

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and regulations.

(Also: Part I, §§ 832, 846; 1.846-1.)

Rev. Proc. 2026-13

#### SECTION 1. PURPOSE

This revenue procedure provides discount factors for the 2025 accident year for use by insurance companies in computing discounted unpaid losses under § 846 of the Internal Revenue Code<sup>1</sup> and discounted estimated salvage recoverable under § 832. This revenue procedure also provides, for convenience, discount factors for losses incurred in the 2024 accident year and earlier accident years for use in taxable years beginning in 2025. The discount factors for accident years before 2025 were provided in earlier revenue procedures. See, e.g., Rev. Proc. 2025-15, 2025-11 I.R.B. 1090. See Rev. Proc. 2023-10, 2023-3 I.R.B. 411, for background concerning the loss payment

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<sup>1</sup> Unless otherwise specified, all “section” or “§” references are to sections of the Internal Revenue Code or the Income Tax Regulations (26 CFR part 1).

patterns and application of the discount factors. This revenue procedure also requests comments relating to the composite method described in this revenue procedure and a 2024 change by the National Association of Insurance Commissioners (NAIC) to Schedule P (Analysis of Losses and Loss Expenses) of the annual statement.

## SECTION 2. SCOPE

This revenue procedure applies to any insurance company that is required to discount unpaid losses under § 846 for a line of business using the discount factors published by the Secretary of the Treasury or the Secretary's delegate (Secretary) and also applies to any insurance company that is required to discount estimated salvage recoverable under § 832.

## SECTION 3. DISCOUNT FACTORS FOR THE 2025 ACCIDENT YEAR

.01 The tables in this section 3 present separately for each line of business the discount factors for losses incurred in the 2025 accident year for use by insurance companies in computing discounted unpaid losses under § 846 and estimated salvage recoverable under § 832. The discount factors presented in this section are generally determined by using the applicable interest rate for 2025 under § 846(c), which is 3.57 percent, compounded semiannually. The exceptions are the discount factors for long-tail lines of business determined using the composite method described in section V of Notice 88-100, 1988-2 C.B. 439. See section 3.02 of this revenue procedure. All discount factors are determined by assuming all loss payments occur in the middle of the calendar year.

.02 Section V of Notice 88-100 sets forth a composite method for computing discounted unpaid losses for accident years that are not separately reported on the annual statement. Tables 1 and 2 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. The discount factors computed using the composite method are unrelated to the composite discount factors referred to in § 1.846-1(b)(1)(ii) and (4), which apply to lines of business for which the Secretary has not published discount factors. The composite discount factors for use with respect to such lines of business are labelled “Short-Tail Composite” (in Table 1, part B) and “Long-Tail Composite” (in Table 2, part B). The “Miscellaneous Casualty” discount factors referenced in § 1.846-1(b)(2) are not set forth in tables but are equivalent to the “Short-Tail Composite” discount factors.

**Discount Factors for 2025****2025 Interest Rate (using semi-annual compounding): 3.57%****Table 1 (part A)****Discount Factors Under Section 846 (percent)****For Losses Incurred in Accident Year 2025 in Short-Tail Lines of Business**

| <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> |
|---|--|------------------------|---|----------------------|---------------|
| 2025  | 98.0171  | 94.8069                | 94.2020                                     | 94.9732              | 96.3288       |
| 2026  | 96.5385  | 96.5385                | 96.5385                                     | 96.5385              | 96.5385       |
| <b><u>Taxpayer Not Using Composite Method</u></b> |  |                        |   |                      |               |
| Years after 2026                                  | 98.2463  | 98.2463                | 98.2463                                     | 98.2463              | 98.2463       |
| <b><u>Taxpayer Using the Composite Method</u></b> |  |                        |   |                      |               |
| 2027  | 98.2463  | 98.2463                | 98.2463                                     | 98.2463              | 98.2463       |
| Years after 2027                                  | Use composite method discount factors published for the accident year that is two years prior to the specified taxable year. |                        |   |                      |               |

\* For the Accident and Health line of business (other than disability income or credit disability insurance), the discount factor for taxable year 2025 is 98.2463 percent. This is also the discount factor used in later taxable years for taxpayers not using the composite method. For taxpayers using the composite method, the discount factor for losses incurred in 2025 is the discount factor published for the Accident and Health line of business for losses incurred in the accident year coinciding with the taxable year.

