

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

Rev. Proc. 2023-41

SECTION 1. PURPOSE

This revenue procedure prescribes discount factors for the 2023 accident year for use by insurance companies in computing discounted unpaid losses under § 846 of the Internal Revenue Code and discounted estimated salvage recoverable under § 832. This revenue procedure also provides, for convenience, discount factors for losses incurred in the 2022 accident year and earlier accident years for use in taxable years beginning in 2023. The discount factors for accident years before 2023 were prescribed in earlier revenue procedures. See, e.g., Rev. Proc. 2023-10, 2023-3 I.R.B. 411. For background concerning the loss payment patterns and application of the discount factors, see Rev. Proc. 2023-10.

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. This revenue procedure also applies to any insurance company that is required to discount estimated salvage recoverable under § 832.

SECTION 3. DISCOUNT FACTORS FOR THE 2023 ACCIDENT YEAR

.01 The tables in this section 3 separately present for each line of business the discount factors for losses incurred in the 2023 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 2023 under § 846(c), which is 2.90 percent, determined using semiannual compounding. 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. These discount factors are to be used in taxable years beginning in 2033 for losses incurred in accident years not separately reported on the annual statement for 2033. For taxable years beginning after 2033, the discount factors to be used for losses incurred in the 2023 accident year will be those determined using the composite method for later accident years. These discount factors will be published in later years. All discount factors are determined by assuming that 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) of the Income Tax Regulations, 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.

Table 1 (part A)					
Discount Factors Under Section 846 (percent)					
For Losses Incurred in Accident Year 2023 in Short-Tail Lines of Business					
Taxable Year Beginning in	Auto Physical Damage	Fidelity/Surety	Financial Guaranty/ Mortgage Guaranty	International	Other*
2023	98.3826	95.7477	95.2511	95.8842	96.9968
2024	97.1719	97.1719	97.1719	97.1719	97.1719
<u>Taxpayer Not Using Composite Method</u>					
Years after 2024	98.5707	98.5707	98.5707	98.5707	98.5707
<u>Taxpayer Using the Composite Method</u>					
2025	98.5707	98.5707	98.5707	98.5707	98.5707
Years after 2025	Use composite method discount factors published for the relevant accident year.**				

*For the Accident and Health line of business (other than disability income or credit disability insurance), the discount factor for taxable year 2023 is 98.5707 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 2023 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 1 (part B)
Discount Factors Under Section 846 (percent)
For Losses Incurred in Accident Year 2023 in Short-Tail Lines of Business

Taxable Year Beginning in	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
2023	95.8574	94.9260	96.2110	97.5931	98.3742	97.2238
2024	97.1719	97.1719	97.1719	97.1719	97.1719	97.1719
<u>Taxpayer Not Using Composite Method</u>						
Years after 2024	98.5707	98.5707	98.5707	98.5707	98.5707	98.5707
<u>Taxpayer Using the Composite Method</u>						
2025	98.5707	98.5707	98.5707	98.5707	98.5707	98.5707
Years after 2025	Use composite method 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 2 (part A)
Discount Factors Under Section 846 (percent)
For Losses Incurred in Accident Year 2023 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
2023	94.0669	91.7012	86.8831	95.4382	91.4237	90.0155
2024	94.6657	92.7807	88.7877	93.8732	92.3628	90.8746
2025	95.2185	93.1025	90.1803	93.9066	92.4061	91.5784
2026	95.5234	93.9577	91.5512	93.8414	92.6133	91.9264
2027	95.4250	93.7878	92.3543	93.6275	92.5473	92.2284
2028	94.9588	94.4205	92.7420	93.8836	92.5915	91.2169
2029	94.9803	93.9949	93.1270	93.9644	92.2397	91.1996
2030	95.4526	94.8602	92.9930	95.7120	93.9160	91.9425
2031	96.4116	96.1752	94.7992	96.5370	96.4131	92.9346
2032	98.2559	97.6318	96.4691	97.9721	96.9986	94.7538
<u>Taxpayer Not Using Composite Method</u>						
2033	98.5707	98.5707	97.7548	98.5707	98.3447	96.0789
2034	98.5707	98.5707	98.5707	98.5707	98.5707	97.3969
Years after 2034	98.5707	98.5707	98.5707	98.5707	98.5707	98.5707
<u>Taxpayer Using the Composite Method</u>						
2033	98.5707	98.5707	97.9643	98.5876	98.3699	97.0305
Years after 2033	Use composite method 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 2 (part B)
Discount Factors Under Section 846 (percent)
For Losses Incurred in Accident Year 2023 in Long-Tail Lines of Business

