Part III

Administrative, Procedural, and Miscellaneous

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

Rev. Proc. 2012-44

SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the

2012 determination year. These factors will be used to compute discounted unpaid losses under

§ 846 of the Internal Revenue Code.

SECTION 2. BACKGROUND

.01 Section 846 provides that discounted unpaid losses must be separately determined for

each accident year of each line of business by applying an interest rate determined under

§ 846(c) and the appropriate loss payment pattern to the amount of unpaid losses as measured at

the end of the tax year.

Section 846(d) directs the Secretary to use the most recent aggregate loss payment data of

property and casualty insurance companies to determine and publish 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.

Section 846(e) allows a taxpayer to make an election in each determination year to use its own historical payment pattern instead of the Secretary's tables. This election does not apply to any international insurance or reinsurance line of business.

Section 846(f)(4) defines the term "line of business" as a category for the reporting of loss payment patterns on the annual statement for property and casualty companies approved by the National Association of Insurance Commissioners (NAIC), except that the multiple peril lines shall be treated as a single line of business. Section 846(f)(5) states that the term "multiple peril lines" means the lines of business relating to farmowners multiple peril, homeowners multiple peril, commercial multiple peril, ocean marine, aircraft (all perils), and boiler and machinery.

.02 Pursuant to § 846(d), the Secretary has determined a loss payment pattern for each property and casualty line of business for the 2012 determination year that, pursuant to § 846(d)(1), must be applied through the 2016 accident year.

.03 The loss payment patterns for the 2012 determination year are based on the aggregate loss payment information reported on the 2010 annual statements of property and casualty insurance companies and compiled by A.M. Best and Co. The tables are arranged in alphabetical order. Following is an additional explanation of some of the tables and changes to the tables.

(1) <u>NAIC Changes in Lines of Business</u>. The NAIC has changed the reporting of unpaid

loss experience on the annual statement for warranty companies. These changes are reflected in

the lines of business set forth below.

(2) <u>Format of the Tables</u>. To simplify the tables, the columns entitled Tax Year provide

the actual tax years, rather than AY+0, AY+1, and so on.

(3) <u>Accident Years Not Separately Reported on the NAIC Annual Statement</u>. 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. The

tables separately provide discount factors for taxpayers who elect to use the composite method of

section V of Notice 88-100. <u>See</u> Rev. Proc. 2002-74, 2002-2 C.B. 980.

SECTION 3. SCOPE

This revenue procedure applies to any taxpayer that is required to discount unpaid losses

under § 846 for a line of business using the discount factors published by the Secretary.

SECTION 4. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors

under § 846 for accident year 2012. All the discount factors presented in this section were

determined using the applicable interest rate under § 846(c) for 2012, 2.89 percent, and by

assuming all loss payments occur in the middle of the calendar year.

.02 If the groupings of individual lines of business on the annual statement change,

taxpayers must discount unpaid losses on the resulting line of business in accordance with the

discounting patterns that would have applied to those unpaid losses based on their classification

on the 2012 annual statement.

.03 Tables.

Accident and Health (Other Than Disability Income or Credit Disability Insurance)

Taxpayers that do not use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the 2012 and later taxable years.

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount all unpaid losses in this line of business that are outstanding at the end of the 2012 taxable year.

Auto Physical Damage

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	90.2657	90.2657	9.7343	9.5863	98.4790
2013	99.7478	9.4822	0.2522	0.2451	97.2010

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	0.1261	0.1261	0.1243	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2014 taxable year.

