

Department of the Treasury
Federal Insurance Office

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

Federal Insurance Office Climate-Related Financial Risk Data Collection for
U.S. Homeowners Multi-Peril Underwriting Data

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

Overview. This information collection is necessary to advance efforts of the Federal Insurance Office (FIO) to respond to the President’s May 20, 2021, Executive Order on Climate-Related Financial Risk (EO 14030), which called on FIO to “further assess, in consultation with States, the potential for major disruptions of private insurance coverage in regions of the country particularly vulnerable to climate change impacts,” and to advance FIO’s statutory mandates, including to assess the availability of insurance products for vulnerable communities, including minority and low- and moderate-income populations and to monitor all aspects of the insurance sector.¹ In order to fulfill these objectives, FIO has determined that it needs data that is not publicly available and cannot be obtained in a timely manner from insurance regulators in the 50 states, the District of Columbia, and the five U.S. territories (collectively, State Insurance Regulators), relevant federal agencies, and any publicly available sources.² As described below, FIO’s statutory authorities under the Federal Insurance Office Act of 2010 (FIO Act) support its proposed data collection.³ To obtain the data that it needs to begin to fulfill these objectives, and as further described below, FIO will collect ZIP Code level data directly from certain property & casualty (P&C) insurance groups, which will contribute to FIO’s assessment of the impact of climate-related risk on the availability and cost of homeowners insurance in the United States. The narrower focus of this data collection includes data that will help establish a national baseline in this area. There is also potential value in collecting and analyzing more detailed information in this area. FIO intends to conduct climate-related data collections and analyses in the future with a goal of doing so on an annual basis. In future data collections, FIO may seek data to analyze in more detail, among other things, climate-related impacts on traditionally underserved communities and consumers, minorities, and low- and moderate-income persons.

FIO’s Authorities. Under the FIO Act, FIO’s authorities include monitoring all aspects of the insurance sector, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance sector or the U.S. financial system.⁴ FIO’s authorities also include monitoring the extent to which traditionally underserved communities

¹ See Exec. Order No. 14030 § 3(b)(i), 86 Fed. Reg. 27,967 (May 20, 2021) (EO 14030); 31 U.S.C. § 313(c)(1)(B). A copy of § 3(b)(i) from EO 14030 is provided as Attachment D. A copy of the FIO Act is provided as Attachment E.

² See Agency Information Collection Activities; Proposed Collection, Comment Request; Federal Insurance Office Climate-Related Financial Risk Data Collection, 87 Fed. Reg. 64,134 (October 21, 2022) (October 2022 FRN).

³ See 31 U.S.C. § 313.

⁴ See 31 U.S.C. § 313(c)(1)(A).

and consumers, minorities, and low- and moderate-income persons have access to affordable insurance products.⁵ In carrying out its duties, FIO is authorized to collect data and information on and from the insurance industry and insurers, including through the use of subpoenas.⁶ FIO is also authorized to analyze and disseminate data and information and issue reports on all lines of insurance, except crop insurance and health insurance.⁷ Each of these authorities is relevant to FIO's planned data collection.

Necessity of Information Collection. FIO's data collection is necessary to advance its efforts to respond to EO 14030, namely, to assess the "potential for major disruptions of private insurance coverage in regions of the country particularly vulnerable to climate change impacts," and to advance its statutory mandates. To make this assessment, FIO has developed a plan for data collection focused on "physical risks." Physical risks are "the harm to people and property arising from acute, climate-related disaster events such as hurricanes, wildfires, floods, and heatwaves as well as longer-term chronic phenomena such as higher average temperatures, changes in precipitation patterns, sea-level rise, and ocean acidification."⁸ Physical risks can affect an insurer's underwriting activities. (They can also affect investment activities, but insurer investments are not part of FIO's data collection.) When underwriting, an insurer decides whether to offer coverage to a prospective customer and at what terms and price. The underwriting process includes evaluation by the insurer of various risks, including the risk of the customer failing to make premium payments and the risk that the customer will make a claim—each of which may be influenced by physical risk. Increases in the frequency, severity, and geographical distribution of weather-related events due to climate change could result in higher claims on and losses to insurers, and thus impact future underwriting decisions. Further, physical risks could lead to higher direct losses and expenses from property damage, indirect losses such as from business interruption, and higher reinsurance costs. These effects could impact insurers' future underwriting decisions—including whether they continue to make insurance policies available and at what cost to consumers in impacted regions. FIO's data collection is focusing on data that will contribute to its analysis of the climate-related impacts on insurers' underwriting, including impacts on coverage availability and cost of homeowners insurance.

As further described below, FIO has determined that the granular underwriting data it needs (and which are the subject of its planned data collection) are not publicly available or may not be obtained in a timely manner from the State Insurance Regulators, relevant federal agencies, or publicly available sources.⁹ Data of the type sought (described in detail below) is generally available only at the national or state level, which is therefore insufficient to support FIO's work.¹⁰

5 See 31 U.S.C. § 313(c)(1)(B).

6 See 31 U.S.C. § 313(e).

7 See 31 U.S.C. §§ 313(d) and 313(e)(1)(D).

8 Financial Stability Oversight Council, *Report on Climate-Related Financial Risk* (October 2021), 12, <https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf>.

9 See, e.g., October 2022 FRN, 87 Fed. Reg. at 64,138-64,140.

10 Limited granular data is available from statistical agents, but obtaining this would require payment of significant fees, and, in any event, would not meet FIO's needs because such data is not collected by statistical agents in a standardized format, does not provide consistent coverage across all states, and does not include all elements needed for FIO's initial analysis of climate-related risks.

Data Collection Details and Rationale. Below, FIO describes the data it plans to collect, including detail of each data field and how that data will support the work described above. In its response to Question 8, FIO explains how and why its planned data collection differs from FIO’s original proposal set forth in the October 2022 FRN.

Homeowners Insurance (HO-3 Policy Form)

FIO plans to collect and analyze historical underwriting data from certain P&C insurance groups on a nationwide basis in order to assess the impact of climate-related risk on the availability and cost of homeowners insurance. FIO’s focus will be on homeowners multi-peril insurance.¹¹ More specifically, FIO will focus on owner-occupied homeowners multi-peril insurance policies issued on form “HO-3.” This form is the most common homeowners insurance policy form in the United States: HO-3 policies comprise 55.5 percent of all homeowners insurance policies and 78.3 percent of all owner-occupied homeowners insurance policies.¹² HO-3 homeowners multi-peril insurance policies typically are part of an all-in-one insurance coverage package that may include coverage for property damage from a variety of perils, including wind, hail, fire, loss of use, theft, mold, explosion, and vandalism. However, flood is typically excluded, with coverage available for take up under a separate policy.