**Table 1 (part B)**  
**Discount Factors Under Section 846 (percent)**  
**For Losses Incurred in Accident Year 2025 in Short-Tail Lines of Business**

| Taxable Year Beginning in | Reinsurance                                |                                      | Reinsurance                         |         | Reinsurance |         | Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft, Pet) | Warranty | Short-Tail Composite |
|---------------------------|--|--------------------------------------|-------------------------------------|---------|-------------|---------|--|----------|----------------------|
|                           | - Non-proportional Assumed Financial Lines | - Non-proportional Assumed Liability | - Non-proportional Assumed Property | -       | -           | -       |  |          |                      |
| 2025                      | 94.9406                                    | 93.8058                              | 95.3714                             | 97.0553 | 98.0069     | 96.6054 |  |          |                      |
| 2026                      | 96.5385                                    | 96.5385                              | 96.5385                             | 96.5385 | 96.5385     | 96.5385 |  |          |                      |

**Taxpayer Not Using Composite Method**

|                     |         |         |         |         |         |         |         |
|---------------------|---------|---------|---------|---------|---------|---------|---------|
| Years after<br>2026 | 98.2463 | 98.2463 | 98.2463 | 98.2463 | 98.2463 | 98.2463 | 98.2463 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|

**Taxpayer Using the Composite Method**

|      |         |         |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|---------|---------|
| 2027 | 98.2463 | 98.2463 | 98.2463 | 98.2463 | 98.2463 | 98.2463 | 98.2463 |
|------|---------|---------|---------|---------|---------|---------|---------|

Years after 2027      Use composite method discount factors published for the accident year that is two years prior to the specified taxable year.

**Table 2 (part A)**  
**Discount Factors Under Section 846 (percent)**  
**For Losses Incurred in Accident Year 2025 in Long-Tail Lines of Business**

| Taxable Year Beginning in                         | Commercial Auto/Truck Liability/Medical  | Medical Professional Liability - Claims-Made | Medical Professional Liability - Occurrence | Multiple Peril Lines | Other Liability - Claims-Made | Other Liability - Occurrence |
|---|--|--|---|----------------------|-------------------------------|------------------------------|
| 2025  | 92.7912  | 89.9549                                      | 84.2073                                     | 94.4611              | 89.6344                       | 87.9606                      |
| 2026  | 93.5133  | 91.2521                                      | 86.4746                                     | 92.5690              | 90.7627                       | 88.9863                      |
| 2027  | 94.1823  | 91.6347                                      | 88.1348                                     | 92.6080              | 90.8107                       | 89.8289                      |
| 2028  | 94.5524  | 92.6662                                      | 89.7767                                     | 92.5264              | 91.0559                       | 90.2447                      |
| 2029  | 94.4332  | 92.4552                                      | 90.7378                                     | 92.2615              | 90.9686                       | 90.6061                      |
| 2030  | 93.8646  | 93.2174                                      | 91.1974                                     | 92.5637              | 91.0111                       | 89.3763                      |
| 2031  | 93.8845  | 92.6918                                      | 91.6531                                     | 92.6495              | 90.5663                       | 89.3393                      |
| 2032  | 94.4510  | 93.7328                                      | 91.4746                                     | 94.7671              | 92.5852                       | 90.2206                      |
| 2033  | 95.6118  | 95.3263                                      | 93.6570                                     | 95.7661              | 95.6185                       | 91.4060                      |
| 2034  | 97.8620  | 97.0999                                      | 95.6841                                     | 97.5155              | 96.3278                       | 93.6044                      |
| <b><u>Taxpayer Not Using Composite Method</u></b> |  |  |   |                      |                               |                              |
| 2035  | 98.2463  | 98.2463                                      | 97.2501                                     | 98.2463              | 97.9703                       | 95.2097                      |
| 2036  | 98.2463  | 98.2463                                      | 98.2463                                     | 98.2463              | 98.2463                       | 96.8131                      |
| Years after 2036                                  | 98.2463  | 98.2463                                      | 98.2463                                     | 98.2463              | 98.2463                       | 98.2463                      |
| <b><u>Taxpayer Using the Composite Method</u></b> |  |  |   |                      |                               |                              |
| 2035  | 98.2463  | 98.2463                                      | 97.5177                                     | 98.2463              | 98.0050                       | 96.3273                      |
| Years after 2035                                  | Use composite method discount factors published for the accident year that is ten years prior to the specified taxable year. |  |   |                      |                               |                              |