Commercial Auto/Truck Liability/Medical

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	25.7034	25.7034	74.2966	69.8790	94.0541
2013	48.2664	22.5629	51.7336	49.0119	94.7389
2014	67.8834	19.6171	32.1166	30.5298	95.0593
2015	82.0630	14.1795	17.9370	17.0291	94.9384
2016	90.4161	8.3532	9.5839	9.0483	94.4114
2017	94.6293	4.2132	5.3707	5.0362	93.7708
2018	97.0203	2.3910	2.9797	2.7564	92.5056
2019	98.2283	1.2081	1.7717	1.6107	90.9135
2020	98.6653	0.4370	1.3347	1.2140	90.9566
2021	98.8635	0.1982	1.1365	1.0480	92.2160

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

Tax Year		Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2022		0.1982	0.9382	0.8772	93.4963
2023		0.1982	0.7400	0.7015	94.7956
2024		0.1982	0.5417	0.5207	96.1082
2025		0.1982	0.3435	0.3346	97.4146
2026 and later years		0.1982	0.1453	0.1432	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 94.9072 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Composite

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	39.5281	39.5281	60.4719	55.7933	92.2631
2013	62.0267	22.4986	37.9733	34.5843	91.0753
2014	73.7017	11.6750	26.2983	23.7413	90.2768
2015	80.0846	6.3830	19.9154	17.9529	90.1459
2016	85.7818	5.6971	14.2182	12.6929	89.2717
2017	90.2809	4.4992	9.7191	8.4960	87.4154
2018	91.9588	1.6778	8.0412	7.0396	87.5436
2019	92.9722	1.0134	7.0278	6.2151	88.4353
2020	94.0835	1.1113	5.9165	5.2674	89.0295
2021	94.7469	0.6634	5.2531	4.7468	90.3608

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

Tax Year		Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2022		0.6634	4.5898	4.2111	91.7492
2023		0.6634	3.9264	3.6599	93.2124
2024		0.6634	3.2631	3.0928	94.7824
2025		0.6634	2.5997	2.5093	96.5231
2026 and later years		0.6634	1.9364	1.9090	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 93.7821 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Fidelity/Surety

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	22.8449	22.8449	77.1551	74.2475	96.2315
2013	55.8585	33.0137	44.1415	42.9060	97.2010

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

| 2014 and later years | 22.0707 | 22.0707 | | 21.7586 | 98.5856 |

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2014 taxable year.

Financial Guaranty/Mortgage Guaranty

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	6.2515	6.2515	93.7485	90.0777	96.0845
2013	43.0154	36.7639	56.9846	55.3896	97.2010

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	28.4923	28.4923		28.0893	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2014 taxable year.

International (Composite)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	39.5281	39.5281	60.4719	55.7933	92.2631
2013	62.0267	22.4986	37.9733	34.5843	91.0753
2014	73.7017	11.6750	26.2983	23.7413	90.2768
2015	80.0846	6.3830	19.9154	17.9529	90.1459
2016	85.7818	5.6971	14.2182	12.6929	89.2717
2017	90.2809	4.4992	9.7191	8.4960	87.4154
2018	91.9588	1.6778	8.0412	7.0396	87.5436
2019	92.9722	1.0134	7.0278	6.2151	88.4353
2020	94.0835	1.1113	5.9165	5.2674	89.0295
2021	94.7469	0.6634	5.2531	4.7468	90.3608

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

Tax Year		Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2022		0.6634	4.5898	4.2111	91.7492
2023		0.6634	3.9264	3.6599	93.2124
2024		0.6634	3.2631	3.0928	94.7824
2025		0.6634	2.5997	2.5093	96.5231
2026 and later years		0.6634	1.9364	1.9090	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 93.7821 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Medical Professional Liability -- Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	6.3462	6.3462	93.6538	85.6244	91.4266
2013	23.0958	16.7496	76.9042	71.1091	92.4645
2014	41.6827	18.5868	58.3173	54.3106	93.1295
2015	56.5267	14.8440	43.4733	40.8232	93.9041
2016	71.2882	14.7615	28.7118	27.0298	94.1415
2017	82.3023	11.0141	17.6977	16.6387	94.0165
2018	86.5143	4.2120	13.4857	12.8472	95.2653
2019	91.1422	4.6279	8.8578	8.5242	96.2335
2020	94.8664	3.7242	5.1336	4.9929	97.2591
2021	97.5408	2.6745	2.4592	2.4244	98.5856

