

805(c)(1)(B)(ii) of such Code (as so in effect) shall be applied by substituting—

“(i) the prevailing State assumed interest rate (within the meaning of section 807(c)(4) of such Code), for

“(ii) the adjusted reserves rate.

“(3) QUALIFIED LIFE INSURANCE COMPANY.—For purposes of this subsection, the term ‘qualified life insurance company’ means any life insurance company which, as of December 31, 1983, had assets of less than \$100,000,000 (determined in the same manner as under [former] section 806(b)(3) of such Code).

“(4) SPECIAL RULES FOR CONTROLLED GROUPS.—For purposes of applying the dollar limitations of paragraphs (2) and (3), rules similar to the rules of [former] section 806(d) of such Code shall apply.

“(5) ELECTIONS.—Any election under paragraph (1) or (2)—

“(A) shall be made at such time and in such manner as the Secretary of the Treasury may prescribe, and

“(B) once made, shall be irrevocable.”

TREATMENT OF CERTAIN COMPANIES OPERATING BOTH AS STOCK AND MUTUAL COMPANY

Pub. L. 98-369, div. A, title II, §217(e), July 18, 1984, 98 Stat. 762, provided that: “If, during the 10-year period ending on December 31, 1983, a company has, as authorized by the law of the State in which the company is domiciled, been operating as a mutual life insurance company with shareholders, such company shall be treated as a stock life insurance company.”

TREATMENT OF REINSURANCE AGREEMENTS REQUIRED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Pub. L. 98-369, div. A, title II, §217(g), July 18, 1984, 98 Stat. 763, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “Effective for taxable years beginning after December 31, 1981, and before January 1, 1984, subsections (c)(1)(F) and (d)(12) of section 809 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as in effect on the day before the date of the enactment of this Act [July 18, 1984]) shall not apply to dividends to policyholders reimbursed to the taxpayer by a reinsurer in respect of accident and health policies reinsured under a reinsurance agreement entered into before June 30, 1955, pursuant to the direction of the National Association of Insurance Commissioners and approved by the State insurance commissioner of the taxpayer’s State of domicile. For purposes of subchapter L of chapter 1 of such Code (as in effect on the day before the date of the enactment of this Act) any such dividends shall be treated as dividends of the reinsurer and not the taxpayer.”

REPORTS TO CONGRESS ON REVENUE, SEGMENT BALANCE, ETC.

Pub. L. 98-369, div. A, title II, §231, July 18, 1984, 98 Stat. 776, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(a) REVENUE REPORTS.—Not later than July 1, 1985, and July 1 of each calendar year thereafter, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on—

“(1) the aggregate amount of revenue received under part I of subchapter L of chapter 1 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] for the most recent taxable years for which data are available,

“(2) a comparison between the amount of such revenue and the amount anticipated by reason of changes made by the Tax Equity and Fiscal Responsibility Act of 1982 [Pub. L. 97-248] or the Life Insurance Tax Act of 1984 [probably means title II of div. A of Pub. L. 98-369], and

“(3) the reasons for any difference between such aggregate revenues and anticipated revenues.

“(b) REPORT WITH RESPECT TO SEGMENT BALANCE, ETC.—

“(1) IN GENERAL.—The Secretary of the Treasury (in consultation with the Joint Committee on Taxation, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate) shall conduct a full and complete study of the operation of part I of subchapter L of chapter 1 of the Internal Revenue Code of 1986 during 1984, 1985, and 1986. Such study shall also include an analysis of life insurance products and the taxation thereof. Such study shall also include an analysis of whether part I of such subchapter L operates as a disincentive to growing companies.

“(2) ITEMS TO BE INCLUDED.—The study conducted under paragraph (1) shall include—

“(A) an analysis of the portion of the taxes paid by mutual life insurance companies and stock life insurance companies, and

“(B) any other data considered relevant by either stock life insurance companies or mutual life insurance companies in determining appropriate segment balance, such as the respective amounts of the following items held by each segment of the industry—

“(i) equity,

“(ii) life insurance reserves,

“(iii) other types of reserves,

“(iv) dividends paid to policyholders and shareholders,

“(v) pension business,

“(vi) total assets, and

“(vii) gross receipts.

Such report shall also include an analysis of the extent to which taxes paid by stockholders of life insurance companies shall be included in analyzing segment balance.

“(3) REPORTS.—

“(A) INTERIM REPORTS.—The Secretary of the Treasury shall submit interim reports on the study conducted under this subsection to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than July 1, 1986, 1987, and 1988.

“(B) FINAL REPORT.—Not later than January 1, 1989, the Secretary of the Treasury shall submit a final report on the study conducted under this subsection to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

“(c) AUTHORITY TO REQUIRE DATA.—The Secretary of the Treasury shall have authority to require reporting of such data with respect to life insurance companies and their products as may be necessary to carry out the purposes of this section.”

SUBPART B—LIFE INSURANCE GROSS INCOME

Sec.

803. Life insurance gross income.

§ 803. Life insurance gross income

(a) In general

For purposes of this part, the term ‘life insurance gross income’ means the sum of the following amounts:

(1) Premiums

(A) The gross amount of premiums and other consideration on insurance and annuity contracts, less

(B) return premiums, and premiums and other consideration arising out of indemnity reinsurance.