**Table 2 (part B)**  
**Discount Factors Under Section 846 (percent)**  
**For Losses Incurred in Accident Year 2025 in Long-Tail Lines of Business**

| Taxable<br>Year<br>Beginning in | Private<br>Passenger<br>Auto<br>Liability/<br>Medical | Products<br>Liability -<br>Claims-Made | Products<br>Liability -<br>Occurrence | Workers'<br>Compensation | Long-Tail<br>Composite |
|---------------------------------|---|--|---------------------------------------|--------------------------|------------------------|
| 2025                            | 94.9556   | 86.9550                                | 86.1793                               | 86.7823                  | 92.0262                |
| 2026                            | 94.5489   | 88.5282                                | 87.8134                               | 85.0171                  | 91.1814                |
| 2027                            | 94.6490   | 88.8084                                | 89.1375                               | 84.3111                  | 90.8933                |
| 2028                            | 94.5543   | 87.6563                                | 89.8227                               | 83.7305                  | 90.1230                |
| 2029                            | 93.4742   | 89.4311                                | 90.2047                               | 84.0629                  | 89.7600                |
| 2030                            | 92.7233   | 91.3355                                | 90.7591                               | 83.3153                  | 89.1923                |
| 2031                            | 93.4032   | 93.4192                                | 91.8587                               | 83.9937                  | 89.4663                |
| 2032                            | 93.5712   | 93.9397                                | 92.1985                               | 85.7493                  | 91.0189                |
| 2033                            | 94.4679   | 95.4488                                | 93.4239                               | 87.4231                  | 92.6313                |
| 2034                            | 97.0779   | 97.4692                                | 95.8540                               | 88.5091                  | 94.1737                |

**Taxpayer Not Using Composite Method**

|                  |         |         |         |         |         |
|------------------|---------|---------|---------|---------|---------|
| 2035             | 98.2463 | 98.2463 | 97.4244 | 90.0263 | 95.7770 |
| 2036             | 98.2463 | 98.2463 | 98.2463 | 91.5785 | 97.3442 |
| 2037             | 98.2463 | 98.2463 | 98.2463 | 93.1661 | 98.2463 |
| 2038             | 98.2463 | 98.2463 | 98.2463 | 94.7893 | 98.2463 |
| 2039             | 98.2463 | 98.2463 | 98.2463 | 96.4458 | 98.2463 |
| 2040             | 98.2463 | 98.2463 | 98.2463 | 98.1221 | 98.2463 |
| Years after 2040 | 98.2463 | 98.2463 | 98.2463 | 98.2463 | 98.2463 |

**Taxpayer Using the Composite Method**

|      |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|
| 2035 | 98.2463 | 98.3230 | 97.6204 | 93.4950 | 96.8705 |
|------|---------|---------|---------|---------|---------|

|                     |   |
|---------------------|---|
| Years after<br>2035 | Use composite method discount factors published for the accident year that is ten years<br>prior to the specified taxable year. |
|---------------------|---|

#### SECTION 4. DISCOUNT FACTORS FOR TAXABLE YEARS BEGINNING IN 2025

.01 The tables in this section 4 present separately for each line of business discount factors for losses incurred in the 2025 accident year and earlier accident years for use by insurance companies in computing discounted unpaid losses under § 846 and estimated salvage recoverable under § 832 in taxable years beginning in 2025.

