

Department of the Treasury  
Terrorism Risk Insurance Program

Supporting Statement – Information Collection Requirement  
OMB Control Number 1505-0257

Collection of Data from Property and Casualty Insurers for Reports Concerning the Terrorism  
Risk Insurance Program

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

This information collection is made necessary by the Terrorism Risk Insurance Act, as amended (Public Law 107-297, 116 Stat. 2322) (the Act).

The Act was signed into law on November 26, 2002. 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 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 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 certified by the Secretary of the Treasury. The Act 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 amended on four occasions; most recently, the Terrorism Risk Insurance Reauthorization Act of 2019 (2019 Reauthorization Act, P.L. 116-94) extended the Program through December 31, 2027.

Treasury has been required to conduct an annual data collection (or data call) since passage of the Terrorism Risk Insurance Reauthorization Act of 2015 (2015 Reauthorization Act, P.L. 114-1). Section 111 of the 2015 Reauthorization Act provided that the Secretary of the Treasury, commencing in the calendar year (CY) beginning on January 1, 2016, shall require insurers participating in the Program to submit information regarding insurance coverage for terrorism losses in order to analyze the effectiveness of the Program.

The Federal Insurance Office administers the Program on the Secretary's behalf, including the data collections and reporting requirements.

OMB has approved prior data collection forms for the Program. For the first year of data collection, Treasury sought emergency clearance and review for CY 2016 data collection only, as the normal public review and comment processes would not have permitted the collection of data under then-proposed rules in time for Treasury to complete a Report to Congress by June 30, 2016. Approval of a collection form for use in CY 2016 only was provided under OMB No. 1505-0253. A revised collection form for use in CY 2017 was approved (after a public

notice and comment period) under OMB No. 1505-0257. A revised application was submitted for the forms to be used in CY 2018, on account of certain proposed changes to the forms and the development of a consolidated collection approach with a similar data collection by state insurance regulators through the National Association of Insurance Commissioners (NAIC). Further changes were made to the forms for use in CY 2019, subject to notice and comment and approval by OMB. For purposes of the CY 2020 data collection, Treasury did not seek to change the standard forms; however, a new reporting requirement in the 2019 Reauthorization Act led Treasury to seek emergency approval from OMB for a new Places of Worship worksheet, applicable to all reporting insurers. The approval of that application resulted in a new expiration date for the reporting forms in general of September 30, 2020. In 2020, Treasury sought approval of the forms then in use (including the Places of Worship worksheet) for the data collection for a three-year period, which was approved by OMB for a period ending November 30, 2023.

This supporting statement is required because Treasury has determined that changes to the existing forms are required in support of the administration of the Program to obtain more detailed information in two general areas: (1) captive insurers; and (2) cyber insurance. Treasury's advisory committee in connection with the Program, the Advisory Committee on Risk-Sharing Mechanisms, recommended in 2020 that Treasury evaluate the manner in which captive insurers access the Program in order to ensure that the risk-sharing principles underlying the Program are being met. In furtherance of that goal and Treasury's administration of the Program, Treasury has proposed to require more detailed information concerning the terrorism risk insurance subject to the Program written by captive insurers as well as the insurance they provide more generally. The proposed changes for captive insurers will require them to report much of the same information as previously, but to segment it in more detail.

The proposed changes regarding cyber insurance seek more detailed information concerning cyber insurance written by insurers subject to the Program, in lines of insurance both covered and not covered by the Program, so that Treasury may better evaluate the Program's response to cyber-related incidents that could have implications for the Program and its effectiveness, and Treasury's administration of it. In addition, the proposed changes seek information on the type of policyholders, by size, obtaining cyber insurance, and also request detailed information on coverage for ransomware-related losses, including existing claims information.

In the case of both captive insurers and cyber insurance, Treasury has engaged with insurers, reinsurers, industry representatives and members of the public when developing the changes and additional information requests that are the subject of this supporting statement.

Treasury estimates that approximately 1,000 insurance groups or individual insurance entities that meet the Act's definition of "insurers" will be required to provide some amount of information in response to the data collection, and the amount of information required will vary based upon the type and size of insurer involved.

