



BNA Tax & Accounting

CITE (Council for International Tax Education) presents its

10th Annual

Captive Insurance Tax Summit

A two day conference with group live instruction on the legal, tax and financial aspects of captive insurance and proposed IRS regulations

February 22 & 23, 2010 • Las Vegas, NV • Treasure Island

Some of the benefits you'll receive by attending:

- ★ The latest on captive insurance taxation
- ★ The tax benefits of captive insurance
- ★ Onshore and offshore captive regulations
- ★ Case studies
- ★ Repatriation of captive profits

**Up to
15 CPE/CLE
Credits
Available**

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**Save \$200
Register Early!**

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Faculty:

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New York, NY

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Baker & McKenzie LLP
Palo Alto, CA

F. Roy Sedore*

Baker & McKenzie LLP
New York, NY

P. Bruce Wright*

Dewey & LeBoeuf LLP
New York, NY

Day One

7:30 am **Registration and Continental Breakfast**

8:15 am **Chairpersons' Welcome & Opening Remarks**

8:30 am **Potential Tax Benefits of an Insurance Affiliate**

- Acceleration of risk funding deductions
- Premium deductibility & insurance treatment
- Unrelated business theory - types of business required
- Brother / sister risk - structures and risks
- Evaluation of IRS vs. case law definitions
- Mix of shareholders / insureds
- Group captives and risk distribution

9:30 am **Break for Refreshments**

9:45 am **Review of Business Reasons for Utilizing an Insurance Affiliate**

- Internal risk financing
- Profit center opportunity
- Claims, defense and administrative cost reduction
- Access to reinsurance employee benefits and terrorism coverage
- Global based risk distribution

10:45 am **Onshore Captive Tax and Regulatory Considerations**

- Onshore tax benefits - onshore management
- Loss and unearned premium reserves
- Stock, mutual or reciprocal format for optimal tax results
- Regulatory concerns and basics of liability risk retention groups

11:30 am **Offshore Captive Tax and Regulatory Considerations**

- Subpart F treatment of insurance income
- Related party insurance income (RPPI)
- Passive foreign investment company (PFIC) rules
- When to make a IRC §953(d) onshore tax election
- Avoidance of a U.S. trade or business
- Update on anti-tax haven initiatives

12:30 pm **Luncheon**

1:45 pm **Finding Third Party Risk: Internal & External**

- Why a captive wants third party risks - how much is enough?
- Disadvantages of a captive assuming third party risk
- Third party risks in light of the demise of the "economic family" theory
- Commercial risk exchanging pools
- Homogeneity of risks - a developing requisite?

2:30 pm **Employee Benefits as Third Party Risk**

- ERISA benefits - why insure them in a captive
- Obtaining a prohibited transaction exemption
- The "ex pro" option - how to qualify?
- Non-ERISA opportunities and strategies

3:15 pm **Break for Refreshments**

3:30 pm **Case Study - Principles of Corporate Finance & Non-Tax Analysis of a Major Multinational's Captive**

- Reasons for forming a captive
- The feasibility study and implementation process
- The internal (corporate) and external (licensure) formation process
- How the captives fit into the corporate structure
- Pros and cons of the structure chosen - tax, regulatory and other

4:45 pm **Redomestication of Captive Arrangement**

- Business reasons for redomestication
- Alternative approaches to accomplish redomestication
- Tax and regulatory issues arising from various structures

5:15 pm **Federal Excise Tax Developments**

- FET basics
- IRS cascading theory
- Industry response
- Varieties of tax treaty protection

5:45 pm **Meeting Adjourns for the Day**

Times/topics/speakers subject to change

For current schedule visit our website www.citeusa.org
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Substitutions/Cancellations: Cancellations received more than 72 business hours prior to the meeting will be issued a credit. A \$350 fee will apply to cancellations received within 72 business hours of the event. No credit card or cash refunds will be issued at any time. For more information regarding administrative policies, such as complaints and refunds, please contact us at 1-914-328-5656, or e-mail info@citeusa.org Credits will not be issued for "no shows"

Day Two

7:45 am **Continental Breakfast**

8:15 am **Review of Day One and Preview of Day Two**

8:30 am **Current IRS Audit Experience and Discussion of Recent Rulings and Cases**

- Analysis of Revenue Ruling “safe havens”
- Demise of IRS “economic family” theory and captive court decisions
- In depth analysis of recent rulings attempting to limit the definition of insurance
- Emerging battlegrounds such as independent risk vs. independent entity risk distribution, insurance vs business risks and tax status of LPTs and retro programs
- IRS focus on “fortuity” and “risk distribution” in definition of “insurance”
- Likely IRS cell company guidance in near future

10:30 am **Break for Refreshments**

10:45 am **FIN 48 / Maintaining Confidentiality**

- New GAAP standard for booking tax positions
- Meaning and application of “more likely than not”
- Potential impact on IRS audits
- Disclosure, privilege and confidentiality issues including recent 1st Circuit reversal of Textron decision in “work product” cases

