

**SUPPORTING STATEMENT
FORMS RELATING TO PROCESSING DEPOSIT INSURANCE CLAIMS
(OMB No. 3064-0143)**

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting OMB approval of a three-year extension without change of the information collection entitled “Forms Relating to Processing Deposit Insurance Claims” (OMB Control No. 3064-0143). This information collection consists of various forms used to enable the FDIC to pay insured deposits in the event of the failure of an insured depository institution. The current clearance for the collection expires on August 31, 2020. There is no change in the method or substance of the collection, the FDIC has revised its estimate with respect of the number of expected respondents for several forms.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

When an insured depository institution (“IDI”) is closed by its primary regulatory authority, the FDIC has the responsibility to pay the insured deposits pursuant to Section 11(a) and (f) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. 1821(a) and (f), and the FDIC’s regulations, “Deposit Insurance Coverage”, 12 CFR part 330, and “Recordkeeping for Timely Deposit Insurance Determination”, 12 CFR part 370. In the event that the requisite information is not available in a failed IDI’s records, the FDIC will utilize these forms, declarations and affidavits to request the necessary information from a depositor.

Generally, deposits are insured to a maximum of \$250,000. This maximum coverage is based on “ownership rights and capacities.” All deposits that are maintained in the same right and capacity are added together and insured up to \$250,000 in accordance with the regulations relating to deposit insurance of that particular deposit insurance ownership category. Deposits held in different ownership categories are eligible for \$250,000 coverage per category. For example, as a general rule, single ownership accounts are separately insured from trust accounts held for qualified beneficiaries.

At the time of an IDI’s closing, the FDIC obtains information about customer accounts from the IDI’s deposit account records. Based on the IDI’s records, the FDIC makes determinations about insurance coverage for each depositor. Depositors deemed to be uninsured because their deposits are over \$250,000 may qualify for additional insurance coverage if they can provide documentation substantiating eligibility.

- a. General Deposit Accounts. The forms, declarations, and affidavits in this collection facilitate customers providing the FDIC with the information that may permit a more comprehensive deposit insurance determination.
- b. Deposit Brokers. A failed IDI’s deposit account records may not reveal

the actual owner(s) of a particular deposit account. Rather, the deposit account records may indicate that the deposit was placed at the insured institution by a deposit broker on behalf of one or more third parties. In some cases, the broker's customer may not be an actual owner of the deposit but merely a "second-tier" deposit broker with its own customers. In turn, these customers could be "third-tier" deposit brokers with their own customers. Deposits held in the name of a deposit broker on behalf of clients are covered by federal deposit insurance (up to the \$250,000 limit) the same as if the broker's clients had deposited the funds directly into the insured institution (assuming that the clients are the actual owners of the deposits). This is called "pass-through" deposit insurance coverage.

In order to analyze ownership interest and provide pass-through insurance coverage, the FDIC must obtain certain information from both first- and lower-tier deposit brokers: (1) evidence that each deposit broker is not an owner but an agent or custodian with respect to some or all of the funds at issue; (2) a list of all parties for whom each deposit broker acted as agent or custodian; and (3) the dollar amount of funds held by each deposit broker for each such party as of the date of the IDI's failure.

2. **Use of the information:**

- a. **General Deposit Accounts.** The FDIC Division of Resolutions and Receiverships uses the information collected to supplement the failed IDI's records to make determinations with respect to applying the Deposit Insurance Coverage Rules and expediting the payment of insured deposits to the depositors of failed IDIs.
- b. **Deposit Brokers.** For each deposit broker account, the first-tier broker provides the FDIC with the requested information about that account (i.e., the list of owners and amount of funds held for each such owner). To the extent that a deposit broker places deposits from sub-tier brokers, the lowest tier brokers provide information about their customers to the broker in the tier above them until the information reaches the first-tier broker for that account. The FDIC does not accept documentation directly from a sub-tier broker because the FDIC's records will not show them as owners of the deposits.