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 an annual collection, continuing through the Program's expiration in 2027 (or later, if the Program is reauthorized by Congress). The information will be used to support reports required by the Act addressing: (1) the effectiveness of the Program; and (2) the competitiveness of small insurers in the terrorism risk insurance marketplace. Reports addressing the effectiveness of the Program must be submitted in June 2022, June 2024, and June 2026. Studies concerning small insurer competitiveness must be submitted in June 2023, June 2025, and June 2027.

The reports concerning the effectiveness of the Program will include: (i) an analysis of the overall effectiveness of the Program; (ii) an evaluation of the availability and affordability of terrorism risk insurance, including an analysis of such availability and affordability specifically for places of worship; (iii) an evaluation of any changes or trends in the data collected; (iv) an evaluation of whether any aspects of the Program have the effect of discouraging or impeding insurers from providing commercial property casualty insurance coverage or coverage for acts of terrorism; (v) an evaluation of the impact of the Program on workers' compensation insurers; and (vi) an updated estimate of the total amount of terrorism insurance premium earned since January 1, 2003. Similar topics were also addressed in previous statutorily-mandated reports published in 2016, 2018, and 2020. Treasury anticipates publishing a report in 2022 using the forms subject to the proposed revisions.

The studies concerning small insurer competitiveness will address: (i) changes to the market share, premium volume, and policyholder surplus of small insurers relative to large insurers; (ii) how the property and casualty insurance market for terrorism risk differs between small and large insurers, and whether such a difference exists within other perils; (iii) the impact of the Program's mandatory availability requirement on small insurers; (iv) the effect of increasing the trigger amount for the Program (i.e., the amount of loss that must be sustained industrywide before the Program will make payments, even if a particular insurer has satisfied its individual deductible) on small insurers; (v) the availability and cost of private reinsurance for small insurers; and (vi) the impact that state workers' compensation laws have on small insurers and workers' compensation carriers in the terrorism risk insurance marketplace. Similar topics were also addressed in previous statutorily-mandated reports published in 2017, 2019, and 2021.

The data collected will not be disseminated to the public by Treasury; however, it will be used in an aggregated format 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 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. Data collected on an industry-wide basis in the insurance industry is validated for state regulatory purposes in the same fashion.

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, and that the responding insurers will largely generate responses electronically by querying their data management systems for the requested data. The intention is to follow, as appropriate, best insurance and reinsurance industry practices. Exceptions may be required where an insurer lacks the capability to make an electronic submission or where certain data elements are more easily collected through a questionnaire, which would be set up for response through an electronic process.

4. Describe efforts to identify duplication.

Treasury has not identified any entity or collection of entities that currently hold all of the non-public data Treasury seeks to collect. Treasury has determined, however, that the National Council on Compensation Insurance (NCCI), the California Workers' Compensation Insurance Rating Bureau (California WCIRB), and the New York Compensation Insurance Rating Board (NYCIRB) are willing to provide certain workers' compensation insurance data elements, and that this can be linked to information that will otherwise be reported directly by participating insurers. This approach was first taken during the CY 2017 data collection, did not pose any data integrity problems, and otherwise reduced burdens upon reporting insurers. Accordingly, Treasury again will instruct reporting insurers that they need not report those elements of the reporting forms that will be reported instead by NCCI, the California WCIRB, and/or the NYCIRB on their behalf.

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

Treasury has taken two principal steps to minimize the burden of the production of data upon insurers characterized as "small insurers." First, insurers whose Program-eligible premiums in the prior year were below \$10 million are exempt from reporting and need not provide any information. Second, a separate form has been generated for entities that are not exempt from reporting, but for which both the Program-eligible lines premiums and the policyholder surplus beginning in CY 2021 are below \$1 billion. This form is significantly more streamlined than the form Treasury will use for larger insurers and captures significantly less data than the form that larger insurers are required to complete. 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 2016 and continuing through at least 2027. The collected data will be used to support statutorily-required reports concerning the effectiveness of the Program, which are

due June 2022, June 2024, and June 2026, and statutorily-required studies concerning the participation of small insurers in the Program, which are due June 2023, June 2025, and June 2027.

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.

