26 CFR 601.201: Rulings and determination letters. (Also: Part I, Sections 832, 846; 1.832-4, 1.846-1.)

Rev. Proc. 2019-31

SECTION 1. PURPOSE

This revenue procedure prescribes revised unpaid loss discount factors for the 2018 accident year and earlier accident years for use by insurance companies in computing discounted unpaid losses under § 846 of the Internal Revenue Code (Code). The revised unpaid loss discount factors also serve as revised salvage discount factors for the 2018 accident year and earlier accident years for use in computing estimated salvage recoverable under § 832 of the Code. Additionally, this revenue procedure prescribes discount factors for the 2019 accident year for use by insurance companies in computing discounted unpaid losses under § 846 and estimated salvage recoverable under § 832. The discount factors prescribed herein were determined under § 846, as amended by section 13523 of Pub. L. No. 115-97 (131 Stat. 2054, 2152), commonly referred to as the Tax Cuts and Jobs Act (TCJA), and final regulations under § 846 (T.D. 9863, 84 FR 27947) (Final Regulations) published on June 17, 2019.

SECTION 2. BACKGROUND

.01 Discounting rules and discount factors.

(1) The discounting rules of § 846 are used to determine discounted unpaid losses under § 832(b)(5), including unpaid loss adjustment expenses included in unpaid losses under § 832(b)(6), and estimated salvage recoverable of property and casualty insurance companies for Federal income tax purposes under § 832(b)(5), as well as discounted unpaid losses of life insurance companies for Federal income tax purposes under §§ 805(a)(1) and 807(c)(2) of the Code. References to unpaid losses hereinafter in this revenue procedure refer to unpaid losses and expenses unpaid (as defined in § 832(b)(5) and (6)) or unpaid losses (as defined in §§ 805(a)(1) and 807(c)(2)), as applicable.

(2) Section 846 provides that discounted unpaid losses must be separately determined for each accident year for each line of business by applying the annual rate determined under § 846(c) and the appropriate loss payment pattern to the amount of unpaid losses as measured at the end of the taxable year. Section 846(d) directs the Secretary to use the most recent aggregate loss payment data of property and casualty insurance companies to determine a loss payment pattern for each line of business every five years. This payment pattern is used to discount unpaid losses for the accident year ending with a determination year and for each of the four succeeding accident years. For every accident year, the Secretary publishes guidance in the Internal Revenue Bulletin that provides discount factors for each line of business based on the annual rate and loss payment patterns determined under § 846.

(3) Section 13523 of the TCJA amended § 846 for taxable years beginning after December 31, 2017. Section 846, as amended by the TCJA, is referred to in this revenue procedure as Amended § 846. Section 13523(a) and (b) amended the definition of annual rate under § 846(c) and the computational rules for loss payment patterns under § 846(d), respectively. Section 13523(c) repealed the election that was previously set forth in § 846(e) to use the insurance company's own historical loss payment pattern instead of the pattern published by the Secretary.

(4) Section 13523(e) of the TCJA provides a transition rule for the application of the amendments made by section 13523. For the first taxable year beginning after December 31, 2017, the unpaid losses at the end of the preceding taxable year are determined as if the amendments made by section 13523 had applied to the unpaid losses in the preceding taxable year and by using the annual rate and loss payment patterns applicable to accident years ended with calendar year 2018. The resulting adjustment, if any, is included in the insurance company's gross income ratably over eight taxable years, beginning with the insurance company's first taxable year beginning after December 31, 2017, and continuing through the seven succeeding taxable years. Section 13523(e) also provides that, for subsequent taxable years, the amendments made by section 13523 are applied with respect to unpaid losses for accident years ended with or before calendar year 2018 by using the annual rate and loss payment patterns applicable to accident years ended with calendar year 2018.

(5) On November 7, 2018, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) published proposed regulations

under Amended § 846 (REG-103163-18, 83 FR 55646) (Proposed Regulations).

(6) On January 7, 2019, the Treasury Department and the IRS published Rev. Proc. 2019-06, which prescribes unpaid loss discount factors for the 2018 accident year and earlier accident years for use in computing discounted unpaid losses under Amended § 846. The unpaid loss discount factors also serve as salvage discount factors for the 2018 accident year and earlier accident years for use in computing estimated salvage recoverable under § 832. The unpaid loss discount factors prescribed in Rev. Proc. 2019-06 (Proposed Discount Factors) were determined under Amended § 846 and the Proposed Regulations. In Rev. Proc. 2019-06, the Treasury Department and the IRS announced the intent to publish revised unpaid loss discount factors, if necessary, following the publication of the Proposed Regulations as final regulations. In Rev. Proc. 2019-06, the Treasury Department and the IRS also announced the intent to issue guidance on the use of revised discount factors, including the adjustment to be taken into account by certain taxpayers that used the Proposed Discount Factors in a taxable year ended before the date of publication of final regulations.

(7) Under the Proposed Regulations, the annual rate determined under Amended § 846(c) is based on a specific range of maturities (from one-half year to seventeen and one-half years) from the corporate bond yield curve prescribed in Amended § 846(c)(2). Under the Final Regulations, the annual rate determined under Amended § 846(c) is based on a specific range of maturities (from four and one-half years to ten years) from the prescribed corporate bond yield curve. The loss payment patterns for the 2017

determination year are the same under the Proposed Regulations and Final Regulations. The annual rate determined for the 2018 calendar year under the Proposed Regulations is 3.12 percent, compounded semiannually, while the annual rate determined for the 2018 calendar year under the Final Regulations is 2.94 percent, compounded semiannually. Because the annual rate determined under the Final Regulations is different from the annual rate determined under the Proposed Regulations, this revenue procedure prescribes revised discount factors determined under Amended § 846 and the Final Regulations (Revised Discount Factors) and provides guidance on the use of the Revised Discount Factors. Section 6.01(2) of Rev. Proc. 2019-30, 2019-33 I.R.B. ____, published in the same edition of the Internal Revenue Bulletin as this revenue procedure, describes the adjustments to be taken into account by certain taxpayers that used the Proposed Discount Factors in any taxable year ended before June 17, 2019.