Representative Sample Insurers

For this initial data collection, FIO plans to collect data from the top homeowners insurance groups that have 1 percent or more of the U.S. homeowners insurance market as measured by aggregate homeowners insurance direct premiums written in 2022. FIO has identified 14 homeowners insurance groups that meet this criterion (the Representative Sample Insurers). FIO’s selection includes one standalone entity that is not part of a group. FIO’s references to “group” include this standalone entity. These 14 groups (out of the 195 homeowners insurance groups operating in the United States) collectively underwrite about 70 percent of the direct homeowners insurance premiums written in the 50 states, the District of Columbia, and the U.S. territories, based on 2022 financial statements. FIO anticipates that the Representative Sample Insurers collectively have a sufficient market share to support FIO’s initial analysis. Notably, focusing on the largest insurance groups will reduce the burden on small insurers.

Reporting Period

FIO seeks to collect six years of underwriting data, 2017 through 2022 (the Reporting Period).

Data Collection Form

FIO plans to collect data from the Representative Sample Insurers using the FIO Climate Data Collection: U.S. Homeowners Multi-Peril Form 2023-1 (Data Collection Form), which is an Excel spreadsheet that FIO will provide to the insurers. A copy of the Data Collection Form and the instructions for filling it out are attached hereto as Attachments A and B, respectively. These

11 See, e.g., Shanthi Ramnath & Will Jeziorski, “Homeowners Insurance and Climate Change,” *Chicago Fed Newsletter*, September 2021, <https://www.chicagofed.org/publications/chicago-fed-letter/2021/460>.

12 NAIC, *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner’s Insurance Report: Data for 2020* (December 2022), 4, <https://naic.soutrounglobal.net/Portal/Public/en-GB/DownloadImageFile.ashx?objectId=9803&ownerType=0&ownerId=2006>.

documents are revised versions of the proposed template and instructions initially included with the October 2022 FRN (and which were therefore available for public comment). Each of the Representative Sample Insurers will be asked to aggregate and report the data requested by the Data Collection Form at a ZIP Code level for all of the policies that the homeowners insurance entities within its group have written during the Reporting Period.

ZIP Code Level Data

As noted, FIO will collect underwriting data from the Representative Sample Insurers at a ZIP Code level, in support of its plan to conduct a granular, nationwide assessment. FIO's data analysis requires this data, which is more granular than that currently collected by State Insurance Regulators, for several reasons such as:

1. Many weather-related events, especially secondary perils (e.g., severe convective storms and wildfires), have localized effects, with risk levels and loss impacts differing widely within a state. ZIP Code level data will allow FIO to assess such localized risks and effects on insurance markets.
2. Insurers generally price policies based on the risk assessment in a localized area and such risk assessment criteria may not be uniform for an entire state.¹³

Data Fields

FIO plans to collect seven data fields, each of which is described below. FIO had identified 15 data fields in the October 2022 FRN, and the reduction in the number of data fields is based in large part on the comments that FIO received, as further explained below in response to Question 8. Three of the seven fields to be collected by FIO are data fields not collected by State Insurance Regulators in annual statutory filings (the number of policy in-force exposures; the number of policies not renewed or retained; and the total dollar value of coverage for dwelling, other structures, personal property, and loss of use). Four of the seven fields to be collected by FIO are data fields to collect ZIP Code level information nationwide regarding premiums, claims, and losses that correspond to four existing data fields reported by U.S. insurers to State Insurance Regulators on a state-wide basis in annual filings. Specifically, FIO plans to collect the following information from the Representative Sample Insurers:

- *Number of Policy In-Force Exposures (on a calendar year basis).*¹⁴ This field represents the count of policies that are in effect (i.e., in-force) as of December 31 for each reporting

¹³ Notably, the use of ZIP Code level data in certain circumstances by State Insurance Regulators in at least seven states (California, Florida, Illinois, Massachusetts, Missouri, Tennessee, and Texas) demonstrates the appropriateness and the potential benefits of this level of analysis for FIO's climate-related analyses. *See, e.g.*, October 2022 FRN, 87 Fed. Reg. at 64,138.

¹⁴ Insurance information may be reported on either a calendar year or an accident year basis, depending on the type of information being reported. Accident year reporting monitors loss development of a claim over time (and typically includes losses when they occur, not when they are reported). For example, if a hurricane occurs in 2017, then 2017 would be the accident year. Losses and claims associated with the hurricane could occur in 2017 but could also develop into subsequent years as policyholders submit claims and receive payments over time but would be reported for the 2017 accident year. On the other hand, calendar year reporting does not change or develop over time beyond the calendar year. For example, premiums based on a 2017 calendar year would include premiums from January 1 to December 31, 2017.

calendar year, where one policy in-force corresponds to one home covered in that year. (This field does not include policies that lapsed or were canceled during the year.) The field is necessary for FIO to calculate several metrics on a per-policy basis to allow for comparison across ZIP Codes. For example, FIO will calculate the average premiums, claims, losses, and policy non-renewals based on the total policies in a given ZIP Code; this field will also support calculation of changes in total policy counts over time.

- *Total Dollar Value of Coverage for Dwelling, Other Structures, Personal Property, and Loss of Use (on a calendar year basis)*: This field measures the total estimated value of insurance coverage for the dwellings or other property covered by the policies (i.e., the potential exposures), as recorded at the effective date of the policies or the date of their most recent renewal. This field is necessary because the premiums charged for policies will vary with the value of the properties insured, as well as other factors. The dollar value of coverage and various calculated fields derived from that (e.g., average premium per \$1,000 in coverage) are commonly relied upon as metrics for accessing cost of coverage.¹⁵ The field will help FIO, among other things, assess the variation in the amount of financial protection for properties across ZIP Codes and over time for a given premium, while holding constant changes in insurance coverage. The field will also enable FIO to compare losses across ZIP Codes by calculating losses per \$1,000 of insurance coverage.
- *Number of Policies Not Renewed or Retained (on a calendar year basis)*: This field addresses the number of policies that are not renewed or retained at any time during the reporting year, including non-renewals that are either insurer-initiated or policyholder-initiated. This field is necessary because understanding the percentage of policies not renewed will help FIO to assess availability issues. FIO notes that other factors besides non-renewals may also affect the number of policies-in-force captured by FIO's proposed data collection because policies could be discontinued by the policyholder for various reasons such as homeownership changes or switching to insurers that are not part of the Representative Sample Insurers.
- *Direct Premiums Written (on a calendar year basis)*: This field is a measure of policyholders' cost of obtaining coverage and is necessary because the average premium per home or per \$1,000 of coverage (premiums divided by number of policies or premiums divided by the amount of coverage) indicates what homeowners pay for property insurance on a comparable per-unit basis. That information, in turn, is necessary because changes in premiums over time and comparisons of average premium per home on a nationwide basis can provide meaningful insight into insurance costs. Collecting this data on a calendar year basis will provide FIO with up-to-date information on pricing trends. Premium data can also support analysis of the availability of homeowners insurance in ZIP codes.
- *Total Direct Losses Paid (on an accident year basis)*: This field is necessary to understand how loss trends in each ZIP Code affect the availability and cost of homeowners insurance.