.02 Tables 3 and 4 separately provide discount factors for insurance companies that have elected to use the composite method of Notice 88-100. See Rev. Proc. 2002-74. The discount factors computed using the composite method are unrelated to the composite discount factors referred to in § 1.846-1(b)(1)(ii) and (4), which apply to lines of business for which the Secretary has not published discount factors. The composite discount factors for use with respect to such lines of business are labelled “Short-Tail Composite” (in Table 3, part B) and “Long-Tail Composite” (in Table 4, part B). The “Miscellaneous Casualty” discount factors referenced in § 1.846-1(b)(2) are not set forth in tables but are equivalent to the “Short-Tail Composite” discount factors.

**Table 3 (part A)**  
**Discount Factors Under Section 846 (percent)**  
**For Taxable Years Beginning in 2025**  
**Short-Tail Lines of Business**

| Accident Year                                     | Auto Physical Damage | Fidelity/Surety | Financial Guaranty/<br>Mortgage Guaranty | International | Other*  |
|---|----------------------|-----------------|--|---------------|---------|
| 2025  | 98.0171              | 94.8069         | 94.2020                                  | 94.9732       | 96.3288 |
| 2024  | 96.9063              | 96.9063         | 96.9063                                  | 96.9063       | 96.9063 |
| <b><u>Taxpayer Not Using Composite Method</u></b> |                      |                 |  |               |         |
| 2023  | 98.5707              | 98.5707         | 98.5707                                  | 98.5707       | 98.5707 |
| 2022  | 98.6826              | 98.6826         | 98.6826                                  | 98.6826       | 98.6826 |
| 2021  | 98.5999              | 98.5999         | 98.5999                                  | 98.5999       | 98.5999 |
| 2020  | 98.4834              | 98.4834         | 98.4834                                  | 98.4834       | 98.4834 |
| 2019  | 98.4785              | 98.4785         | 98.4785                                  | 98.4785       | 98.4785 |
| Years before 2019                                 | 98.5513              | 98.5513         | 98.5513                                  | 98.5513       | 98.5513 |
| <b><u>Taxpayer Using the Composite Method</u></b> |                      |                 |  |               |         |
| Years before 2024                                 | 98.5707              | 98.5707         | 98.5707                                  | 98.5707       | 98.5707 |

\* For the Accident and Health line of business (other than disability income or credit disability insurance), the discount factor for taxable year 2024 is 98.4349 percent.

**Table 3 (part B)**  
**Discount Factors Under Section 846 (percent)**  
**For Taxable Years Beginning in 2025**  
**Short-Tail Lines of Business**