(8) This revenue procedure also prescribes discount factors for the 2019 accident year determined under Amended § 846 and the Final Regulations for use by insurance companies in computing discounted unpaid losses under Amended § 846 and estimated salvage recoverable under § 832. These discount factors must be used in taxable years ending on or after June 17, 2019.

.02 Changes in methods of accounting.

In addition to describing the adjustments to be taken into account by certain taxpayers that used the Proposed Discount Factors, Rev. Proc. 2019-30 provides simplified procedures under § 446 of the Code and § 1.446-1(e) of the Income Tax

Regulations for an insurance company to obtain automatic consent of the Commissioner of Internal Revenue to change its methods of accounting for discounting unpaid losses and estimated salvage recoverable, as applicable, to comply with Amended § 846.

SECTION 3. SCOPE

This revenue procedure applies to any insurance company that is required to discount unpaid losses under Amended § 846 for a line of business using the discount factors published by the Secretary, and also applies to any insurance company that is required to discount estimated salvage recoverable under § 832. This revenue procedure applies to taxable years beginning after December 31, 2017.

SECTION 4. REVISED DISCOUNT FACTORS

.01 The tables in this section 4 present separately for each line of business the Revised Discount Factors. All of the Revised Discount Factors presented in the tables in this section 4 are determined by using the applicable interest rate for 2018 under Amended § 846(c) and the Final Regulations, which is 2.94 percent, compounded semiannually, and the payment patterns for the 2017 determination year determined by the Secretary under Amended § 846(d) and the Final Regulations. All of the Revised Discount Factors presented in these tables are determined by assuming all loss payments occur in the middle of the calendar year.

.02 An insurance company may use either the Revised Discount Factors or the Proposed Discount Factors for its first taxable year beginning after December 31, 2017, if the company's first taxable year beginning after December 31, 2017, ended before

June 17, 2019. However, the insurance company must consistently use the Revised Discount Factors or consistently use the Proposed Discount Factors. An insurance company that uses the Proposed Discount Factors in its first taxable year beginning after December 31, 2017, must take into account the adjustments described in section 6.01(2) of Rev. Proc. 2019-30 in the manner prescribed in section 6.02(2) of Rev. Proc. 2019-30 if the company does not amend the return filed for that year to use the Revised Discount Factors.

.03 Tables 1 and 2 present separately for each line of business the Revised Discount Factors for losses incurred in the 2018 accident year and earlier accident years for use in the first taxable year beginning after December 31, 2017, for purposes of determining discounted unpaid losses under Amended § 846 and estimated salvage recoverable under § 832.

.04 Tables 3 and 4 present separately for each line of business the Revised Discount Factors for losses incurred in the 2017 accident year and earlier accident years for use in the first taxable year beginning after December 31, 2017, for purposes of determining the unpaid losses at the end of the preceding taxable year, as well as the adjustments described in section 2.01(4) of this revenue procedure and section 6.01(1) and (2) of Rev. Proc. 2019-30, which must be taken into account in the manner prescribed in section 6.02(1) and (2) of Rev. Proc. 2019-30.

.05 Tables 5 and 6 present separately for each line of business the Revised Discount Factors for losses incurred in the 2018 accident year for use in taxable years beginning after December 31, 2017, for purposes of determining discounted unpaid

losses under Amended § 846 and estimated salvage recoverable under § 832.

.06 Section V of Notice 88-100, 1988-2 C.B. 439, sets forth a composite method for computing discounted unpaid losses for accident years that are not separately reported on the annual statement. Tables 2, 4, 5, and 6 separately provide discount factors for insurance companies that have elected to use the composite method of Notice 88-100. See Rev. Proc. 2002-74, 2002-2 C.B. 980.

		Table 1 (part	A)		
Revis	ed Discount	Factors Under Ame	ended Section 8	46 (percent)	
For t	he First Tax	able Year Beginnin	g After Deceml	ber 31, 2017	
		Short-Tail Lines of	Business		
			Financial		
	Auto		Guaranty/		
Accident	Physical		Mortgage		
Year	Damage	Fidelity/Surety	Guaranty	International	Other*
2018	98.3892	95.9894	95.7530	96.3010	97.101
2017	97.1339	97.1339	97.1339	97.1339	97.133
Years before 2017	98.5513	98.5513	98.5513	98.5513	98.551

* For Accident and Health lines of business (other than disability income or credit disability insurance), the discount factor for taxable year 2018 is 98.5513 percent.

	Table 1 (part B) Revised Discount Factors Under Amended Section 846 (percent)								
	For the First 7	Faxable Year Be	ginning After De	cember 31, 20	017				
		Short-Tail Li	ines of Business						
	Reinsurance - Nonproportional	Reinsurance - Nonproportional	Reinsurance - Nonproportional	Special Property (Fire, Allied Lines, Inland Marine, Earthquake,					
Accident Year	Assumed Financial Lines	Assumed Liability	Assumed Property	Burglary & Theft)	Warranty	Short-Tail Composite			

2018	95.6050	94.8379	96.2833	97.5135	98.1947	96.9951
2017	97.1339	97.1339	97.1339	97.1339	97.1339	97.1339
Years before 2017	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513

Table 2 (part A)Revised Discount Factors Under Amended Section 846 (percent)For the First Taxable Year Beginning After December 31, 2017Long-Tail Lines of Business

