

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Quarterly Survey of Insurance Transactions by U.S. Insurance
Companies with Foreign Persons (Form BE-45)
OMB Control Number: 0608-0066

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g. establishments, State and local governmental units, households, or persons) in the universe and the corresponding sample are to be provided in tabular form. The tabulation must also include expected response rates for the collection as a whole. If the collection has been conducted before, provide the actual response rate achieved.

The potential respondent universe for the BE-45 survey is all U.S. insurance companies that engage in reinsurance or other insurance transactions with foreign persons. A company must report if it has covered insurance transactions that exceeded \$8 million (positive or negative) for the previous fiscal year or if it expects to have such transactions in excess of that amount during the current fiscal year, applied separately to each of the individual types of transactions covered by the survey.

BEA intends to mail the survey forms to approximately 300 U.S. insurance companies. BEA's estimates are developed based upon previously reported or estimated data for non-respondents, including those U.S. persons who fall below the reporting threshold for the quarterly survey but reported on a previous benchmark survey. Estimates will be based on prior reports and growth in a matched sample of respondents. Thus, estimates will cover virtually the entire universe of transactions.

Response rates to this quarterly survey in past years have been very high, with a response rate of approximately 95 percent. BEA expects that these high response rates will continue for the survey, providing information of sufficient accuracy and reliability for its intended purposes.

Although all BEA surveys of U.S. international insurance transactions have used reporting thresholds, the predecessor annual survey that the quarterly BE-45 survey replaced had a much lower exemption level--\$1 million—and it can be used to gauge the percentage of the universe of transactions that will be covered by the BE-45 survey using the proposed exemption level of \$8 million. In 2003, in preparation for the initial BE-45 survey, BEA compared the BE-45 coverage to the annual insurance services survey, the BE-48. When BEA compared the coverage of insurance services with the BE-45 \$8 million exemption level to the coverage of the most recent BE-48 available at that time, it was determined that the BE-45 could be expected to cover 99 percent of the reinsurance premiums and 93 percent of the primary insurance premiums that would have been reported under the BE-48 thresholds. These percentages likely would be even higher today, considering the effects of inflation. Based on this analysis, BEA is confident that

the reporting thresholds proposed for the BE-45 survey will provide sufficient coverage. Also, BEA is conducting a benchmark survey of insurance transactions for 2008, which will provide a more up-to-date basis for estimating below-threshold transactions in non-benchmark years.

2. Describe the procedures for the collection, including: the statistical methodology for stratification and sample selection; the estimation procedure; the degree of accuracy needed for the purpose described in the justification; any unusual problems requiring specialized sampling procedures; and any use of periodic (less frequent than annual) data collection cycles to reduce burden.

The survey will be administered to U.S. insurance companies. BEA expects most of the potential respondents to file the survey on a timely basis. In cases where a survey is not filed, or is filed too late to be used for the current estimate, BEA will generate an estimate based upon data previously reported or estimated for the non-respondent, in conjunction with information on changes in the data for companies that did respond. No unusual problems have been identified that would require the use of specialized sampling procedures. BEA expects to be collecting data from a cutoff sample of firms meeting the reporting criteria.

The list of respondents will be derived from public and private sources, including business directories and establishment lists. Mandatory reporting is required from U.S. insurance companies if any of the following eight categories exceeded \$8 million for the previous fiscal year or is expected to exceed that amount in the current fiscal year: premiums earned and losses incurred on reinsurance assumed from insurance companies resident abroad; premiums earned and losses incurred on primary insurance sold to foreign persons; premiums incurred and losses recovered on reinsurance ceded to insurance companies resident abroad; and receipts and payments for auxiliary insurance services.

A high degree of accuracy is needed for the purposes stated in the justification.

3. Describe the methods used to maximize response rates and to deal with nonresponse. The accuracy and reliability of the information collected must be shown to be adequate for the intended uses. For collections based on sampling, a special justification must be provided if they will not yield "reliable" data that can be generalized to the universe studied.

Any insurance company specifically contacted by BEA must respond in writing, by filing a completed form BE-45, or a valid exemption claim. Nonrespondents will be contacted by BEA staff and, in the event of continued nonresponse, will be referred to the Office of General Counsel for further action. BEA expects that at the time of the final revised estimates, reports will be received from virtually all companies required to report. To facilitate response, each of the BE-45 survey forms will be mailed with a preprinted label containing the name and address of the company.

4. Describe any tests of procedures or methods to be undertaken. Tests are encouraged as effective means to refine collections, but if ten or more test respondents are involved OMB must give prior approval.

No tests were conducted.

5. Provide the name and telephone number of individuals consulted on the statistical aspects of the design, and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The survey is designed and conducted within BEA by the Balance of Payments Division (BPD). For further information, contact Chris Emond, Chief, Special Surveys Branch, Balance of Payments Division via email at Christopher.Emond@bea.gov or by phone at 202-606-9826.