Taxable Year Beginning in	Private Passenger Auto Liability/ Medical	Products Liability - Claims-Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail Composite
2023	95.8562	89.1780	88.5317	88.9551	93.4051
2024	95.5202	90.4947	89.9028	87.4781	92.7019
2025	95.6012	90.7369	91.0112	86.8945	92.4617
2026	95.5203	89.7998	91.5875	86.4217	91.8247
2027	94.6286	91.2853	91.9130	86.7149	91.5295
2028	94.0135	92.8707	92.3814	86.1127	91.0702
2029	94.5794	94.5952	93.2984	86.7030	91.3120
2030	94.7253	95.0313	93.5893	88.1853	92.6078
2031	95.4710	96.2767	94.6085	89.5932	93.9475
2032	97.6138	97.9342	96.6089	90.5104	95.2242
<u>Taxpayer Not Using Composite Method</u>					
2033	98.5707	98.5707	97.8975	91.7803	96.5456
2034	98.5707	98.5707	98.5707	93.0739	97.8319
2035	98.5707	98.5707	98.5707	94.3915	98.5707
2036	98.5707	98.5707	98.5707	95.7327	98.5707
2037	98.5707	98.5707	98.5707	97.0957	98.5707
2038	98.5707	98.5707	98.5707	98.4690	98.5707
Years after 2038	98.5707	98.5707	98.5707	98.5707	98.5707
<u>Taxpayer Using the Composite Method</u>					
2033	98.5707	96.6888	98.2220	92.8090	96.9820
Years after 2033	Use composite method 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 4. DISCOUNT FACTORS FOR TAXABLE YEARS BEGINNING IN 2023

.01 The tables in this section 4 present separately for each line of business discount factors for losses incurred in the 2023 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 2023.

.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 4 (part A)
Discount Factors Under Section 846 (percent)
For Taxable Year(s) Beginning in 2023
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
2023	94.0669	91.7012	86.8831	95.4382	91.4237	90.0155
2022	95.0679	93.3168	89.6041	94.3300	92.9253	91.5404
2021	95.4344	93.0842	90.7809	94.1554	92.4448	91.0405
2020	95.1096	92.8346	91.4580	92.9075	91.9007	90.5269
2019	94.9707	92.9600	92.4216	91.0050	91.7240	90.2502
2018	95.0498	93.3035	93.5069	91.6039	92.6040	90.7542
2017	95.3260	94.2423	94.3189	91.3154	93.0770	90.7788
2016	94.9804	95.1291	94.9993	91.0177	93.8378	91.9830
2015	96.4102	96.0160	96.1220	93.5200	94.9264	92.6228
2014	98.3585	97.7503	97.7902	94.8530	96.6876	94.4974
<u>Taxpayer Not Using the Composite Method</u>						
2013	98.5513	98.5513	98.5513	96.1895	98.0033	95.8511
2012	98.5513	98.5513	98.5513	97.5045	98.5513	97.2176
Years before 2012	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513
<u>Taxpayer Using the Composite Method</u>						
Years before 2014	98.5513	98.5513	98.5513	96.9185	98.0920	96.7300

Table 4 (part B)
Discount Factors Under Section 846 (percent)
For Taxable Year(s) Beginning in 2023
Long-Tail Lines of Business

Accident Year	Private Passenger Auto Liability/ Medical	Products Liability - Claims-Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail Composite
2023	95.8562	89.1780	88.5317	88.9551	93.4051
2022	95.8589	91.1883	90.6396	88.3566	93.2372
2021	95.4048	88.4963	90.1990	85.8758	91.7095
2020	94.6635	83.1315	90.8125	83.3180	89.8805
2019	93.9560	84.4151	89.4118	82.6909	88.2413
2018	94.2824	86.4184	89.9309	82.8905	88.6421
2017	94.5205	87.8040	90.8527	83.2567	88.6258
2016	95.0550	89.0388	91.8072	84.1036	89.1661
2015	95.6473	90.2969	92.1992	84.7150	90.3858
2014	97.7282	91.5785	94.4133	86.5946	92.1457
<u>Taxpayer Not Using the Composite Method</u>					
2013	98.5513	92.8838	95.7739	87.8065	93.4541
2012	98.5513	94.2124	97.1571	89.0414	94.7812
2011	98.5513	95.5629	98.5513	90.2995	96.1195
2010	98.5513	96.9299	98.5513	91.5813	97.4421
2009	98.5513	98.2868	98.5513	92.8867	98.5513
2008	98.5513	98.5513	98.5513	94.2154	98.5513
2007	98.5513	98.5513	98.5513	95.5661	98.5513
2006	98.5513	98.5513	98.5513	96.9334	98.5513
2005	98.5513	98.5513	98.5513	98.2913	98.5513
Years before 2005	98.5513	98.5513	98.5513	98.5513	98.5513
<u>Taxpayer Using the Composite Method</u>					
Years before 2014	98.5513	94.7288	96.6903	91.2579	95.0968

SECTION 5. DRAFTING INFORMATION

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