¹⁵ See, e.g., NAIC, *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report: Data for 2020* (2022), Tables 3, 4, and 5, <https://naic.soutrounglobal.net/Portal/Public/en-GB/DownloadImageFile.ashx?objectId=9803&ownerType=0&ownerId=2006>; Massachusetts Division of Insurance, *Annual Home Insurance Report for Calendar Year 2020*, 11, <https://www.mass.gov/doc/the-2020-massachusetts-market-for-home-insurance/download>.

Direct losses paid is the amount of money to date (for each accident year) that has been paid to, or on behalf of, policyholders, and does not include estimates of losses that been incurred but not yet paid. FIO will analyze trends in paid losses (including on a per claim basis) by ZIP Code. FIO will also use this field to examine trends by ZIP Code in paid loss ratios (by dividing by premiums) and claims severity (by dividing by claims closed with loss payment) to better understand how underwriting metrics may reflect weather-related events.

- *Total Direct Incurred Losses (on an accident year basis)*: This field is necessary because it provides a comprehensive measure of the value of an insurer’s loss experience in a reporting period by ZIP Code. Unlike losses paid, incurred losses reflect the total value of losses that an insurer incurs during a given period, regardless of whether the losses have been paid out (i.e., it includes reserves), and is used to estimate total losses for a given year. FIO will analyze trends in incurred losses (including on a per claim basis) by ZIP Code. FIO also will use this field to look at trends by ZIP Code in incurred loss ratios (by dividing by premiums) to better understand how underwriting metrics may reflect weather-related events.
- *Cumulative Number of Claims Closed With Loss Payment (on an accident year basis)*: This field is necessary because the average amount insurers pay for each claim will provide insight on the impact of an event (or events) in a given ZIP Code, helping FIO to identify exposure frequency and severity.¹⁶ During the underwriting process, an insurer must gauge the average value it will pay out per claim.¹⁷ Historically, the average cost of claims has been one of the primary factors behind price increases and tightened availability of homeowners insurance.¹⁸ FIO will be evaluating claims frequency and severity on a nationwide basis to see whether they are associated with average premiums growth or a decrease in the availability of homeowners insurance. This data field will thus enable FIO to better understand how underwriting metrics may reflect weather-related events.

2. Indicate how, by whom, and for what purpose the information is to be used.¹¹

How the Data Will be Used. FIO’s contemplated use of each data field collected is described above. More generally, FIO plans to use the information obtained from this data collection to perform a first-of-its-kind nationwide analysis to advance its statutory mandates and to respond to EO 14030. FIO will assess the impact of climate-related risk on the availability and cost of homeowners insurance in the United States. This data collection and analysis also will establish (and serve as a baseline for) a framework for gathering and analyzing granular, consistent, and comparable data that is not otherwise publicly available with which to assess the localized impact of climate-related events and conditions. FIO plans to analyze trends—including

16 LexisNexis Risk Solutions, “Annual U.S. Home Insurance Trends Report Confirms Upward Trend in Loss Cost and Severity across All Perils,” news release, October 13, 2022, <https://risk.lexisnexis.com/about-us/press-room/press-release/20221013-home-insurance-trends-report>; Pat Howard & Kara McGinley, “Homeowners Insurance Claims Statistics in 2023,” *Policygenius*, December 22, 2022, <https://www.policygenius.com/homeowners-insurance/homeowners-insurance-statistics/>.

17 AM Best, *Best’s Guide to Understanding the Insurance Industry* (2023), 6, <https://web.ambest.com/information-services/sales-information/best-s-guide-to-understanding-the-insurance-industry>.

18 See Martin Grace & Robert Klein, “Homeowners Insurance: “Markets Trends, Issues and Problems,” *SSRN Electronic Journal*, August 2003, https://www.researchgate.net/publication/228227047_Homeowners_Insurance_Market_Trends_Issues_and_Problems.

comparisons of trends in homeowners insurance availability and cost—at the ZIP Code level on a nationwide basis, and compare areas with different levels of climate-related risks. Such trends are not necessarily apparent from publicly available data or state reporting data, which generally is limited to providing information at the national or state level.

FIO intends to continue this work, with the goal of performing annual data collections and analyses in the future. FIO intends to conduct follow-on work to capture current data and continue its trend analyses. Related future work, for example, may extend FIO’s analysis to consider impacts on traditionally underserved communities and consumers, minorities, and low- and moderate-income persons.

By Whom the Data May be Used. FIO will use the collected data to perform and publish the analysis described above.¹⁹ FIO’s analysis of the collected data is expected to be of interest to, and benefit, a wide variety of insurance stakeholders, including insurers, reinsurers, homeowners, mortgage lenders, and policyholders. The data and associated analysis should also inform policymakers by establishing a framework for granular, consistent, and comparable data with which to assess the localized impact of climate-related events and conditions on trends in homeowners insurance availability and cost. This data will help highlight underwriting trends and identify areas where less available or more costly insurance is associated with higher risks from climate-related events. Such information may also help inform private and public efforts at the federal, state, and local levels to target pre-disaster mitigation measures and to improve policy in this area.

Purpose of the Data Collection. The primary purpose of this data collection is to obtain consistent, granular, and comparable homeowners insurance underwriting data that is not otherwise publicly available in order to enable FIO to assess the impact that climate-related physical risk has on the homeowners insurance market at a ZIP Code level, as described in more detail in the responses above.

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.

FIO anticipates that the Representative Sample Insurers will largely generate responses electronically by querying their data management systems for the requested data. FIO will be asking the Representative Sample Insurers to submit their responses as Excel files using the Data Collection Form provided by FIO. FIO is planning for the Representative Sample Insurers to submit their responses electronically to a secure Treasury portal.

