

## Part III

### Administrative, Procedural, and Miscellaneous

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

Rev. Proc. 2008-10

#### SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 2007 determination year. These factors will be used to compute discounted unpaid losses under § 846 of the Internal Revenue Code.

#### SEC. 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 fire 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 2007 determination year that, pursuant to § 846(d)(1), must be applied through the 2011 accident year.

.03 The loss payment patterns for the 2007 determination year are based on the aggregate loss payment information reported on the 2005 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) Lines of Business. The lines of business for the 2007 determination year are the same as the lines of business for the 2002 determination year. See Rev. Proc. 2003-17, 2003-1 C.B. 427

(2) Format of the Tables. To simplify the tables, the columns entitled Tax Year provide the actual tax years, rather than AY+0, AY+1, and so on.

(3) Accident Years Not Separately Reported on the NAIC Annual Statement. 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. See Rev. Proc. 2002-74, 2002-2 C.B. 980.

(4) Smoothing Data. In Rev. Proc. 2003-17, section 2.03(4), comments were requested as to whether a methodology should be adopted to smooth the raw payment data and thus produce a more stable pattern of discount factors. This revenue procedure does not adopt such a methodology with respect to the 2007 determination year.

### SEC. 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.

### SEC. 4. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under § 846 for accident year 2007. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 2007, 3.97 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 2007 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 98.0722 percent to discount unpaid losses incurred in this line of business in the 2007 accident year and that are outstanding at the end of the 2007 and later taxable years.

Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount all unpaid losses in this line of business that are outstanding at the end of the 2007 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 (%)
2007	89.4096	89.4096	10.5904	10.3687	97.9072
2008	99.6848	10.2752	0.3152	0.3032	96.1998

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 2007 accident year and that are outstanding at the end of the tax year shown.

2009 and later years	0.1576	0.1576	0.1546	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2009 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 (%)
2007	23.6718	23.6718	76.3282	70.3185	92.1265
2008	47.5425	23.8708	52.4575	48.7701	92.9709
2009	66.6847	19.1421	33.3153	31.1879	93.6143
2010	81.5105	14.8258	18.4895	17.3088	93.6143
2011	90.0548	8.5443	9.9452	9.2837	93.3488
2012	94.7311	4.6763	5.2689	4.8841	92.6963
2013	97.0602	2.3292	2.9398	2.7031	91.9480
2014	98.1174	1.0572	1.8826	1.7324	92.0225
2015	98.8692	0.7518	1.1308	1.0346	91.4939
2016	99.1160	0.2467	0.8840	0.8241	93.2174

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 2006 accident year and that are outstanding at the end of the tax year shown.

2017	0.2467	0.6373	0.6052	94.9641
2018	0.2467	0.3906	0.3777	96.6929
2019 and later years	0.2467	0.1439	0.1411	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 95.5650 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	34.7004	34.7004	65.2996	59.3989	90.9638
2008	58.6076	23.9072	41.3924	37.3799	90.3063
2009	71.7608	13.1532	28.2392	25.4522	90.1307
2010	81.4987	9.7379	18.5013	16.5333	89.3631
2011	87.8488	6.3501	12.1512	10.7148	88.1789
2012	91.4226	3.5739	8.5774	7.4961	87.3938
2013	93.4057	1.9831	6.5943	5.7716	87.5245
2014	94.2280	0.8222	5.7720	5.1623	89.4370
2015	95.4875	1.2595	4.5125	4.0830	90.4817
2016	96.3560	0.8685	3.6440	3.3595	92.1928

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 2006 accident year and that are outstanding at the end of the tax year shown.

2017	0.8685	2.7754	2.6072	93.9399
2018	0.8685	1.9069	1.8251	95.7124
2019	0.8685	1.0383	1.0120	97.4599
2020 and later years	0.8685	0.1698	0.1665	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 91.0440 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	25.2328	25.2328	74.7672	71.1687	95.1871
2008	61.1025	35.8698	38.8975	37.4193	96.1998

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 2007 accident year and that are outstanding at the end of the tax year shown.

2009 and later years	19.4487	19.4487	19.0738	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2009 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 (%)
2007	7.7824	7.7824	92.2175	88.3402	95.7954
2008	62.1390	54.3565	37.8610	36.4222	96.1998

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 2007 accident year and that are outstanding at the end of the tax year shown.

