

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-3313**

November 3, 2017

Kevin Brady  
Chairman  
House Ways & Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Brady,

We commend your efforts to develop a tax reform framework that levels the playing field for our country, our businesses and our workers and gives the United States the ability to compete globally. To that end, we support efforts to strengthen the U.S. property and casualty insurance market and urge you to close a loophole that has enabled foreign insurers to ship jobs and capital overseas. Due to an unintended consequence of the 1986 tax reform, foreign insurers have gamed the tax code by shifting profits overseas without paying taxes. Commonly referred to as the "Bermuda Loophole," foreign insurers – but *not* domestic insurers – are allowed to move premiums written in the U.S. to offshore tax havens, thereby avoiding paying U.S. taxes. This unfair loophole has created a competitive disadvantage for the domestic insurance industry.

American insurers have been dramatically losing their share of the U.S. market. Between 1990 and 2016, the percentage of the U.S. insurance market held by American property and casualty insurers dropped from 94 to 65 percent. Equally troubling is that between 1989 and 2015, the share of the U.S. reinsurance market owned by domestic reinsurers plummeted from 85 to 27 percent.

"Income stripping" by foreign-based reinsurers has resulted in the loss of U.S. jobs and the erosion of the U.S. tax base. To make matters worse, the loophole has also eroded the competitiveness of U.S.-based companies in merger and acquisition activity, facilitating the foreign acquisitions of classic American insurance companies we have witnessed in recent years. These toxic effects of an antiquated taxation system highlight the imperative to reform the U.S. tax code in ways that both reflect the realities of today's world and can accelerate U.S. economic growth.

Closing this unfair loophole would not give U.S. insurers an unfair advantage over foreign competitors, nor would it restrict the amount of capital provided to the insurance industry by a strong, thriving international reinsurance market. It would simply create a level playing field for all corporations. Thank you for your consideration, and for your efforts on behalf of our country's tax code.

Sincerely,

Bill

Wann Gardner

Joe Joe

Robert Jones  
Kerch Humm

John Mann

ZH

Andy Ziggs

Steve King  
Mia Pagan

Paul R. Wainwright