A copy of the *Federal Register* Notice (86 FR 64600, November 18, 2021) is attached. In that Notice, Treasury expressly sought comments concerning the proposed changes relating to captive insurers, and to insurers writing cyber insurance. In response to the Notice, Treasury received seven formal written comments, which are available at <https://www.regulations.gov/document/TREAS-TRIP-2021-0020-0001/comment>. Those comments address issues concerning the manner and subject of the data collection. Those suggestions, and Treasury's responses, are summarized below:

### **Captive Insurer Reporting Comments**

One comment received from the Centers for Better Insurance (CBI) addresses the proposed data collection revisions concerning captive insurers. CBI does not object to any of the captive insurer changes; rather, it suggests additional changes to require responding captive entities to specify their type of captive insurer (e.g., pure captive, protected cell captive, etc.). Because of the type of analysis Treasury performs with respect to the captive insurers in connection with the Program, such further detail would not assist in Treasury's evaluation of the exposure posed to the Program by captive insurers, and Treasury declines to make the further proposed changes. CBI also proposes the addition of more granular questions than Treasury has proposed with regard to standalone coverage for nuclear, biological, chemical, and radiological (NBCR) terrorism risk versus conventional terrorism risk issued by captive insurers, as well as associated reinsurance. Treasury believes that the proposed additional level of detail will address the use of captives to provide NBCR coverage, without seeking additional information concerning a number of individual policies. Therefore, Treasury declines to make the proposed changes. To the extent further analysis of the data obtained by Treasury suggests that additional changes are warranted, Treasury can address such changes at a later time.

Two comments received from captive insurer trade associations (one a combined submission from the Captive Insurance Companies Association, the Vermont Captive Insurance Association, and the Captive Insurance Council of the District of Columbia, and a second from the National Risk Retention Association) indicate that they do not oppose the changed reporting requirements (both those specific to captive insurers, as well as those addressing cyber insurance). However, each comment notes the increasing burden they claim is imposed by the data collection requirements on captive insurers, cautioning that such burdens could become unsustainable for such entities, and highlights the highly confidential nature of the data that will be produced by these entities in response to the data collection. Treasury is mindful of the burden imposed by data collection requirements and will continue to seek to minimize those burdens as appropriate, consistent with its stewardship of the Program and reporting requirements to Congress. To that end, Treasury confirms (as requested by the commenters) that it will continue to excuse from reporting requirements captive insurers that do not write any terrorism risk insurance subject to the Program (whether on a standalone or embedded basis), and that it will continue to collect information through an outside data aggregator that provides the information to Treasury in an anonymized, aggregated format.

### **Cyber Insurance Reporting Comments**

The comments from captive insurer trade associations did not oppose the changed reporting requirements related to cyber insurance, as noted above.

Four additional comments focused upon the proposed cyber insurance reporting changes – two from insurance trade associations (the National Association of Mutual Insurance Companies (NAMIC) and the American Property Casualty Insurance Association (APCIA)), one from Lloyd’s of London (Lloyd’s), and one from the Chaucer Group (consisting of Chaucer Insurance Company and certain Chaucer Syndicates at Lloyd’s) (Chaucer). These comments raise the following issues, which Treasury summarizes – along with its responses – as follows:

Two of the commenters (Lloyd’s and APCIA) ask whether there has been sufficient coordination with state regulators for the newly-proposed data elements. Under section 104(h)(4) of the Act, Treasury must coordinate with state regulators in advance “to determine if the information to be collected is available from, and may be obtained in a timely manner by, individually or collectively, such entities.” Treasury, having reviewed existing state cyber insurance data calls and coordinated with the NAIC, has determined that the newly-proposed data elements (information by policyholder size (Cyber Worksheet, Lines 12-17), cyber policy limits specific to cyber extortion and ransomware (Cyber Worksheet, Lines 21-24), and cyber-related loss payments specific to cyber extortion and ransomware (Cyber Worksheet, Lines 25-30)) are not currently collected by or otherwise available from state regulators. The newly-proposed data elements use the terminology typically used in state and NAIC data calls. Additionally, Treasury issued for public comment a notice describing the proposed changes for the TRIP data collection. State regulators have also indicated that they intend to use the same reporting templates as Treasury is authorized to use for the 2022 data call for purposes of the

parallel state terrorism risk insurance collection that state regulators have conducted on a coordinated basis with Treasury since 2018.