Accident Year	Commercial Auto/Truck Liability/Medical	Medical Professional Liability - Claims-Made	Medical Professional Liability - Occurrence	Multiple Peril Lines	Other Liability - Claims- Made	Other Liability - Occurrence		
1 cal	Liability/Ivieuical	Claims-Maue	Occurrence	Lines	Maue	Occurrence		
2018 2017 2016 2015 2014 2013 2012 2011	94.0556 94.7607 95.2819 95.3204 95.2024 95.0498 95.3260 94.9804	91.6544 92.6388 92.8576 93.1388 93.2805 93.3035 94.2423 95.1291	86.8932 88.9529 90.4811 91.8194 92.7664 93.5069 94.3189 94.9993	95.3058 93.6724 93.9651 93.2041 91.4064 91.6039 91.3154 91.0177	90.8915 91.6944 92.1992 92.2415 92.0976 92.6040 93.0770 93.8378	89.3683 90.2053 90.7535 90.9196 90.6836 90.7542 90.7788 91.9830		
2010	96.4102	96.0160	96.1220	93.5200	94.9264	92.6228		
2009	98.3585	97.7503	97.7902	94.8530	96.6876	94.4974		
Taxpayer Not	Using the Compos	site Method						
2008	98.5513	98.5513	98.5513	96.1895	98.0033	95.8511		
2007	98.5513	98.5513	98.5513	97.5045	98.5513	97.2176		
Years before								
2007	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513		
<u>Taxpayer Using the Composite Method</u> Years before								
2009	98.5513	98.5513	98.5513	96.9185	98.0920	96.7300		

	Private Passenger	Products			
	Auto	Liability -	Products		
Accident	Liability/	Claims-	Liability -	Workers'	Long-Tail
Year	Medical	Made	Occurrence	Compensation	Composite
1 cui	Meulear	Maue	occurrence	compensation	Composite
2018	95.6745	85.8982	87.8191	88.0401	92.7568
2017	95.2920	86.3600	89.1417	86.5393	91.7292
2016	95.2520	88.1407	89.8860	85.4517	91.4469
2015	94.8920	83.8076	91.1924	83.9662	90.2933
2014	94.2325	85.0889	89.8810	83.4129	88.7546
2013	94.2824	86.4184	89.9309	82.8905	88.6421
2012	94.5205	87.8040	90.8527	83.2567	88.6258
2011	95.0550	89.0388	91.8072	84.1036	89.1661
2010	95.6473	90.2969	92.1992	84.7150	90.3858
2009	97.7282	91.5785	94.4133	86.5946	92.1457
<u>'axpayer Not U</u> 2008	Using the Com 98.5513	posite Metho 92.8838	<u>d</u> 95.7739	87.8065	93.4541
2007	98.5513	94.2124	97.1571	89.0414	94.7812
	98.5513 98.5513	94.2124 95.5629	97.1571 98.5513	89.0414 90.2995	94.7812 96.1195
2007					
2007 2006	98.5513	95.5629	98.5513	90.2995	96.1195
2007 2006 2005	98.5513 98.5513	95.5629 96.9299	98.5513 98.5513	90.2995 91.5813	96.1195 97.4421
2007 2006 2005 2004	98.5513 98.5513 98.5513	95.5629 96.9299 98.2868	98.5513 98.5513 98.5513	90.2995 91.5813 92.8867	96.1195 97.4421 98.5513
2007 2006 2005 2004 2003	98.5513 98.5513 98.5513 98.5513	95.5629 96.9299 98.2868 98.5513	98.5513 98.5513 98.5513 98.5513	90.2995 91.5813 92.8867 94.2154	96.1195 97.4421 98.5513 98.5513
2007 2006 2005 2004 2003 2002	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	95.5629 96.9299 98.2868 98.5513 98.5513	98.5513 98.5513 98.5513 98.5513 98.5513	90.2995 91.5813 92.8867 94.2154 95.5661	96.1195 97.4421 98.5513 98.5513 98.5513
2007 2006 2005 2004 2003 2002 2001	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	95.5629 96.9299 98.2868 98.5513 98.5513 98.5513	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	90.2995 91.5813 92.8867 94.2154 95.5661 96.9334	96.1195 97.4421 98.5513 98.5513 98.5513 98.5513
2007 2006 2005 2004 2003 2002 2001 2000	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	95.5629 96.9299 98.2868 98.5513 98.5513 98.5513	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	90.2995 91.5813 92.8867 94.2154 95.5661 96.9334	96.1195 97.4421 98.5513 98.5513 98.5513 98.5513
2007 2006 2005 2004 2003 2002 2001 2000 Years before 2000	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	95.5629 96.9299 98.2868 98.5513 98.5513 98.5513 98.5513 98.5513	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	90.2995 91.5813 92.8867 94.2154 95.5661 96.9334 98.2913	96.1195 97.4421 98.5513 98.5513 98.5513 98.5513 98.5513
2007 2006 2005 2004 2003 2002 2001 2000 Years before	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	95.5629 96.9299 98.2868 98.5513 98.5513 98.5513 98.5513 98.5513	98.5513 98.5513 98.5513 98.5513 98.5513 98.5513 98.5513	90.2995 91.5813 92.8867 94.2154 95.5661 96.9334 98.2913	96.1195 97.4421 98.5513 98.5513 98.5513 98.5513 98.5513

For the First Taxable Year Beginning After December 31, 2017 Long-Tail Lines of Business

Table 3 (part A)Revised Discount Factors Under Amended Section 846 (percent)For the Taxable Year Preceding the First Taxable Year Beginning After December 31, 2017Short-Tail Lines of Business

Accident Year	Auto Physical Damage	Fidelity/Surety	Financial Guaranty/ Mortgage Guaranty	International	Other*
2017	98.3892	95.9894	95.7530	96.3010	97.1014
2016 Years before	97.1339	97.1339	97.1339	97.1339	97.1339
2016	98.5513	98.5513	98.5513	98.5513	98.5513

* For Accident and Health lines of business (other than disability income or credit disability insurance), the discount factor for taxable year 2017 is 98.5513 percent.