With the collected information, the FDIC identifies the actual owners of the deposits and the amount of each owner's interest. The FDIC then will aggregate each owner's interest with the same owner's other accounts (if any) at the same failed IDI. For each owner, this aggregate balance will be subject to the \$250,000 insurance limit.

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

- a. **General Deposit Accounts.** The forms are available on the FDIC's external web site.
- b. **Deposit Brokers.** Brokers provide customer information via electronic file. In submitting customer information to the FDIC, a broker must complete certain forms ("Affidavits & Declarations"). The purpose of these forms is to assist the FDIC in determining the actual ownership of the deposit account at the failed insured depository institution. Also, these forms assist the FDIC in classifying an account. For example, the FDIC must distinguish deposits held in the "single ownership" right and capacity from deposits held in the "joint ownership" right and capacity. The forms are available on the FDIC's external website.

4. **Efforts to identify duplication:**

The information collected does not duplicate information existing elsewhere.

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

- a. **General Deposit Accounts.** The forms have been designed to minimize burden on small entities, limiting the questions to the minimum necessary to obtain sufficient information to make insurance determinations.
- b. **Deposit Brokers.** The FDIC must obtain the requested information from all deposit brokers in order to pay deposit insurance to depositors who are entitled to it. The burden on small deposit brokers as well as large deposit brokers is slight because the information requested by the FDIC is maintained by brokers in the usual course of business.

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

The forms are required only when an IDI is closed and additional deposit insurance coverage is sought by a depositor or on behalf of a depositor and additional information is needed by the FDIC to make a complete insurance determination.

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 June 2, 2020 (85 FR 33667). No comments were received.

9. Payment or gifts to respondents:

None.

10. Any assurance of confidentiality:

The information will be kept private to the extent provided by law.

11. Justification for questions of a sensitive nature:

The forms related to this information collection contain Personally Identifiable Information¹, including name, address, telephone number, customer account number and/or social security number. This information is necessary to assist the FDIC in determining the amount of insured deposit coverage upon a financial institution’s closure.

The Systems of Records Notice associated with this collection (“Insured Financial Institution Liquidation Records” FDIC SORN 30-64-0013 (84 FR 35184 (July 22, 2019)) may be viewed at the following link: <https://www.fdic.gov/regulations/laws/rules/2000-4000.html#fdic200030--64--0013>. The applicable Privacy Impact Assessment is available at <https://www.fdic.gov/about/privacy/assessments.html>.

12. Estimate of hour burden including annualized hourly costs:

Summary of Estimated Annual Burden					
	Type of Burden	Estimated Number of Respondents	Estimated Time per Response	Frequency of Response	Total Estimated Annual Burden
COMBINED DEPOSIT BROKERS AND INDIVIDUALS					
7200/04 – Declaration for Government Deposit	Reporting	14	0.5	On Occasion	7
7200/05 – Declaration for Revocable Trust	Reporting	165	0.5	On Occasion	83
7200/06 – Declaration of Independent Activity	Reporting	1	0.5	On Occasion	1
7200/07 – Declaration of Independent Activity for Unincorporated Association	Reporting	1	0.5	On Occasion	1
7200/08 – Declaration for Joint Ownership Deposit	Reporting	1	0.5	On Occasion	1
7200/09 – Declaration for Testamentary Deposit	Reporting	21	0.5	On Occasion	11
7200/10 – Declaration for Defined Contribution Plan	Reporting	1	1.0	On Occasion	1

¹ The term “Personally Identifiable Information” refers to information which can be used to distinguish or trace an individual’s identity, such as their name, social security number, biometric records, etc. alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc.

