

Part III

Administrative, Procedural, and Miscellaneous

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

Rev. Proc. 2004-69

SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 2004 accident year. These factors will be used for computing discounted unpaid losses under § 846 of the Internal Revenue Code. See Rev. Proc. 2003-17, 2003-6 I.R.B. 427, for background concerning the loss payment patterns and application of the discount factors.

SEC. 2. SCOPE

This revenue procedure applies to any taxpayer that is required to discount its unpaid losses under § 846 for a line of business using discount factors published by the Secretary.

SEC. 3. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under § 846 for accident year 2004. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 2004, which is 4.82 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 the unpaid losses on the affected lines of business in accordance with the discounting patterns that would have applied to those unpaid losses based on their classification on the 2000 annual statement. See Rev. Proc. 2003-17, 2003-6 I.R.B. 427, section 2, for additional background on discounting under section 846 and the use of the Secretary's tables.

.03 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, 2002-51 I.R.B. 980.

.04 Section 2.03(4) of Rev. Proc 2003-17 requested comments 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 issue will be addressed in the new determination year, which is 2007. Accordingly, taxpayers may still submit comments that should include a reference to **Rev. Proc. 2004-69** on this issue to the following address:

CC:PA:LPD (**Rev. Proc. 2004-69**), room 5207, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Comments may be hand delivered between the

hours of 8 a.m. and 4 p.m. to CC:PA:LPD (**Rev. Proc. 2004-69**), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224. Alternatively, e-mail comments to Notice.Comments@irs.counsel.treas.gov. All comments will be available for public inspection and copying.

.05 Tables.

**Tables of Factors to be Used to Discount
Unpaid Losses Incurred in
Accident Year 2004**

(Interest rate: 4.82 percent)

**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 97.6738 percent to discount unpaid losses incurred in this line of business in the 2004 accident year and that are outstanding at the end of the 2004 and later taxable years.

Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount all unpaid losses in this line of business that are outstanding at the end of the 2004 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 (%)
2004	89.6468	89.6468	10.3532	10.0914	97.4716
2005	99.6845	10.0377	0.3155	0.3011	95.4281

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 2004 accident year and that are outstanding at the end of the tax year shown.

2006 and later years	0.1578	0.1578	0.1541	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2006 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 (%)
2004	28.8244	28.8244	71.1756	64.9524	91.2566
2005	54.9871	26.1626	45.0129	41.2974	91.7455
2006	72.8039	17.8168	27.1961	25.0467	92.0968
2007	85.0572	12.2533	14.9428	13.7089	91.7422
2008	91.6276	6.5704	8.3724	7.6427	91.2848
2009	94.9514	3.3239	5.0486	4.6081	91.2757
2010	97.0453	2.0938	2.9547	2.6865	90.9228
2011	98.1574	1.1121	1.8426	1.6774	91.0343
2012	98.7370	0.5796	1.2630	1.1649	92.2284
2013	99.1070	0.3700	0.8930	0.8422	94.3090

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.3700	0.5230	0.5040	96.3596
2015 and later years	0.3700	0.1530	0.1495	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 96.6098 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	40.9985	40.9985	59.0015	52.8260	89.5334
2005	65.8439	24.8454	34.1561	29.9351	87.6422
2006	77.5023	11.6583	22.4977	19.4420	86.4176
2007	84.6221	7.1198	15.3779	13.0897	85.1202
2008	90.2455	5.6234	9.7545	7.9633	81.6370
2009	92.2780	2.0325	7.7220	6.2662	81.1476
2010	94.3974	2.1195	5.6026	4.3983	78.5056
2011	95.2526	0.8552	4.7474	3.7348	78.6702
2012	96.2792	1.0266	3.7208	2.8637	76.9662
2013	96.4323	0.1531	3.5677	2.8450	79.7443

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.1531	3.4145	2.8253	82.7452
2015	0.1531	3.2614	2.8048	85.9988
2016	0.1531	3.1083	2.7832	89.5410
2017	0.1531	2.9551	2.7605	93.4151
2018 and later years	0.1531	2.8020	2.7368	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 88.2038 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	38.3328	38.3328	61.6672	57.5027	93.2469
2005	58.8485	20.5156	41.1515	39.2701	95.4281

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 2004 accident year and that are outstanding at the end of the tax year shown.

2006 and later years	20.5758	20.5758	20.0971	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2006 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 (%)
2004	4.0723	4.0723	95.9277	89.7666	93.5773
2005	40.7639	36.6916	59.2361	56.5278	95.4281

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 2004 accident year and that are outstanding at the end of the tax year shown.