Table 3 (part B)Revised Discount Factors Under Amended Section 846 (percent)For the Taxable Year Preceding the First Taxable Year Beginning After December 31, 2017Short-Tail Lines of Business

Accident Year	Reinsurance - Nonproportional Assumed Financial Lines	Reinsurance - Nonproportional Assumed Liability	Reinsurance - Nonproportional Assumed Property	Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	Warranty	Short-Tail Composite
2017 2016	95.6050 97.1339	94.8379 97.1339	96.2833 97.1339	97.5135 97.1339	98.1947 97.1339	96.9951 97.1339
Years before 2016	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513

Table 4 (part A)Revised Discount Factors Under Amended Section 846 (percent)For the Taxable Year Preceding the First Taxable Year Beginning After December 31, 2017Long-Tail Lines of Business

Accident Year	Commercial Auto/Truck Liability/Medical	Medical Professional Liability - Claims-Made	Medical Professional Liability - Occurrence	Multiple Peril Lines	Other Liability - Claims- Made	Other Liability - Occurrence
			• • • • • • • • • • • • • • • • • • • •			
2017	94.0556	91.6544	86.8932	95.3058	90.8915	89.3683
2016	94.7607	92.6388	88.9529	93.6724	91.6944	90.2053
2015	95.2819	92.8576	90.4811	93.9651	92.1992	90.7535
2014	95.3204	93.1388	91.8194	93.2041	92.2415	90.9196
2013	95.2024	93.2805	92.7664	91.4064	92.0976	90.6836
2012	95.0498	93.3035	93.5069	91.6039	92.6040	90.7542
2011	95.3260	94.2423	94.3189	91.3154	93.0770	90.7788
2010	94.9804	95.1291	94.9993	91.0177	93.8378	91.9830
2009	96.4102	96.0160	96.1220	93.5200	94.9264	92.6228
2008	98.3585	97.7503	97.7902	94.8530	96.6876	94.4974
Taxpayer Not Us	sing the Composite I	Method				
2007	98.5513	98.5513	98.5513	96.1895	98.0033	95.8511
2006	98.5513	98.5513	98.5513	97.5045	98.5513	97.2176
Years before						
2006	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513
Taxpayer Using	the Composite Meth	nod				
Years before						
2008	98.5513	98.5513	98.5513	96.9185	98.0920	96.7300

Table 4 (part B)Revised Discount Factors Under Amended Section 846 (percent)For the Taxable Year Preceding the First Taxable Year Beginning After December 31, 2017Long-Tail Lines of Business

	Private Passenger	Products	Products		
Accident	Auto Liability/	Liability -	Liability -	Workers'	Long-Ta
Year	Medical	Claims-Made	Occurrence	Compensation	Composit
2017	95.6745	85.8982	87.8191	88.0401	92.7568
2016	95.2920	86.3600	89.1417	86.5393	91.7292
2015	95.2520	88.1407	89.8860	85.4517	91.4469
2014	94.8920	83.8076	91.1924	83.9662	90.2933
2013	94.2325	85.0889	89.8810	83.4129	88.7546
2012	94.2824	86.4184	89.9309	82.8905	88.6421

2011	94.5205	87.8040	90.8527	83.2567	88.6258
2010	95.0550	89.0388	91.8072	84.1036	89.1661
2009	95.6473	90.2969	92.1992	84.7150	90.3858
2008	97.7282	91.5785	94.4133	86.5946	92.1457
Taxpayer Not Using	the Composite	Method			
2007	98.5513	92.8838	95.7739	87.8065	93.4541
2006	98.5513	94.2124	97.1571	89.0414	94.7812
2005	98.5513	95.5629	98.5513	90.2995	96.1195
2004	98.5513	96.9299	98.5513	91.5813	97.4421
2003	98.5513	98.2868	98.5513	92.8867	98.5513
2002	98.5513	98.5513	98.5513	94.2154	98.5513
2001	98.5513	98.5513	98.5513	95.5661	98.5513
2000	98.5513	98.5513	98.5513	96.9334	98.5513
1999	98.5513	98.5513	98.5513	98.2913	98.5513
Years before 1999	98.5513	98.5513	98.5513	98.5513	98.5513
Taxpayer Using the	Composite Met	hod			
Years before 2008	98.5513	94.7288	96.6903	91.2579	95.0968

Table 5 (part A)
Revised Discount Factors Under Amended Section 846 (percent)
For Losses Incurred in Accident Year 2018 in Short-Tail Lines of Business

Taxable Year Beginning in	Auto Physical Damage	Fidelity/Surety	Financial Guaranty/ Mortgage Guaranty	International	Other*
2018	98.3892	95.9894	95.7530	96.3010	97.1014
2019	97.1339	97.1339	97.1339	97.1339	97.1339
Taxpayer Not Usi	ng Composite M	ethod			
Years after 2019	98.5513	98.5513	98.5513	98.5513	98.5513
Taxpayer Using t	he Composite Mo	ethod			
2020	98.5513	98.5513	98.5513	98.5513	98.5513
Years after 2020	Use composite	e discount factors p	ublished for the	e relevant acciden	t year.**

* For Accident and Health lines of business (other than disability income or credit disability insurance), the discount factor for taxable year 2018 is 98.5513 percent. For later years, the discount factor for losses incurred in 2018 is the discount factor published for Accident and Health lines of business for losses incurred in the accident year coinciding with the taxable year.