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

| 2022 and later years | 2.4592 | – | – | 98.5856 |

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Medical Professional Liability -- Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	1.2044	1.2044	98.7956	86.1709	87.2213
2013	4.3376	3.1332	95.6624	85.4830	89.3591
2014	11.8161	7.4785	88.1839	80.3677	91.1365
2015	24.7088	12.8928	75.2912	69.6126	92.4579
2016	42.3863	17.6774	57.6137	53.6934	93.1954
2017	57.1600	14.7738	42.8400	40.2594	93.9762
2018	68.9797	11.8196	31.0203	29.4337	94.8851
2019	82.4247	13.4450	17.5753	16.6464	94.7145
2020	86.7084	4.2837	13.2916	12.7823	96.1682
2021	91.6701	4.9617	8.3299	8.1188	97.4659

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022 and later years	4.9617	3.3683	3.3206	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 93.6211 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Miscellaneous Casualty

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	69.0731	69.0731	30.9269	29.8935	96.6586
2013	85.5169	16.4438	14.4831	14.0777	97.2010

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	7.2415	7.2415	7.1391	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2014 taxable year.

Multiple Peril Lines (Homeowners/Farmowners, Commercial Multiple Peril, and Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery))

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	60.9719	60.9719	39.0281	37.0187	94.8513
2013	82.9059	21.9341	17.0941	15.8398	92.6624
2014	89.2783	6.3724	10.7217	9.8337	91.7181
2015	91.5605	2.2822	8.4395	7.8029	92.4579
2016	94.4255	2.8649	5.5745	5.1224	91.8898
2017	96.5899	2.1644	3.4101	3.0750	90.1726
2018	97.6023	1.0124	2.3977	2.1369	89.1235
2019	98.0034	0.4011	1.9966	1.7918	89.7436
2020	98.3410	0.3376	1.6590	1.5012	90.4859
2021	98.5727	0.2317	1.4273	1.3096	91.7483

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

Tax Year		Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2022		0.2317	1.1957	1.1124	93.0370
2023		0.2317	0.9640	0.9096	94.3539
2024		0.2317	0.7324	0.7009	95.7035
2025		0.2317	0.5007	0.4862	97.0975
2026 and later years		0.2317	0.2691	0.2653	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 93.1358 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Other (Including Credit)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	54.6589	54.6589	45.3411	44.0509	97.1546
2013	84.2314	29.5725	15.7686	15.3272	97.2010

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	7.8843	7.8843		7.7728	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2014 taxable year.

Other Liability -- Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	7.4270	7.4270	92.5730	84.1387	90.8891
2013	25.2808	17.8538	74.7192	68.4604	91.6236
2014	44.2108	18.9301	55.7892	51.2373	91.8409
2015	56.4956	12.2848	43.5044	40.2571	92.5355
2016	69.2838	12.7883	30.7162	28.4487	92.6181
2017	77.6662	8.3823	22.3338	20.7683	92.9904
2018	83.1572	5.4910	16.8428	15.7987	93.8010
2019	88.1777	5.0205	11.8223	11.1628	94.4213
2020	93.1315	4.9539	6.8685	6.4605	94.0597
2021	92.9490	-0.1826	7.0510	6.8324	96.8986

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022		3.2639	3.7871	3.7191	98.2030
2023 and later years		3.2639	0.5232	0.5158	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.2239 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Other Liability -- Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	10.0721	10.0721	89.9279	79.6509	88.5720
2013	24.3995	14.3274	75.6005	67.4199	89.1791
2014	37.3366	12.9372	62.6634	56.2456	89.7583
2015	52.4142	15.0776	47.5858	42.5771	89.4745
2016	64.3437	11.9295	35.6563	31.7069	88.9239
2017	73.7950	9.4512	26.2050	23.0365	87.9085
2018	79.7756	5.9807	20.2244	17.6357	87.2005
2019	84.0963	4.3206	15.9037	13.7628	86.5381
2020	85.6878	1.5915	14.3122	12.5462	87.6607
2021	86.9224	1.2346	13.0776	11.6565	89.1329