Three of the commenters (Lloyd's, NAMIC, and APCIA) raise questions as to whether the collection of information relating to cyber insurance written in non-Program eligible lines is within the scope of the Secretary's authority under the Act. These comments, if accepted, would curtail the Secretary's ability to determine the effectiveness of the Program, which is the purpose of data collection under Section 104(h) of the Act. While Treasury has determined that cyber risk insurance is within the scope of the Act if written in Program-eligible lines of insurance (see 31 CFR 50.4(w)(1)), there is some cyber insurance that is written and reported as professional liability insurance which is a line of business that, by statute, is not subject to the Program. Evaluating how this Program exclusion affects the Program's scope of coverage requires Treasury to understand how much cyber insurance is written outside of Program-eligible lines, which could inform Treasury and, by extension, Congress regarding the potential need to consider changes to Program regulations or the Act itself. Congress already indicated the need for evaluation of the Act's scope with regard to cyber insurance when it instructed the Government Accountability Office (GAO) in Section 502(d) of the 2019 TRIP Reauthorization Act (Pub. L. 116-94, 133 Stat. 2534) to conduct a study that addresses, among other things, "recommendations on how Congress could amend the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note) to meet the next generation of cyber threats." Treasury believes that the newly-proposed data elements are within the scope of the Secretary's authority to obtain information relating to the effectiveness of the Program, as the Program's effectiveness necessarily relates not only to what it does cover but also to what it currently does not cover.

Each of the four commenters indicated that not all insurers during the insurance placement process in CY 2021 were electronically gathering all of the newly-proposed data elements. These commenters also stated that they therefore would be unable to report such information by May 2022, at least not without a costly manual review of files or, in some cases, by re-engaging with the policyholder to obtain the additional information. The comments from Lloyd's, NAMIC, and APCIA do not say or imply that all insurers would be presented with these issues, but only that some of them would face these issues. Similar questions were also raised by these commenters as to whether electronic systems could be updated in a timely fashion to allow for the electronic collection and reporting of the newly-proposed data elements. The fourth commenter, Chaucer, also indicated that it had similar issues in terms of the collection of certain of the data elements, although Chaucer noted that it had modified its policy administration systems to ensure that the newly-proposed data elements would be collected and available for reporting in 2023, in connection with CY 2022 data. In view of these purported obstacles, all of the commenters requested that production of the newly-proposed data elements not be made mandatory for purposes of the 2022 data call (or even in some cases for purposes of the 2023 data call).

Treasury is mindful of the expense and burden posed for participating insurers by the Act's data collection requirements and has in the past taken steps to construct the data calls for the Program in such a way as to minimize that burden, to the greatest extent

practicable consistent with the goals of this statutorily-mandated data collection. At the same time, Treasury is obligated under the Act to continue to assess the effectiveness of the Program, including whether there is available and affordable insurance in the market that could respond to an act of terrorism, which includes cyber insurance. Treasury will seek to balance the potential reporting difficulties identified by commenters against its mandate to collect information regarding cyber insurance by modifying its proposed instructions for purposes of the 2022 Program data call to confirm that insurers that are unable in good faith to report the newly-proposed data elements, because such information is currently unavailable, will not be penalized for failing to do so. All insurers that provide cyber insurance should continue to respond to the general premium and limits questions that have been posed in the prior collections and which have not changed. To the extent an insurer is able to report the newly-proposed data elements, it should do so in the FY22 data call. A reporting insurer that has further questions as to how to provide the proposed information for the 2022 Data Call may also contact Treasury, so that the two parties can discuss how to most effectively achieve this balance. Treasury has modified the proposed Instructions for the data call to reflect this approach.

