

**Department of Transportation
Maritime Administration
Information Collection Request (ICR)
2133-0517
Approval of Underwriters for Marine Hull Insurance**

SUPPORTING STATEMENT

INTRODUCTION

This submission is to request a three-year approval from the Office of Management and Budget (OMB) for the information collection entitled OMB 2133-0517 (Approval of Underwriters for Marine Hull Insurance), which expires on October 31, 2024. There are no changes since the last renewal, so this collection will be submitted as an *extension without change of a currently approved collection*.

A. JUSTIFICATION

1. Circumstances Making the Collections of Information Necessary

46 Code of Federal Regulations (CFR) Part 249, published as a final rule on June 20, 1988, prescribes regulations for the approval of underwriters for marine hull insurance on vessels built or operated with subsidy or covered by vessel obligation guarantees issued pursuant to Chapter 537 of Title 46, United States Code. The regulations provide for approval of foreign underwriters based on an assessment of their financial condition, the regulatory regime under which they operate, and a statement attesting to a lack of discrimination in their country against U.S. hull insurers. The regulations also require that American underwriters be given an opportunity to compete for every placement, thereby necessitating in some cases certification that such opportunity was offered. The Maritime Administration (MARAD) will require such a report if any placements involve less than 50 percent American market placement.

This information collection supports the Department of Transportation's goal of ensuring economic strength and global competitiveness by promoting equity in vessel hull underwriting opportunities.

2. Purpose and Use of the Information Collection

MARAD personnel will use the data obtained from foreign underwriters to determine their eligibility to participate in writing hull insurance on MARAD program vessels. Reports from brokers are intended to ensure that American underwriters are being given an opportunity to compete for their business.

If the information were not collected, MARAD personnel would be unable to evaluate the eligibility of foreign applicants for underwriting opportunities. This would deny U.S. owners the opportunity for any cost savings opportunities that might result from being

able to place their insurance with non-British foreign underwriters. Without required reporting from brokers, MARAD personnel would be unable to determine a broker's compliance with regulatory requirements to ensure equity in hull underwriting opportunities.

3. Automation or Use of Information Technology.

MARAD provides a total electronic reporting option for this collection.

4. Efforts to Identify Duplication

In order to minimize the reporting burden of respondents, the rule has been structured to make use of existing data to the maximum extent possible. Additional data not already available would only be required if initial submissions were inadequate. Proposals by some participants in the rulemaking that financial information be recast into the standard format used in this country were rejected. This is due to the fact that reusing such data would create a duplication of effort, which MARAD does not consider necessary to accomplish the purpose for which this information collection is required.

5. Impact on Small Businesses or Other Small Entities

This collection does not affect small businesses or other small entities.

6. Impact of Not Conducting or Less Frequent Collection of Information

The continued approval of foreign underwriters is needed to review financial statements and underwrite insurance on MARAD program vessels. These insurance policies typically last for less than a year. Less frequent collection of data for this collection would increase the risk that a change in financial condition will go unnoticed, which could result in inadequately insured vessels in which MARAD has an interest. MARAD accepts financial statements that are already in use in the foreign insurer's country of domicile. This ensures that this annual data collection effort has a minimal burden on respondents.

7. Special Circumstances Relating to the Guidelines 5 CFR 1320.5

There are no special circumstances that require this collection of information to be conducted in a manner described below:

- Requiring respondents to report information to MARAD more often than quarterly;
- Requiring respondents to prepare a written response in fewer than 30 days after receipt of a collection instrument;
- Requiring respondents to submit more than one original copy of any document;
- Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Requiring the use of any statistical data that is not designed to produce valid and reliable results that can be generalized to the universe of study;
- Requiring the use of a statistical data classification that has not been reviewed and

- approved by OMB;
- Requiring any pledge of confidentiality; or
- Requiring respondents to submit any proprietary or trade secrets.

8. Public Comments in Response to the Federal Register Notice and Outside Consultation

MARAD published a 60-day notice and request for comments on this information collection in the Federal Register (FR 65011, Vol 89, No. 153) on August 8th, 2024, indicating comments should be submitted on or before October 7, 2024. No comments were received. A 30-day notice will now be published in the Federal Register to solicit public comments.

9. Explanation of Any Payments of Gifts to Respondents

No payments or gifts are provided to respondents.

10. Assurance of Confidentiality and Protection of Privacy

There are no assurances of confidentiality provided to respondents. Some of the data submitted is likely to be public information, being a part of the normal published financial reports of the foreign insurers seeking to obtain authorization to write hull insurance on MARAD program vessels. Other financial data would be business sensitive and protected accordingly by MARAD.

11. Justification for Sensitive Questions

There are no questions of a sensitive nature.

12. Estimate of Annualized Burden Hours and Cost

a. Estimated Annualized Burden Hours

An estimated 32 insurance underwriters will meet the approval criteria established by MARAD and use their financial statement to support their application to underwrite hull insurance for MARAD program vessels. Each underwriter will take approximately one hour to prepare and submit these reports to MARAD once annually. Therefore, the total burden associated with the insurance underwriters is 32 hours. The one exception to this would occur if an English language version of the regulatory regime in place in the applicant's country of domicile is not available. MARAD must have an English language version in order to be able to evaluate the adequacy of the regulatory environment in which the foreign underwriters must operate.

