

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

Accident Year	Auto Physical Damage	Fidelity/Surety	Financial Guaranty/ Mortgage Guaranty	International	Other*
2018	98.3892	95.9894	95.7530	96.3010	97.1014
2017	97.1339	97.1339	97.1339	97.1339	97.1339
Years before 2017	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 2018 is 98.5513 percent.

**Table 1 (part B)**  
**Revised Discount Factors Under Amended Section 846 (percent)**  
**For the First Taxable Year Beginning After December 31, 2017**  
**Short-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
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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, 2017**  
**Long-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
2018	94.0556	91.6544	86.8932	95.3058	90.8915	89.3683
2017	94.7607	92.6388	88.9529	93.6724	91.6944	90.2053
2016	95.2819	92.8576	90.4811	93.9651	92.1992	90.7535
2015	95.3204	93.1388	91.8194	93.2041	92.2415	90.9196
2014	95.2024	93.2805	92.7664	91.4064	92.0976	90.6836
2013	95.0498	93.3035	93.5069	91.6039	92.6040	90.7542
2012	95.3260	94.2423	94.3189	91.3154	93.0770	90.7788
2011	94.9804	95.1291	94.9993	91.0177	93.8378	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
<b>Taxpayer Not Using the Composite Method</b>						
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
<b>Taxpayer Using the Composite Method</b>						
Years before 2009	98.5513	98.5513	98.5513	96.9185	98.0920	96.7300

**Table 2 (part B)**  
**Revised Discount Factors Under Amended Section 846 (percent)**

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

Accident Year	Private Passenger Auto Liability/ Medical	Products Liability - Claims- Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail 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
<b><u>Taxpayer Not Using the Composite Method</u></b>					
2008	98.5513	92.8838	95.7739	87.8065	93.4541
2007	98.5513	94.2124	97.1571	89.0414	94.7812
2006	98.5513	95.5629	98.5513	90.2995	96.1195
2005	98.5513	96.9299	98.5513	91.5813	97.4421
2004	98.5513	98.2868	98.5513	92.8867	98.5513
2003	98.5513	98.5513	98.5513	94.2154	98.5513
2002	98.5513	98.5513	98.5513	95.5661	98.5513
2001	98.5513	98.5513	98.5513	96.9334	98.5513
2000	98.5513	98.5513	98.5513	98.2913	98.5513
Years before					
2000	98.5513	98.5513	98.5513	98.5513	98.5513
<b><u>Taxpayer Using the Composite Method</u></b>					
Years before					
2009	98.5513	94.7288	96.6903	91.2579	95.0968

**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, 2017**  
**Short-Tail Lines of Business**

<b>Accident Year</b>	<b>Auto Physical Damage</b>	<b>Fidelity/Surety</b>	<b>Financial Guaranty/ Mortgage Guaranty</b>	<b>International</b>	<b>Other*</b>
2017	98.3892	95.9894	95.7530	96.3010	97.1014
2016	97.1339	97.1339	97.1339	97.1339	97.1339
Years before 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, 2017**  
**Short-Tail Lines of Business**

<b>Accident Year</b>	<b>Reinsurance - Nonproportional Assumed Financial Lines</b>	<b>Reinsurance - Nonproportional Assumed Liability</b>	<b>Reinsurance - Nonproportional Assumed Property</b>	<b>Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary &amp; Theft)</b>	<b>Warranty</b>	<b>Short-Tail Composite</b>
2017	95.6050	94.8379	96.2833	97.5135	98.1947	96.9951
2016	97.1339	97.1339	97.1339	97.1339	97.1339	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, 2017**  
**Long-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
<b><u>Taxpayer Not Using the Composite Method</u></b>						
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
<b><u>Taxpayer Using the Composite Method</u></b>						
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, 2017**  
**Long-Tail Lines of Business**

Accident Year	Private Passenger Auto Liability/ Medical	Products Liability - Claims-Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail Composite
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 Method**

Years before 2008	98.5513	94.7288	96.6903	91.2579	95.0968
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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
<b><u>Taxpayer Not Using Composite Method</u></b>					
Years after 2019	98.5513	98.5513	98.5513	98.5513	98.5513
<b><u>Taxpayer Using the Composite Method</u></b>					
2020	98.5513	98.5513	98.5513	98.5513	98.5513
Years after 2020	Use composite discount factors published for the relevant accident 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.**

