

105TH CONGRESS
2D SESSION

H. R. 4795

To amend the Internal Revenue Code of 1986 to permit the consolidation
of life insurance companies with other companies.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 10, 1998

Mr. CRANE (for himself, Mrs. JOHNSON of Connecticut, Mrs. KENNELLY of
Connecticut, Mr. RAMSTAD, and Mr. WELLER) introduced the following
bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to permit
the consolidation of life insurance companies with other
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. CONSOLIDATION OF LIFE INSURANCE COMPA-**
4 **NIES WITH OTHER COMPANIES PERMITTED.**

5 (a) IN GENERAL.—Section 1504(b) of the Internal
6 Revenue Code of 1986 (defining includible corporation) is
7 amended by striking paragraph (2) and by redesignating
8 paragraphs (3) through (8) as paragraphs (2) through
9 (7), respectively.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 1503 of such Code is amended by
3 striking subsection (c) (relating to special rule for
4 application of certain losses against income of insur-
5 ance companies taxed under section 801) and by re-
6 designating subsections (d), (e), and (f) as sub-
7 sections (b), (c), and (d), respectively.

8 (2) Section 1504 of such Code is amended by
9 striking subsection (c) and by redesignating sub-
10 sections (d), (e), and (f) as subsections (c), (d), and
11 (e), respectively.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 1998.

15 (d) PHASEIN OF APPLICATION OF CERTAIN LOSSES
16 AGAINST INCOME OF INSURANCE COMPANIES.—For tax-
17 able years beginning after December 31, 1998, and before
18 January 1, 2005—

19 (1) IN GENERAL.—If—

20 (A) an affiliated group includes 1 or more
21 domestic insurance companies each of which is
22 subject to tax under section 801 of the Internal
23 Revenue Code of 1986,

1 (B) the common parent of such group has
2 elected to treat all such companies as includible
3 corporations, and

4 (C) the consolidated taxable income of the
5 members of the group not taxed under such
6 section 801 results in a consolidated net operat-
7 ing loss for such taxable year,

8 then, under regulations prescribed by the Secretary
9 of the Treasury or his delegate, the amount of such
10 loss which cannot be absorbed in the applicable
11 carryback periods against the taxable income of such
12 members not taxed under such section 801 shall be
13 taken into account in determining the consolidated
14 taxable income of the affiliated group for such tax-
15 able year to the extent of the applicable percentage
16 of such loss or the applicable percentage of the tax-
17 able income of the members taxed under such sec-
18 tion 801, whichever is less. The unused portion of
19 such loss shall be available as a carryover, subject to
20 the same limitations (applicable to the sum of the
21 loss for the carryover year and the loss (or losses)
22 carried over to such year), in applicable carryover
23 years.

1 (2) APPLICABLE PERCENTAGE.—For purposes
 2 of paragraph (1), the applicable percentage shall be
 3 determined in accordance with the following table:

For taxable years beginning	The applicable percentage is:
in:	
1999	40
2000	50
2001	60
2002	70
2003	80
2004	90.

4 (e) ELECTION FOR PRE-2005 YEARS OF GROUPS
 5 WITH INSURANCE COMPANIES.—For taxable years begin-
 6 ning after December 31, 1998, and before January 1,
 7 2005, the common parent of an affiliated group which in-
 8 cludes 1 or more domestic insurance companies subject to
 9 tax under section 801 may elect to treat all such insurance
 10 companies as corporations which are not includible cor-
 11 porations within the meaning of subsection (b) of section
 12 1504 of such Code, provided that, as of the date of the
 13 enactment of this section—

14 (1) such affiliated group included 1 or more in-
 15 surance companies subject to tax under section 801
 16 of such Code, and

17 (2) no election was in effect under section
 18 1504(c)(2) of such Code (as in effect on the day be-
 19 fore the date of the enactment of this Act).

20 (f) NO CARRYBACK BEFORE JANUARY 1, 1999.—To
 21 the extent that a consolidated net operating loss is allowed

1 or increased by reason the amendments made by this sec-
2 tion, such loss may not be carried back to a taxable year
3 beginning before January 1, 1999.

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