

Department of the Treasury
Terrorism Risk Insurance Program (TRIP)

Supporting Statement – Information Collection Requirement

OMB Control Number - 1505-0208

Terrorism Risk Insurance Act Cap on Annual Liability

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

This information collection is made necessary by the provisions of the Terrorism Risk Insurance Act of 2002 (the Act) and the Department of Treasury regulations for its implementation.

The Terrorism Risk Insurance Act of 2002, as amended (TRIA) (15 U.S.C. 6701 note), established the Terrorism Risk Insurance Program (TRIP) (31 CFR part 50) which the Secretary of the U.S. Department of the Treasury (Secretary) administers, with the assistance of the Federal Insurance Office (31 U.S.C. 313(c) (1) (D)).

Section 103(e) of TRIA sets a limit on the annual liability for insured losses at \$100 billion. This section requires the Secretary to notify Congress not later than 15 days after an act of terrorism as to whether aggregate insured losses are estimated to exceed the cap. TRIA, as amended, also requires the Secretary to determine the pro rata share of insured losses under the Program when insured losses exceed the cap, and to issue regulations for carrying this out. In order to meet these requirements, Treasury may need to obtain loss information from involved insurers. This would be accomplished by the issuance of a “data call” to ascertain insurer losses. In the event of the imposition on insurers of a “pro rata loss percentage”, it will be necessary to determine compliance when processing insurer claims for payment of the Federal share of compensation.

The Terrorism Risk Insurance Program Reauthorization Act of 2015 (Pub. L.114–1) (2015 Reauthorization Act) requires insurers participating in the Program to submit to Treasury certain information regarding the operation of the Program. Treasury is presently considering the information that should be collected under the 2015 Reauthorization Act. It is possible that information that will be collected pursuant to this process under consideration might affect the amount of information that would need to be collected pursuant to this currently approved data collection. Treasury will address such issues in connection with any notice that it issues concerning data collection under the Terrorism Risk Insurance Program Reauthorization Act of 2015. This extension is sought to maintain the existing approved data collection in place, consistent with the requirements of the Paperwork Reduction Act, pending the proposal by Treasury of any additional data collection in connection with the Program.

2. 1Explain how, by whom, how frequently, and for what purpose the information will be used. 1If 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.

In order to comply with the liability cap provisions of the Act, a data call for insured loss and deductible information may be required to accurately assess aggregate industry losses and determine if the \$100 billion cap is to be exceeded as well as to determine and adjust the “pro rata loss percentage” (PRLP) to be applied against claim payments. In the event of imposition of a PRLP, loss payment information will be collected by a nominal revision to a currently approved Treasury form, Certification of Loss “Schedule C”, or “Bordereau” (OMB 1505-0200) that collects information about individual underlying claims made for the Federal share of compensation for insured losses.

The information will be collected through a web portal, set up in the same manner as the form in the Information Collection Instruments field - TRIP 05 Data Call Form.

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.

Treasury has not prescribed that the records be automated, electronic or mechanical for insurers. Treasury will accept any such recordkeeping that meets the regulatory requirements as stated in 31 CFR 50 Subpart G and that enable the insurer to maintain these records. Regulations will also provide for Treasury access to all books, documents, papers and records of an insurer that are pertinent to any Terrorism Risk Insurance Program (TRIP) claims and the application of the PRLP for the purpose of investigation, confirmation, audit and examination. Treasury would approve the use of improved information technology for the maintenance of required records. All submissions to Treasury, e.g., the data call, reporting and remittance forms, are expected to be fully electronic and web-based. The applicant will have a unique user name and password for the web-based portal and will be able to submit their information in that manner.

4. Describe efforts to identify duplication.

The required records do not duplicate any existing records. However, systems for the generation of these data and the reporting and recordkeeping are usual and customary for insurers.

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

The recordkeeping is expected to impact insurers rather than small businesses or other small entities. Moreover, the recordkeeping can be accomplished using the entity's normal modes.

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

Failure to collect insurer claims and deductible information could make it impossible to determine the need for or to properly adjust a PRLP and consequently impossible to comply with the Act and for the Program to properly account for payments to insureds.

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. Data calls are a recognized insurance industry practice. Moreover, the proposed implementation requirements simply call for the inclusion of three additional data elements with the loss information already required by Treasury. These added elements should be a simple transcription of information in the insurer's file and are needed to permit proper auditing of Treasury payments.

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.

Treasury published a 60 day notice in the *Federal Register* on November 27, 2015 (80 FR 74218). No comments were received.

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 other than claims payments made to those insurers with losses meeting the criteria set by the Act.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

No assurances of confidentiality have been made to respondents for submissions that constitute the records to be kept by the insurers. (However, submissions would not be disclosed as they are considered to be exempt from the provisions of the Freedom of Information Act (FOIA)).

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.

Responses of a sensitive nature are not required.

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

The burden associated with the collection of information in the proposed rule is comprised of two elements: (1) the "data call" for insured loss and other information; and (2) the addition of three data elements to the approved TRIP claims reporting form, "Schedule C" – "Bordereau". It is estimated that 200 insurers would be subject to either requirement. Treasury estimates that an insurer would require approximately 5 hours to respond to a data call for a total burden of 1,000 hours (200 insurers X 5 hours). Treasury believes that there would be virtually no increase in the currently estimated burden for the Schedule. C

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 cost of a data call, if performed is estimated to be \$85,000, i.e., 1,000 hours at a blended, fully loaded hourly rate of \$85. There is thought to be essentially no cost to the change to claims reporting that would be required if a PRLP were put in effect.

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

There is no cost to the Federal government of insurer implementation and recordkeeping development. There will, however, be costs to the Treasury if the PRLP requirement is imposed on insurers.

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

This is an extension of a previously approved collection, without changes.

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

The results of this collection of information are not to be published.

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.

We 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.

19. Describe the use of statistical methods such as sampling or imputation.

This collection does not employ statistical methods.