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FROM THE EDITOR

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This issue of *TAXING TIMES* marks a very special event—the 25th anniversary of the 1984 Tax Act (DEFRA). This legislation, along with the TEFRA legislation passed in 1982, had significant implications for the taxation of life insurance products and companies. As such, the *TAXING TIMES* editorial board thought that a retrospective from several of the industry players who were around during the birth of DEFRA would be a good way to mark this anniversary. Their collaborative efforts offer us insight into the thinking at the time the legislation was implemented and the results of 25 years of living with it.

Such insight is especially significant today given the very real possibility of an onslaught of new regulations and possible legislation impacting the taxation of all aspects of the insurance industry. Much of this anticipated regulation and legislation is a reaction to the current economic condition and our new administration. The recent banking crisis, coupled with the troubled times of several large insurers, placed all financial institutions under substantial scrutiny. We find by looking to the past, that often times an influx of new regulations is a reaction, or perhaps overreaction, in a time of crisis. Our country is in a time of financial crisis.

In addition, Washington's "bailout" of financially troubled companies comes with a very big price tag. How do we pay for these bailouts? Oftentimes tax reform comes from a need to raise revenue. This issue contains an article which looks at a shelf proposal, developed as a collaborative effort by academics, to raise revenue through taxes. The shelf proposal that is the topic of this article considers taxing the inside buildup of life insurance products. In addition at the state level, a proposed Oregon House Bill (H.B. 2854) suggested taxing life insurance proceeds. Massachusetts and California have also considered tax initiatives which have targeted insurance benefits. As is evidenced by this shelf proposal and this state activity, the insurance industry is not immune to revenue generating tax policy. Changes in how our industry and our products are taxed are a very real threat.

Finally, evidence of the increase in recent government activity in our industry is seen in the many articles in this issue which look at new regulatory notices that have been implemented which impact our industry and its products. We hope you find these articles informative and timely.

Enjoy the issue! ◀