would utilize standard insurance processing system functions. Therefore, Treasury believes that the information insurers would be required to generate and retain involves systems and records that insurers routinely maintain as part of usual and customary business practice.

Treasury estimates that an insurer would require approximately 5 hours to respond to a data call, for a total burden of 1,000 hours (200 insurers X 5 hours).

Treasury estimates that an insurer will require approximately 40 hours to make necessary systems changes to collect surcharges from policyholders, for a total burden of 80,000 hours (2,000 insurers X 40 hours).

Treasury estimates that an insurer will require approximately 5 hours per month to submit monthly reports and remittances submissions, for a total burden of 120,000 hours (2,000 insurers X 60 hours per year).

Treasury estimates that an insurer will require approximately 4 hours of burden per year to maintain records, for a total burden of 8,000 hours (2,000 insurers X 4 hours per year).

If all activities take place in the initial year, the total first year burden will be 209,000 burden hours (1,000 hours for a data call + 80,000 hours for implementation + 120,000 hours for submissions + 8,000 for recordkeeping).

The annual burden in subsequent years is estimated to be 128,000 (120,000 for submissions + 8,000 hours for recordkeeping). The data call and systems change burden will not be required on an ongoing basis.

- **Cap on Annual Liability**

The burden associated with the information collection is comprised of two elements: (1) the “data call” for insured loss and other information; and (2) the modification of the approved TRIP claims reporting form TRIP 02B Schedule C – Bordereau. It is estimated that 200 insurers would be subject to either requirement.

Treasury estimates that an insurer would require approximately 5 hours to respond to a data call for a total burden of 1,000 hours (200 insurers X 5 hours).

Treasury estimates that there would be virtually no increase in the current estimated burden for Schedule C.

- **Certification Data Call**

This estimate has the information collection being triggered for 20 insurers. Treasury estimates that an insurer would require approximately 15 hours to respond to a data call for a total burden of 300 hours (20 insurers X 15 hours).

The information is that which would normally be generated and maintained by insurers during the ordinary course of their operations, although because of the likely time-sensitive nature of any particular certification process the information sought from individual insurers could impose additional burdens on account of the need to generate the information in a more expedited fashion. The burden hours are for the assembly, consolidation, verification, and certification of information. The hours required could be affected by the size and complexity of the insurer’s organization and by the size and nature of the certified act of terrorism.

- **Monthly Claims Report**

This estimate has the information collection being triggered for 100 insurers following a certified act of terrorism.

Treasury estimates that an insurer would require approximately 2 hours per month to provide the monthly claims report. Treasury further estimates that an insurer would need to provide this information over a four-year period, resulting in a total burden of 9,600 hours (100 insurers X 2 hours per month X 48 months).

- **Commutations Under Final Netting Rule**

Treasury has typically utilized an estimate that perhaps 100 insurers might sustain insured losses in connection with any given act of terrorism. In such a situation, Treasury estimates that 15 of those insurers may be involved in a commutation after the determination of a final netting date. Treasury estimates that an insurer would require approximately 40 hours to complete this information collection for a total burden of 600 hours (15 insurers X 40 hours).

- **Recordkeeping Requirements for Insurers Compensated under Terrorism Risk Insurance Program**

Treasury has typically utilized an estimate that perhaps 100 insurers might sustain insured losses in connection with any given act of terrorism, and these insurers would incur 100 insured losses each. Treasury estimates that the incremental recordkeeping retention requirement burden for this information to the insurer is 5 minutes per loss per year, for a total burden of 833 hours (100 insurers X 100 losses X 1/12 hour per loss).

- **Surcharge Records Maintenance**

Treasury estimates that 2,000 insurers would be subject to the surcharge records maintenance requirement. Treasury estimates that the incremental recordkeeping retention requirement burden for this information to the insurer is 4 hours per year, for a total burden of 8,000 hours (2,000 insurers X 4 hours).

- **Rebuttal of Controlling Influence Submissions**

Treasury estimates that approximately 10 insurers will be subject, in connection with any given act of terrorism, to the need to rebut a regulatory presumption concerning control. Treasury further estimates that each particular insurer would expend approximately 40 hours, for a total burden of 400 hours (10 insurers X 40 hours).

The following table provides a summary of the total burden estimated for each portion of this information collection:

Form	Title	# Respondents	# Responses Per Respondent	Total Responses	Hours Per Response	Total Burden	Total Labor Cost (at \$50.50/hr)*
TRIP 01	Notice of Deductible Erosion	100	1	100	1	100	5,050
TRIP 02	Certification of Loss	100	6	600	1.5	900	45,450
TRIP 02A	Schedule A - Declaration of Direct Earned Premium and Calculation of Insurer	100	1	100	6.5	650	32,825