**Table 4 (part A)**  
**Discount Factors Under Section 846 (percent)**  
**For Taxable Years Beginning in 2025**  
**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 |
|---|---|--|---|----------------------|-------------------------------|------------------------------|
| 2025  | 92.7912                                 | 89.9549                                      | 84.2073                                     | 94.4611              | 89.6344                       | 87.9606                      |
| 2024  | 94.1807                                 | 92.1360                                      | 87.8094                                     | 93.3234              | 91.6872                       | 90.0762                      |
| 2023  | 95.2185                                 | 93.1025                                      | 90.1803                                     | 93.9066              | 92.4061                       | 91.5784                      |
| 2022  | 95.8620                                 | 94.4096                                      | 92.1748                                     | 94.3016              | 93.1601                       | 92.5186                      |
| 2021  | 95.3575                                 | 93.4953                                      | 92.9976                                     | 91.6759              | 92.3482                       | 90.9746                      |
| 2020  | 94.8262                                 | 93.0034                                      | 93.2158                                     | 91.2360              | 92.2753                       | 90.3502                      |
| 2019  | 95.0988                                 | 93.9636                                      | 94.0439                                     | 90.9051              | 92.7450                       | 90.3437                      |
| 2018  | 94.9804                                 | 95.1291                                      | 94.9993                                     | 91.0177              | 93.8378                       | 91.9830                      |
| 2017  | 96.4102                                 | 96.0160                                      | 96.1220                                     | 93.5200              | 94.9264                       | 92.6228                      |
| 2016  | 98.3585                                 | 97.7503                                      | 97.7902                                     | 94.8530              | 96.6876                       | 94.4974                      |
| <b><u>Taxpayer Not Using the Composite Method</u></b> |   |  |   |                      |                               |                              |
| 2015  | 98.5513                                 | 98.5513                                      | 98.5513                                     | 96.1895              | 98.0033                       | 95.8511                      |
| 2014  | 98.5513                                 | 98.5513                                      | 98.5513                                     | 97.5045              | 98.5513                       | 97.2176                      |
| Years before 2014                                     | 98.5513                                 | 98.5513                                      | 98.5513                                     | 98.5513              | 98.5513                       | 98.5513                      |
| <b><u>Taxpayer Using the Composite Method</u></b>     |   |  |   |                      |                               |                              |
| Years before 2016                                     | 98.5513                                 | 98.5513                                      | 98.5513                                     | 96.9185              | 98.0920                       | 96.7300                      |

**Table 4 (part B)**  
**Discount Factors Under Section 846 (percent)**  
**For Taxable Years Beginning in 2025**  
**Long-Tail Lines of Business**

| Accident Year | Private Passenger Auto Liability/<br>Medical | Products Liability - Claims-Made | Products Liability - Occurrence | Workers' Compensation | Long-Tail Composite |
|---------------|--|----------------------------------|---------------------------------|-----------------------|---------------------|
| 2025          | 94.9556                                      | 86.9550                          | 86.1793                         | 86.7823               | 92.0262             |
| 2024          | 95.1115                                      | 89.6632                          | 89.0194                         | 86.4322               | 92.0595             |
| 2023          | 95.6012                                      | 90.7369                          | 91.0112                         | 86.8945               | 92.4617             |
| 2022          | 95.8576                                      | 90.5530                          | 92.2079                         | 87.3806               | 92.4240             |
| 2021          | 94.4178                                      | 85.5424                          | 90.1962                         | 83.9002               | 89.0997             |
| 2020          | 94.0255                                      | 85.8393                          | 89.4917                         | 82.1898               | 88.1551             |
| 2019          | 94.2553                                      | 87.2412                          | 90.4215                         | 82.5155               | 88.0992             |
| 2018          | 95.0550                                      | 89.0388                          | 91.8072                         | 84.1036               | 89.1661             |
| 2017          | 95.6473                                      | 90.2969                          | 92.1992                         | 84.7150               | 90.3858             |
| 2016          | 97.7282                                      | 91.5785                          | 94.4133                         | 86.5946               | 92.1457             |

**Taxpayer Not Using the Composite Method**

|                   |         |         |         |         |         |
|-------------------|---------|---------|---------|---------|---------|
| 2015              | 98.5513 | 92.8838 | 95.7739 | 87.8065 | 93.4541 |
| 2014              | 98.5513 | 94.2124 | 97.1571 | 89.0414 | 94.7812 |
| 2013              | 98.5513 | 95.5629 | 98.5513 | 90.2995 | 96.1195 |
| 2012              | 98.5513 | 96.9299 | 98.5513 | 91.5813 | 97.4421 |
| 2011              | 98.5513 | 98.2868 | 98.5513 | 92.8867 | 98.5513 |
| 2010              | 98.5513 | 98.5513 | 98.5513 | 94.2154 | 98.5513 |
| 2009              | 98.5513 | 98.5513 | 98.5513 | 95.5661 | 98.5513 |
| 2008              | 98.5513 | 98.5513 | 98.5513 | 96.9334 | 98.5513 |
| 2007              | 98.5513 | 98.5513 | 98.5513 | 98.2913 | 98.5513 |
| Years before 2007 | 98.5513 | 98.5513 | 98.5513 | 98.5513 | 98.5513 |

