We agree with your conclusion.

Buyer is acquiring a US holding company (X) that owns several non-US insurance companies that provide various types of coverage around the world. Y, one of the insurance company subsidiaries of X that is domiciled outside the US, issues insurance policies to plan sponsors and insureds located in the US and elsewhere, pursuant to an insurance license in its country of domicile. Y has one employee located in the country where it is domiciled.

Support functions for Y’s Americas business (such as sales and account management) are administered by US-based personnel employed by X and its affiliates. The “Americas” business includes policies with customers that are plan sponsors based in the US with members that claim outside the US, as well as customers that are plan sponsors based outside the US with members that claim in the US.

Y also has a “non-Americas” business that includes certain policies providing non-US members with coverage for treatment received in the US, but more generally provides coverage outside the US. There are some support functions supporting the “non-Americas” business (such as digital website management and IT) that are provided by US-based personnel employed by X and its affiliates, but such personnel are not directly involved in negotiating/executing policies for Y.

We believe, that for purposes of carrying out the 802.4/802.50 analysis, that the types of policies described above (all written outside the US but with some US aspects) would not be considered US assets. If the policies are treated as foreign assets because they are written outside the US, we believe that the revenues generated from these policies (i.e., premiums) should not be considered sales into the US. Do you agree?