Two commenters (APCIA and NAMIC) questioned the collection of certain data elements, namely, premium and number of policies information by policyholder size, measured by number of employees (in three specified categories) (Cyber Worksheet, Lines 12-17). The comments question the availability of the information of policyholder size by number of employees (at least outside workers' compensation insurance lines, not relevant here), and whether it is an appropriate metric for evaluating the risk exposure presented under cyber insurance policies. One of the commenters (APCIA) identifies other potential metrics that might be used instead, such as premium volume or revenue; however, it ultimately concludes that none of these would be an appropriate metric to assess cyber risk either, at least on a stand-alone basis, and that as a result Treasury should not collect any information. However, Treasury is seeking the information by policyholder size classification to not only assess the risk exposure presented to insurers by these policies, but to also evaluate whether (or to what extent) certain categories of policyholders are taking up cyber risk insurance, and in what amounts, in order to evaluate the effectiveness of the Program. Number of employees is an accepted proxy for defining the size of entities for insurance purposes. See GAO, *Cyber Insurance: Insurers and Policyholders Face Challenges in an Evolving Market* (GAO-21-477) (May 2021) at 6 n.12, <https://www.gao.gov/assets/gao-21-477.pdf>. The employee number categories utilized by Treasury are also consistent with the size categories used by the NAIC in its recent data calls for business interruption losses associated with COVID-19, in order to evaluate the scope of businesses that had actually availed themselves of business interruption coverage.

Finally, certain comments addressed various interpretive issues concerning the questions posed by Treasury in the draft template. While Treasury believes that the instructions regarding these issues are clear, it will be available, as in past years, to respond to any interpretive questions as to specific data elements for specific insurers as the data call proceeds.



As noted above, Treasury engaged with state insurance regulators and the NAIC with regard to these issues. State regulators also intend to rely upon these proposed reporting templates for the majority of the information that they collect from participating insurers.

The comments and state regulatory engagement described above, as well as similar engagement conducted in connection with prior data collections, have provided Treasury with significant information concerning the types of data that are available from participating insurance companies, as well as the best ways to request the data in order for the data requests to be consistent with existing systems and for the questions to yield the specific information that is sought by Treasury. Consistent with this prior investigation and outreach, Treasury requests information on a nationwide, state-specific, or locality basis, which are the bases upon which insurers typically report information for state regulatory purposes and to satisfy rating agency inquiries.

In addition to the comments received in response to the November 2021 Federal Register Notice, Treasury's PRA Office received one comment from the National Association of Mutual Insurance Companies (NAMIC), dated March 9, 2022, in response to the separate PRA Notice published in connection with this proposed collection. NAMIC also submitted one of the comments received in response to the November 2021 Notice. The NAMIC March 2022 comment addresses the same issues that it (and others) raised in the initial comments. Accordingly, Treasury's response to the issues identified by NAMIC in the March 2022 comment, including the modification of the instructions to address potential reporting burden issues, is already incorporated within this discussion.

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 data collection templates. The NCCI, California WCIRB, and NYCIRB are reporting information on behalf of participating insurers and will not be compensated by Treasury.

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, as it has done with past data collections for the Program. The basis for such an assurance is Section 104(h)(5) of the Act. 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 to the Secretary by an insurer.

Under Section 104(h)(3) of the Act, the Secretary is also instructed “[t]o 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 that does not permit identification of submitting insurers. Treasury will employ this approach in connection with the collection of data through the data collection templates, which will be transmitted through a secure web-based portal through which participating insurers will report the requested data to the insurance statistical aggregator. The aggregator that will be employed for this process through CY 2022 (Insurance Services Office, Inc.) regularly performs this function in connection with 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 sought or provided.

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

Treasury estimates that approximately 100 larger insurers will respond to the most extensive of the reporting templates (for “non-small” insurers), 225 companies will submit the “small insurer” template, 575 Program participants will submit the “captive insurer” template, and 100 insurers will complete the “alien surplus lines insurer” template.

In terms of the incremental additional burden resulting from the proposed changes to the data collection forms, Treasury does not anticipate that the changes specific to captive insurers will have a significant impact, as the additional information is largely the same information that has been previously collected, with the additional requirement that such information be divided between deductible reimbursement policies versus other policies in the same line of insurance. Given the relatively small number of policies issued by captive insurers, the additional effort to make this separation (assuming the captive insurer issues policies in both categories) should not be significant.