******The relevant accident year is the accident year that is two years prior to the specified taxable year.

			5 (A D)							
Table 5 (part B) Deviced Discount Factors Under A mended Section 846 (nercent)										
Revised Discount Factors Under Amended Section 846 (percent)										
For Losses Incurred in Accident Year 2018 in Short-Tail Lines of Business										
Taxable	Reinsurance - Nonproportional	Reinsurance - Nonproportional	Reinsurance - Nonproportional	Special Property (Fire, Allied Lines, Inland Marine, Earthquake,						
Year	Assumed	Assumed	Assumed	Burglary &		Short-Tail				
Beginning in	Financial Lines	Liability	Property	Theft)	Warranty	Composite				
2018	95.6050	94.8379	96.2833	97.5135	98.1947	96.9951				
2019	97.1339	97.1339	97.1339	97.1339	97.1339	97.1339				
<u>Taxpayer No</u>	Taxpayer Not Using Composite Method									
Years after										
2019	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513				
Taxpaver Usi	ing the Composite	e Method								
2020	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513				
Years after	2 0.00 10	2 0.00 10		20.0010	20.0010	20.0010				
2020	Use comp	osite discount fac	ctors published fo	or the relevant	t accident ye	ear.**				

**The relevant accident year is the accident year that is two years prior to the specified taxable year.

		Table	e 6 (part A)				
	Revised Disco	unt Factors Un	der Amended	Section 846 (per	rcent)		
For Losses Incurred in Accident Year 2018 in Long-Tail Lines of Business							
		Medical	Medical		Other Liability		
	Commercial	Professional	Professional		-	Other	
Taxable	Auto/Truck	Liability -	Liability -	Multiple Peril	Claims-	Liability -	
Year	Liability/Medical	Claims-Made	Occurrence	Lines	Made	Occurrenc	
2018	94.0556	91.6544	86.8932	95.3058	90.8915	89.3683	
2019	94.7607	92.6388	88.9529	93.6724	91.6944	90.2053	
2020	95.2819	92.8576	90.4811	93.9651	92.1992	90.7535	

2021	95.3204	93.1388	91.8194	93.2041	92.2415	90.9196
2022	95.2024	93.2805	92.7664	91.4064	92.0976	90.6836
2023	95.0498	93.3035	93.5069	91.6039	92.6040	90.7542
2024	95.3260	94.2423	94.3189	91.3154	93.0770	90.7788
2025	94.9804	95.1291	94.9993	91.0177	93.8378	91.9830
2026	96.4102	96.0160	96.1220	93.5200	94.9264	92.6228
2027	98.3585	97.7503	97.7902	94.8530	96.6876	94.4974
Taxpayer Not	Using Composite	e Method				
2028	98.5513	98.5513	98.5513	96.1895	98.0033	95.8511
2029	98.5513	98.5513	98.5513	97.5045	98.5513	97.2176
Years after						
2029	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513
<u>Taxpayer Usin</u>	g the Composite	Method				
2028	98.5513	98.5513	98.5513	96.9185	98.0920	96.7300
Years after						
2028	Use comp	osite discount fa	ctors published	l for the releva	int accident y	/ear.*

*The relevant accident year is the accident year that is ten years prior to the specified taxable year.

YearMedicalMadeOccurrenceComponent201895.674585.898287.819188.040192.756201995.292086.360089.141786.539391.722202095.252088.140789.886085.451791.440202194.892083.807691.192483.966290.292202294.232585.088989.881083.412988.754202394.282486.418489.930982.890588.642202494.520587.804090.852783.256788.622			Table	6 (part B)					
Products Products Private Liability Passenger - Products Taxable Auto Liability/ Claims- Liability - Workers' Long-T Year Medical Made Occurrence Compensation Compo 2018 95.6745 85.8982 87.8191 88.0401 92.756 2019 95.2920 86.3600 89.1417 86.5393 91.722 2020 95.2520 88.1407 89.8860 85.4517 91.444 2021 94.8920 83.8076 91.1924 83.9662 90.292 2022 94.2325 85.0889 89.8810 83.4129 88.754 2023 94.2824 86.4184 89.9309 82.8905 88.642 2024 94.5205 87.8040 90.8527 83.2567 88.623									
Private Liability Passenger - Products Taxable Auto Liability/ Claims- Liability - Workers' Long-T Year Medical Made Occurrence Compensation Compo 2018 95.6745 85.8982 87.8191 88.0401 92.756 2019 95.2920 86.3600 89.1417 86.5393 91.722 2020 95.2520 88.1407 89.8860 85.4517 91.440 2021 94.8920 83.8076 91.1924 83.9662 90.292 2022 94.2325 85.0889 89.8810 83.4129 88.754 2023 94.2824 86.4184 89.9309 82.8905 88.642 2024 94.5205 87.8040 90.8527 83.2567 88.623									
Passenger Year - Medical Products Claims- Made Workers' Occurrence Long-T Componies 2018 95.6745 85.8982 87.8191 88.0401 92.756 2019 95.2920 86.3600 89.1417 86.5393 91.722 2020 95.2520 88.1407 89.8860 85.4517 91.444 2021 94.8920 83.8076 91.1924 83.9662 90.292 2022 94.2325 85.0889 89.8810 83.4129 88.754 2023 94.2824 86.4184 89.9309 82.8905 88.642 2024 94.5205 87.8040 90.8527 83.2567 88.62			Products		*				
Taxable Year Auto Liability/ Medical Claims- Made Liability - Occurrence Workers' Componentiation Long-T Componentiation 2018 95.6745 85.8982 87.8191 88.0401 92.756 2019 95.2920 86.3600 89.1417 86.5393 91.722 2020 95.2520 88.1407 89.8860 85.4517 91.444 2021 94.8920 83.8076 91.1924 83.9662 90.292 2022 94.2325 85.0889 89.8810 83.4129 88.754 2023 94.2824 86.4184 89.9309 82.8905 88.642 2024 94.5205 87.8040 90.8527 83.2567 88.623		Private	Liability						
YearMedicalMadeOccurrenceCompensationCompo201895.674585.898287.819188.040192.756201995.292086.360089.141786.539391.722202095.252088.140789.886085.451791.444202194.892083.807691.192483.966290.292202294.232585.088989.881083.412988.754202394.282486.418489.930982.890588.642202494.520587.804090.852783.256788.622		Passenger	-	Products					
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Taxable	Auto Liability/	Claims-	Liability -	Workers'	Long-Tail			
201995.292086.360089.141786.539391.72202095.252088.140789.886085.451791.444202194.892083.807691.192483.966290.29202294.232585.088989.881083.412988.754202394.282486.418489.930982.890588.642202494.520587.804090.852783.256788.622	Year	Medical	Made	Occurrence	Compensation	Composite			
201995.292086.360089.141786.539391.72202095.252088.140789.886085.451791.444202194.892083.807691.192483.966290.29202294.232585.088989.881083.412988.754202394.282486.418489.930982.890588.642202494.520587.804090.852783.256788.623									
202095.252088.140789.886085.451791.444202194.892083.807691.192483.966290.293202294.232585.088989.881083.412988.754202394.282486.418489.930982.890588.644202494.520587.804090.852783.256788.624	2018	95.6745	85.8982	87.8191	88.0401	92.7568			
202194.892083.807691.192483.966290.293202294.232585.088989.881083.412988.754202394.282486.418489.930982.890588.643202494.520587.804090.852783.256788.623	2019	95.2920	86.3600	89.1417	86.5393	91.7292			
202294.232585.088989.881083.412988.754202394.282486.418489.930982.890588.644202494.520587.804090.852783.256788.624	2020	95.2520	88.1407	89.8860	85.4517	91.4469			
2023 94.2824 86.4184 89.9309 82.8905 88.64 2024 94.5205 87.8040 90.8527 83.2567 88.62	2021	94.8920	83.8076	91.1924	83.9662	90.2933			
2024 94.5205 87.8040 90.8527 83.2567 88.62	2022	94.2325	85.0889	89.8810	83.4129	88.7546			
	2023	94.2824	86.4184	89.9309	82.8905	88.6421			
2025 95.0550 89.0388 91.8072 84.1036 89.160	2024	94.5205	87.8040	90.8527	83.2567	88.6258			
	2025	95.0550	89.0388	91.8072	84.1036	89.1661			
2026 95.6473 90.2969 92.1992 84.7150 90.38	2026	95.6473	90.2969	92.1992	84.7150	90.3858			
2027 97.7282 91.5785 94.4133 86.5946 92.14	2027	97.7282	91.5785	94.4133	86.5946	92.1457			
Faxpayer Not Using Composite Method						93.4541			
2028 98.5513 92.8838 95.7739 87.8065 93.454		98.5513	94.2124	97.1571	89.0414	94.7812			
202898.551392.883895.773987.806593.454202998.551394.212497.157189.041494.783	2030	98.5513	95.5629	98.5513	90.2995	96.1195			

