

SUPPORTING STATEMENT  
NOTIFICATION OF CHANGES IN INSURED STATUS  
(3064-0124)

INTRODUCTION

The FDIC is requesting approval to extend, with revisions, the above-captioned collection of information. The collection consists of two parts: (1) a certification that insured depository institutions provide the FDIC when all deposit liabilities from one insured depository institution are assumed from another insured depository institution, with the latter institution responsible for providing the certification, and (2) a notification that insured depository institutions provide to the FDIC when they seek to voluntarily terminate their insured status. The information collection expires on September 30, 2021.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The certification is necessary to implement the provisions of section 8(q) of the FDI Act, 12 U.S.C. 1818(q), regarding termination of the insured status of the transferring institution and termination of the separate deposit insurance coverage provided on deposit accounts assumed by the assuming institution.

The depositor notification is required by section 8(a)(6) of the FDI Act, 12 U.S.C. 1818(a)(6). This provision ensures that the institution's depositors receive appropriate information regarding the institution's intent to terminate its insured status and that, prior to the termination of the institution's insured status, depositors receive appropriate information concerning federal deposit insurance coverage of their accounts once the institution's insured status is terminated.

2. Use of information collected:

The certification is intended to satisfy section 8(q)'s "satisfactory evidence of such assumption" requirement, which is a condition that must be met before the transferring institution's insured status can be terminated pursuant to section 8(q) (1) of the FDI Act (12 U.S.C. 1818(q)(1)). The certification also provides the FDIC with notice of when the assumption takes effect to determine the continuation of separate deposit insurance coverage on the assumed deposits. The certification is submitted to the FDIC and utilized in making the determination whether to terminate the transferring depository institution's insured status.

The depositor notification letter is submitted to the FDIC prior to its dissemination to depositors when an insured depository institution seeks to terminate its insured status without having its deposits assumed by another

insured depository institution. The FDIC reviews the proposed depositor notification letter to assure that the interests of the institution's depositors are safeguarded.

3. Consideration of the use of improved information technology:

Institutions are free to use whatever methods are the least burdensome to them for sending the certification and depositor notification letters to the FDIC.

4. Efforts to identify duplication:

Some information concerning deposit liabilities assumed or proposed to be assumed by merger, consolidation, other statutory assumption, or contract is required to be filed with the FDIC, pursuant to our assessment regulations (12 CFR Part 327) and our procedures regulations (12 CFR Section 303).

Information filed with the FDIC in semi-annual reports, pursuant to Part 327, does not specify the institution whose deposits were assumed or when the assumption took effect. Therefore, while there is some overlapping of general information being submitted, the information contained in the certification provides the FDIC with more specific and timely data needed to comply with the requirements of section 8(q) of the FDI Act. Additionally, the regulation provides the FDIC and the industry with a clear standard for judging when an insured depository institution's insured status should be terminated.

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

This collection is required by statute; there are no provisions for alternatives for small business. However, the FDIC has attempted to reduce burden for small entities by providing sample formats that will satisfy the information requirements.

6. Consequences to the Federal program if the collection were conducted less frequently:

The collections of information are required only when insured depository institutions voluntarily choose to engage in specified activities. Less frequent collection would result in non-compliance with the law.

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 Part 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

A 60-day notice seeking public comment on the FDIC’s renewal of the information collection was published on July 8, 2021 (86 FR 36137). No comments were received.

9. Payment or gift to respondents:

No payments or gifts will be given to respondents.

10. Any assurance of confidentiality:

None.

11. Justification for questions of a sensitive nature:

None.

12. Estimate of Annual Burden

Summary of Estimated Annual Burden						
Information Collection Description	Type of Burden (Obligation to Respond)	Frequency of Response	Number of Respondents	Number of Responses per Respondent	Hours per Response	Annual Burden (Hours)
Notification of Change in Insured Status	Third Party Disclosure (Mandatory)	On occasion	8	1	2	16
Certification	Reporting (Mandatory)	On occasion	240	1	1	240
Total Annual Burden (Hours):						256
Source: FDIC.						

Total estimated annual burden: 256 hours

The total estimated annual cost is:

256 hours x \$137.37 = \$35,166.72

<b>Summary of Hourly Burden Cost Estimate for the Notification of Changes in Insured Status</b>			
Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Estimated Total Weighted Labor Cost Component
Executives and Managers*	\$123.30	50%	\$61.65
Lawyers**	\$151.44	50%	\$75.75
Compliance Officer***	\$67.35	0%	\$0.00
IT Specialists†	\$92.30	0%	\$0.00
Financial Analysts††	\$79.40	0%	\$0.00
Clerical‡	\$33.44	0%	\$0.00
Total Estimated Weighted Average Hourly Compensation Rate		100%	\$137.37

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)" (May 2019), Employer Cost of Employee Compensation (December 2020), Consumer Price Index (December 2020).

Note: The 75th percentile wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the December 2020 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 34 percent of total compensation. Additionally, the wage has been adjusted for inflation according BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 1.71 percent between May 2019 and December 2020.

\* Occupation (SOC Code): Management Occupations (110000)

\*\* Occupation (SOC Code): Legal Occupations (230000)

\*\*\* Occupation (SOC Code): Compliance Officers (131040)

† Occupation (SOC Code): Computer and Mathematical Occupations (150000)

†† Occupation (SOC Code): Financial and Investment Analysts, Financial Risk Specialists, and Financial Specialists, All Other (132098)

‡ Occupation (SOC Code): Office and Administrative Support Occupations (430000)

13. Estimate of start-up cost to respondents:

There are no anticipated capital, start-up, or operating costs.

14. Estimates of annualized cost to the federal government:

None.

15. Analysis of change in burden:

There is no change in the methodology or substance of this information collection. Based on supervisory experience, the FDIC has revised its estimate of the Time per Response for the Certification component from 0.25 hours to 1 hour and has revised the estimated time to respond to the Notification component from 1 hour to 2 hours. The estimated number of respondents has changed due to economic factors. The estimated number of annual respondents to the Notification component has increased from 2 to 8. The estimated number of annual respondents to the Certification component has increased from 150 to 240. As a result of the foregoing total estimated annual burden has increased from 39.5 hours in 2018 to 256 hours currently.

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

No publication will be made of this information.

17. Exceptions to expiration date display

The information provided to the FDIC under this information collection does not involve use of a standard form.

18. Exceptions to certification:

There are no exceptions to certification.