4. Describe efforts to identify duplication.

FIO has not identified any entity or collection of entities that currently hold all of the data that FIO seeks to collect through this nationwide collection of ZIP Code level data.

¹⁹ The group-level submissions will be aggregated across insurance groups to the ZIP Code level, and FIO will not publish data or analysis of specific companies or groups or comparisons of results across companies or groups. In addition, FIO will not publish data on, or analysis of the solvency of, any individual insurance companies or groups based on the data collected.

The FIO Act requires that FIO “determine if the information to be collected is available from, and may be obtained in a timely manner by, such Federal agency or State insurance regulator, individually or collectively, other regulatory agency, or publicly available sources.”²⁰ As discussed in detail in the October 2022 FRN, FIO coordinated with State Insurance Regulators to determine whether they could provide, in a timely manner, the data that FIO proposed collecting. Following these efforts, FIO determined that the data that FIO was proposing to collect was not available or could not be obtained in a timely manner from any of the State Insurance Regulators, relevant federal agencies, or publicly available sources.²¹ After the end of the comment period for the October 2022 FRN, FIO had additional meetings with the NAIC and the State Insurance Regulators to offer increased coordination and collaboration between FIO’s proposed data collection and any efforts of the NAIC and State Insurance Regulators. On August 15, 2023, the NAIC announced a plan to issue a data call to assist State Insurance Regulators to collect data from insurers to better understand property markets and coverages and protection gaps, citing the “increasing frequency and severity of weather events, rising reinsurance costs, and inflationary pressures,” that were creating insurance availability and affordability issues.²²

FIO supports continued coordination and collaboration efforts that would enable it to fulfill its statutory mission while minimizing any burdens on insurers, to the extent feasible. Additionally, it is unclear when the NAIC data call may be implemented and whether all State Insurance Regulators will participate in any proposed NAIC data call.

Thus, FIO has determined that the nationwide ZIP Code level data that it seeks to collect is not available or may not be obtained in a timely manner, and is therefore seeking OMB approval for its planned data collection.

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

The collection of information will not involve small businesses or other small entities. The Representative Sample Insurers completing the Data Collection Form are the top homeowners insurance groups that have 1 percent or more of the U.S. homeowners insurance market as

20 31 U.S.C. § 313(e)(4) provides that “Before collecting any data or information under paragraph (2) from an insurer, or affiliate of an insurer, the Office shall coordinate with each relevant Federal agency and State insurance regulator (or other relevant Federal or State regulatory agency, if any, in the case of an affiliate of an insurer) and any publicly available sources to determine if the information to be collected is available from, and may be obtained in a timely manner by, such Federal agency or State insurance regulator, individually or collectively, other regulatory agency, or publicly available sources. If the Director determines that such data or information is available, and may be obtained in a timely manner, from such an agency, regulator, regulatory agency, or source, the Director shall obtain the data or information from such agency, regulator, regulatory agency, or source. If the Director determines that such data or information is not so available, the Director may collect such data or information from an insurer (or affiliate) only if the Director complies with the requirements of subchapter I of chapter 35 of title 44, United States Code (relating to Federal information policy; commonly known as the Paperwork Reduction Act), in collecting such data or information. Notwithstanding any other provision of law, each such relevant Federal agency and State insurance regulator or other Federal or State regulatory agency is authorized to provide to the Office such data or information.”

21 See 87 Fed. Reg. at 64,140.

22 NAIC, “NAIC to Issue Data Call to Help Regulators Better Understand Property Markets,” news release, August 15, 2023, <https://content.naic.org/article/naic-issue-data-call-help-regulators-better-understand-property-markets>.

measured by aggregate homeowners insurance direct premiums written in 2022. FIO has identified 14 homeowners insurance groups that meet this criterion.

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

Absent the planned data collection, FIO will be unable to perform the analysis that it has determined is required to respond to EO 14030 and to advance its statutory mandates. FIO needs the identified data to support its ability to conduct and publish its analyses of the potential for major disruptions of private insurance coverage in regions of the country particularly vulnerable to climate change impacts, and to advance its statutory mandates.

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. Moreover, FIO has tailored the Data Collection Form to be consistent with the manner in which insurers presently report data.

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 October 2022 FRN is attached as Attachment C.

In response to the October 2022 FRN, FIO received 35 formal written comments with over 9,400 signatories. Commenters included individuals, brokers, insurance industry trade associations, State Insurance Regulators, public interest groups, consumer advocates, climate and environmental groups, and others. Most of those comments included suggestions related to the scope and methodology of the data collection and analysis.

Following the close of the comment period on December 20, 2022, FIO met with numerous commenters, including the NAIC, some State Insurance Regulators, large writers of homeowners multi-peril insurance, and consumer and environmental groups to discuss their views concerning the proposed data collection. FIO met with representatives of a significant number of organizations, including the NAIC and State Insurance Regulators on numerous occasions, to further discuss the proposed data collection. In addition, FIO discussed the proposed data collection during two public meetings of the Federal Advisory Committee on Insurance (FACI) and at FACI Climate Subcommittee meetings.

In general, public interest groups, consumer advocates, and climate and environmental groups encouraged FIO to expand the scope of its proposed data collection; brokers, insurance trade associations, and insurers raised concerns around burden and lack of consistency in requested fields; and State Insurance Regulators and the NAIC raised concerns and questions about FIO's compliance with the FIO Act's coordination requirements and with FIO's planned analysis.

To address the concerns raised—as well as to narrow the scope of the initial data collection—the data collection described in this Supporting Statement reflects changes FIO has made to the proposed data collection outlined in the October 2022 FRN while still allowing FIO to fulfill its objectives described above. Figure 1 describes the initial proposed scope and FIO’s changes based in substantial part on stakeholder feedback. The public comments and stakeholder engagement provided FIO with significant information concerning the types of data that are available from the Representative Sample Insurers, as well as ways to request the data in order for the data requests to be consistent with existing systems and to yield comparable information for the data fields that FIO is seeking. FIO believes that the narrower focus of this collection will improve data consistency and homogeneity and reduce the burden on the responding insurers. Consistent with its prior work and as augmented by the comments and this additional outreach, FIO will request information on a nationwide, ZIP Code basis, as outlined in the Data Collection Form.