2031	98.5513	96.9299	98.5513	91.5813	97.4421					
2032	98.5513	98.2868	98.5513	92.8867	98.5513					
2033	98.5513	98.5513	98.5513	94.2154	98.5513					
2034	98.5513	98.5513	98.5513	95.5661	98.5513					
2035	98.5513	98.5513	98.5513	96.9334	98.5513					
2036	98.5513	98.5513	98.5513	98.2913	98.5513					
Years after										
2036	98.5513	98.5513	98.5513	98.5513	98.5513					
Taxpayer Using the Composite Method										
2028	98.5513	94.7288	96.6903	91.2579	95.0968					
Years after										
2028	Use composite o	liscount fact	ors published fo	r the relevant acc	cident year.*					

*The relevant accident year is the accident year that is ten years prior to the specified taxable year.

SECTION 5. DISCOUNT FACTORS FOR TAXABLE YEARS BEGINNING IN 2019

.01 The tables in this section 5 present separately for each line of business discount factors for losses incurred in the 2019 accident year and earlier accident years for use by insurance companies in computing discounted unpaid losses under Amended § 846 and estimated salvage recoverable under § 832 in taxable years beginning in 2019. Insurance companies must use these discount factors in taxable years ending on or after June 17, 2019. The discount factors for losses incurred in accident year 2019 presented in these tables are determined by using the applicable interest rate for 2019 under Amended § 846(c) and the Final Regulations, which is 3.09 percent, compounded semiannually. Consistent with the transition rule in section 13523(3) of the TCJA, all other discount factors presented in these tables are determined by using the applicable interest rate for 2018, which is 2.94 percent, compounded semiannually. All of the discount factors presented in these tables are determined by using the payment patterns for the 2017 determination year determined by the Secretary under Amended

§ 846(d) and the Final Regulations and by assuming all loss payments occur in the middle of the calendar year.

.02 Tables 8, 9, and 10 separately provide discount factors for insurance companies that have elected to use the composite method of Notice 88-100. See Rev.

Proc. 2002-74.

Table 7 (part A)						
Discount Factors Under Amended Section 846 (percent)						
For Taxable Year(s) Beginning in 2019						
Short-Tail Lines of Business						

Accident Year	Auto Physical Damage	Fidelity/Surety	Financial Guaranty/ Mortgage Guaranty	International	Other*
2019	98.3085	95.7921	95.5443	96.1189	96.9581
2018	97.1339	97.1339	97.1339	97.1339	97.1339
Years before 2018	98.5513	98.5513	98.5513	98.5513	98.5513

* For Accident and Health lines of business (other than disability income or credit disability insurance), the discount factor for taxable year 2019 is 98.4785 percent.