**Taxpayer Using the Composite Method**

|                   |         |         |         |         |         |
|-------------------|---------|---------|---------|---------|---------|
| Years before 2016 | 98.5513 | 94.7288 | 96.6903 | 91.2579 | 95.0968 |
|-------------------|---------|---------|---------|---------|---------|

## SECTION 5. REQUEST FOR COMMENTS

.01 Effect of NAIC Change on Composite Method. Section V of Notice 88-100 sets forth a composite method for computing discounted unpaid losses for accident years that are not separately reported on the annual statement. Beginning in 2024, the NAIC changed Schedule P of the annual statement to require ten years of data (and a “prior” row) to be reported for all lines of business. Previously, only two years of data were required to be reported for some lines of business. As described in Rev. Proc. 2025-15, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) expect that composite method discount factors, which apply with respect to accident years not separately reported on the annual statement, will be of limited use to insurance companies with respect to the lines of business set forth in Tables 1 and 3 following the 2024 NAIC change. This is because the 2024 NAIC change generally increases the number of accident years being separately reported on the annual statement for these lines of business. Nonetheless, in Rev. Proc. 2025-15, the Treasury Department and the IRS made no change to the determination and application of composite method discount factors to reflect the 2024 NAIC change to Schedule P. The Treasury Department and the IRS instead requested comments regarding composite method discount factors with respect to the lines of business set forth in Tables 1 and 3 following the NAIC change. No comments were received.

.02 Plans Regarding Composite Method. The Treasury Department and the IRS are making no change to the determination and application of composite method discount factors to reflect the 2024 NAIC change to Schedule P in this revenue procedure. Accordingly, like Rev. Proc. 2025-15, this revenue procedure provides composite method

discount factors for accident years that *were* separately reported on the annual statement due to the 2024 NAIC change to Schedule P, although section V of Notice 88-100 provides the composite method for computing discounted unpaid losses for accident years that are *not* separately reported on the annual statement. Beginning with the revenue procedure providing discount factors for use by insurance companies in computing discounted unpaid losses under § 846 and discounted estimated salvage recoverable under § 832 for taxable years beginning in 2026, the Treasury Department and the IRS expect to provide composite method discount factors only for accident years not separately reported on the annual statement. Accordingly, with respect to the lines of business set forth in Tables 1 and 3, the Treasury Department and the IRS expect to require that, for accident years separately reported on the annual statement, taxpayers using the composite method must use the same discount factors used by taxpayers not using the composite method.

Consistent with prior practice, although the annual statement does not distinguish between cancellable accident and health insurance and other insurance designated as “Other,” these two groups of policies would continue to be treated as if their losses were reported separately. Set forth below, for informational purposes only, are Table 1 (parts A and B) for the 2025 accident year and Table 3 (parts A and B) for taxable years beginning in 2025, as they would have appeared if the proposed approach had been required for taxable years beginning in 2025. The composite method discount factors set forth in these tables were derived using the loss payment patterns previously determined for the 2022 determination year under section 846(d)(3)(B)(i). See Rev. Proc. 2023-10 for background concerning the loss payment patterns. The anticipated changes to the discount factors used by insurance companies using the composite method to compute discounted unpaid losses under § 846 and discounted estimated salvage recoverable under § 832 are expected to

change the proper time for the inclusion of the item in income or the taking of the item as a deduction. Accordingly, affected insurance companies are expected to have a change in method of accounting subject to § 446(e) and § 1.446-1. The Treasury Department and the IRS anticipate providing simplified procedures for insurance companies to change their method of accounting to use such factors in their first taxable year beginning after December 31, 2025. For example, the Treasury Department and the IRS are considering implementing the change on a cut-off basis, providing automatic change request procedures, and limiting the information that must be provided on Form 3115, *Application for Change in Accounting Method*.