	Deductible						
TRIP 02B	Schedule B - Certification of Compliance with Section 103(b) of TRIA	100	6	600	0.25	150	7,575
TRIP 02C	Schedule C - Bordereau	100	6	600	4	2,400	121,200
TRIP 03	Proposed Settlement of Third Party Claims	1,286	1	1,286	4	5,144	259,772
TRIP 04A and TRIP 04B	Direct Written Premium and Monthly Surcharge Calculation and Direct Written Premium and End of Year Calculation	2,000	12	24,000	5	120,000	6,060,000
N/A	Systems Changes to Collect Policyholder Surcharges (First Year Only)	2,000	1	2,000	40	80,000	4,040,000
TRIP 05	Data Call (for purposes of recoupment information collection)	200	1	200	5	1,000	50,500
TRIP 05	Data Call (for purposes of cap on annual liability information collection)	200	1	200	5	1,000	50,500
TRIP 06	Certification Data Call	20	1	20	15	300	15,150
TRIP 07	Monthly Claims Report	100	48	1200	2	2,400	121,200
N/A	Commutations Under Final Netting Rule	15	1	15	40	600	30,300
N/A	Recordkeeping Requirements for Insurers Compensated under Terrorism Risk Insurance Program	100	100	10,000	1/12	833	42,067
N/A	Surcharge Records Maintenance	2000	1	2000	4	8,000	404,000
N/A	Rebuttal of Controlling Influence Submissions	10	1	10	40	400	20,200
<b>TOTAL</b>		8,431		42,931		223,877	11,305,789

\*Based on data from Bureau of Labor Statistics, for *Insurance Carriers and Related Activities*, <https://www.bls.gov/iag/tgs/iag524.htm>. The average wage rate for all insurance employees was \$37.52 in March 2020, and the total benefit compensation in the 2019's 4<sup>th</sup> Quarter was 34.6%, which is a benefit multiplier of 1.346. Therefore, a fully-loaded wage rate for insurance employees is \$50.50 = (\$37.52 x 1.346).

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 following components of this information collection are anticipated to have additional costs. The remaining components have no additional costs beyond those cited in #12 above.

- **Commercial Property and Casualty Insurers Submission for Federal Share of Compensation**

The assembly, consolidation, review, and transmission of the information are expected to present nominal costs to the insurers submitting requests for compensation. The information should be readily available in company systems and documents. Hence, "startup" costs are estimated at \$1,000,000, which is \$10,000 for each of the 100 insurers that might be making a submission in a Program Year. The costs are expected to consist of a limited amount of time to consolidate and internally review accounting records, and certify 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.

Once an insurer has established internal processes for submission of information to TRIP, there should be negligible marginal costs (perhaps \$1,000) for maintaining and operating submission processes and systems.

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

- **Commercial Property and Casualty Insurers Submission for Federal Share of Compensation**

The cost to the Federal government will be the costs to review and audit submitted records. The costs would be commensurate with the severity of the event and the complexity of losses requiring review and audit. Assuming submissions by the estimated 100 insurers, total annual Program operating costs can be estimated between \$5 and \$8.5 million. Actual net costs to the Federal government will likely be less, as any amounts that are recouped are subject to recovery at a 140 percent rate, which is designed to compensate the Federal government for time value of Federal share of compensation payments and any administrative expense incurred. This impact of recoupment also applies to the other annualized costs identified below.

- **Litigation Management – Information Collection Regarding Proposed Settlements**

There is no cost to the Federal government associated with insurer recordkeeping. However, there will be costs of \$341,039 to the Treasury of review and audit of the claims following imposition of the requirement on insurers. This amount has not changed from prior estimates.

- **Recoupment Provisions of the Terrorism Risk Insurance Act**

There is no cost to the Federal government associated with insurer implementation and recordkeeping. There will, however, be costs to the Treasury to review and audit surcharges if the recoupment requirement is imposed on insurers. Those costs must be incurred in light of the statutory obligation to recoup certain payments, but cannot be fully estimated in advance of any actual implementation of a recoupment requirement.

- **Cap on Annual Liability**

There is no cost to the Federal government associated with insurer recordkeeping. There will, however, be costs to the Treasury if the PRLP requirement is imposed on insurers. Those costs may be required in light of the statutory obligation to observe the Program cap, but cannot be fully estimated in advance of any actual certified acts of terrorism.

- **Certification Data Call**

There should be no cost to the Federal government associated with the data call in aid of the certification process other than some nominal administrative costs incurred to aggregate the reports of individual insurers subject to the data call.

- **Monthly Claims Report**

The cost to the Federal government will be the costs to review and analyze the information collected to confirm whether the Program trigger has been

reached. Costs will be relatively nominal in confirming loss amounts at particular points in time.

- **Commutations Under Final Netting Rule**

There is no cost to the Federal government associated with insurer recordkeeping. However, there will be costs to review records, as that becomes necessary.

- **Rebuttal of Controlling Influence Submissions**

There is no cost to the Federal government associated with insurer production of information. However, there will be costs to review records, as that becomes necessary.

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

The changes to the collection since the previous OMB approval are merging the Rebuttal of Controlling Influence Submission (1505-0190) requirements into 1505-0200. This merger will increase the burden hours by 400 hours to account for the addition of the burden for 1505-0190. Additionally, ROCIS shows a reduction in the burden hours for the Certification Data Call. This is due to correcting time per response, which was entered as 20 hours instead of 15 hours.

There is a change to the annual burden cost to remove the annualized respondent costs from the calculations and only include the potential start-up costs for initial submissions. The annualized respondent costs are included in question 12 of the supporting statement.

There are no substantive changes to the other information collections included in this OMB submission.

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

The results of this information collection will not be published.

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.

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

This collection does not employ statistical methods.