



SOCIETY OF ACTUARIES

Article from:

The Actuary

November 1975 – Volume 9, No. 9

READING LISTS

Federal Taxation

The following list of additional articles should be added to the reading list on Taxation circulated to the Society membership in November 1974.

Taxation of the Insurance Company

TITLE	AUTHOR	PUBLICATION	DESCRIPTION
The Life Insurance Company Income Tax Act of 1959	Allen L. Mayerson	Journal of the American Society of CLU's—Spring 1960	Describes (1) previous tax legislation, (2) mechanics of the income tax, and (3) impact of the new law on investment operations, cost of insurance, reserves, accounting methods and stockholder dividends.
Tax Treatment of Insurance Companies	Roy E. Moor	Tax Revision Compendium submitted to the Committee on Ways and Means 1959 Vol. 3 pp. 1983-94	"The conclusion in this paper is that insurance companies should be taxed in a manner as closely comparable to other corporations as possible." Analyzes income tax in light of this conclusion.
The Tax Treatment of Life Insurance	George E. Lent	Tax Revision Compendium Vol. 3 pp. 1995-2014	This article argues that the 1959 Act is deficient and urges taxation of (1) net investment income allocated to policyholders, (2) net investment income of trustee pension funds, and (3) net gain from operations after dividends to policyholders at regular corporate rates.
Taxation of Mutual Life Insurance Companies	H. Ladd Plumley	Tax Revision Compendium Vol. 3 pp. 2063-66	Discusses five specific areas where author feels 1959 Act provides unfair treatment; emphasis is on increasing allowable deductions for phase 1 companies beyond \$250,000 limit.

Energy Crisis

(Continued from page 1)

Looking at the last three items alone, one is tempted to dismiss the problem in the faith that science will pull us through. Not apparent in this table, however, are many major problems whose impact will almost certainly change our society significantly. These problems relate not only to the costs, both financial and ecological, but also to the timing and ability to deploy these resources.

Addressing ourselves to the oil problem alone, it is obvious that major dislocations in our society are inevitable. Oil is an almost indispensable source of chemicals for fertilizers, plastics, and many other items; yet we continue to burn this irreplaceable chemical as a source of energy. Needless to say, if we do run out of oil in the near future, Exxon, General Motors, U.S. Steel, and industry in general will suffer major, if not catastrophic, changes.

Agriculture, too, is heavily dependent upon the oil industry for fertilizers and

the energy to plant, harvest, and transport the crops that feed our nation. The fact that we need employ only 5 percent of our population in the production of food is a direct result of our efficiency in utilizing this resource, and its impact should not be underestimated.

As to nuclear energy (either fission or fusion), the problem is not so much one of having energy as one of being able to use it in time. Nuclear energy is most commonly utilized in the form of electrical energy. However, world copper resources are also limited and put a "cap" on our ability to tap this source of energy. Even if we have the copper needed, there is a serious question whether the plants, generators, and power transmission lines needed to fill the vacuum that will be left by the demise of oil and gas can be built in time.

After defining our current position nationally, the authors turn to the world picture to examine the availability of energy resources on a global level. Comparisons are made, nation by nation, of the resources available, the projected

rates of usage per capita, and the projected population. The political and strategic implications of energy availability are examined, and the consequences of having to compete internationally with our "allies" is also discussed.

Due to its vast natural resources and to the fact that they have yet to begin to use them, it becomes clear that the U.S.S.R. will emerge in the next few years as the only remaining "superstate." That the U.S. will degenerate into a "second-class power" appears to be significantly more than an even chance.

Alternative power sources, such as solar, hydroelectric, geothermal, and tidal energy, are also investigated, but the results are disappointing and disheartening. Nuclear stimulation of our oil and gas deposits is also discussed. In all cases the results fall far short of our projected needs.

Though this is obviously not a definitive book, it is sufficient in scope and content to provide the layman with a brief survey of *The Energy Crisis*, and I highly recommend reading it. ¶