Figure 1: Changes to FIO’s Data Collection

Key Elements	Proposed Scope in October 2022 FRN	Summary of Changes
Underwriting Focus	Physical risk from underwriting by P&C insurers, excluding liability risk ²³	<i>No changes</i>
Insurance Lines of Business	Homeowners Multi-Peril with 6 form types covering Mobile Homeowners, Owner Occupied Homeowners, and Other Homeowners policy form types.	Homeowners Multi-Peril with 1 form type: Owner Occupied Homeowners form type HO-3, the most common homeowners policy form (focused to improve data consistency/ homogeneity and reduce burden)
Insurers	Nationwide insurers writing above a premium threshold of \$100 million in 2021 homeowners insurance direct premiums written Additional insurers in order to achieve at least an 80 percent market share threshold in each of 10 states that are potentially the most prone to climate-related disasters	Top nationwide homeowners insurance groups with 1 percent or more share of the homeowners insurance market based on direct premiums written in 2022 and request data to be aggregated and submitted at an insurance group level for all homeowners insurance entities identified within the group. FIO has identified 14 homeowners insurance groups with 240 homeowners insurance entities meeting the selection criterion.
Data Fields	15 data fields covering information regarding claims, premiums, and losses that correspond to data fields reported by U.S. insurers to State Insurance Regulators in annual filings, as well as additional policy information not collected on statutory filings	7 data fields (removing 8 data fields from proposed collection for which information is substantially similar to other fields, cannot be collected consistently at this time, or is not necessary for FIO’s initial analyses) Revise 1 data field for clarity (to collect information on number of policies not renewed or retained rather than premiums not renewed)

23 Liability risk is “a risk where an insured is liable to a third party as a result of or caused by any act, error, omission, representation or statement by the insured.” “*Liability Risk Definition*,” Law Insider, <https://www.lawinsider.com/dictionary/liability-risk>.

Key Elements	Proposed Scope in October 2022 FRN	Summary of Changes
		Remove exclusion of non-weather-related damages from reporting on claims and losses
Reporting Framework	Accident year reporting basis	Accident year reporting basis for loss and claims data and calendar year reporting basis for premium data, and policy information. (This change provides clarity on alignment with the format of statutory filings)
Reporting Period	5 years of underwriting data (2017-2021)	6 years of underwriting data (2017-2022)
Geographic Granularity	ZIP Code level for all U.S. ZIP Codes applicable to in-scope insurers	<i>No changes</i>
Geographic Scope	Nationwide	<i>No changes</i>

The narrative below summarizes key areas of feedback and FIO’s responses.

A. Burden Estimates

FIO received many comments, including in follow-up stakeholder engagements, regarding its estimates of burden, including the number of hours estimated (hour burden) and average salary used (hourly rate). Multiple comments stated that the hour burden estimate was too low and that the hourly rate estimate should be higher to reflect the need for subject matter experts in actuarial and finance roles to respond to the collection. Other commenters supported FIO’s estimates and emphasized that the importance of the information to be collected outweighed the burden. One trade association group noted that the cost of providing this data could be passed on to policyholders in the form of higher premiums. Several insurers and trade association groups also raised concerns with the burden required to collect such information as well as the operational challenges of doing so.

FIO updated the cost estimate for the hourly rate to reflect the salary and benefit increases between June 2022 and July 2023 reported by the U.S. Bureau of Labor Statistics.²⁴ FIO has not, however, made any other adjustments to the hourly rate because the FIO data collection is largely an operational task focused on data already collected by insurers. The data requested on the Data Collection Form is part of existing underwriting and claims processing and so minimal additional overhead is estimated to be placed on policyholder costs due to FIO’s data request, based on discussions with certain insurers and other stakeholders.

FIO also considered burden when evaluating the level of granularity for the data collection. Using ZIP Code information (as compared to other sub-state boundaries such as counties or census tracts) should be less burdensome for insurers as they may collect ZIP Code information

²⁴ As noted in the October 2022 FRN, the average wage rate for all insurance employees was \$40.47 in June 2022, and the total benefit compensation in the 1st Quarter of 2022 was 34.1 percent, which is a benefit multiplier of 1.341. Therefore, a fully-loaded wage rate for insurance employees in 2022 was \$54.27 (i.e., \$40.47 × 1.341), based on data from “Insurance Carriers and Related Activities: NAICS 524,” U.S. Bureau of Labor Statistics, <https://www.bls.gov/iag/tgs/iag524.htm>. Based on data from that same source, in 2023, the fully-loaded wage rate for insurance employees increased to \$58.30 (i.e., \$43.31 for the average wage rate for all insurance employees in July 2023 x 1.346 benefit multiplier for the total benefit compensation in the 2nd Quarter of 2023 of 34.6 percent).

as part of the insured property address when underwriting HO-3 policies, making it easier for them to aggregate data at a ZIP Code level.

FIO has decided to extend the time period which the Representative Sample Insurers will have to submit the information from 60 days to 90 days to ensure that they have sufficient time to gather and provide the requested data.

The Representative Sample Insurers encompass 240 homeowners insurance entities, which is more than the 213 entities that would have been covered under the selection criteria outlined in the October 2022 FRN. Any increase in burden from including more entities will be offset for two reasons. First, FIO is requesting that each of the 14 Representative Sample Insurers aggregate responses across all of their insurance entities, which should reduce the burden on any given entity and allow the groups to submit one consolidated response. Second, FIO is reducing the number of data fields (from 15 to 7) and the number of policy forms (from 6 to 1) for which data should be collected, which will enable a significant reduction of the burden for this proposed data collection relative to the proposed estimate in the October 2022 FRN, even with the proposed change to add one more year of reporting. The reduction in the total estimated burden hours resulting from the changes in the number of data fields is discussed in response to Question 12.

B. Data Fields

Many commenters provided detailed and helpful feedback on the fifteen data fields that FIO proposed collecting, including feedback on burden, consistency of collected data, and usefulness. In addition, many commenters requested details on how each data field would be used. FIO met with several insurers and other stakeholders after the close of the comment period in order to better understand which data fields would be particularly burdensome.

Based on the comments received and FIO's decision to narrow the scope of the data collection, FIO eliminated eight of the fifteen proposed data fields. The response to Question 1 describes the seven retained fields, including their proposed use. In brief, FIO plans to delete fields for which information is substantially similar to other fields (e.g., direct premiums earned), cannot be collected consistently at this time (e.g., total dollar amount of insurance deductible), or is not necessary for FIO's initial analyses (e.g., number of claims reported). The narrower focus of this data collection includes data that will help establish a national baseline for analytics in this area.

