

individual or a class of individuals will become disabled, and the length of the disability. This expertise is different from the expertise used to predict mortality, which is used to develop life insurance products. Making predictions about morbidity includes assessing the most likely disabilities, trends relating to new types of disabilities, the likely duration of various disabilities, and economic variables that may influence whether an individual is likely to make a claim. In addition, an entrant must contract with and train a large network of brokers to distribute its product. Finally, in order to evaluate claims, an entrant would have to develop a highly-skilled network of medical personnel and claims adjudicators. Because of difficulties in pricing products profitably, a number of large insurance carriers have exited the individual disability insurance market over the last several years.

The proposed Consent Order lowers barriers to expansion for existing providers of individual disability insurance. Because access to credible data on disability claims is required to design and price disability insurance policies for individuals, an existing provider of individual disability insurance without its own credible base of such data or the ability to access a credible public data base is unlikely to expand successfully. After the merger, UNUMProvident will possess a substantial percentage of available data, which will need to be contributed to a publicly available data base in order for industry-wide data to remain credible for use by smaller individual disability insurance providers. However, as a result of the merger, UNUMProvident may have an economic incentive not to contribute its data in response to industry-wide solicitations.

The proposed Consent Order requires that for a period of twenty (20) years, Provident and UNUM continue contributing individual disability claims data to an independent entity—the Society of Actuaries, the NAIC, or the NAIC's designee—that will publish actuarial tables, studies and reports. In addition, the proposed Consent Order contains terms and conditions that are intended to protect the confidentiality of UNUMProvident's data before and after it is aggregated with the data for other industry participants. For example, if Respondents' data represents 60% or more of the contributed data for any particular specification in the request for data, Respondents may require that the Society of Actuaries, the NAIC or NAIC's designee certify that Respondents' data was weighted for that

specification in order to mask Respondents' identity. The Society of Actuaries and the NAIC both indicated that they are willing and able to provide any certifications set forth in the proposed Consent Order. The Consent Order also requires UNUM and Provident to provide the Commission a report of compliance with the provisions of the Consent Order within ninety (90) days following the date the Consent Order becomes final, and within ninety (90) days of each request for submission of data. The proposed Consent Order is not intended to have any effect on the NAIC's requirements for data pursuant to the statutes and regulations of state insurance commissions.

The purpose of this analysis is to facilitate the public comment on the proposed Consent Order, and it is not intended to constitute an official interpretation of the agreement and proposed Consent Order or to modify their terms in any way.

By direction of the Commission.

Donald S. Clark,
Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Agency Information Collection Activities: Proposed Collections; Comment Request

The Department of Health and Human Services, Office of the Secretary will periodically publish summaries of proposed information collections projects and solicit public comments in compliance with the requirements of section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995. To request more information on the project or to obtain a copy of the information collection plans and instruments, call the OS Reports Clearance Officer on (202) 690-6207.

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques

or other forms of information technology.

Proposed Project 1. Responsibilities of Awardees and Applicant Institutions for Reporting Possible Misconduct in Science (42 CFR part 50 and PHS 6349)—0937-0198—Revision—As required by Section 493 of the Public Health Service Act, the Secretary by regulation shall require that applicant and awardee institutions receiving PHS funds must investigate and report instances of alleged or apparent misconduct in science. Respondents: State or local governments; Businesses or other for-profit; Non-profit institutions—Reporting Burden Information—Number of Respondents: 3550; Number of Annual Responses 3,663; Average Burden per Response: .497 hours; Total Reporting Burden: 1822 hours—Disclosure Burden Information—Number of Respondents: 3550; Number of Annual Responses 3,610; Average Burden per Response: .5 hours; Total Disclosure Burden: 1,805 hours—Recordkeeping Burden Information—Number of Respondents: 40; Number of Annual Responses 160; Average Burden per Response: 6.175 hours; Total Recordkeeping Burden: 988 hours—Total Burden—4,615 hours.

Proposed Project 2. Second Mail Survey for the Multi-site Evaluation of the Welfare-to-Work Grant Program—New—. This data collection will support the Office of the Assistant Secretary for Planning and Evaluation in its efforts to further document the status of Welfare-to-Work formula and competitive grantees and provide information on implementation issues as part of the Congressionally mandated evaluation of the Welfare-to-Work grants program. Respondents: Non-profit Institutions, State, local or Tribal Governments; Number of Responses: 578; Burden per Response: 1.24 hours; Total Burden: 714 hours.

Send comments to Cynthia Agens Bauer, OS Report Clearance Officer, Room 503H, Humphrey Building, 200 Independence Avenue SW, Washington, DC 20201. Written comments should be received within 60 days of this notice.

Dated: May 17, 1999.

Dennis P. Williams,

Deputy Assistant Secretary, Budget.

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