



CLOSE THE INSURANCE TAX HAVEN LOOPHOLE

- The Coalition for American Insurance urges policy makers to close the Insurance Tax Haven loophole which is being exploited by foreign-based insurers to escape U.S. taxes.
- Under this loophole, foreign-based insurers use a technique, called “affiliate reinsurance,” to avoid billions of dollars in U.S. taxes by moving much of the income they generate from writing property and casualty insurance in the U.S. into overseas tax havens (such as Bermuda).
- This loophole has been referred to as the insurance industry’s own “Bermuda Triangle,” because it makes the U.S. taxes of foreign-based insurers disappear.
- In addition to the substantial erosion of the U.S. tax-base, avoiding taxes that U.S.-based companies must continue to pay gives foreign-based companies a significant competitive edge, including raising capital to buy American insurance companies or divisions of companies.
- To add insult to injury, many of these foreign-based insurance companies were originally American insurance companies that either inverted overseas or were acquired by foreign companies to take advantage of this loophole.



CLOSING THE INSURANCE TAX HAVEN LOOPHOLE WOULD



Create a level playing field for the tax treatment of American and foreign-based insurers operating in the U.S.



Generate nearly \$9 billion in revenue to help pay for comprehensive tax reform and prevent further erosion of the U.S. tax base.



Slow the movement of U.S. insurance companies and lines of business overseas; the existence of the loophole incentivizes and helps to finance the relocation of insurance companies to foreign locales.