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FROM THE EDITOR IN THIS ISSUE

By Christian DesRochers

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On behalf of the editorial staff, we hope that you enjoy this issue of *TAXING TIMES*. The process of putting the newsletter together is a team effort involving the Editorial Board, the editors and, of course, the authors, as well as all of the people who work behind the scenes to produce the copy. This edition contains a diverse collection of articles, a few of which I'd like to highlight.

In this issue, Peter Winslow has written an article on CARVM, which continues a discussion of actuarial guidelines (AGs) and their role in defining the tax reserve method, particularly with respect to the interpretation of the phrase "in effect on the date of issuance of the contract." In "What is the Tax Reserve Method "as of" the Date of Issuance of the Contract," Peter describes issues related to AGs that are being litigated in the *American Financial* case, as well as the *CIGNA* case. The two cases, as well as the introduction of AG 43, have focused attention on AGs generally. As companies have moved from AG 39 to AG 43 for statutory reserves, the proper treatment of variable annuity living benefit reserves for contracts in force prior to Dec. 31, 2009 will continue to generate discussion between the Internal Revenue Service (IRS) and the life insurance industry. As decisions are handed down in the litigation it will be interesting to see what, if any, effect they have on the treatment of AGs in defining the tax reserve method.

Sam Mitchell and Peter Winslow provide a summary of issues related to insurance company bad debts. As Sam and Peter point out, the life insurance industry and the IRS have agreed to attempt to resolve the problem through the Industry Issue Resolution (IIR) program. This program attempts to resolve issues that affect a significant number of business taxpayers through the issuance of guidance, generally in the form of a Revenue Ruling or a Revenue Procedure. It is intended to produce a uniform solution to a problem that can be relied upon by both the IRS and taxpayers as a way to resolve what would be frequently disputed or burdensome tax issues. This is one of the first issues for the life insurance industry under the IIR program.

Rick Gelfond and Mary Gillmarten have written an article on the Foreign Account Tax Compliance Act (FATCA), which imposes new reporting and withholding requirements related to foreign individuals and other entities. Under FATCA, U.S. insurers may be required to withhold on payments to non-U.S. payees. Non-U.S. insurers who are the recipients of payments from U.S. entities may also be required to collect additional information from their policyholders. Depending on the ultimate outcome, FATCA has the potential to increase compliance costs for U.S. insurers.

Finally, this issue marks a significant change in the *TAXING TIMES* editorial staff, as we say goodbye to Christine Del Vaglio, who has served as an assistant editor since the very beginning of Taxing Times. On behalf of all of the authors and Editorial Board, and particularly Brian King and I, we'd like to wish Christine all the best, and to thank her for all of her years of service. She will be missed!

If any of our readers have thoughts or comments they would like to share, please let me know. ◀

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