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022		1.2346	11.8431	10.7411	90.6950
2023		1.2346	10.6085	9.7992	92.3713
2024		1.2346	9.3740	8.8302	94.1988
2025		1.2346	8.1394	7.8331	96.2365
2026 and later years		1.2346	6.9048	6.8072	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 92.6009 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Private Passenger Auto Liability/Medical

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	42.9881	42.9881	57.0119	54.6061	95.7801
2013	71.9931	29.0051	28.0069	26.7630	95.5587
2014	84.8250	12.8318	15.1750	14.5205	95.6868
2015	92.3500	7.5251	7.6500	7.3071	95.5183
2016	96.2665	3.9165	3.7335	3.5456	94.9681
2017	97.9880	1.7214	2.0120	1.9019	94.5282
2018	98.7958	0.8078	1.2042	1.1375	94.4596
2019	99.2445	0.4487	0.7555	0.7152	94.6679
2020	99.4543	0.2097	0.5457	0.5231	95.8548
2021	99.6370	0.1827	0.3630	0.3529	97.2105

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022 and later years	0.1827	0.1803	0.1777	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.5029 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Products Liability -- Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	4.5270	4.5270	95.4730	83.8330	87.8080
2013	16.0134	11.4865	83.9866	74.6045	88.8291
2014	45.1313	29.1179	54.8687	47.2249	86.0690
2015	39.2459	-5.8854	60.7541	54.5596	89.8039
2016	44.8357	5.5898	55.1643	50.4663	91.4837
2017	72.1615	27.3258	27.8385	24.2070	86.9550
2018	80.4448	8.2834	19.5552	16.5044	84.3991
2019	73.2957	-7.1491	26.7043	24.2330	90.7459
2020	87.4824	14.1866	12.5176	10.5432	84.2267
2021	87.7500	0.2677	12.2500	10.5764	86.3381

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022		0.2677	11.9823	10.6106	88.5517
2023		0.2677	11.7147	10.6457	90.8750
2024		0.2677	11.4470	10.6819	93.3158
2025		0.2677	11.1793	10.7191	95.8828
2026 and later years		0.2677	10.9117	10.7573	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 92.8642 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

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Products Liability – Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	7.1936	7.1936	92.8064	80.9429	87.2170
2013	16.9555	9.7619	83.0445	73.3802	88.3625
2014	28.3624	11.4069	71.6376	63.9304	89.2413
2015	39.7945	11.4321	60.2055	54.1818	89.9948
2016	54.3906	14.5961	45.6094	40.9422	89.7670
2017	60.9060	6.5154	39.0940	35.5165	90.8490
2018	67.7760	6.8700	32.2240	29.5744	91.7775
2019	75.7119	7.9359	24.2881	22.3793	92.1411
2020	79.5966	3.8847	20.4034	19.0856	93.5415
2021	83.9430	4.3464	16.0570	15.2285	94.8401

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022	4.3464	11.7107	11.2599	96.1507
2023	4.3464	7.3643	7.1766	97.4508
2024 and later years	4.3464	3.0179	2.9752	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 96.3135 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Reinsurance -- Nonproportional Assumed Property

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	20.1003	20.1003	79.8997	75.4585	94.4415
2013	59.2833	39.1830	40.7167	37.8941	93.0676
2014	73.0867	13.8034	26.9133	24.9877	92.8453
2015	80.3675	7.2808	19.6325	18.3246	93.3382
2016	87.7278	7.3603	12.2722	11.3883	92.7976
2017	94.4454	6.7175	5.5546	4.9035	88.2774
2018	96.5143	2.0689	3.4857	2.9466	84.5335
2019	97.9468	1.4326	2.0532	1.5786	76.8884
2020	97.4560	-0.4909	2.5440	2.1222	83.4180
2021	97.0652	-0.3908	2.9348	2.5799	87.9068

