



WASHINGTON REPORT

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Subject: **IRS Releases Private Rulings on Insurance Company-Owned Life Insurance**

Major References: [PLR 200738016](#); [PLR 200738017](#)

Prior AALU Washington Reports: 07-82

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This bulletin provides an update on recent developments affecting insurance company-owned life insurance.

Bulletin 07-82 discussed (i) a then-unreleased private letter ruling (“PLR”) in which the IRS concluded that insurers owning life insurance on the lives of their employees would be subject to a possible reduction in the income tax deductions for reserves or losses and (ii) Revenue Procedure 2007-61 in which the IRS indicated that it would not apply the holding of the PLR and require insurance companies to reduce their deductions if the insurance arrangement meets an easily-satisfied safe harbor test set forth in the Revenue Procedure. The Internal Revenue Service has today released as PLR 200738016 the May 3, 2007, PLR discussed in Bulletin 07-82. Also today the IRS released as PLR 200738017 a ruling modifying the earlier ruling to incorporate the Revenue Procedure 2007-61 safe harbor.

Any AALU member who wishes to obtain a copy of PLR 200738016 and PLR 200738017 may do so through the following means: (1) use hyperlink above next to “Major References,” (2) log onto the AALU website at www.aalu.org and enter the *Member Portal* and select *Current Washington Report* for linkage to source material or (3) email Erik Ruselowski at ruselowski@aalu.org and include a reference to this *Washington Report*.

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