



Date: March 25, 2020

To: Captive Insurance Clients and Advisors  
Oxford Risk Management Group – change as applicable

First and foremost, we hope that you, your family and your co-workers are safe and healthy during the COVID-19 crisis. We would like to assure you that Oxford remains fully staffed and our entire team remains here to serve your needs; our employees have successfully shifted to a hybrid remote work platform. Please visit the [Oxford Website](#) for a complete employee listing and contact information.

It has come to our attention that the IRS has recently sent out letters to taxpayers participating in certain captive insurance arrangements. The letters are titled “Micro-Captive Insurance” and remind everyone that plans similar to those addressed in recent Tax Court decisions may not be eligible for claimed Federal tax benefits. The industry is well-aware of the deficiencies noted in the referenced Tax Court decisions, which provide a detailed road map for how not to operate a captive insurance program.

There is no new information to be learned from the apparently mass-produced form letters, which appear to merely confirm the January 31, 2020 announcement of increased focus on non-compliant plans. We are confident that the Tax Court will have an opportunity to rule on a compliant captive program in the future, providing additional needed guidance for the IRS and our industry. Until such guidance is provided by the Tax Court, we expect that we will continue to see the IRS increase efforts to disrupt the captive insurance industry.

While Oxford does not provide legal or tax advice, we will gladly confer with your legal and tax advisors to ensure that they have accurate information about your captive program. If you receive one of these letters, we encourage you to immediately discuss it with your legal or tax advisor. In the event that you or your advisor wish to respond to the letter, we encourage you to contact us so that we can discuss your response and ensure that any information provided in your response is accurate and reflective of the details of our captive program.

As always, we remain ready and willing to assist you during this trying time. Collectively, we will pull through the COVID-19 crisis and as a Nation emerge stronger and more prepared than ever before.

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