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## FROM THE EDITOR TO OUR READERS

By Kristin Norberg

Welcome! In this edition, we celebrate ten years of *TAXING TIMES* with a special look back through our first decade (page 1). Thirty regular issues (this is the 31st), five supplements, and thousands of hours from dozens of volunteers ... it's been a great ride!

Also in this issue, we take a look at some of the key concepts of the Affordable Care Act (ACA) with an article about the ACA's three risk-regulating mechanisms, by authors Maureen Nelson, Matthew Haaf, and Megan Lansden (page 34). Health concepts, particularly relating to short-duration products, admittedly have not gotten much attention in *TAXING TIMES* in the past, and as we go to press awaiting the Supreme Court's ruling on *King v. Burwell*,<sup>1</sup> we recognize that this is an important time to examine them.

We also are including a paired set of articles—an “In the Beginning...” column along with a *TAXING TIMES* Tidbit—in a structure we hope to use in future issues as well. At the beginning of 2015, the Internal Revenue Service released what quickly became a highly-contentious Chief Counsel Advice memorandum (CCA 201501011). The CCA addressed the issue of whether Internal Revenue Code section 197 requires the capitalization and amortization of a ceding commission (specifically, that portion in excess of the amount capitalized under the so-called “DAC tax” rules of section 848) in a reinsurance transaction that is accounted for as indemnity reinsurance for statutory reporting purposes and that is treated as a section 1060 applicable asset acquisition for federal income tax purposes. Many in our actuarial audience may be saying to themselves right now, “Okay, I know what the DAC tax is, but what’s all this other stuff, and does it have anything to do with my career?” Well, I encourage those readers to start with the “In the Beginning... A Column Devoted to Tax Basics” column, by Gary R. Vogel and Kristie Khaw (page 11), to explore the various tax structures that may apply to business purchases in general and reinsurance transactions specifically. They will introduce you to sections 197, 1060, and also 338, and explain some of their key impacts on insurance companies. With that grounding, you can then launch into Lori J. Jones’ Tidbit on CCA 201501011 (page 43), and start to understand some of the controversy and debate that has followed its release. In addition, you’ll be able to gain some familiarity with tax concepts that are central to the profitability and feasibility of business combinations, so you can start to collaborate more effectively with tax and accounting colleagues when such opportunities arise.

As always, we thank all of our authors and editors for their important contributions, and we hope you enjoy reading the 10th-anniversary issue of *TAXING TIMES*!

### END NOTES

<sup>1</sup> Note: The Court’s opinion was released on June 25, 2015, at 576 U.S. \_\_\_\_ (2015), ruling in favor of the government in administering subsidies to individuals who purchase insurance on federally-sponsored health exchanges in states that did not establish their own exchanges.