2009 and later years	18.9305	18.9305	18.5656	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2009 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 (%)
2007	34.7004	34.7004	65.2996	59.3989	90.9638
2008	58.6076	23.9072	41.3924	37.3799	90.3063
2009	71.7608	13.1532	28.2392	25.4522	90.1307
2010	81.4987	9.7379	18.5013	16.5333	89.3631
2011	87.8488	6.3501	12.1512	10.7148	88.1789
2012	91.4226	3.5739	8.5774	7.4961	87.3938
2013	93.4057	1.9831	6.5943	5.7716	87.5245
2014	94.2280	0.8222	5.7720	5.1623	89.4370
2015	95.4875	1.2595	4.5125	4.0830	90.4817
2016	96.3560	0.8685	3.6440	3.3595	92.1928

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	0.8685	2.7754	2.6072	93.9399
2018	0.8685	1.9069	1.8251	95.7124
2019	0.8685	1.0383	1.0120	97.4599
2020 and later years	0.8685	0.1698	0.1665	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 91.0440 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 taxable year.



**Medical Malpractice -- 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 (%)
2007	4.9425	4.9425	95.0575	85.2278	89.6591
2008	19.9369	14.9944	80.0631	73.3222	91.5804
2009	44.3489	24.4120	55.6511	51.3411	92.2554
2010	64.8374	20.4885	35.1626	32.4882	92.3941
2011	80.2530	15.4156	19.7470	18.0593	91.4535
2012	85.7907	5.5377	14.2093	13.1297	92.4024
2013	91.2722	5.4815	8.7278	8.0618	92.3685
2014	93.3314	2.0593	6.6686	6.2821	94.2043
2015	96.1257	2.7942	3.8743	3.6823	95.0438
2016	97.6538	1.5281	2.3462	2.2704	96.7663

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017 and later years	1.5281	0.8182	0.8024	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 97.4255 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 taxable year.

**Medical Malpractice -- 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 (%)
2007	1.5878	1.5878	98.4122	82.4895	83.8204
2008	4.4720	2.8842	95.5280	82.8234	86.7006
2009	17.7738	13.3018	82.2262	72.5482	88.2300
2010	35.8814	18.1076	64.1186	56.9648	88.8429
2011	52.9447	17.0633	47.0553	41.8276	88.8904
2012	68.4348	15.4901	31.5652	27.6936	87.7346
2013	79.5616	11.1268	20.4384	17.4475	85.3663
2014	85.8198	6.2582	14.1802	11.7590	82.9253
2015	90.1267	4.3069	9.8733	7.8342	79.3476
2016	90.3701	0.2434	9.6299	7.8971	82.0057

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	0.2434	9.3865	7.9624	84.8282
2018	0.2434	9.1431	8.0304	87.8294
2019	0.2434	8.8998	8.1010	91.0250
2020	0.2434	8.6564	8.1745	94.4327
2021 and later years	0.2434	8.4130	8.2508	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 84.8282 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	72.9064	72.9064	27.0936	26.2154	96.7589
2008	93.5836	20.6771	6.4164	6.1726	96.1998

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 2007 accident year and that are outstanding at the end of the tax year shown.

2009 and later years	3.2082	3.2082	3.1464	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2009 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 (%)
2007	52.5880	52.5880	47.4120	44.3168	93.4716
2008	80.0449	27.4570	19.9551	18.0795	90.6009
2009	86.1625	6.1175	13.8375	12.5595	90.7636
2010	90.7452	4.5827	9.2548	8.3853	90.6043
2011	93.9006	3.1555	6.0994	5.5007	90.1844
2012	95.7613	1.8607	4.2387	3.8218	90.1647
2013	96.8755	1.1141	3.1245	2.8375	90.8127
2014	97.6715	0.7960	2.3285	2.1385	91.8377
2015	98.0329	0.3615	1.9671	1.8548	94.2925
2016	98.6810	0.6481	1.3190	1.2676	96.1051

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	0.6481	0.6709	0.6571	97.9448
2018 and later years	0.6481	0.0228	0.0224	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 97.9855 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	67.9528	67.9528	32.0472	30.8449	96.2484
2008	89.4609	21.5081	10.5391	10.1386	96.1998

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 2007 accident year and that are outstanding at the end of the tax year shown.