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

<b>Taxable Year Beginning in</b>	<b>Reinsurance - Nonproportional Assumed Financial Lines</b>	<b>Reinsurance - Nonproportional Assumed Liability</b>	<b>Reinsurance - Nonproportional Assumed Property</b>	<b>Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary &amp; Theft)</b>	<b>Warranty</b>	<b>Short-Tail Composite</b>
<b>2018</b>	<b>95.6050</b>	<b>94.8379</b>	<b>96.2833</b>	<b>97.5135</b>	<b>98.1947</b>	<b>96.9951</b>
<b>2019</b>	<b>97.1339</b>	<b>97.1339</b>	<b>97.1339</b>	<b>97.1339</b>	<b>97.1339</b>	<b>97.1339</b>
<b><u>Taxpayer Not Using Composite Method</u></b>						
<b>Years after</b>						
<b>2019</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>
<b><u>Taxpayer Using the Composite Method</u></b>						
<b>2020</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>	<b>98.5513</b>
<b>Years after</b>						
<b>2020</b>	<b>Use composite discount factors published for the relevant accident year.**</b>					

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

**Table 6 (part A)  
Revised Discount Factors Under Amended Section 846 (percent)  
For Losses Incurred in Accident Year 2018 in Long-Tail Lines of Business**

<b>Taxable Year</b>	<b>Commercial Auto/Truck Liability/Medical</b>	<b>Medical Professional Liability - Claims-Made</b>	<b>Medical Professional Liability - Occurrence</b>	<b>Multiple Peril Lines</b>	<b>Other Liability - Claims-Made</b>	<b>Other Liability - Occurrence</b>
<b>2018</b>	<b>94.0556</b>	<b>91.6544</b>	<b>86.8932</b>	<b>95.3058</b>	<b>90.8915</b>	<b>89.3683</b>
<b>2019</b>	<b>94.7607</b>	<b>92.6388</b>	<b>88.9529</b>	<b>93.6724</b>	<b>91.6944</b>	<b>90.2053</b>
<b>2020</b>	<b>95.2819</b>	<b>92.8576</b>	<b>90.4811</b>	<b>93.9651</b>	<b>92.1992</b>	<b>90.7535</b>

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 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

**Taxpayer Using the Composite Method**

2028	98.5513	98.5513	98.5513	96.9185	98.0920	96.7300
Years after						
2028	Use composite discount factors published for the relevant accident year.*					

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

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**Table 6 (part B)  
Revised Discount Factors Under Amended Section 846 (percent)  
For Losses Incurred in Accident Year 2018 in Long-Tail Lines of Business**

Taxable Year	Private Passenger Auto Liability/Medical	Products Liability	Products Liability - Occurrence	Workers' Compensation	Long-Tail Composite
		- Claims-Made			
2018	95.6745	85.8982	87.8191	88.0401	92.7568
2019	95.2920	86.3600	89.1417	86.5393	91.7292
2020	95.2520	88.1407	89.8860	85.4517	91.4469
2021	94.8920	83.8076	91.1924	83.9662	90.2933
2022	94.2325	85.0889	89.8810	83.4129	88.7546
2023	94.2824	86.4184	89.9309	82.8905	88.6421
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	90.3858
2027	97.7282	91.5785	94.4133	86.5946	92.1457
<b><u>Taxpayer Not Using Composite Method</u></b>					
2028	98.5513	92.8838	95.7739	87.8065	93.4541
2029	98.5513	94.2124	97.1571	89.0414	94.7812
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
<b><u>Taxpayer Using the Composite Method</u></b>					
2028	98.5513	94.7288	96.6903	91.2579	95.0968
Years after					
2028	Use composite discount factors published for the relevant accident year.*				

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**\*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**

Accident Year	Reinsurance - Nonproportional Assumed Financial Lines	Reinsurance - Nonproportiona l Assumed Liability	Reinsurance - Nonproportiona l Assumed Property	Special Property (Fire, Allied Lines, Inland Marine, Earthquake , Burglary & Theft)	Warrant y	Short-Tail Composit e
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2019	95.3891	94.5848	96.1004	97.3903	98.1046	96.8468
2018	97.1339	97.1339	97.1339	97.1339	97.1339	97.1339
Years before 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
<b><u>Taxpayer Not Using the Composite Method</u></b>						
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
<b><u>Taxpayer Using the Composite Method</u></b>						
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 2019**  
**Long-Tail Lines of Business**