In addition, FIO revised one of the seven data fields. The template provided with the October 2022 FRN included a field that asked for the "Amount of Direct Premiums Written Not Renewed or Retained." FIO has revised that field to: "Number of Policies Not Renewed or Retained." FIO is making this change because it is a more commonly reported measure of non-renewals. Some states (e.g., California) and the NAIC's Market Conduct Annual Statement require insurers to report the number of policies not renewed or retained.²⁵ To the best of FIO's knowledge, no

²⁵ See California Department of Insurance, "FACT SHEET: Data on Insurance Non-Renewals and FAIR Plan," news release, December 20, 2021, <https://www.insurance.ca.gov/0400-news/0100-press-releases/2021/upload/nr117DataNon-RenewalsandFAIRPlan12202021.pdf>; NAIC, *Property & Casualty Market Conduct Annual Statement Homeowner Data Call & Definitions*, https://content.naic.org/sites/default/files/inline-files/industry_mcas_data_call_def_homeowners_2020.pdf. While the "Number of Policies Not Renewed or Retained" is not an annual statutory filing field, the NAIC collects statewide information on "Number of Company-Initiated non-renewals during the period," "Number of

state currently requires insurers to report “Amount of Direct Premiums Written Renewed or Retained.” Also, the “Number of Policies Not Renewed or Retained” is a subset of the data field that asks for the “Number of Policy in-force Exposures,” because in order to provide the “Number of Policy in-force Exposures,” an insurer would need to know both (1) the number of policies that it renewed or retained and (2) the number of policies that were not renewed or retained (i.e., the information FIO is requesting).

FIO is retaining a data field for non-renewals because many commenters noted the importance of collecting information on non-renewals in order to understand where insurers may be pulling back coverage. Monitoring the number of non-renewals will allow FIO to understand non-renewal rates.

Finally, FIO has revised the instructions for the Data Collection Form relating to the data fields. The proposed template instructions provided with the October 2022 FRN directed insurers to report data only for losses and claims for weather-related damages. In discussions with FIO, however, insurers noted that it can be difficult or impossible to exclude non-weather-related damage from other loss estimates, based on how information is stored within insurers’ systems. In addition, information from the Insurance Information Institute shows that about 90 percent of homeowners insurance losses have been due to physical damage from wind, hail, water damage, freezing, fire and lightning.²⁶ Therefore, FIO has modified the instructions for the Data Collection Form to remove the exclusion of non-weather-related damages in connection with the reporting of claims and losses.

C. Reporting Period

FIO received multiple comments on the reporting period for the proposed data collection. Trade and industry groups suggested reducing the timeline, citing the purported burden. Several climate and environmental groups suggested expanding the time horizon to ten years, noting the long-time horizon of climate-related impacts. Others supported the current proposal of five years.

FIO is increasing the reporting period to six years (2017-2022). Expanding the reporting timeframe by one additional year will allow FIO to capture more current data, including the impact of recent climate-related disasters such as Hurricanes Ian and Nicole. A number of commenters supported a longer reporting period, although many of these called for adding multiple additional years. The overall burden for the Representative Sample Insurers will not increase, because FIO is removing eight of the fifteen data fields that it proposed in the October 2022 FRN and focusing on only one policy form (HO-3), instead of six policy forms.

D. ZIP Code

FIO received many comments on the proposal to collect data at the ZIP Code level, both for and against the use of ZIP Code level. Commenters that opposed ZIP Code level collection cited,

cancellations for non-pay or non-sufficient funds,” and “Number of cancellations at the insured’s request” from insurers writing homeowners policies as part of its Market Conduct Annual Statement data call and these fields collectively sum to the number of policies not renewed or retained.

²⁶ “Facts + Statistics: Homeowners and Renters Insurance,” Insurance Information Institute, <https://www.iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance>.

among other things, the burden to insurers, the potential for misleading conclusions based on ZIP Code level claims data, and the possibility of exposing personally identifiable information or proprietary data in ZIP Codes with few policies. Those in favor of granular data collection tended to encourage FIO to collect data at a more granular level than ZIP Code, with census tract being the most common unit proposed. Those that preferred census tracts cited various rationales, including that they are comparable, have similar numbers of residents, tend to be internally similar, and align with census-defined geographies better than ZIP Codes.

FIO plans to move forward with ZIP Code level collection. As many commenters noted, state-level data would be insufficient for FIO's analysis because climate-related risks and socioeconomic factors vary across geography, and state-level trends could differ from trends seen on a more granular level. While FIO understands the potential additional benefits of collecting census tract relative to ZIP Code information, FIO's discussions with insurers and other stakeholders leads FIO to conclude that ZIP Code information tends to be collected by insurers as part of the address in a homeowners policy, while other geographic information, such as census tracts, may not be collected. Because of this, collecting data at a census tract level could increase the burden on insurers to produce information at that granularity. FIO believes that ZIP Code collection most appropriately balances the need for granular data with the responsibility to minimize collection burden.

E. Title V Coordination and PRA Process

FIO did not specifically request comment around the advance coordination provisions laid out in the FIO Act or the process for complying with the Paperwork Reduction Act (PRA). In both cases, industry trade associations, the NAIC, and one state insurance regulator stated that FIO did not comply with the FIO Act advance coordination requirements or PRA provisions. FIO believes that it has fulfilled all applicable provisions of both statutes.

F. Selection of Insurers

FIO did not receive many written comments related to the proposed methodology for selecting the insurers for the proposed data collection, although it did receive comments on the overall burden of the proposed data collection, as well as on the potential use of the data for entity-specific analyses, and the operational burden of having groups report their subsidiaries on separate templates. In the October 2022 FRN, FIO's proposed selection criteria were: (1) nationwide insurers writing above a premium threshold of \$100 million in 2021 homeowners insurance premiums; and (2) additional insurers, in order to achieve at least an 80 percent market share threshold in each of 10 states that are potentially the most prone to climate-related disasters.

Although FIO did not receive many specific comments on the selection of insurers, FIO is changing the selection criteria to cover only the largest homeowners insurance groups, i.e., those with 1 percent or more of the U.S. homeowners market nationwide, resulting in the selection of the top 14 homeowners insurance groups by direct premiums written in 2022. FIO has revised the selection criteria in order to: (1) reduce the burden on smaller insurers; (2) alleviate concerns that FIO would be conducting entity-specific analysis; and (3) make the data operationally easier for insurers to report and for FIO to collect and analyze.

In particular, the state market share component of FIO's previous selection criteria would have led FIO to request information from smaller entities, the smallest of which wrote \$23 million in premiums in 2021. Removing that criterion may lead to lower market shares in the 10 states identified in the proposal, but this change will allow FIO to focus its analysis on the groups with more resources to respond and still conduct a study that captures nationwide data. FIO's revisions will allow it to obtain data from the 14 groups that collectively underwrite about 70 percent of the nationwide homeowners insurance market, based on 2022 direct premiums written. FIO considers this sample to be sufficiently representative nationwide and within each state to conduct its initial analysis.