Treasury anticipates that the additional information collection concerning cyber insurance (which is sought from each category of participating insurer) will have an impact upon the existing burden estimates. Although the amount of information requested concerning cyber insurance is more than has been requested in the past, it is in generally the same format, with the exception that some information is now requested to be provided by size of policyholder. For those insurers required to respond to the Cyber (Nationwide) worksheet, Treasury anticipates an additional 10 hours of burden, based upon its own evaluation and engagement with its data aggregator. That estimate, however, should be reduced by the percentage of insurers in each respective category that complete the Cyber worksheet. Based upon the results of the 2021 data call, 80 percent of Non-Small Insurers, 33 percent of Small Insurers, 10 percent of Captive Insurers, and 60 percent of Alien Surplus Lines Insurers provided information in connection with this worksheet. Accordingly, Treasury estimates the incremental additional burden for each group as 8 hours for Non-Small Insurers, for 90 hours total; 4 hours for Small Insurers, or 32 hours total; 1 hour for Captive Insurers, or 52 hours total; and 6 hours for Alien Surplus Lines Insurers, or 57 hours

total. The insurance statistical aggregator that Treasury is utilizing has advised that it believes this hour burden estimate to be reasonable. The following chart summarizes the total burden estimate based upon the foregoing analysis:

<b>Respondent Type</b>	<b>Number of Respondents</b>	<b>Hours per Response</b>	<b>Total Hour Burden</b>	<b>Total Labor Cost (at \$52.25/hour)*</b>
Large Insurers	100	90	9,000	\$ 470,250
Small Insurers	225	32	7,200	\$ 376,200
Captive Insurers	575	52	29,900	\$ 1,562,275
Alien Surplus Line Insurer	100	57	5,700	\$ 297,825
<b>TOTAL</b>	<b>1,000</b>	<b>-</b>	<b>51,800</b>	<b>\$ 2,706,550</b>

\*Based on data from the 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 \$39.02 in July 2021, and the total benefit compensation in the 2nd Quarter of 2021 was 33.9%, which is a benefit multiplier of 1.339. Therefore, a fully-loaded wage rate for insurance employees is \$52.25, or  $\$39.02 \times 1.339$ .

Treasury received one comment (from APCIA) indicting that one of its members advised that up to 30 hours of additional effort (instead of the 10 estimated by Treasury) would be required to respond to the new cyber worksheet requirements. No other comments were received regarding the level of burden required. Although Treasury will not modify its burden estimate for the entire industry based upon this single comment, which may not be representative of the experience of other insurers, it will monitor the issue during the 2022 Data Call and revise its estimates as necessary going forward based upon that experience. In addition, since some insurers (based upon the comments) may not report such information, Treasury’s estimates as set forth above may overstate the burden in this first year of the proposed expanded collection.

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 \$1,000 per insurer) for consolidating information that might be produced by responding insurers. However, Treasury expects that most reporting insurers would have already expended these costs in connection with the prior data collections. It is possible that there will be some changes in programming associated with collecting the additional information required by the proposed forms for use beginning in CY 2022; however, those amounts are incorporated within the general additional incremental estimates identified above.

Otherwise, the costs are expected to consist of time associated with the consolidation of accounting records (including querying of computer systems), and for the 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 submissions.

The data Treasury seeks to collect is contained within statistical information that insurers otherwise develop in order to achieve compliance with state insurance regulatory requirements (particularly annual statutory reporting requirements) and insurance rating reviews. The information collection is also directly extractive of information required for or generated in the course of normal business activity.

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

The cost to the federal government of the data collection will be the costs of the insurance statistical aggregator that is used to collect and aggregate the data. Based upon the contract applicable for the CY 2022 period, Treasury estimates that this cost for collecting data will be \$450,000. Therefore, the average annual government cost is \$450,000. Although there is no contract in place for CY 2023, Treasury anticipates that a similar cost will be incurred in that year as well, subject to normal escalation amounts. This cost is generally consistent with the costs incurred in connection with prior data collections.

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

There has been an upward adjustment to the per response burden estimates as provided in connection with the CY 2021 data collection to account for the incremental additional cost associated with the new proposed requirements for captive insurers and for insurers writing cyber insurance. The number of anticipated responding insurers has also been modified upward based upon the experience in the CY 2021 data collection in terms of the number of insurers actually required to respond. Treasury will continue to collect information concerning the burden associated with the data production and will use such information in evaluating future collection requirements.

In addition, the utilization of a consolidated data collection approach with state insurance regulators reduces total burdens upon insurers required to report terrorism risk insurance data.

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 reports to be issued by Treasury to Congress from June 2022 through June 2027.

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.

Treasury 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.