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

Tax Year		Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2022		0.1836	2.7512	2.4682	89.7139
2023		0.1836	2.5675	2.3533	91.6537
2024		0.1836	2.3839	2.2350	93.7531
2025		0.1836	2.2003	2.1133	96.0476
2026 and later years		0.1836	2.0166	1.9881	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 89.7139 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Reinsurance -- Nonproportional Assumed Liability

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	3.4987	3.4987	96.5013	84.4091	87.4694
2013	23.2170	19.7183	76.7830	66.8474	87.0601
2014	43.7483	20.5313	56.2517	47.9534	85.2478
2015	38.9131	-4.8352	61.0869	54.2434	88.7977
2016	47.9298	9.0167	52.0702	46.6654	89.6201
2017	80.0315	32.1017	19.9685	15.4517	77.3805
2018	76.5053	-3.5292	23.4947	19.4751	82.8913
2019	78.1701	1.6649	21.8299	18.3492	84.0554
2020	80.0717	1.9015	19.9283	16.9507	85.0580
2021	79.8791	-0.1926	20.1209	17.6359	87.6494

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022		1.1246	18.9963	17.0048	89.5164
2023		1.1246	17.8717	16.3555	91.5162
2024		1.1246	16.7471	15.6875	93.6726
2025		1.1246	15.6225	15.0001	96.0158
2026 and later years		1.1246	14.4979	14.2928	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 91.3700 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Reinsurance -- Nonproportional Assumed Financial Lines

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	1.5423	1.5423	98.4577	88.8020	90.1930
2013	20.9273	19.3850	79.0727	71.7053	90.6827
2014	30.4705	9.5433	69.5295	64.0974	92.1873
2015	46.3043	15.8337	53.6957	49.8889	92.9103
2016	51.8464	5.5421	48.1536	45.7090	94.9234
2017	72.7869	20.9405	27.2131	25.7890	94.7671
2018	82.0967	9.3097	17.9033	17.0911	95.4629
2019	89.2630	7.1664	10.7370	10.3158	96.0773
2020	95.3692	6.1062	4.6308	4.4201	95.4510
2021	96.7995	1.4303	3.2005	3.0970	96.7682

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2022		1.4303	1.7702	1.7357	98.0539
2023 and later years		1.4303	0.3399	0.3351	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.0539 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	55.6145	55.6145	44.3855	43.3187	97.5967
2013	89.3328	33.7182	10.6672	10.3687	97.2010

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	5.3336	5.3336	5.2582	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2014 taxable year.

Warranty

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	85.4101	85.4101	14.5899	14.3645	98.4555
2013	99.5388	14.1287	0.4612	0.4483	97.2010

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	0.2306	0.2306	0.2273	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 98.5856 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2014 taxable year.

Workers' Compensation

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2012	21.8973	21.8973	78.1027	68.3810	87.5527
2013	43.4962	21.5989	56.5038	48.4485	85.7437
2014	56.0061	12.5099	43.9939	37.1592	84.4646
2015	63.5544	7.5482	36.4456	30.5766	83.8965
2016	68.9880	5.4337	31.0120	25.9486	83.6730
2017	73.9567	4.9687	26.0433	21.6586	83.1638
2018	76.0580	2.1013	23.9420	20.1531	84.1746
2019	77.6365	1.5785	22.3635	19.1344	85.5607
2020	80.1194	2.4828	19.8806	17.1689	86.3597
2021	81.3456	1.2262	18.6544	16.4212	88.0286

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2012 accident year and that are outstanding at the end of the tax year shown.

Tax Year		Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2022		1.2262	17.4281	15.6519	89.8084
2023		1.2262	16.2019	14.8604	91.7203
2024		1.2262	14.9757	14.0461	93.7927
2025		1.2262	13.7494	13.2082	96.0635
2026 and later years		1.2262	12.5232	12.3460	98.5856

Taxpayers that use the composite method of Notice 88-100 should use 92.3332 percent to discount unpaid losses incurred in this line of business in 2012 and prior years and that are outstanding at the end of the 2022 taxable year.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is David Remus of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure contact Mr. Remus on (202) 622-3970 (not a toll free call).