

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and regulations.

(Also: Part I, §§ 832, 846; 1.832-4, 1.846-1.)

Rev. Proc. 2025-15

SECTION 1. PURPOSE

This revenue procedure provides discount factors for the 2024 accident year for use by insurance companies in computing discounted unpaid losses under § 846 of the Internal Revenue Code¹ and discounted estimated salvage recoverable under § 832. This revenue procedure also provides, for convenience, discount factors for losses incurred in the 2023 accident year and earlier accident years for use in taxable years beginning in 2024. The discount factors for accident years before 2024 were provided in earlier revenue procedures. See, e.g., Rev. Proc. 2023-41, 2023-52 I.R.B. 1609. See Rev. Proc. 2023-10, 2023-3 I.R.B. 411, for background concerning the loss payment

¹ 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 2024 ACCIDENT YEAR

.01 The tables in this section 3 present separately for each line of business the discount factors for losses incurred in the 2024 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 2024 under § 846(c), which is 3.18 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 2024
2024 Interest Rate (using semi-annual compounding): 3.18%

Table 1 (part A)
Discount Factors Under Section 846 (percent)
For Losses Incurred in Accident Year 2024 in Short-Tail Lines of Business

Taxable Year Beginning in	Auto Physical Damage	Fidelity/Surety	Financial Guaranty/ Mortgage Guaranty	International	Other*
2024	98.2294	95.3527	94.8106	95.5017	96.7165
2025	96.9063	96.9063	96.9063	96.9063	96.9063
<u>Taxpayer Not Using Composite Method</u>					
Years after 2025	98.4349	98.4349	98.4349	98.4349	98.4349
<u>Taxpayer Using the Composite Method</u>					
2026	98.4349	98.4349	98.4349	98.4349	98.4349
Years after 2026	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 2024 is 98.4349 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 2024 is the discount factor published for Accident and Health lines 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 2024 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
2024	95.4724	94.4556	95.8586	97.3675	98.2204	96.9644
2025	96.9063	96.9063	96.9063	96.9063	96.9063	96.9063
<u>Taxpayer Not Using Composite Method</u>						
Years after 2025	98.4349	98.4349	98.4349	98.4349	98.4349	98.4349
<u>Taxpayer Using the Composite Method</u>						
2026	98.4349	98.4349	98.4349	98.4349	98.4349	98.4349
Years after 2026	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 2024 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
2024	93.5297	90.9642	85.7501	95.0266	90.6679	89.1463
2025	94.1807	92.1360	87.8094	93.3234	91.6872	90.0762
2026	94.7825	92.4837	89.3161	93.3592	91.7326	90.8391
2027	95.1149	93.4135	90.8021	93.2872	91.9561	91.2159
2028	95.0077	93.2265	91.6724	93.0521	91.8814	91.5431
2029	94.4985	93.9140	92.0908	93.3279	91.9254	90.4397
2030	94.5195	93.4466	92.5061	93.4114	91.5352	90.4147
2031	95.0319	94.3864	92.3540	95.3151	93.3566	91.2169
2032	96.0761	95.8189	94.3192	96.2136	96.0795	92.2913
2033	98.0909	97.4088	96.1397	97.7808	96.7172	94.2707
<u>Taxpayer Not Using Composite Method</u>						
2034	98.4349	98.4349	97.5433	98.4349	98.1879	95.7140
2035	98.4349	98.4349	98.4349	98.4349	98.4349	97.1521
Years after 2035	98.4349	98.4349	98.4349	98.4349	98.4349	98.4349
<u>Taxpayer Using the Composite Method</u>						
2034	98.4349	98.4349	97.7753	98.4349	98.2165	96.6902
Years after 2034	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 2024 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
2024	95.4774	88.2374	87.5362	88.0319	92.8228
2025	95.1115	89.6632	89.0194	86.4322	92.0595
2026	95.2005	89.9220	90.2196	85.7969	91.7990
2027	95.1136	88.8949	90.8424	85.2788	91.1056
2028	94.1424	90.5036	91.1923	85.5894	90.7820
2029	93.4703	92.2243	91.6975	84.9266	90.2776
2030	94.0845	94.1006	92.6920	85.5556	90.5337
2031	94.2401	94.5726	93.0041	87.1549	91.9386
2032	95.0499	95.9293	94.1108	88.6763	93.3939
2033	97.3891	97.7393	96.2921	89.6659	94.7828
<u>Taxpayer Not Using Composite Method</u>					
2034	98.4349	98.4349	97.6992	91.0410	96.2231
2035	98.4349	98.4349	98.4349	92.4444	97.6275
2036	98.4349	98.4349	98.4349	93.8763	98.4349
2037	98.4349	98.4349	98.4349	95.3366	98.4349
2038	98.4349	98.4349	98.4349	96.8232	98.4349
2039	98.4349	98.4349	98.4349	98.3237	98.4349
Years after 2039	98.4349	98.4349	98.4349	98.4349	98.4349
<u>Taxpayer Using the Composite Method</u>					
2034	98.4349	97.5990	97.8683	93.2948	97.2397
Years after 2034	Use composite method discount factors published for the accident year that is ten years prior to the specified taxable year.				