G. Other Key Feedback Areas

In a few instances, FIO made changes to clarify items in the October 2022 FRN, including the following:

- *Reporting Year.* FIO had previously stated it would be collecting information on an accident year reporting basis. In FIO's 30-day Federal Register Notice for this data collection—the Agency Information Collection Activities; Submission for OMB Review; Comment Request; Federal Insurance Office Climate-Related Financial Risk Data Collection for U.S. Homeowners Multi-Peril Underwriting Data. 88 Fed. Reg. 75380 (Nov 11, 2023) (30-day FRN)—FIO has updated some data fields, like premium-related data and policy information, to clarify that they should be provided on a calendar year basis.
- *Policy Forms.* FIO received many comments on its decision to focus on six types of homeowners insurance policies.²⁷ Some suggested that the data collection should include additional policies such as flood, standalone fire, standalone wind, and all residual insurance policies. Insurers highlighted the difficulty of collecting consistent, comparable data across multiple policy form types. FIO has revised its data collection to focus on data involving only one form (owner-occupied homeowners multi-peril insurance policies written on the HO-3 form) instead of six forms.

Commenters also requested additional information in a few other areas that did not directly impact the scope of FIO's data collection.

- *Public Disclosure/Confidentiality.* Commenters requested clarity on whether FIO would publicly disclose some or all of its collected data, with some requesting publication of as much data as legally possible and others raising concerns about the proprietary nature of the data. FIO will seek to release some of the anonymized data, aggregated across insurance groups, in accordance with the restrictions of the FIO Act. FIO will not publish confidential firm-specific data from individual submissions.

²⁷ In the instructions to the proposed data template for the October 2022 FRN, FIO specified that insurers should report data for their homeowners multi-peril line of business and include only data for mobile homeowners, owner-occupied homeowners, and other homeowners policy form types (i.e., HO-1, HO-2, HO-3, HO-5, HO-7, and HO-8 policies). The October 2022 FRN proposed to exclude homeowners policies for condominiums and renters (i.e., HO-4 and HO-6 policies).

- *Frequency of Data Collection.* FIO received multiple responses on whether to collect data annually, with the vast majority of written comments supportive, although several respondents were generally opposed to FIO’s data collection without providing specific comments on whether it should be annual. FIO plans to perform future data collections with a goal of performing such collections on an annual basis.
- *Data Collection Purpose.* Finally, several comments from trade groups and the NAIC asked FIO to provide more clarity on why the data collection is necessary and what gaps it is trying to fill relative to existing sources of data. These commenters cautioned that the results of the analysis could be misinterpreted, noting that increases in premiums and losses could also be driven by factors other than climate risk, such as inflation, constructions costs, and differences in regulatory environment. Most consumer and climate groups were supportive of the purpose of the data collection and agreed with FIO’s assessment that consistent, comparable, and granular data are needed. FIO has made efforts to clarify its data collection purpose and methodology in this statement and the associated 30-day FRN. FIO’s analysis will attempt to control for such other factors.

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 FIO data collection.

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, FIO expects to provide assurances of confidentiality to respondents consistent with the relevant provisions of the FIO Act. These provisions include 31 U.S.C. § 313(e)(5)(A), which states that “the submission of nonpublicly available data and information to ... [FIO] under this subsection shall not constitute a waiver of, or otherwise affect, any privilege arising under Federal or State law (including the rules of any Federal or State court) to which the data or information is otherwise subject.” The FIO Act also states, in 31 U.S.C. § 313(e)(5)(D), that 5 U.S.C. § 552, including any exceptions thereunder, shall apply to any data or information submitted to FIO by an insurer. Further, under 31 U.S.C. § 313(e)(5) (B), “[a]ny requirement under Federal or State law to the extent otherwise applicable, or any requirement pursuant to a written agreement in effect between the original source of any nonpublicly available data or information and the source of such data or information to ...[FIO], regarding the privacy or confidentiality of any data or information in the possession of the source to ... [FIO], shall continue to apply to such data or information after the data or information has been provided pursuant to this subsection to” FIO. FIO expects that data it receives under this collection will likely contain or consist of “trade secrets and commercial or financial information obtained from a person and privileged or confidential.” This type of information is subject to withholding under exemption 4 of the Freedom of Information Act.²⁸

To maintain the confidentiality of the data provided by the Representative Sample Insurers, Representative Sample Insurers will submit their responses electronically to a secure Treasury portal. FIO will download the data from the secure portal and store completed Data Collection Forms in a secure storage location using appropriate confidentiality safeguards. Under 31 U.S.C.

²⁸ 5 U.S.C. § 552(b)(4).

§ 313(e)(5)(C), any data or information obtained by FIO may be made available to State Insurance Regulators, either individually or collectively, through an information-sharing agreement that complies with federal law and does not constitute a waiver of, or otherwise affect, any privilege under federal or state law to which the data or information is otherwise subject.

In addition, FIO will not publish confidential company or group-specific data from individual submissions.

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 by FIO's data collection.

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

FIO estimates the annual burden for its data collection is between 14,400 and 48,000 hours at a total cost of \$839,520 to \$2,798,400 for the Representative Sample Insurers, collectively, based on the following. FIO estimates that each individual homeowners insurance entity within a Representative Sample Insurer will take between 60 and 200 hours total to collect the requested data for six years (2017 to 2022). The 14 Representative Sample Insurers have 240 homeowners insurance entities (with the number of entities per group ranging from 1 to 44, so the burden for each Representative Sample Insurer would vary). The overall estimated burden hours are 14,400 (240 entities x 60 hours) to 48,000 (240 entities x 200 hours). The average fully loaded hourly rate for insurance employees in July 2023 was \$58.36.²⁹ Thus, the total cost for all Representative Sample Insurers to comply with the data collection would be between approximately \$839,520 (14,400 hours x \$58.30/hour) and \$2,798,400 (48,000 hours x \$58.30/hour). FIO's revisions to its data collection (as described in response to Question 8) have lowered the burden estimate by about 30 percent (as compared to the estimates in the October 2022 FRN, Figure 2). In addition, the Representative Sample Insurers are the 14 largest homeowners insurance groups and, as a result, they may experience efficiencies when completing the Data Collection Form. Thus, the total number of hours that it may take all Representative Sample Insurers to collect, process, and complete the Data Collection Form may be less than the number of hours that FIO has estimated here. For reference, the Representative Sample Insurers reported aggregate revenues of over \$372 billion in 2022.³⁰

29 Based on data from "Insurance Carriers and Related Activities: NAICS 524," U.S. Bureau of Labor Statistics, <https://www.bls.gov/iag/tgs/iag524.htm>, the average wage rate for all insurance employees was \$43.31 in July 2023, and the total benefit compensation in the 2nd Quarter of 2023 was 34.6 percent (i.e., a benefit multiplier of 1.346) so the fully-loaded wage rate for insurance employees is \$58.30 (i.e., \$43.31 x 1.346).