7200/11 - Declaration for IRA/KEOGH Deposit	Reporting	1	0.5	On Occasion	1
7200/12 – Declaration for Defined Benefit Plan	Reporting	1	1.0	On Occasion	1
7200/13 – Declaration of Custodian Deposit	Reporting	1	0.5	On Occasion	1
7200/14 – Declaration or Health and Welfare Plan	Reporting	12	1.0	On Occasion	12
7200/15 – Declaration for Plan and Trust	Reporting	1	0.5	On Occasion	1
7200/18 – Declaration for Irrevocable Trust	Reporting	1	0.5	On Occasion	1
7200/24 – Claimant Verification	Reporting	218	0.5	On Occasion	109
7200/26 – Depositor Interview Form	Reporting	198	0.5	On Occasion	99
SUBTOTAL: COMBINED BROKERS AND INDIVIDUALS		637			330
DEPOSIT BROKERS ONLY					
Deposit Broker Submission Checklist	Reporting	136	0.0833	On Occasion	11
Diskette, following “Broker Input File Requirements” - burden will vary depending on the broker's number of brokered accounts					
	Reporting	102	0.750	On Occasion	77
	Reporting	34	5.0	On Occasion	170
Exhibit B, the standard agency agreement, or the non-standard agency agreement	Reporting	136	0.0167	On Occasion	2
SUBTOTAL: DEPOSIT BROKERS ONLY		136			260
TOTAL ESTIMATED ANNUAL BURDEN					590

An essential element of this collection is an electronic file from every broker that provides information about its customers and their accounts, including: each customer’s name, address, tax identification number, ownership interest in the account, principal balance of the account and interest earned on the account. Deposit brokers maintain this information about their customers in the normal course of their business activities. Thus, the burden estimate is primarily the time required to format and report the information. The FDIC estimates that the time required to range from less than an hour for small, sub-tier brokers (about 75% of the 136 respondents) to 5 hours for a large, upper-tier broker (about 25% of the 136 respondents). Burden will vary depending on the number of failed institutions in a year and the characteristics of the failed institutions (e.g., how many brokered accounts were held at a failed institution).

Annualized Cost of Internal Hourly Burden:

To estimate the weighted average hourly cost of compensation, FDIC uses the 75th percentile hourly wages reported by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates for the relevant occupations in the Depository Credit Intermediation sector, as of December 2019.

The hourly wage rates reported by BLS do not include non-monetary compensation. According to the December 2019 Employer Cost of Employee Compensation data, compensation rates for health and other benefits are 33.8 percent of total compensation. To account for non-monetary compensation, FDIC adjusted the hourly wage rates reported by BLS by that percentage. FDIC also adjusted the hourly wage by 3.11 percent based on changes in the Consumer Price Index for Urban Consumers (CPI-U) from May 2018 to December 2019 to account for inflation and ensure that the wage information is contemporaneous with the non-monetary compensation statistic.

After calculating these adjustments, FDIC then weighted the total hourly compensation across the four occupations (Executives and Managers, Lawyers, Compliance Officer, and Clerical (as a proxy for the general public)) FDIC estimates are involved in responding to this information collection, as follows:

Summary of Hourly Burden Cost Estimate (3064-0143)

Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Weighted Hourly Wage
Executives & Managers ²	\$121.88	5%	\$6.09
Lawyers ³	154.50	5%	\$7.73
Compliance Officer ⁴	\$65.42	40%	\$26.17
Clerical ⁵	\$32.59	50%	\$16.30
Weighted Average			\$56.29

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Depository Credit Intermediation Sector" (May 2018), Employer Cost of Employee Compensation (December 2019), Consumer Price Index (December 2019).

Total Estimated Cost Burden

FDIC estimates the total annual cost burden for this information collection by multiplying the total estimated annual burden of 586 hours, by the weighted average hourly compensation estimate of \$56.29 to arrive at an estimated labor cost of \$32,986 per year.

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

2 Occupation (SOC Code): Management Occupations (110000).
 3 Occupation (SOC Code): Lawyers, Judges, and Related Workers (231000).
 4 Occupation (SOC Code): Compliance Officers (131041).
 5 Occupation (SOC Code): Office and Administrative Support Occupations (430000).

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

There is no change in the substance or methodology of this information collection. The five-hour increase in burden from 581 hours to 586 hours is due solely to FDIC now recognizing one respondent as a placeholder for certain forms where it has not received any responses to preserve the burden for these forms in case they come into use in the future. The estimated hourly burden per response for each form remains the same.

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

The information is not published.

17. **Exceptions to Display of expiration date:**

None.

18. **Exceptions to certification:**

None.

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

Not applicable.