**Table 1 (part A)****Discount Factors Under Section 846 (percent)****For Losses Incurred in Accident Year 2025 in Short-Tail Lines of Business****(Informational Purposes Only)**

| <b>Taxable Year Beginning in</b>                  | <b>Auto Physical Damage</b> | <b>Fidelity/Surety</b> | <b>Financial Guaranty/<br/>Mortgage Guaranty</b> | <b>International</b> | <b>Other*</b> |
|---|-----------------------------|------------------------|--|----------------------|---------------|
| 2025  | 98.0171                     | 94.8069                | 94.2020  | 94.9732              | 96.3288       |
| 2026  | 96.5385                     | 96.5385                | 96.5385  | 96.5385              | 96.5385       |
| 2027 - 2034                                       | 98.2463                     | 98.2463                | 98.2463  | 98.2463              | 98.2463       |
| <b><u>Taxpayer Not Using Composite Method</u></b> |                             |                        |  |                      |               |
| Years after 2034                                  | 98.2463                     | 98.2463                | 98.2463  | 98.2463              | 98.2463       |
| <b><u>Taxpayer Using the Composite Method</u></b> |                             |                        |  |                      |               |
| 2035  | 98.2463                     | 98.2463                | 98.2463  | 98.2463              | 98.2463       |

**Use composite method discount factors published for the accident year that is two years prior to the specified taxable year.**

\* For the Accident and Health line of business (other than disability income or credit disability insurance), the discount factor for taxable years 2025 - 2034 is 98.2463 percent. This is also the discount factor used in taxable years after 2034 for taxpayers not using the composite method. For taxpayers using the composite method, the discount factor for losses incurred in accident year 2025 for taxable years after 2034 is the discount factor published for the Accident and Health line of business for losses incurred in the accident year coinciding with the taxable year.

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**Table 1 (part B)**  
**Discount Factors Under Section 846 (percent)**  
**For Losses Incurred in Accident Year 2025 in Short-Tail Lines of Business**  
**(Informational Purposes Only)**

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| Taxable Year Beginning in                         | Reinsurance - Non-proportional Assumed Financial Lines   | Reinsurance - Non-proportional Assumed Liability | Reinsurance - Non-proportional Assumed Property | Allied Lines, Inland Marine, Earthquake, Burglary, Theft, Pet) | Special Property (Fire, | Short-Tail Composite |
|---|--|--|---|--|-------------------------|----------------------|
| 2025  | 94.9406  | 93.8058  | 95.3714   | 97.0553  | 98.0069                 | 96.6054              |
| 2026  | 96.5385  | 96.5385  | 96.5385   | 96.5385  | 96.5385                 | 96.5385              |
| 2027 - 2034                                       | 98.2463  | 98.2463  | 98.2463   | 98.2463  | 98.2463                 | 98.2463              |
| <b><u>Taxpayer Not Using Composite Method</u></b> |  |  |   |  |                         |                      |
| Years after 2034                                  | 98.2463  | 98.2463  | 98.2463   | 98.2463  | 98.2463                 | 98.2463              |
| <b><u>Taxpayer Using the Composite Method</u></b> |  |  |   |  |                         |                      |
| 2035  | 98.2463  | 98.2463  | 98.2463   | 98.2463  | 98.2463                 | 98.2463              |
| Years after 2035                                  | Use composite method discount factors published for the accident year that is two years prior to the specified taxable year. |  |   |  |                         |                      |

