



Billing Code 3410-08-P

DEPARTMENT OF AGRICULTURE

Risk Management Agency

Docket No. FCIC-12-0007

Notice of Request for Approval of a New Information Collection

AGENCY: Risk Management Agency, USDA

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), this notice announces the intention of the Risk Management Agency (RMA) to request approval for a new information collection for Federal Crop Insurance Program Delivery Cost Survey and Interview.

DATES: Comments on this notice must be received by [insert 60 days after publication in the Federal Register] to be assured of consideration.

ADDRESSES: FCIC prefers that comments be submitted electronically through the Federal eRulemaking Portal. You may submit comments, identified by Docket ID No. FCIC-12-0007, by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Mail: Stan Harkey, Product Analysis & Accounting Division, U.S. Department of Agriculture Risk Management Agency, Beacon Facility-Mail Stop 0811, P.O. Box 419205, Kansas City, MO 64141-6205, (816) 926-3799.

All comments received, including those received by mail, will be posted without change to

<http://www.regulations.gov>, including any personal information provided, and can be accessed by the public. All comments must include the agency name and docket number or Regulatory Information Number (RIN) for this rule. For detailed instructions on submitting comments and additional information, see <http://www.regulations.gov>. If you are submitting comments electronically through the Federal eRulemaking Portal and want to attach a document, we ask that it be in a text-based format. If you want to attach a document that is a scanned Adobe PDF file, it must be scanned as text and not as an image, thus allowing FCIC to search and copy certain portions of your submissions. For questions regarding attaching a document that is a scanned Adobe PDF file, please contact the RMA Web Content Team at (816) 823-4694 or by email at rmaweb.content@rma.usda.gov.

PRIVACY ACT: Anyone is able to search the electronic form of all comments received for any dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review the complete User Notice and Privacy Notice for Regulations.gov at <http://www.regulations.gov/#!privacyNotice>.

FOR FURTHER INFORMATION CONTACT: Stan Harkey, Product Analysis & Accounting Division, U.S. Department of Agriculture Risk Management Agency, Beacon Facility-Mail Stop 0811, P.O. Box 419205, Kansas City, MO 64141-6205, (816) 926-3799.

SUPPLEMENTARY INFORMATION:

Title: Federal Crop Insurance Program Delivery Cost Survey and Interview

OMB Number: 0563-NEW

Expiration Date of Approval: Three years from approval date.

Type of Request: New information collection.

Abstract:

The Risk Management Agency (RMA), through the Federal Crop Insurance Corporation (FCIC), provides crop insurance to American agricultural producers through cooperative financial assistance agreements with private-sector insurance companies (known as Approved Insurance Providers, or AIPs) who sell and service the policies. The insurance companies who sell and service FCIC policies are reimbursed for their administrative and operating (A&O) expenses directly by RMA on behalf of the policyholders. The amount of the A&O expense reimbursement paid to these companies has been an issue of legislative interest by Congress, an audit target for program oversight bodies, and a primary focus of recent negotiations between the companies and RMA. Congress directed the Government Accountability Office (GAO) to conduct a review of crop insurance delivery costs, and in April 2009, GAO released Report GAO-09-445, “Crop Insurance: Opportunities Exist to Reduce the Costs of Administering the Program.” Among GAO’s recommendations was that RMA conduct a “study of the costs associated with selling and servicing crop insurance policies to establish a standard method for assessing agencies’ reasonable costs in selling and servicing policies.” RMA agreed with this recommendation and is therefore conducting a study to determine the reasonable and necessary economic costs of selling and servicing Federal crop insurance policies. The information collection efforts (i.e., interviews and surveys) that are being announced herein will be an important part of the study. Specifically, RMA plans to conduct interviews with AIPs, insurance agents and insured farmers, and surveys to both insurance agents and insured farmers.

Interviews

The purpose of the interviews with AIPs and insurance agents is to understand the activities performed and types of costs incurred by the AIPs and insurance agents to deliver Federal crop insurance. The purpose of the interviews with insured farmers is to gain a good understanding of the interactions between the insurance agents and insured farmers and the level of agent services required by farmers to make an informed insurance choice. Information obtained from the interviews with different stakeholders (AIPs, insurance agents and insured farmers) will help RMA understand the expenses AIPs incur in delivering the Federal crop insurance and such information will be used to help design the survey instruments and determine the type of data that needs to be collected from the insurance agents and insured farmers.

Surveys

The purpose of the survey of the insurance agents is to collect relevant cost data incurred by the insurance agents in selling and servicing the Federal crop insurance policies. In order to determine the cost incurred by the insurance agents, information on the time insurance agents spend on each task required for selling and servicing the Federal crop insurance (including the insurance agents' out of pocket expenses for support staff and travel) will be gathered from the survey. General background information on the surveyed insurance agents, e.g. geographical region, types of crop insurance sold, and number of crop insurance policies sold, will also be collected. A parallel survey of the insured farmers to whom the sampled insurance agents sell crop insurance will be conducted to determine the level of service (e.g. number of insurance agent visits, educational services, and other services) that is necessary for the farmers to make an informed decision.

Interviews with AIPs

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 2 hours per response.

Type of Respondents: AIPs

Estimated Number of Respondents: 15

Estimated Number of Responses: 15

Estimated Number of Responses per Respondent: 1

Estimated Total Annual Burden on Respondents: 31 hours

Interviews with insurance agents

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 1.5 hours per response.

Type of Respondents: Insurance agents

Estimated Number of Respondents: 60

Estimated Number of Responses: 15

Estimated Number of Responses per Respondent: 0.25

Estimated Total Annual Burden on Respondents: 26 hours

Interviews with insured farmers

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 1.5 hours per response.

Type of Respondents: insured farmers

Estimated Number of Respondents: 60

Estimated Number of Responses: 15

Estimated Number of Responses per Respondent: 0.25

Estimated Total Annual Burden on Respondents: 26 hours

Survey of insurance agents

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 0.5 hour per response.

Type of Respondents: Insurance agents

Estimated Number of Respondents: 2,627

Estimated Number of Responses: 788

Estimated Number of Responses per Respondent: 0.3

Estimated Total Annual Burden on Respondents: 600 hours

Survey of insured farmers

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 0.5 hour per response.

Type of Respondents: Insured farmers

Estimated Number of Respondents: 525

Estimated Number of Responses: 158

Estimated Number of Responses per Respondent: 0.3

Estimated Total Annual Burden on Respondents: 120 hours

Comments are invited on: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways

to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Comments may be sent to Stan Harkey, Product Analysis & Accounting Division, U.S. Department of Agriculture Risk Management Agency, Beacon Facility-Mail Stop 0811, P.O. Box 419205, Kansas City, MO 64141-6205. All comments received will be available for public inspection during regular business hours at the same address.

All responses to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record.

Signed in Washington, D.C., on __June 27, 2012_____.

William J. Murphy
Manager
Federal Crop Insurance Corporation

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