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## **DCIA Increases Reputation as Industry Leader with ERC Regulatory Guidance Request**

### **Joins Unified Stakeholders to Deliver Important Message to Captive Regulators**

October 21, 2016 - The Delaware Captive Insurance Association (DCIA) joined forces with 15 other captive associations earlier this week in [sending a letter](#) to the Internal Revenue Service (IRS) and Treasury asking for guidance and clarification for recent changes made to federal policy regarding enterprise risk captives.

The letter is in direct response to the growing concerns among captive industry participants that the IRS and Treasury will not issue needed guidance or rulemaking until well after the end of year enactment date.

Spearheaded by the Self-Insurance Institute of America, Inc. (SIIA), the letter asks the key regulatory agencies to:

- 1) Issue guidance on the recent changes, subject to notice and comment;
- 2) Grant transitional relief pending guidance; and
- 3) Allow for a safe harbor under common practices until such guidance is issued.

After extensive advocacy work by DCIA members and others throughout last year, Congress passed the first changes to Internal Revenue Code Section 831(b) in over 20 years, impacting how ERCs operate effective December 31 of this year. While increasing the allowable premium threshold from \$1.2 to \$2.2 million, the new law also imposes a number of ownership limitations on the use of small and medium sized captives. Among other things, the letter seeks clarification on IRS look-through provisions, as well as asking for definitional clarity on new diversification tests included in the updated law.

“DCIA taking action on important issues to the captive industry, engaging policymakers and regulators, and having our voice heard is why membership is so important. Joining so many other state association partners demonstrates just how important it is to pay attention to captive insurance policy and take action,” said DCIA President Peter Cavanaugh.

DCIA is proud of its ongoing leadership in strengthening the captive industry, as well as the continued growth of Delaware as a strong state domicile. DCIA, and its members, remains engaged with the Delaware Department of Insurance and our congressional delegation in seeking clarity to the updated law, improving captive practices, and continuing the growth of the industry.