There are a total combined 101 brokers regularly involved in MARAD hull insurance requirements. Of these only approximately one third or 33.6 or 34 of these brokers are required to prepare and submit reports to MARAD once annually. Each of these 34 brokers will take 30 minutes (.5 hours) to prepare and submit reports to MARAD. The total annual burden for brokers associated with this information collection is 17 hours.

Even if the required number of reports were to double or triple, the average requirement per underwriter would still be less than one per year.

MARAD does not expect that the general waiver provision contained in 46 CFR 249.12 will create more than a negligible amount of additional paperwork, as such waivers are not granted on a regular basis. Rather, the general waiver provision exists to cover those exceptional situations when strict application of the regulations might be inappropriate. For example, a company may be unable to file its annual financial statements on time as required by 46 CFR 249.7(g), or a new company might meet all criteria for participation, but not have five years of historical data to file as required by 46 CFR 249.6(e)(1).

A total combined 66 respondents will take between .5 hour (30 minutes) to 1 hour to respond once annually to this collection for a total 49 hours.

Type of Respondent	Total Respondents		Total Responses per Respondent		Total Responses		Average Time Taken to Respond (Hour)		Total Burden Hours
Insurance Underwriters	32	*	1	=	32	*	1	=	32
Brokers	34				34		0.5		17
COMBINED TOTAL	66		1		66				

b. Estimated Annualized Burden Cost

The Bureau of Labor and Statistics (BLS)¹ estimates that the average hourly wage rate for the following professionals are as follows: Insurance Underwriter (13-2053) is \$41.16, and Brokers (41-9021) is \$41.41. When combined, the total compensation rate of 29%², the annualized hourly rate for each professional is as follows: Insurance Underwriter (13-2053) is \$53.10, and Brokers (41-9021) is \$ 53.42. Therefore, the total annualized cost burden for all individuals associated with preparing and submitting data for this collection is \$2,609.74, which can be calculated as shown in the table below.

Title and Code of Respondents	Hourly Wage	Compensation Rate of 29%		Number of Employees		Total Compensation Rate for Each Respondent		Total Annualized Burden Hours		Total Annualized Cost Burden
Insurance Underwriters (13-2053)	\$ 41.16	\$ 53.10	*	1	=	\$ 53.10	*	24.50	=	\$ 1,300.95
Brokers (41-9021)	\$ 41.41	\$ 53.42		1		\$ 53.42		24.50		\$ 1,308.79

1 The hourly wage estimate is taken from current BLS tables: https://www.bls.gov/oes/current/oes_nat.htm.

2 Per BLS Employee Compensation Memo, the total compensation rate for the private sector is 29%, <https://www.bls.gov/news.release/pdf/ecec.pdf>

COMBINED TOTAL	49	\$ 2,609.74
-----------------------	-----------	--------------------

13. Estimate of the Total Annual Cost Burden to Respondents or Record Keepers

There are no capital, start up, operational or maintenance cost associated with this information collection.

14. Estimate of Federal Government Costs

According to the Office of Personnel Management (OPM)³ the hourly wage for a GS 14 (Step 7) employee \$80.15. When combined with the Federal Employee Compensation rate of 31%⁴, the total hourly wage for this employee is \$104.996 or \$105. This employee will take 27 hours to review financial statements and prepare recommendations to some 32 insurance underwriters who send reports to supplement their application to underwrite hull insurance for MARAD program vessels. Therefore, the total Federal cost related to underwriter submissions is \$90,720. Additionally, a GS 14 (Step 7) Federal employee will spend 1 hour to review and approve submissions from 34 brokers. As such, the total Federal Government costs related to broker submissions is \$3,570.

Consequently, the total combined Federal Costs associated with this collection is \$ 94,290, which can be calculated as shown in the table below:

FTE Grade and Step & Program Related Task	Hourly Wage	Average Hourly Wage Rate with 31% Compensation	Total Employees	Total Time for Program Related Task (Hours)	Total Submissions	Total Federal Government Wages
GS 14 (Step 7): Review financial statements and Preparation of recommendation for insurance underwriters	\$ 80.15	\$ 105.00	1	27	32	\$ 90,720.00
GS 14 (Step 7): Review submissions from brokers	\$ 80.15	\$ 105.00	1	1	34	\$ 3,570.00
TOTAL COMBINED FEDERAL WAGES				28	66	\$ 94,290.00

15. Explanation of Program Changes or Adjustments

There are no program changes or adjustments since the last renewal.

16. Publication of Data Collection Results .

There are no plans to publish the results of the information collection.

3 OPM 2024 wage tables for Washington-Baltimore-Arlington, DC-MD-VA-WV-PA is as follows: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2024/DCB_h.pdf
4 Per BLS Employee Compensation Memo, the total compensation rate for the Federal Government is 31%, :<https://www.bls.gov/news.release/pdf/ecec.pdf>

17. Display of the OMB Expiration Date

MARAD is not seeking such approval.

18. Exception to the Certification Statement

There are no exceptions to the certificate statement.