

107TH CONGRESS
2^D SESSION

S. 2084

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for small property and casualty insurance companies.

IN THE SENATE OF THE UNITED STATES

APRIL 10, 2002

Mr. BOND introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for small property and casualty insurance companies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CLARIFICATION OF EXEMPTION FROM TAX FOR**
4 **SMALL PROPERTY AND CASUALTY INSUR-**
5 **ANCE COMPANIES.**

6 (a) PREMIUM LIMITATIONS INCREASED TO REFLECT
7 INFLATION SINCE FIRST IMPOSED.—

8 (1)(A) Subparagraph (A) of section 501(c)(15)
9 of the Internal Revenue Code of 1986 is amended by
10 striking “\$350,000” and inserting “\$551,000”.

1 (B) Paragraph (15) of section 501(c) of such
2 Code is amended by adding at the end the following
3 new subparagraph:

4 “(E) In the case of any taxable year begin-
5 ning in a calendar year after 2001, the
6 \$551,000 amount set forth in subparagraph (A)
7 shall be increased by an amount equal to—

8 “(i) \$551,000, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for such
11 calendar year by substituting ‘calendar
12 year 2000’ for ‘calendar year 1992’ in sub-
13 paragraph (B) thereof.

14 If the amount as adjusted under the preceding
15 sentence is not a multiple of \$1,000, such
16 amount shall be rounded to the next lowest
17 multiple of \$1,000.”

18 (2)(A) Clause (i) of section 831(b)(2)(A) of
19 such Code is amended to read as follows:

20 “(i) the net written premiums (or, if
21 greater, direct written premiums) for the
22 taxable year exceed the amount applicable
23 under section 501(c)(15)(A) but do not ex-
24 ceed \$1,890,000, and”.

1 (B) Paragraph (2) of section 831(b) of such
2 Code is amended by adding at the end the following
3 new subparagraph:

4 “(C) INFLATION ADJUSTMENT.—In the
5 case of any taxable year beginning in a calendar
6 year after 2001, the \$1,890,000 amount set
7 forth in subparagraph (A) shall be increased by
8 an amount equal to—

9 “(i) \$1,890,000, multiplied by

10 “(ii) the cost-of-living adjustment de-
11 termined under section 1(f)(3) for such
12 calendar year by substituting ‘calendar
13 year 2000’ for ‘calendar year 1992’ in sub-
14 paragraph (B) thereof.

15 If the amount as adjusted under the preceding
16 sentence is not a multiple of \$1,000, such
17 amount shall be rounded to the next lowest
18 multiple of \$1,000.”

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2001.

○