

108TH CONGRESS  
1ST SESSION

# H. R. 1530

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2003

Mr. NUSSLE (for himself, Mr. RAMSTAD, Mr. LUCAS of Kentucky, Mr. GREEN of Wisconsin, Mr. GRAVES, and Mr. PAUL) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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. SHORT TITLE.**

4 This Act may be cited as the “Small Insurance Com-  
5 pany Inflation Adjustment Act”.

1 **SEC. 2. CLARIFICATION OF EXEMPTION FROM TAX FOR**  
2 **SMALL PROPERTY AND CASUALTY INSUR-**  
3 **ANCE COMPANIES.**

4 (a) PREMIUM LIMITATIONS INCREASED TO REFLECT  
5 INFLATION SINCE FIRST IMPOSED.—

6 (1) INCREASED LIMITATIONS FOR EXEMPTION  
7 FROM TAX.—

8 (A) Subparagraph (A) of section  
9 501(c)(15) of the Internal Revenue Code of  
10 1986 is amended by striking “\$350,000” and  
11 inserting “\$575,000”.

12 (B) Paragraph (15) of section 501(c) of  
13 such Code is amended by adding at the end the  
14 following new subparagraph:

15 “(D) In the case of any taxable year begin-  
16 ning in a calendar year after 2003, the  
17 \$575,000 amount set forth in subparagraph (A)  
18 shall be increased by an amount equal to—

19 “(i) \$575,000, multiplied by

20 “(ii) the cost-of-living adjustment de-  
21 termined under section 1(f)(3) for such  
22 calendar year by substituting ‘calendar  
23 year 2002’ for ‘calendar year 1992’ in sub-  
24 paragraph (B) thereof.

25 If the amount as adjusted under the preceding  
26 sentence is not a multiple of \$1,000, such

1 amount shall be rounded to the next lowest  
2 multiple of \$1,000.”.

3 (2) INCREASED LIMITATIONS FOR ALTERNATIVE  
4 TAX LIABILITY.—

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

7 “(i) the net written premiums (or, if  
8 greater, direct written premiums) for the  
9 taxable year exceed the amount applicable  
10 under section 501(c)(15)(A) but do not ex-  
11 ceed \$1,971,000, and”.

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

15 “(C) INFLATION ADJUSTMENT.—In the  
16 case of any taxable year beginning in a calendar  
17 year after 2003, the \$1,971,000 amount set  
18 forth in subparagraph (A) shall be increased by  
19 an amount equal to—

20 “(i) \$1,971,000, multiplied by

21 “(ii) the cost-of-living adjustment de-  
22 termined under section 1(f)(3) for such  
23 calendar year by substituting ‘calendar  
24 year 2002’ for ‘calendar year 1992’ in sub-  
25 paragraph (B) thereof.

1           If the amount as adjusted under the preceding  
2           sentence is not a multiple of \$1,000, such  
3           amount shall be rounded to the next lowest  
4           multiple of \$1,000.”.

5           (b) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2002.

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