

115TH CONGRESS
1ST SESSION

H. R. 871

To amend the Internal Revenue Code of 1986 to exempt premiums paid on non-cash-value property and casualty insurance from the taxes to enforce reporting on certain foreign accounts.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2017

Mr. SMITH of Missouri (for himself, Mr. LARSON of Connecticut, and Mr. ROYCE of California) 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 exempt premiums paid on non-cash-value property and casualty insurance from the taxes to enforce reporting on certain foreign accounts.

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. EXEMPTION FOR PREMIUMS PAID ON NON-**
4 **CASH-VALUE PROPERTY AND CASUALTY IN-**
5 **SURANCE FROM TAXES TO ENFORCE RE-**
6 **PORTING ON CERTAIN FOREIGN ACCOUNTS.**

7 (a) IN GENERAL.—Section 1473(1) of the Internal
8 Revenue Code of 1986 is amended by redesignating sub-

1 paragraph (C) as subparagraph (D) and by inserting after
2 subparagraph (B) the following new subparagraph:

3 “(C) EXCEPTION FOR PREMIUMS PAID ON
4 NON-CASH-VALUE PROPERTY AND CASUALTY IN-
5 SURANCE.—

6 “(i) IN GENERAL.—Such term shall
7 not include any premium paid for any in-
8 surance contract if—

9 “(I) such insurance contract does
10 not have an aggregate cash value
11 greater than zero, and

12 “(II) no portion of the reserves,
13 unearned premiums, or unpaid losses,
14 with respect to such contract are
15 taken into account under paragraph
16 (1) or (2) of section 816(a).

17 “(ii) CASH VALUE.—The term ‘cash
18 value’ means any amount (determined
19 without reduction for any charge or policy
20 loan) that—

21 “(I) is payable under the con-
22 tract to any person upon surrender,
23 termination, cancellation, or with-
24 drawal, or

1 “(II) can be borrowed by any
2 person under, or with regard to, the
3 contract (including by pledging as col-
4 lateral).

5 “(iii) EXCEPTIONS.—Notwithstanding
6 clause (ii), the term ‘cash value’ shall not
7 include any amount payable—

8 “(I) solely by reason of the death
9 of an individual insured under a life
10 insurance contract,

11 “(II) as a personal injury or sick-
12 ness benefit or a benefit providing in-
13 demnification of an economic loss in-
14 curred upon the occurrence of the
15 event insured against,

16 “(III) as a refund of a previously
17 paid premium (less cost of insurance
18 charges whether or not actually im-
19 posed) under an insurance contract
20 (other than a life insurance contract)
21 due to cancellation or termination of
22 the contract, decrease in risk exposure
23 during the effective period of the con-
24 tract, or arising from the correction of

1 a posting or similar error with regard
2 to the premium for the contract,

3 “(IV) as a policyholder dividend
4 (other than a termination dividend)
5 provided that the dividend relates to
6 an insurance contract under which the
7 only benefits payable are described in
8 subclause (II), or

9 “(V) as a return of an advance
10 premium or premium deposit for an
11 insurance contract for which the pre-
12 mium is payable at least annually if
13 the amount of the advance premium
14 or premium deposit does not exceed
15 the next annual premium that will be
16 payable under the contract.”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to payments made after the date
19 of the enactment of this Act.

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