SECTION 4. DISCOUNT FACTORS FOR TAXABLE YEARS BEGINNING IN 2024

.01 The tables in this section 4 present separately for each line of business discount factors for losses incurred in the 2024 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 2024.

.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 Year(s) Beginning in 2024
Short-Tail Lines of Business

Accident Year	Auto Physical Damage	Fidelity/Surety	Financial Guaranty/ Mortgage Guaranty	International	Other*
2024	98.2294	95.3527	94.8106	95.5017	96.7165
2023	97.1719	97.1719	97.1719	97.1719	97.1719
<u>Taxpayer Not Using Composite Method</u>					
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
<u>Taxpayer Using the Composite Method</u>					
Years before 2023	98.6826	98.6826	98.6826	98.6826	98.6826

* 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 Year(s) Beginning in 2024
Short-Tail Lines of Business

Accident Year	Reinsurance - Nonproportional Assumed Financial Lines	Reinsurance - Nonproportional Assumed Liability	Reinsurance - Nonproportional Assumed Property	Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	Warranty	Short-Tail Composite
2024	95.4724	94.4556	95.8586	97.3675	98.2204	96.9644
2023	97.1719	97.1719	97.1719	97.1719	97.1719	97.1719
<u>Taxpayer Not Using Composite Method</u>						
2022	98.6826	98.6826	98.6826	98.6826	98.6826	98.6826
2021	98.5999	98.5999	98.5999	98.5999	98.5999	98.5999
2020	98.4834	98.4834	98.4834	98.4834	98.4834	98.4834
2019	98.4785	98.4785	98.4785	98.4785	98.4785	98.4785
Years before 2019	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513
<u>Taxpayer Using the Composite Method</u>						
Years before 2023	98.6826	98.6826	98.6826	98.6826	98.6826	98.6826

Table 4 (part A)
Discount Factors Under Section 846 (percent)
For Taxable Year(s) Beginning in 2024
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
2024	93.5297	90.9642	85.7501	95.0266	90.6679	89.1463
2023	94.6657	92.7807	88.7877	93.8732	92.3628	90.8746
2022	95.5799	93.6166	90.9006	94.3613	92.9667	92.1947
2021	95.4717	93.3572	92.0790	93.4173	92.4864	91.2022
2020	94.9861	92.9813	92.4445	91.0317	91.7488	90.2789
2019	94.8102	92.9821	93.1951	91.2099	92.2519	90.3215
2018	95.3260	94.2423	94.3189	91.3154	93.0770	90.7788
2017	94.9804	95.1291	94.9993	91.0177	93.8378	91.9830
2016	96.4102	96.0160	96.1220	93.5200	94.9264	92.6228
2015	98.3585	97.7503	97.7902	94.8530	96.6876	94.4974
<u>Taxpayer Not Using the Composite Method</u>						
2014	98.5513	98.5513	98.5513	96.1895	98.0033	95.8511
2013	98.5513	98.5513	98.5513	97.5045	98.5513	97.2176
Years before 2013	98.5513	98.5513	98.5513	98.5513	98.5513	98.5513
<u>Taxpayer Using the Composite Method</u>						
Years before 2015	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 2024
Long-Tail Lines of Business

