

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Benchmark Survey of Insurance Transactions by U.S.
Insurance Companies with Foreign Persons (Form BE-140)
OMB Control Number: 0608-0073

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.

This survey is a benchmark survey, or census. The potential respondent universe for the BE-140 benchmark survey is all U.S. insurance companies that engaged in direct insurance, reinsurance, or other insurance transactions with foreign persons in calendar year 2018. The survey will obtain annual data from all U.S. insurance companies that engage in the following international insurance transactions: (1) Premiums earned on reinsurance assumed from insurance companies resident abroad; (2) losses incurred on reinsurance assumed from insurance companies resident abroad; (3) premiums earned on direct insurance sold to foreign persons; (4) losses incurred on direct insurance sold to foreign persons; (5) premiums paid on reinsurance ceded to insurance companies resident abroad; (6) losses recovered on reinsurance ceded to insurance companies resident abroad; (7) receipts for auxiliary insurance services; and (8) payments for auxiliary insurance services. All respondents are required to report the total dollar amounts by the eight types of insurance transactions. In addition, insurance companies with transactions that exceeded \$2 million, in any of the covered eight categories listed above, must disaggregate their insurance transactions by country and relationship to the foreign counterparty (foreign affiliate, foreign parent group, or unaffiliated) on the mandatory schedules. Any U.S. person that receives the BE-140 survey form from BEA, but is not subject to the reporting requirements, must file an exemption claim by completing the determination of reporting status section of the BE-140 survey and returning it to BEA by the due date of the survey.

BEA intends to mail a notice to approximately 1,300 U.S. insurance companies alerting them of the requirement to file the survey and providing links to eFile, BEA's electronic filing system. BEA anticipates that 1,000 of the contacted companies will file mandatory data, and 300 companies will not meet the filing criteria and will file an exemption claim. BEA will estimate data for respondents that do not report their data in a timely manner. Estimates for these companies will be based on prior reports and growth in the value of transactions from a matched sample of respondents. BEA will allocate the estimated data by country and by type of transaction based on the distribution of reported transactions for inclusion in the published totals. Thus, estimates will cover the entire universe of transactions.

2018 BE-140 Universe of Respondents

Response type	Estimated Number of Respondents
Mandatory Schedules	600
Mandatory Totals by Transaction	400
Exempt	300
Total respondents	1,300

Response rates have been high for the prior benchmark survey and the related quarterly survey of insurance transactions with foreign persons (BE-45), with a response rate of 88 percent for the prior benchmark and an average response rate of approximately 93 percent for the BE-45 surveys. BEA expects that these high response rates will continue for the 2018 benchmark survey, providing information of sufficient accuracy and reliability for its intended purposes.

BE-140 Response Rates

Survey response	Response rate
Response rate for the 2013 BE-140 survey	88%
Average response rate for the 2014-2018 BE-45 survey	93%
Expected response rate for the 2018 BE-140 survey	90%

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 BE-140 survey will be administered to U.S. insurance companies that had insurance transactions with foreign persons. BEA expects most of the potential respondents to file the survey on a timely basis. In the case that a survey is not filed, or is filed too late to be used for the current estimate, BEA will generate an estimate based on data previously reported, where available, or include an estimate for the non-respondent using information from companies that did respond. No unusual problems have been identified that would require the use of specialized sampling procedures. BEA will attempt to collect data from the entire universe of firms meeting the reporting criteria.

The list of respondents will be derived from public and private sources, including business directories and establishment lists.

A high degree of accuracy is needed for the purposes stated in the justification. The proposed survey is a benchmark survey, which BEA conducts periodically, every five years. The BE-140 survey that is being proposed will apply to the 2018 calendar reporting year.

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 company subject to the reporting requirements of the BE-140 will be required to complete the survey whether or not they are contacted by BEA. A response must be received by filing a completed form BE-140. Several steps will be taken to maximize response rates. In early April 2019, an advance notice of the survey will be sent to each company known to BEA, announcing the upcoming survey. The announcement letter will highlight significant changes to the survey, alert respondents to the availability of BEA's electronic filing system, and provide the option to receive a printed survey form in the mail. In late April 2019, BEA will send another letter—and printed survey form if requested—to all potential respondents.

Any person contacted by BEA must respond, by filing either a completed form or a valid exemption claim by July 31, 2019 (or by August 31, 2019 for those that use BEA's eFile system). Non-respondents 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 nearly all companies required to report.

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.

In August and September of 2018, BEA contacted nine large reporters currently filing transactions on the BE-45 quarterly survey, and also met with members of the National Association of Insurance Commissioners (NAIC) to discuss if they would be able to report details about reinsurance reserve transfers and catastrophic losses, identifying transaction dates, amounts, and the U.S. company's relationship to the foreign counterparty (foreign affiliate, foreign parent group, or unaffiliated). To date, most respondents have verified that they can provide this additional information. In addition, BEA participated in a conference call with members of the NAIC and requested feedback on these proposals. During the discussion, the representatives from NAIC indicated that information on the reinsurance reserve transfers should be attainable and reportable by insurance companies. They also indicated that details on catastrophic losses should be readily available to reporters since the NAIC identifies the list of named catastrophic events for each calendar year and requires that the events be reported to them for insured losses that exceed \$25 million. Therefore, this information is already compiled and reported by insurers at a much lower dollar level of significance than what is being considered by BEA for the 2018 survey. However, BEA cannot make use of these data collected by the NAIC because they are not reported at the same level of domestic U.S. consolidation that is required on BEA surveys.

As part of the development of the revised 2017 BE-120 Benchmark Survey of Transactions in Selected Service and Intellectual Property with Foreign Persons, BEA engaged with staff from the Data Collection Methodology and Research Branch (DCMRB) in the Economic Statistical Methods Division (ESMD) of the U.S. Census Bureau to undertake a cognitive review of the survey. In September 2017, DCMRB provided a comprehensive report of findings and recommendations that summarized the results of the expert reviews and cognitive interviews. BEA used this information to redesign the BE-120 survey, improving on the surveys format and clarifying instructions. Enhancements made to the 2017 BE-120 survey will also be incorporated into the 2018 BE-140 survey.

Additionally, BEA maintains a continuing dialogue with respondents and data users, including its own internal users through the Bureau's Source Data Improvement and Evaluation Program, to ensure that, to the extent possible, the required data serve their intended purposes, that the survey instructions are clear, and that unreasonable burdens are not imposed.

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. For further information, contact Christopher Stein via email at christopher.stein@bea.gov or by phone at 301-278-9189.