	Table 7 (part B)							
	Factors for Discounting Unpaid Losses Under Section 846 (percent)							
	For Taxable Year(s) Beginning in 2019							
	Short-Tail Lines of Business							
				Special				
				Property				
				(Fire,				
				Allied				
				Lines,				
				Inland				
		Reinsurance -	Reinsurance -	Marine,				
	Reinsurance -	Nonproportiona	Nonproportiona	Earthquake				
	Nonproportional	Ī	ī	,		Short-Tail		
Accident	Assumed	Assumed	Assumed	Burglary &	Warrant	Composit		
Year	Financial Lines	Liability	Property	Theft)	У	e		

2019	95.3891	94.5848	96.1004	97.3903	98.1046	96.8468
2018 Years before	97.1339	97.1339	97.1339	97.1339	97.1339	97.1339
2018	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513

Table 8 (part A)
Discount Factors Under Amended Section 846 (percent)
For Taxable Year(s) Beginning in 2019
Long-Tail Lines of Business

Accident Year	Commercial Auto/Truck Liability/Medical	Medical Professiona l Liability - Claims- Made	Medical Professiona l Liability - Occurrence	Multiple Peril Lines	Other Liability - Claims- Made	Other Liability - Occurrence
2019	93.7704	91.2627	86.2902	95.0826	90.4676	88.8810
2018	94.7607	92.6388	88.9529	93.6724	91.6944	90.2053
2017	95.2819	92.8576	90.4811	93.9651	92.1992	90.7535
2016	95.3204	93.1388	91.8194	93.2041	92.2415	90.9196
2015	95.2024	93.2805	92.7664	91.4064	92.0976	90.6836
2014	95.0498	93.3035	93.5069	91.6039	92.6040	90.7542
2013	95.3260	94.2423	94.3189	91.3154	93.0770	90.7788
2012	94.9804	95.1291	94.9993	91.0177	93.8378	91.9830
2011	96.4102	96.0160	96.1220	93.5200	94.9264	92.6228
2010	98.3585	97.7503	97.7902	94.8530	96.6876	94.4974
<u>Taxpayer No</u>	t Using the Com	posite Metho	od			
2009	98.5513	98.5513	98.5513	96.1895	98.0033	95.8511

2008	98.5513	98.5513	98.5513	97.5045	98.5513	97.2176
Years before 2008	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513
<u>Taxpayer Usin</u>	g the Compo	site Method				
Years before 2010	98.5513	98.5513	98.5513	96.9185	98.0920	96.7300

Table 8 (part B)Discount Factors Under Amended Section 846 (percent)For Taxable Year(s) Beginning in 2019Long-Tail Lines of Business

Accident Year	Private Passenger Auto Liability/ Medical	Products Liability - Claims-Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail Composit e
2019	05 4657	95 2754	97 2645	97 2010	02 4228
2019 2018	95.4657 95.2920	85.2754 86.3600	87.2645 89.1417	87.5213 86.5393	92.4228 91.7292
2018	95.2920 95.2520	80.3000 88.1407	89.1417 89.8860	80.5595 85.4517	91.7292 91.4469
2016	94.8920	83.8076	91.1924	83.9662	90.2933
2015	94.2325	85.0889	89.8810	83.4129	88.7546
2014	94.2824	86.4184	89.9309	82.8905	88.6421
2013	94.5205	87.8040	90.8527	83.2567	88.6258
2012	95.0550	89.0388	91.8072	84.1036	89.1661
2011	95.6473	90.2969	92.1992	84.7150	90.3858
2010	97.7282	91.5785	94.4133	86.5946	92.1457
Taxpaver Not	Using the Composi	ite Method			
2009	98.5513	92.8838	95.7739	87.8065	93.4541
2008	98.5513	94.2124	97.1571	89.0414	94.7812
2007	98.5513	95.5629	98.5513	90.2995	96.1195
2006	98.5513	96.9299	98.5513	91.5813	97.4421
2005	98.5513	98.2868	98.5513	92.8867	98.5513
2004	98.5513	98.5513	98.5513	94.2154	98.5513
2003	98.5513	98.5513	98.5513	95.5661	98.5513
2002	98.5513	98.5513	98.5513	96.9334	98.5513
2002	98.5513	98.5513	98.5513	98.2913	98.5513
Years before	70,0010	10:0010	70.0010	10,411	70.0010
2001	98.5513	98.5513	98.5513	98.5513	98.5513

Taxpayer Using	g the Composite N	Iethod			
Years before					
2010	98.5513	94.7288	96.6903	91.2579	95.0968

SECTION 6. DISCOUNT FACTORS FOR THE 2019 ACCIDENT YEAR

.01 The tables in this section 6 present separately for each line of business the discount factors for losses incurred in the 2019 accident year for use by insurance companies in computing discounted unpaid losses under Amended § 846 and estimated salvage recoverable under § 832. All of the discount factors presented in these tables are determined by using the applicable interest rate for 2019 under Amended § 846(c) and the Final Regulations, which is 3.09 percent, compounded semiannually, and the payment patterns for the 2017 determination year determined by the Secretary under Amended § 846(d) and the Final Regulations. All of the discount factors presented in these tables are determined by assuming all loss payments occur in the middle of the calendar year.

.02 Tables 9 and 10 separately provide discount factors for insurance companies who have elected to use the composite method of Notice 88-100. See Rev. Proc. 2002-74.

Table 9 (part A)						
	Discount Factors Under Amended Section 846 (percent)					
For Lo	For Losses Incurred in Accident Year 2019 in Short-Tail Lines of Business					
			Financial			
Taxable	Auto		Guaranty/			
Year	Physical		Mortgage			
Beginning in	Damage	Fidelity/Surety	Guaranty	International	Other*	

2019	98.3085	95.7921	95.5443	96.1189	96.9581
2020	96.9916	96.9916	96.9916	96.9916	96.9916
<u>Taxpayer Not Usin</u>	g Composite M	ethod			
Years after 2020	98.4785	98.4785	98.4785	98.4785	98.4785
Taxpayer Using the	e Composite Me	ethod			
2021	98.4785	98.4785	98.4785	98.4785	98.4785
Years after 2021	Use composit	te discount factor	rs published for	the relevant acci	ident year.**

* For Accident and Health lines of business (other than disability income or credit disability insurance), the discount factor for taxable year 2019 is 98.4785 percent. For later years, the discount factor for losses incurred in 2019 is the discount factor published for Accident and Health lines of business for losses incurred in the accident year coinciding with the taxable year.

