

## In The News

# Akerman Partner David Slenn Highlights Controversies in Microcaptive Insurance Sector

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In a *Captive International* article titled, “Still under the IRS’ microscope,” tax partner [David Slenn](#) in Naples discussed microcaptive insurance companies and one specific variety that has been the target of intense scrutiny by the Internal Revenue Service. In June 2022, the IRS finalized its annual “Dirty Dozen” scams list, which covers areas that it regards as illegal tax schemes. In this year’s list, the IRS specifically targeted “abusive microcaptive insurance arrangements,” wherein promoters, accountants, or wealth planners persuade owners of closely held entities to participate in schemes that lack many normal attributes of insurance. Slenn explained the controversy.

*Captive International* wrote, “Slenn pointed out that recent procedural developments included the General Accountability Office and its review of the of the IRS and its actions, and the Supreme Court rendering its opinion on potential procedural missteps that were taken in classifying certain captive transactions as reportable transactions.

‘Then you’ve got all the substantive woes that the microcaptive industry is experiencing,’ Slenn explained. ‘There were four Tax Court opinions and for the first time a U.S. Circuit Court of Appeals opinion, which basically blessed the way the Tax Court was approaching microcaptives.’”

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