2009 and later years	5.2695	5.2695	5.1680	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2009 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 (%)
2007	5.8796	5.8796	94.1204	83.4520	88.6652
2008	18.8735	12.9938	81.1265	73.5158	90.6186
2009	41.6840	22.8105	58.3160	53.1755	91.1850
2010	62.5322	20.8483	37.4678	34.0284	90.8206
2011	73.5207	10.9885	26.4793	24.1749	91.2974
2012	82.0036	8.4829	17.9964	16.4850	91.6017
2013	88.6279	6.6244	11.3721	10.3849	91.3196
2014	90.7107	2.0828	9.2893	8.6735	93.3708
2015	94.8439	4.1332	5.1561	4.8034	93.1593
2016	96.2689	1.4249	3.7311	3.5411	94.9069

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	1.4249	2.3062	2.2287	96.6413
2018 and later years	1.4249	0.8812	0.8642	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 96.1717 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	13.6594	13.6594	86.3406	74.7852	86.6165
2008	24.8389	11.1795	75.1611	66.3549	88.2836
2009	41.7792	16.9403	58.2208	51.7160	88.8273
2010	58.4995	16.7203	41.5005	36.7201	88.4811
2011	69.5197	11.0203	30.4803	26.9411	88.3885
2012	77.7513	8.2316	22.2487	19.6172	88.1725
2013	84.2243	6.4730	15.7757	13.7958	87.4497
2014	83.2275	-0.9968	16.7725	15.3599	91.5778
2015	88.8524	5.6249	11.1476	10.2342	91.8064
2016	91.3852	2.5328	8.6148	8.0579	93.5358

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	2.5328	6.0820	5.7952	95.2850
2018	2.5328	3.5492	3.4427	96.9998
2019 and later years	2.5328	1.0164	0.9968	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 92.8572 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	42.6108	42.6108	57.3892	54.1196	94.3029
2008	71.5827	28.9719	28.4173	26.7268	94.0513
2009	84.6947	13.1120	15.3053	14.4182	94.2036
2010	92.3556	7.6610	7.6444	7.1790	93.9125
2011	96.2369	3.8812	3.7631	3.5065	93.1803
2012	97.9275	1.6907	2.0725	1.9218	92.7305
2013	98.7719	0.8444	1.2281	1.1371	92.5934
2014	99.2692	0.4973	0.7308	0.6752	92.3927
2015	99.5053	0.2361	0.4947	0.4613	93.2429
2016	99.6440	0.1387	0.3560	0.3382	94.9893

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	0.1387	0.2174	0.2102	96.7159
2018 and later years	0.1387	0.0787	0.0772	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 97.0832 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	1.0259	1.0259	98.9741	84.0703	84.9417
2008	11.7927	10.7667	88.2073	76.4295	86.6475
2009	29.3642	17.5716	70.6358	61.5467	87.1325
2010	55.1655	25.8012	44.8345	37.6817	84.0462
2011	83.4171	28.2516	16.5829	10.3708	62.5388
2012	64.8933	-18.5238	35.1067	29.6704	84.5149
2013	82.3346	17.4414	17.6654	13.0641	73.9533
2014	86.3986	4.0640	13.6014	9.4389	69.3965
2015	76.3310	-10.0676	23.6690	20.0791	84.8330
2016	78.7910	2.4600	21.2090	18.3679	86.6043

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	2.4600	18.7490	16.5888	88.4781
2018	2.4600	16.2890	14.7390	90.4843
2019	2.4600	13.8290	12.8158	92.6732
2020	2.4600	11.3691	10.8163	95.1377
2021 and later years	2.4600	8.9091	8.7373	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 88.4781 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 taxable year.

**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 (%)
2007	5.0466	5.0466	94.9534	80.4479	84.7236
2008	13.6935	8.6469	86.3065	74.8249	86.6967
2009	28.2541	14.5606	71.7459	62.9486	87.7383
2010	41.3083	13.0542	58.6917	52.1369	88.8318
2011	59.3693	18.0610	40.6307	35.7907	88.0878
2012	73.0717	13.7024	26.9283	23.2398	86.3026
2013	74.6612	1.5895	25.3388	22.5417	88.9612
2014	78.9833	4.3221	21.0167	19.0296	90.5449
2015	86.1231	7.1398	13.8769	12.5049	90.1129
2016	88.6931	2.5700	11.3069	10.3808	91.8095

