

105TH CONGRESS
2D SESSION

S. 2482

To amend the Internal Revenue Code of 1986 to designate certain entities organized to participate in State workmen's compensation assigned risk insurance plans as tax-exempt entities.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 16, 1998

Mr. COCHRAN 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 designate certain entities organized to participate in State workmen's compensation assigned risk insurance plans as tax-exempt entities.

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. TAX-EXEMPT STATUS FOR CERTAIN ENTITIES**
4 **ORGANIZED TO PARTICIPATE IN STATE**
5 **WORKMEN'S COMPENSATION ASSIGNED RISK**
6 **INSURANCE PLANS.**

7 (a) IN GENERAL.—Paragraph (27) of section 501(c)
8 of the Internal Revenue Code of 1986 (relating to a list

1 of exempt organizations) is amended by adding at the end
2 the following new subparagraph:

3 “(C) Any membership organization, if such or-
4 ganization—

5 “(i) is established exclusively to provide,
6 directly or through reinsurance, workmen’s
7 compensation insurance and related incidental
8 coverage pursuant to the terms of a State work-
9 men’s compensation assigned risk plan,

10 “(ii) is a State approved means of comply-
11 ing with State law which requires such organi-
12 zation’s members to participate in a State
13 workmen’s compensation assigned risk plan as
14 a condition of obtaining a license to conduct
15 business in such State,

16 “(iii) the operations of which are subject to
17 the authority of such State’s insurance regu-
18 latory officials, and

19 “(iv) operates as a non-profit organization
20 by returning surplus income to its members or
21 workmen’s compensation policyholders on a
22 periodic basis.

23 For purposes of subparagraph (C), the term ‘State
24 workmen’s compensation assigned risk plan’ refers
25 to a program established by State law or approved

1 by State insurance regulatory authorities by which
2 workmen's compensation insurance may be obtained,
3 subject to reasonable eligibility requirements, by em-
4 ployers who are unable to secure such insurance
5 through ordinary commercial means.”

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall apply to taxable years beginning after
8 December 31, 1998.

○