(2) Decreases in certain reserves

Each net decrease in reserves which is required by section 807(a) to be taken into account under this paragraph.

(3) Other amounts

All amounts not includible under paragraph (1) or (2) which under this subtitle are includible in gross income.

(b) Special rules for premiums

(1) Certain items included

For purposes of subsection (a)(1)(A), the term “gross amount of premiums and other consideration” includes—

- (A) advance premiums,
- (B) deposits,
- (C) fees,
- (D) assessments,
- (E) consideration in respect of assuming liabilities under contracts not issued by the taxpayer, and
- (F) the amount of policyholder dividends reimbursable to the taxpayer by a reinsurer in respect of reinsured policies,

on insurance and annuity contracts.

(2) Policyholder dividends excluded from return premiums

For purposes of subsection (a)(1)(B)—

(A) In general

Except as provided in subparagraph (B), the term “return premiums” does not include any policyholder dividends.

(B) Exception for indemnity reinsurance

Subparagraph (A) shall not apply to amounts of premiums or other consideration returned to another life insurance company in respect of indemnity reinsurance.

(Added Pub. L. 98-369, div. A, title II, §211(a), July 18, 1984, 98 Stat. 721.)

PRIOR PROVISIONS

A prior section 803, acts Aug. 16, 1954, ch. 736, 68A Stat. 256; Mar. 13, 1956, ch. 83, §2, 70 Stat. 39, related to income and deductions in the case of life insurance companies, prior to the general revision of this part by Pub. L. 86-69, §2(a), June 25, 1959, 73 Stat. 112.

EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as a note under section 801 of this title.

SUBPART C—LIFE INSURANCE DEDUCTIONS

Sec.	
804.	Life insurance deductions.
805.	General deductions.
[806.	Repealed.]
807.	Rules for certain reserves.
808.	Policyholder dividends deduction.
[809, 810.	Repealed.]

AMENDMENTS

2017—Pub. L. 115-97, title I, §§13511(b)(1), 13512(a), Dec. 22, 2017, 131 Stat. 2142, which directed amendment of the analysis for part I of subchapter L of chapter 1 by striking out items 806 and 810, was executed by striking out items 806 “Small life insurance company deduction” and 810 “Operations loss deduction” in this analysis, which is the analysis for subpart C of such part, to reflect the probable intent of Congress.

2004—Pub. L. 108-218, title II, §205(b)(7), Apr. 10, 2004, 118 Stat. 610, struck out item 809 “Reduction in certain deductions of mutual life insurance companies”.

1986—Pub. L. 99-514, title X, §1011(b)(11)(B), Oct. 22, 1986, 100 Stat. 2389, substituted “Small life insurance

company deduction” for “Special deductions” in item 806.

§ 804. Life insurance deductions

For purposes of this part, the term “life insurance deductions” means the general deductions provided in section 805.

(Added Pub. L. 98-369, div. A, title II, §211(a), July 18, 1984, 98 Stat. 722; amended Pub. L. 99-514, title X, §1011(b)(2), Oct. 22, 1986, 100 Stat. 2389; Pub. L. 115-97, title I, §13512(b)(4), Dec. 22, 2017, 131 Stat. 2143.)

PRIOR PROVISIONS

A prior section 804, added Pub. L. 86-69, §2(a), June 25, 1959, 73 Stat. 115; amended Pub. L. 87-858, §3(b)(2), Oct. 23, 1962, 76 Stat. 1137; Pub. L. 88-272, title II, §214(b)(3), Feb. 26, 1964, 78 Stat. 55; Pub. L. 91-172, title IV, §401(b)(2)(D), Dec. 30, 1969, 83 Stat. 602; Pub. L. 94-455, title XIX, §1901(a)(96), (b)(1)(J)(i), (iii), (K), (M), (33)(F), Oct. 4, 1976, 90 Stat. 1780, 1791, 1801, defined the term “taxable investment income” and provided for the computation of such income, prior to the general revision of this part by Pub. L. 98-369, §211(a).

Another prior section 804, acts Aug. 16, 1954, ch. 736, 68A Stat. 258; Mar. 13, 1956, ch. 83, §2, 70 Stat. 41, related to reserve and other policy liability deductions, prior to the general revision of this part by Pub. L. 86-69, §2(a).

AMENDMENTS

2017—Pub. L. 115-97 substituted “means the general deductions provided in section 805.” for “means—

“(1) the general deductions provided in section 805, and

“(2) the small life insurance company deduction (if any) determined under section 806(a).”

1986—Pars. (2), (3). Pub. L. 99-514 redesignated par. (3) as (2), substituted “section 806(a)” for “section 806(b)”, and struck out former par. (2), which read as follows: “the special life insurance company deduction determined under section 806(a), and”.

EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by Pub. L. 115-97 applicable to taxable years beginning after Dec. 31, 2017, see section 13512(c) of Pub. L. 115-97, set out as a note under section 453B of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 1011(c)(1) of Pub. L. 99-514, set out as a note under section 453B of this title.

EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as a note under section 801 of this title.

§ 805. General deductions

(a) General rule

For purposes of this part, there shall be allowed the following deductions:

(1) Death benefits, etc.

All claims and benefits accrued, and all losses incurred (whether or not ascertained), during the taxable year on insurance and annuity contracts.

(2) Increases in certain reserves

The net increase in reserves which is required by section 807(b) to be taken into account under this paragraph.