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	2.5700	8.7369	8.1724	93.5389
2018	2.5700	6.1669	5.8763	95.2882
2019	2.5700	3.5969	3.4891	97.0031
2020 and later years	2.5700	1.0269	1.0071	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 92.1824 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	12.9458	12.9458	87.0542	80.9635	93.0035
2008	60.1796	47.2338	39.8204	36.0155	90.4447
2009	80.8225	20.6429	19.1775	16.3966	85.4991
2010	84.9430	4.1205	15.0570	12.8460	85.3161
2011	85.6680	0.7250	14.3320	12.6167	88.0322
2012	80.0452	-5.6229	19.9548	18.8510	94.4685
2013	86.7013	6.6561	13.2987	12.8124	96.3436
2014	97.2533	10.5520	2.7467	2.5617	93.2640
2015	97.6721	0.4188	2.3279	2.2363	96.0671
2016	98.8078	1.1357	1.1922	1.1671	97.8949

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017 and later years	1.1357	0.0564	0.0553	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 92.7876 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	32.5917	32.5917	67.4083	54.7592	81.2352
2008	33.3995	0.8078	66.6005	56.1095	84.2479
2009	35.4948	2.0953	64.5052	56.2006	87.1256
2010	44.0321	8.5373	55.9679	49.7267	88.8485
2011	64.8299	20.7979	35.1701	30.4941	86.7047
2012	66.4358	1.6059	33.5642	30.0673	89.5814
2013	77.8097	11.3738	22.1903	19.6635	88.6130
2014	82.4438	4.6341	17.5562	15.7190	89.5350
2015	84.1944	1.7507	15.8056	14.5579	92.1064
2016	87.9223	3.7279	12.0777	11.3347	93.8485

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	3.7279	8.3498	7.9835	95.6137
2018	3.7279	4.6219	4.4993	97.3478
2019 and later years	3.7279	0.8940	0.8768	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 92.6803 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	8.4783	8.4783	91.5217	82.8118	90.4832
2008	28.0475	19.5693	71.9525	66.1455	91.9295
2009	60.4351	32.3875	39.5649	35.7473	90.3510
2010	82.4448	22.0097	17.5552	14.7241	83.8733
2011	90.2720	7.8271	9.7280	7.3277	75.3251
2012	85.3168	-4.9551	14.6831	12.6710	86.2966
2013	88.3777	3.0608	11.6223	10.0531	86.4983
2014	89.9934	1.6157	10.0066	8.8048	87.9894
2015	81.6664	-8.3269	18.3336	17.6449	96.2439
2016	91.0491	9.3827	8.9509	8.7783	98.0722

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017 and later years	—	—	—	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 92.7966 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 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 (%)
2007	44.5756	44.5756	55.4244	53.6032	96.7140
2008	88.4263	41.8507	13.5737	13.0579	96.1998

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 2007 accident year and that are outstanding at the end of the tax year shown.

2009 and later years	6.7869	6.7869	6.6560	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2009 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 (%)
2007	19.0410	19.0410	80.9590	69.8486	86.2765
2008	40.2442	21.2032	59.7558	51.0015	85.3500
2009	57.1497	16.9055	42.8503	35.7885	83.5198
2010	67.8601	10.7104	32.1399	26.2883	81.7936
2011	75.5399	7.6797	24.4601	19.5013	79.7269
2012	80.1157	4.5758	19.8843	15.6098	78.5028
2013	82.1828	2.0672	17.8172	14.1216	79.2587
2014	84.4045	2.2217	15.5955	12.4169	79.6188
2015	85.5195	1.1150	14.4805	11.7730	81.3024
2016	86.2855	0.7661	13.7145	11.4593	83.5562

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 2007 accident year and that are outstanding at the end of the tax year shown.

2017	0.7661	12.9484	11.1331	85.9805
2018	0.7661	12.1823	10.7940	88.6033
2019	0.7661	11.4163	10.4414	91.4603
2020	0.7661	10.6502	10.0748	94.5968
2021 and later years	0.7661	9.8842	9.6936	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 89.5536 percent to discount unpaid losses incurred in this line of business in 2007 and prior years and that are outstanding at the end of the 2017 taxable year.

**DRAFTING INFORMATION**

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Ms. Hossofsky at (202) 622-8435 (not a toll-free call).

