

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSIONS
OMB No. 1530-0007
“Pools and Associations – Annual Letter”**

A. Justifications.

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The letter to Pools and Associations (P&A) is sent to all Pools and Associations currently recognized by the U.S. Treasury as authorized reinsurers for non-Federal business. As the letter states, the information is collected for the benefit of Treasury Certified companies in that it allows the certified companies a wider range of acceptable companies or entities for reinsurance purposes. The information is collected by the authority granted Treasury at 31 USC, 9304 – 9308 and 31 CFR, Part 223.11 (b)(2)(iii).

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

Pools and Associations submitting the information requested under OMB No. 1530-0007 will become acceptable reinsurers for Treasury Certified companies for non-Federal business to the extent of the composition within each P&A. Treasury auditors compute an acceptable percentage, referred to as the authorized amount, for each P&A. This percentage is entered on Treasury’s Schedule F, FS Form 6314 (OMB No. 1530-0008).

The Treasury Schedule F is used by Treasury auditors in their assessment of a company’s solvency. A total unauthorized ceded reinsurance amount is computed for each company and matched against the company’s net worth in determining its Treasury underwriting limitation.

Failure to collect this information would result in the disallowance of an entire group of possible reinsurers for Treasury’s Certified companies. The underwriting limitations for the companies could be greatly decreased. In some cases, a financially sound company would no longer meet Treasury’s minimum financial requirements if this disallowance would occur. The universe of available insurers for the Federal Government would decrease. The cost of surety bonding may increase.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

The annual letter to Pools and Associations (P&A) and the attachment used for calculating percentages is available on the Fiscal Service website. Pools and Associations may submit their information in any format they desire. The majority of P&As submit paper copies of their computer runs. For P&As whose composition is small, it would not be feasible for the P&A to maintain or submit the information in an automated fashion.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

No information is accumulated elsewhere in the Federal Government. Hence, no duplication of effort occurs.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

The burden is minimized by allowing the companies to submit the information in whatever format is easiest. No form exists for submitting the information.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

This is an annual collection of information. Any decrease in the frequency of collection would result in inaccurate information being provided by Treasury to Treasury Certified companies regarding the most current percentages of authorized versus unauthorized reinsurers within a particular P&A. Any calculations based on this inaccurate information would result in an improper and false assessment of a certified company's ability to handle risk and therefore the company's ability to remain solvent.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner: *requiring respondents to report information to the agency more often than quarterly; *requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; requiring respondents to submit more than an original and two copies of any document; etc.

There are no special circumstances that would cause information collected to be conducted in a manner:

- Requiring respondents to report information to the agency more often than quarterly;
- Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Requiring respondents to submit more than an original and two copies of any document;
- Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, pre-tax records for more than three years;

- in connection with a statistical survey, that is not designated to produce valid and reliable results that can be generalized to the universe of study;
- requiring the use of statistical data classification that has not been reviewed and approved by OMB;
- that includes a pledge of confidentiality that is not supported by the authority established in the statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

A *Federal Register* notice was published on February 8, 2019, at 84 FR 2945. No comments were received regarding this information collection. Respondents have called the Surety Bond Branch (SBB) from time to time requesting information as to how to become an acceptable P&A for reinsurance purposes. Specific instructions are given over the telephone. It is a simple process to become recognized.

9. Explain any decision to provide any payment or gift to respondents, other than reenumeration of contractors or grantees.

There are no payments or gifts made to respondents.

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

Aside from protections contained in the Privacy Act, there is no guarantee of confidentiality.

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. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Limited personally identifiable information (PII) is collected to use as contact information. Otherwise, information is provided by public companies and is readily available. No information of a sensitive nature is required.

The Bureau of the Fiscal Service conducts a Privacy Impact Assessment (PIA) on information systems collecting personally identifiable information from the public. We do PIAs to ensure that:

- we tell the public the information that we collect about them,
- we adequately address impacts these systems have on personal privacy,
- we collect only enough personal information to administer our programs, and no more

Also, PIAs confirm that we use the information for the purpose intended; that the information remains timely and accurate; that it is protected while we have it, and we hold it only for as long as we need it.

The PIA for the Surety Information Management System is available at <https://www.fiscal.treasury.gov/files/pia/SIMS-IV-pia.pdf>

12. Provide estimates of the hour burden of the collection of information. The statement should: *indicate the number of respondents, frequency of response, annual hour burden; and an explanation of how the burden was estimated.

Number of Respondents: 84 P&As currently expected
Frequency of Response: Annually
Annual Burden: The complexity and method of processing bears a direct relationship to burden of reporting. P&As with complex filings using computer generated information would incur estimated 1.0 hour burden. Hand processed filings would take an estimated 2.0 hours. For OMB purposes, the burden will be computed using 1.5 hours. Therefore, total annual hour burden equals 126 (84 respondents X 1.5 hours/respondent).

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

The costs to respondents are difficult to compute since the complexity of the information submitted varies from P&A to P&A. Assuming the information is computer generated, the time to process would be minimal, even for the more complex filings. Typed filings would take longer. Based on an average time burden of 1.5 hours per respondent, the estimated costs to process and mail the information should be about \$25.00 per hour; therefore, a good estimate for all 84 P&As would be approximately \$3,150 (84 respondents X 1.5 hours/respondent X \$25.00/hour).

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

All printing, mailing and processing occurs at the Surety Bond Branch and related costs are not material. An SBB auditor could process the information within 40 hours. Total estimated annual cost to the Federal Government would be \$1,934 (40 hours X 48.35/hour). Since the information requested is of a business nature already maintained by the P&A, there are no capital or start-up cost components, nor are there operation and maintenance and purchase of service components.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

There are no changes to the number of responses and total burden.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

No complex analytical techniques are used in collecting this information. Respondents receive a request for the information in late June or early July each year. The acceptable percentage of reinsurance is compiled and entered on Treasury's Schedule F, TFS Form 6314, (OMB No. 1530-0008). The listing of P&As is also posted on SBB's website.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Letters are updated annually so the expiration date for the OMB approval will continue to be displayed.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

No exceptions have been made to the certification statement (Item 19, OMB Form 83 – I).

B. Collections of Information Employing Statistical Methods

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

The information collected was not accomplished using statistical methods. The result of the collection of this information is not for statistical use.