Accident Year	Private Passenger Auto Liability/Medical	Products Liability - Claims-Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail Composite
2019	95.4657	85.2754	87.2645	87.5213	92.4228
2018	95.2920	86.3600	89.1417	86.5393	91.7292
2017	95.2520	88.1407	89.8860	85.4517	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
<b><u>Taxpayer Not Using the Composite Method</u></b>					
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
2001	98.5513	98.5513	98.5513	98.2913	98.5513
Years before					
2001	98.5513	98.5513	98.5513	98.5513	98.5513

**Taxpayer Using the Composite Method**

**Years before**

**2010**

**98.5513**

**94.7288**

**96.6903**

**91.2579**

**95.0968**

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**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.

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**Table 9 (part A)**  
**Discount Factors Under Amended Section 846 (percent)**  
**For Losses Incurred in Accident Year 2019 in Short-Tail Lines of Business**

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<b>Taxable Year Beginning in</b>	<b>Auto Physical Damage</b>	<b>Fidelity/Surety</b>	<b>Financial Guaranty/ Mortgage Guaranty</b>	<b>International</b>	<b>Other*</b>
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2019	98.3085	95.7921	95.5443	96.1189	96.9581
2020	96.9916	96.9916	96.9916	96.9916	96.9916

**Taxpayer Not Using Composite Method**

Years after 2020	98.4785	98.4785	98.4785	98.4785	98.4785
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**Taxpayer Using the Composite Method**

2021	98.4785	98.4785	98.4785	98.4785	98.4785
Years after 2021	Use composite discount factors published for the relevant accident 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.

**Table 9 (part B)  
Discount Factors Under Amended Section 846 (percent)  
For Losses Incurred in Accident Year 2019 in Short-Tail Lines of Business**

Taxable Year Beginning in	Reinsurance - Nonproportionate Assumed Financial Lines	Reinsurance - Nonproportionate Assumed Liability	Reinsurance - Nonproportionate Assumed Property	Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	Warranty	Short-Tail Composite
2019	95.3891	94.5848	96.1004	97.3903	98.1046	96.8468
2020	96.9916	96.9916	96.9916	96.9916	96.9916	96.9916
<b><u>Taxpayer Not Using Composite Method</u></b>						
Years after 2020	98.4785	98.4785	98.4785	98.4785	98.4785	98.4785
<b><u>Taxpayer Using the Composite Method</u></b>						
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 Factors Under Amended Section 846 (percent)**  
**For Losses Incurred in Accident Year 2019 in Long-Tail Lines of Business**

Taxable 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
2019	93.7704	91.2627	86.2902	95.0826	90.4676	88.8810
2020	94.5084	92.2917	88.4392	93.3741	91.3061	89.7544
2021	95.0543	92.5197	90.0344	93.6815	91.8334	90.3264
2022	95.0945	92.8130	91.4323	92.8864	91.8764	90.4989
2023	94.9707	92.9600	92.4216	91.0050	91.7240	90.2502
2024	94.8102	92.9821	93.1951	91.2099	92.2519	90.3215
2025	95.0988	93.9636	94.0439	90.9051	92.7450	90.3437
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
<b>Taxpayer Not Using Composite Method</b>						
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
Years after 2030	98.4785	98.4785	98.4785	98.4785	98.4785	98.4785
<b>Taxpayer Using the Composite Method</b>						
2029	98.4785	98.4785	98.4785	96.8165	98.0085	96.6260
Years after 2029	Use composite discount factors published for the relevant accident year.*					

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

**Table 10 (part B)**

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

Taxable Year	Private Passenger Auto Liability/ Medical	Products Liability - Claims- Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail 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
<b><u>Taxpayer Not Using Composite Method</u></b>					
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
Years after 2037	98.4785	98.4785	98.4785	98.4785	98.4785
<b><u>Taxpayer Using the Composite Method</u></b>					
2029	98.4785	94.6171	96.5859	91.1466	94.9858
Years after 2029	Use composite discount factors published for the relevant accident year.*				

\*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).