

**SUPPORTING STATEMENT**  
**Notice 2002-69**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This notice allows U.S. shareholders of a foreign insurance company to use the foreign insurance company's historical loss payment patterns in computing the company's insurance reserves provided the company has a certain number of years of data and makes an election to use that data. A domestic insurance company can elect to use its own historical data in computing its reserves provided certain requirements are satisfied and an election is made. This notice allows a foreign insurance company to elect to calculate its insurance reserves in a manner similar to a domestic insurance company. Also, this notice provides guidance on how to determine a foreign insurance company's foreign loss payment patterns.

2. USE OF DATA

The data will be used by IRS examiners to determine whether U.S. shareholders of foreign insurance company's are calculating the insurance reserves of the foreign insurance company correctly for purposes of section 954(i).

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Notice 2002-69 was published in the **Internal Revenue Bulletin** on October 28, 2002 (2002-43 IRB 730).

In response to the **Federal Register Notice dated September 14, 2011 (76 FR 56877)**, we received no comments during the comment period regarding Notice 2002-69.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, submissions under this notice are considered tax returns and tax return information, which are confidential as required by 26 USC sec. 6103. In general, certain matters relating to taxability and deductibility are disclosable under 26 U.S.C. sec.6110. In addition, certain matters described in this notice are disclosable under 26 U.S.C. sec. 6104.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Under section V (entitled Applicable Loss Payment Pattern) of Notice 2002-69, U.S. shareholders of a foreign insurance company may elect, provided certain conditions are satisfied, to calculate foreign insurance reserves of the companies using the company's historical payment pattern data. U.S. shareholders making this election will be large U.S. insurance companies conducting business in foreign countries through controlled foreign corporations. We estimate that no more than 300 large insurance companies

will need to make an annual submission with respect to their controlled foreign corporations. The estimated annual burden will be about one hour per respondent for a total 300 hours for all companies each year.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice dated September 14, 2011 (76 FR 56877)**, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the notice sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.