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**Table 3 (part A)****Discount Factors Under Section 846 (percent)****For Taxable Years Beginning in 2025****Short-Tail Lines of Business****(Informational Purposes Only)**

| Accident Year                              | Auto Physical Damage | Fidelity/Surety | Financial Guaranty/<br>Mortgage Guaranty | International | Other*  |
|--|----------------------|-----------------|--|---------------|---------|
| 2025                                       | 98.0171              | 94.8069         | 94.2020                                  | 94.9732       | 96.3288 |
| 2024                                       | 96.9063              | 96.9063         | 96.9063                                  | 96.9063       | 96.9063 |
| 2023                                       | 98.5707              | 98.5707         | 98.5707                                  | 98.5707       | 98.5707 |
| 2022                                       | 98.6826              | 98.6826         | 98.6826                                  | 98.6826       | 98.6826 |
| 2021                                       | 98.5999              | 98.5999         | 98.5999                                  | 98.5999       | 98.5999 |
| 2020                                       | 98.4834              | 98.4834         | 98.4834                                  | 98.4834       | 98.4834 |
| 2019                                       | 98.4785              | 98.4785         | 98.4785                                  | 98.4785       | 98.4785 |
| 2018                                       | 98.5513              | 98.5513         | 98.5513                                  | 98.5513       | 98.5513 |
| 2017                                       | 98.5513              | 98.5513         | 98.5513                                  | 98.5513       | 98.5513 |
| 2016                                       | 98.5513              | 98.5513         | 98.5513                                  | 98.5513       | 98.5513 |
| <b>Taxpayer Not Using Composite Method</b> |                      |                 |  |               |         |
| Years before 2016                          | 98.5513              | 98.5513         | 98.5513                                  | 98.5513       | 98.5513 |
| <b>Taxpayer Using the Composite Method</b> |                      |                 |  |               |         |
| Years before 2016                          | 98.5707              | 98.5707         | 98.5707                                  | 98.5707       | 98.5707 |

\* For the Accident and Health line of business (other than disability income or credit disability insurance), the discount factor for taxable year 2025 is 98.2463 percent.

**Table 3 (part B)**

### **Discount Factors Under Section 846 (percent)**

**For Taxable Years Beginning in 2025**

## Short-Tail Lines of Business

### **(Informational Purposes Only)**

### .03 Comments Regarding Composite Method.

The Treasury Department and the IRS request comments on the plans described in section 5.02 of this revenue procedure, including:

- (1) comments on whether the Treasury Department and the IRS should permit taxpayers using the composite method to use discount factors determined using the approach described in section 5.02 of this revenue procedure in taxable years beginning in 2024 or 2025, and also provide simplified procedures for taxpayers using the composite method to change their method of accounting to use such factors in such taxable years;
- (2) comments regarding any alternative approaches the Treasury Department and the IRS should consider, including elimination or alteration of the composite discount method described in Section V of Notice 88-100, either for short-tail lines of business only or for both short-tail and long-tail lines of business; and
- (3) comments on what, if any, additional guidance regarding composite method discount factors insurance companies require.

### .04 Procedures for Submitting Comments.

- (1) Deadline. Written comments should be submitted by May 22, 2026.
- (2) Form and manner. The subject line for the comments should include a reference to Revenue Procedure 2026-13. All commenters are strongly encouraged to submit comments electronically. However, comments may be submitted in one of two ways:
  - (a) Electronically via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (type IRS-2026-0134 in the search field on the regulations.gov homepage to find this revenue procedure and submit comments); or
  - (b) By mail to: Internal Revenue Service, CC:PA:01:PR (Revenue Procedure 2026-13), Room 5503, P.O. Box 7604, Ben Franklin Station, Washington, D.C., 20044.

(3) Publication of comments. The Treasury Department and the IRS will publish for public availability any comment submitted electronically or on paper to its public docket on regulations.gov.

## SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is Grace Chang of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Ms. Chang at (202) 317-4286 (not a toll-free call).