11:15 am **State Taxation of Captives**

- When do insurance company state taxation rules apply?
- Premium or self-procurement taxes
- Nexus considerations - Todd Shipyards, [Dow Chemical](#) and similar cases

12:00 pm **Luncheon**

1:00 pm **Overview of Cell and Rent-a-Captives**

- Structures for cell and rent-a-captives
- Will courts respect cell walls segregation of risk?
- Testing for tax treatment - cells must share risk
- One taxpayer or many? - factors under IRS guidance
- Preferred stock vs contract rights
- Incorporated cell companies - the next generation

1:45 pm **Repatriation of Captive Profits**

- Dividends
- Loan backs
- Pledges
- Receivables/commercial paper purchases
- Guaranties
- Impact on desired tax results

2:30 pm **Basics of Captive Tax Compliance**

- Required and optional federal tax filings for offshore captives
- Insurance company federal tax filings for domestic captives
- Dealing with an IRS captive audit at the field or appeals office levels

3:15 pm **Summary and Question & Answer Session**

3:30 pm **Conference Adjourns**

Why You Should Attend:

Recent financial turmoil marks the likely end of a “soft” insurance market. Meanwhile, the captive insurance industry continues to grow exponentially, with scores of new captives formed onshore and offshore last year. Concurrently, many companies are exploring more intensive use of their existing captives, whether individually or as part of a group, to contain their escalating cost of risk and to take advantage of employee benefits self-insurance opportunities. In addition, closely held businesses are creating captives to achieve tax advantaged family wealth transfer goals. This conference will provide you and your company with key tax, legal and regulatory information on structuring, implementing and operating your captive program. Both single parent and group/association captive arrangements, whether onshore or offshore, will be analyzed. Recent IRS pronouncements will be dissected. In particular, IRS federal excise tax and cell captive guidance, the validity of Rev. Rul. 2005-40, limiting insurance tax treatment in single policyholder situations, and the “event risk” IRS requirement of Rev. Rul. 2007-47 will be scrutinized. Differing taxpayer and IRS interpretations of risk distribution, including the need for “fortuity” and “homogeneity” will be considered. Finally, an in depth case study will demonstrate how a major public company set up a successful risk funding vehicle for itself and its affiliates. Various sessions will address the major tax and non-tax advantages, including access to more efficient reinsurance markets, enhanced control over cash flows and investments, as well as promotion of a coordinated focus on proactive risk management and loss control. The parameters of developing a well structured captive insurance program to facilitate acceleration of premium tax deductibility from the time claim payments are made to the time premium expenses are incurred will be discussed. Further, benefits of partial sheltering of investment income using insurance loss reserve deductions will be considered. CITE invites you to learn about these and other current developments in the dynamic captive insurance sphere.

Who Should Attend:

This conference with group live instruction is intended for: executive vice presidents, senior vice presidents, CFOs, financial controllers, controllers, comptrollers, treasurers, assistant treasurers and secretaries, directors, corporate tax professionals, consulting tax professionals, corporate strategic planners, tax lawyers, legal counsel, lenders, bankers, CPAs, offshore and domestic service providers. No prerequisites/advance preparation is necessary for this basic to intermediate level conference. This program is transitional which is appropriate for newly admitted attorneys.

Hotel Accommodations:

CITE's block of discounted sleeping rooms is limited - reserve your sleeping room early! We cannot guarantee rates or availability. A limited block of rooms at a reduced rate has been set aside for CITE attendees at the following hotel:

Treasure Island - Tel (702) 894-7111

3300 Las Vegas Blvd South, Las Vegas, NV 89109

Limited Time Reduced CITE Rate \$99.00 per night

Please contact the hotel and mention that you are attending the course listed under CITE. The CITE rate will be available up to approximately 30 days prior to the meeting or until the group block is sold-out, whichever comes first so make your reservation as soon as possible. Your sleeping room is not included in the registration fee.

SAVE THE DATE

Legal, Tax and Financial Aspects of

Captive Insurance

November 15 & 16, 2010 • Washington, D.C.

BNA Conference Center

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Treasure Island

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The Council for International Tax Education
P.O. Box 1012
White Plains, NY 10602

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Fee includes: continental breakfasts; luncheons; refreshment breaks and seminar materials.

Fees:

\$995 Early Registration (before January 22nd, 2010)

\$1195 Regular Registration (after January 22nd, 2010)

Materials:

\$345 Cannot attend. Please send program materials. Add \$75 for shipments outside the U.S.

Method of Payment: Checks must be made in U.S. dollars on a U.S. bank.

- Check enclosed payable to CITE (T.I.N. #14-1716897)
 Credit card payment: Mastercard Visa AmEx Discover

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Contact CITE about Special Discounts for more than three attendees from the same company.

Register Early & Save \$200

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