



November 6, 2017

Dear Ways and Means Committee Members,

As the tax reform debate begins in earnest, we commend you for including language in H.R. 1 that fulfills a key priority of the framework released earlier this fall—ending incentives to ship jobs, capital and tax revenue overseas. Specifically, we applaud the inclusion of Section 4303. This is of particular importance to the insurance industry and U.S.-based insurers that provide American jobs and help families and businesses of all sizes manage financial risk and recover in the wake of disasters.

As you may know, foreign-based insurers, many of which were once American companies, have set up their headquarters in places like Bermuda to avoid paying U.S. taxes. This gives them an unfair competitive advantage over their U.S.-based counterparts and hurts the American taxpayer, American insurance industry and our customers. They are able to do so because of a loophole in the current tax code that allows foreign-based insurers operating in the U.S. to send their profits to their affiliates overseas as a way to circumvent federal taxes. Section 4303 will close this loophole and create a more level playing field for all insurers operating in the U.S.

Unless this loophole is closed, and soon, American taxpayers stand to lose nearly \$10 billion over the next decade as foreign-based insurers continue to keep their profits in places like Bermuda. That's \$10 billion that could be used to help fix roads and bridges here at home. Or \$10 billion that could help pay for tax relief for middle-class families.

Closing the loophole has long enjoyed bipartisan support and it should be closed once and for all. Both the Bush and Obama Administrations proposed closing the loophole in their budget proposals. Senior members of the House Ways & Means Committee (Former Chairman Dave Camp (R-M) and current Ranking Member Richard Neal (D-MA)), have also advocated for eliminating the loophole. It's no wonder; doing so makes sense for American companies and the customers who count on them.

The reality is that when natural disasters strike, it is U.S. insurers that come to the aid of American families and businesses to pay claims, assist in the recovery efforts, and bear the losses. In Florida, for example, 95.7 % of the market is comprised of U.S. domiciled companies – none of which take advantage of the tax haven loophole. And yet, insurers based in Bermuda and elsewhere overseas enjoy a significant tax advantage over their U.S.-based counterparts because of this loophole.

All American insurers are asking for is a level playing field and tax fairness. As you work through the tax reform process, we urge you to preserve the language closing the Insurance Tax Haven loophole. This is a common-sense change that will benefit American taxpayers and the insurers who help them prepare for and manage the unexpected. Thank you again for including it in H.R. 1. We support your efforts to reform the tax code and improve our nation's economy.

Sincerely,

The Coalition for American Insurance