Accident Year	Private Passenger Auto Liability/ Medical	Products Liability - Claims-Made	Products Liability - Occurrence	Workers' Compensation	Long-Tail Composite
2024	95.4774	88.2374	87.5362	88.0319	92.8228
2023	95.5202	90.4947	89.9028	87.4781	92.7019
2022	95.9333	91.4161	91.6708	87.8161	93.0141
2021	95.0561	84.2953	91.4658	84.4348	90.5906
2020	93.9744	84.4598	89.4430	82.7387	88.2753
2019	94.0072	85.7981	89.4605	82.1401	88.1205
2018	94.5205	87.8040	90.8527	83.2567	88.6258
2017	95.0550	89.0388	91.8072	84.1036	89.1661
2016	95.6473	90.2969	92.1992	84.7150	90.3858
2015	97.7282	91.5785	94.4133	86.5946	92.1457
<u>Taxpayer Not Using the Composite Method</u>					
2014	98.5513	92.8838	95.7739	87.8065	93.4541
2013	98.5513	94.2124	97.1571	89.0414	94.7812
2012	98.5513	95.5629	98.5513	90.2995	96.1195
2011	98.5513	96.9299	98.5513	91.5813	97.4421
2010	98.5513	98.2868	98.5513	92.8867	98.5513
2009	98.5513	98.5513	98.5513	94.2154	98.5513
2008	98.5513	98.5513	98.5513	95.5661	98.5513
2007	98.5513	98.5513	98.5513	96.9334	98.5513
2006	98.5513	98.5513	98.5513	98.2913	98.5513
Years before 2006	98.5513	98.5513	98.5513	98.5513	98.5513
<u>Taxpayer Using the Composite Method</u>					
Years before 2015	98.5513	94.7288	96.6903	91.2579	95.0968

SECTION 5. PET INSURANCE LINE OF BUSINESS

The NAIC added Pet Insurance as a new separate line of business to be reported in Schedule P of the annual statement for 2024. Pet Insurance was previously reported as an Inland Marine line of business, which is reported in Schedule P as part of the Special Property line of business. Under § 1.846-1(b)(1)(iii), which deals with annual statement changes in the groupings of individual lines of business, unpaid losses for Pet Insurance are to be discounted using discount factors published for the Special Property line of business. See Table 1 (Part B) in section 3 of this revenue procedure and Table 3 (Part B) in section 4 of this revenue procedure.

SECTION 6. REQUEST FOR COMMENTS

.01 Comments Regarding 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 has 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. The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) expect that composite method discount factors will be of limited use to insurance companies with respect to the lines of business set forth in Tables 1 and 3 following the NAIC change. The Treasury Department and the IRS request comments on:

(1) whether, and the extent to which, insurance companies expect to use composite method discount factors with respect to the lines of business set forth in Tables 1 and 3 following the NAIC change;

(2) whether insurance companies need the Secretary to continue publishing such

composite method discount factors; and

(3) whether insurance companies require additional guidance regarding the use of composite method discount factors with respect to these lines of business.

.02 Procedures for Submitting Comments.

(1) Deadline. Written comments should be submitted by May 16, 2025.

(2) Form and manner. The subject line for the comments should include a reference to Revenue Procedure 2025-15. 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 (type IRS-2025-0018 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 2025-15), Room 5203, 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 James Carpino of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Mr. Carpino at (202) 317-6905 (not a toll-free call).