30 Data on revenues for the 13 groups was derived from S&P Global Market Intelligence (S&P Global) on October 18, 2023. Data for the revenue of the standalone entity came from its annual statement for 2022.

Figure 2: Comparison of Burden Estimates

	October 2022 FRN	Current Estimates
Hours per homeowners insurance entity	100 to 350	60 to 200
Total hours for all Representative Sample Insurers	21,300 to 74,550	14,400 to 48,000
Hourly rate	\$54.27	\$58.30
Total cost for all Representative Sample Insurers	\$1,155,951 to \$4,045,829	\$839,520 to \$2,798,400

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 Representative Sample Insurers, given that the data fields FIO seeks to collect should be readily available in company systems and documents. The data FIO 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 data collection is also directly extractive of information required for or generated in the course of normal business activity.

There could be some amount of “start up” costs (estimated at \$1,000 per homeowners insurance entity within a group) for consolidating information that might be produced by the Representative Sample Insurers. 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 modifications to facilitate their submissions.

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 Treasury portal used to collect the data, which FIO estimates would be approximately \$25,000 for each fiscal year in use.

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

There are no program changes or adjustments. This is the first time that FIO is conducting this type of climate data collection.

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

There are no plans for publication of the original information as collected, although the information will form the basis for reports to be issued by FIO. FIO may publish certain anonymized data, aggregated across insurance groups at the ZIP Code level to the extent it would comply with the FIO Act's confidentiality provisions.

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.

FIO 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.

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.

This will be the first such data collection by FIO. For this data collection, the potential respondent universe will be the Representative Sample Insurers, each of which has 1 percent or more of the U.S. homeowners insurance market. These top 14 homeowners insurance groups, as ranked by aggregate homeowners insurance premiums written in 2022 (out of the 195 homeowners insurance groups operating in the United States), collectively underwrite about 70 percent of the direct homeowners insurance premiums written in the 50 states, DC, and the territories, based on 2022 financial statements. The Representative Sample Insurers have 240 homeowners insurance entities within their groups; these entities are domiciled in 29 different states and operate in many others.

In the future, FIO may consider the potential benefits of expanding the number of insurance groups included in any future data collection and expand the number of homeowners insurance policy forms or lines of business covered by the data collection. As a result, the potential respondent universe, sampling/respondent selection methods, and expected response rates may vary in future data collections.

The FIO Act provides FIO with the legal authority to collect data from insurers and, thus, FIO expects a response rate of 100 percent. In addition, FIO believes that its focus on the largest homeowners insurance groups makes this response rate projection more likely. If necessary, the FIO Act (31 U.S.C. § 313(e)(6)) authorizes FIO to use subpoenas to require the production of data by insurers.

2. Describe the procedures for the collection of information including:

- **Statistical methodology for stratification and sample selection,**
- **Estimation procedure,**
- **Degree of accuracy needed for the purpose described in the justification,**
- **Unusual problems requiring specialized sampling procedures, and**
- **Any use of periodic (less frequently than annual) data collection cycles to reduce burden.**

FIO will electronically disseminate the Data Collection Form to the 14 Representative Sample Insurers and post copies of the Data Collection Form on FIO's website. FIO anticipates that the Representative Sample Insurers will largely generate responses electronically by querying their data management systems for the requested data. FIO will ask the Representative Sample Insurers to submit their responses as Excel files, using the Data Collection Forms provided by FIO, to a secure Treasury portal. FIO may use statistical and computing graphics software to automate its analysis of the responses.

There is no pre-determined or externally set level of accuracy needed from this data collection. FIO is seeking to achieve the best accuracy possible without undue burden to the Representative Sample Insurers or excessive cost to the government. For the data fields in FIO's data collection that are reported in annual regulatory filings, FIO may be able to create national or state-level information and compare it with the aggregate information submitted by each of the groups in an effort to spot major outliers or inconsistencies. FIO also intends to check the data submitted by reviewing individual group ZIP Code level results, including against state-level indicators. If FIO identifies suspected incorrect data, FIO will seek to remove or fix suspected incorrect data by (1) reaching out to the insurer for verification, or (2) excluding suspected incorrect information.

We believe that a reasonably high degree of accuracy will be achieved by using the above techniques.

3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.

As noted in response to Question B.1, FIO expects a response rate of 100 percent, since the FIO Act provides FIO with the legal authority to collect data from insurers. The FIO Act provides FIO with subpoena authority to require the production of this data, if necessary.

4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.

Prior to collecting the data, FIO will test its data collection portal and the analyses that it intends to conduct. To test the data collection portal, FIO will populate multiple Data Collection Forms with simulated or random data and use these to test the portal’s data storage, processing, and analytical processes. To test its analytical methods, FIO will download state-level insurance data for its variables of interest. Creating multiple simulated Data Collection Forms will facilitate testing of data cleaning and analysis processes prior to the data collection due date.

5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The statistical methods to be employed were reviewed by representatives of the Department of the Treasury. The persons listed below were consulted regarding the statistical aspects of the FIO’s data collection.

Name	Telephone	Email	Agency
Erik A. Heitfield	202-934-6917	Erik.Heitfield2@treasury.gov	U.S. Department of the Treasury
Parinitha Sastry	212-854-1100	prs2107@columbia.edu	Columbia Business School (formerly with U.S. Department of the Treasury)

FIO is the agency unit that will collect and analyze the information for Treasury.

Attachments³¹

Attachment A. Data Collection Form

Attachment B. Instructions for Data Collection Form

Attachment C. Agency Information Collection Activities; Proposed Collection, Comment Request; Federal Insurance Office Climate-Related Financial Risk Data Collection, 87 Fed. Reg. 64,134 (October 21, 2022) (October 2022 FRN)

Attachment D. Executive Order on Climate-Related Financial Risk, Exec. Order No. 14030, § 3(b)(i), 86 Fed. Reg. 27,967 (May 20, 2021) (EO 14030)

Attachment E. 31 U.S.C. § 313

November 2023

³¹Attachments A through C are also available at “Reports & Notices,” U.S. Department of the Treasury, webpage, <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office/reports-notice>