******The relevant accident year is the accident year that is two years prior to the specified taxable year.

	Discount Fa	Table 9 ctors Under Am	-	16 (norcont)		
For I	Losses Incurred i			· _ ·	Business	
				Special Property (Fire, Allied Lines, Inland		
	Reinsurance - Nonproportiona	Reinsurance - Nonproportiona	Reinsurance - Nonproportiona	Marine, Earthquake		
Taxable Year	l Assumed	l Assumed	l Assumed	Burglary &	Warrant	Short-Tail Composit
Beginning in	Financial Lines	Liability	Property	Theft)	у	e
2019 2020	95.3891 96.9916	94.5848 96.9916	96.1004 96.9916	97.3903 96.9916	98.1046 96.9916	96.8468 96.9916
<u>Taxpayer Not Us</u> Years after	sing Composite N	<u>lethod</u>				
2020	98.4785	98.4785	98.4785	98.4785	98.4785	98.4785
Taxpayer Using	the Composite M	lethod				
2021	98.4785	98.4785	98.4785	98.4785	98.4785	98.4785

Years after 2021

Use composite discount factors published for the relevant accident year.**

******The relevant accident year is the accident year that is two years prior to the specified taxable year.

		Table 10	(part A)			
	Discount Facto	ors Under Am	ended Section	1 846 (perce	ent)	
For L	osses Incurred in A	Accident Year	r 2019 in Lon <u>ş</u>	g-Tail Line	s of Business	8
		Medical				
		Professional	Medical		Other	
	Commercial	Liability -	Professional	Multiple	Liability -	Other
Taxable	Auto/Truck	Claims-	Liability -	Peril	Claims-	Liability -
Year	Liability/Medical	Made	Occurrence	Lines	Made	Occurrenc
2019	93.7704	91.2627	86.2902	95.0826	90.4676	88.8810
2019	94.5084	92.2917	88.4392	93.3741	91.3061	89.7544
2020	95.0543	92.5197	90.0344	93.6815	91.8334	90.3264
2021	95.0945	92.8130	91.4323	92.8864	91.8764	90.4989
2022	94.9707	92.8130 92.9600	92.4216	92.0004 91.0050	91. 7240	90.4989
2023	94.8102	92.9000 92.9821	92.4210 93.1951	91.0030 91.2099	91.7240 92.2519	90.2302
2024 2025		92.9821 93.9636	93.1931 94.0439	91.2099 90.9051	92.2319 92.7450	90.3213 90.3437
	95.0988 04.7240					
2026	94.7349	94.8913	94.7551	90.5890	93.5395	91.6011
2027	96.2326	95.8197	95.9308	93.2071	94.6782	92.2678
2028	98.2762	97.6382	97.6800	94.6020	96.5238	94.2296
Caxpayer Not Usi	ing Composite Met	thod				
2029	98.4785	98.4785	98.4785	96.0017	97.9036	95.6470
2030	98.4785	98.4785	98.4785	97.3803	98.4785	97.0794
lears after 2030	98.4785	98.4785	98.4785	98.4785	98.4785	98.4785
Taxnaver Using f	he Composite Met	hod				
2029	<u>98.4785</u>	98.4785	98,4785	96.8165	98.0085	96.6260
Years after 2029	Use composite	>011100	2011.00	> 010 200	2010000	2010200

*The relevant accident year is the accident year that is ten years prior to the specified taxable year.

	Private Passenger Auto	Products Liability -	Products		
Taxable	Liability/	Claims-	Liability -	Workers'	Long-Tail
Year	Medical	Made	Occurrence	Compensation	Composite
2019	95.4657	85.2754	87.2645	87.5213	92.4228
2020	95.0654	85.7548	88.6442	85.9577	91.3501
2021	95.0239	87.6130	89.4203	84.8235	91.0564
2022	94.6472	83.0836	90.7854	83.2721	89.8512
2023	93.9560	84.4151	89.4118	82.6909	88.2413
2024	94.0072	85.7981	89.4605	82.1401	88.1205
2025	94.2553	87.2412	90.4215	82.5155	88.0992
2026	94.8139	88.5278	91.4175	83.3929	88.6595
2027	95.4330	89.8399	91.8241	84.0243	89.9313
2028	97.6150	91.1778	94.1415	85.9823	91.7704
<u>Saxpayer Not Usir</u>					00 4000
2029	98.4785	92.5418	95.5661	87.2439	93.1382
2030	98.4785	93.9314	97.0159	88.5305	94.5268
2031	98.4785	95.3452	98.4785	89.8427	95.9284
2032	98.4785	96.7777	98.4785	91.1807	97.3148
2033	98.4785	98.2011	98.4785	92.5447	98.4785
2034	98.4785	98.4785	98.4785	93.9345	98.4785
2035	98.4785	98.4785	98.4785	95.3485	98.4785
2036	98.4785	98.4785	98.4785	96.7814	98.4785
2037	98.4785	98.4785	98.4785	98.2057	98.4785
ears after 2037	98.4785	98.4785	98.4785	98.4785	98.4785
Saxpayer Using th	ne Composite N	Jethod			
2029	98.4785	94.6171	96.5859	91.1466	94.9858
Years after 2029	Use composit	te discount fac	tors published f	or the relevant ac	cident year.

Discount Factors Under Amended Section 846 (percent)
For Losses Incurred in Accident Year 2019 in Long-Tail Lines of Business

*The relevant accident year is the accident year that is ten years prior to the specified taxable year.

SECTION 7. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning after December

31, 2017.

SECTION 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Kathryn M. Sneade of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure contact Ms. Sneade at (202) 317-6995 (not a toll free call).