2006 and later years	29.6180	29.6180	28.9291	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2006 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 (%)
2004	40.9985	40.9985	59.0015	52.8260	89.5334
2005	65.8439	24.8454	34.1561	29.9351	87.6422
2006	77.5023	11.6583	22.4977	19.4420	86.4176
2007	84.6221	7.1198	15.3779	13.0897	85.1202
2008	90.2455	5.6234	9.7545	7.9633	81.6370
2009	92.2780	2.0325	7.7220	6.2662	81.1476
2010	94.3974	2.1195	5.6026	4.3983	78.5056
2011	95.2526	0.8552	4.7474	3.7348	78.6702
2012	96.2792	1.0266	3.7208	2.8637	76.9662
2013	96.4323	0.1531	3.5677	2.8450	79.7443

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.1531	3.4145	2.8253	82.7452
2015	0.1531	3.2614	2.8048	85.9988
2016	0.1531	3.1083	2.7832	89.5410
2017	0.1531	2.9551	2.7605	93.4151
2018 and later	0.1531	2.8020	2.7368	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 88.2038 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	7.3447	7.3447	92.6553	81.7682	88.2499
2005	29.0191	21.6744	70.9809	63.5188	89.4872
2006	53.3108	24.2917	46.6892	41.7102	89.3358
2007	69.1517	15.8409	30.8483	27.5025	89.1538
2008	82.0981	12.9464	17.9019	15.5733	86.9925
2009	86.3995	4.3014	13.6005	11.9201	87.6445
2010	89.7111	3.3116	10.2889	9.1042	88.4854
2011	92.4688	2.7577	7.5312	6.7196	89.2237
2012	94.5163	2.0475	5.4837	4.9472	90.2171
2013	95.7635	1.2471	4.2365	3.9088	92.2647

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	1.2471	2.9894	2.8204	94.3465
2015	1.2471	1.7422	1.6795	96.3974
2016 and later years	1.2471	0.4951	0.4836	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 95.1999 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	0.8316	0.8316	99.1684	81.9380	82.6251
2005	7.4573	6.6257	92.5427	79.1039	85.4783
2006	23.5575	16.1002	76.4425	66.4331	86.9060
2007	41.0062	17.4487	58.9938	51.7709	87.7565
2008	55.5832	14.5770	44.4168	39.3421	88.5748
2009	68.9413	13.3581	31.0587	27.5622	88.7421
2010	78.2095	9.2682	21.7905	19.4017	89.0375
2011	82.8727	4.6632	17.1273	15.5626	90.8644
2012	86.3178	3.4451	13.6822	12.7855	93.4468
2013	91.0834	4.7656	8.9166	8.5227	95.5829

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	4.7656	4.1510	4.0544	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	79.7790	79.7790	20.2210	19.4151	96.0143
2005	94.9417	15.1627	5.0583	4.8271	95.4281

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 2004 accident year and that are outstanding at the end of the tax year shown.

2006 and later years	2.5292	2.5292	2.4703	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2006 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 (%)
2004	59.7445	59.7445	40.2555	36.9102	91.6900
2005	81.0347	21.2902	18.9653	16.8921	89.0684
2006	87.3325	6.2978	12.6675	11.2585	88.8771
2007	91.0659	3.7334	8.9341	7.9788	89.3078
2008	95.1781	4.1122	4.8219	4.1533	86.1338
2009	95.7605	0.5824	4.2395	3.7572	88.6237
2010	97.0539	1.2933	2.9461	2.6141	88.7309
2011	97.6441	0.5903	2.3559	2.1358	90.6591
2012	98.7037	1.0596	1.2963	1.1539	89.0187
2013	98.6217	-0.0821	1.3783	1.2936	93.8496

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.5226	0.8558	0.8209	95.9252
2015 and later years	0.5226	0.3332	0.3254	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 96.3566 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	69.1729	69.1729	30.8271	29.5273	95.7837
2005	91.2168	22.0439	8.7832	8.3817	95.4281

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 2004 accident year and that are outstanding at the end of the tax year shown.

2006 and later years	4.3916	4.3916	4.2895	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2006 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 (%)
2004	14.9618	14.9618	85.0382	73.5850	86.5317
2005	36.2113	21.2494	63.7887	55.3763	86.8120
2006	54.2876	18.0763	45.7124	39.5386	86.4942
2007	64.2163	9.9288	35.7837	31.2791	87.4117
2008	73.2732	9.0569	26.7268	23.5142	87.9799
2009	80.5748	7.3016	19.4252	17.1721	88.4011
2010	87.6200	7.0452	12.3800	10.7868	87.1308
2011	89.9155	2.2955	10.0845	8.9565	88.8150
2012	93.3946	3.4791	6.6054	5.8263	88.2049
2013	94.6170	1.2223	5.3830	4.8556	90.2026

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	1.2223	4.1607	3.8382	92.2497
2015	1.2223	2.9383	2.7718	94.3309
2016	1.2223	1.7160	1.6539	96.3817
2017 and later years	1.2223	0.4936	0.4822	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 93.4601 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	19.1133	19.1133	80.8867	67.7758	83.7909
2005	36.4434	17.3301	63.5566	53.2997	83.8618
2006	52.1648	15.7215	47.8352	39.7729	83.1457
2007	63.2383	11.0734	36.7617	30.3528	82.5662
2008	72.0780	8.8397	27.9220	22.7655	81.5325
2009	75.9021	3.8241	24.0979	19.9476	82.7774
2010	82.9305	7.0284	17.0695	13.7133	80.3380
2011	85.1441	2.2136	14.8559	12.1080	81.5027
2012	89.3006	4.1565	10.6994	8.4361	78.8462
2013	89.9898	0.6892	10.0102	8.1371	81.2878

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.6892	9.3210	7.8237	83.9359
2015	0.6892	8.6318	7.4951	86.8318
2016	0.6892	7.9426	7.1508	90.0309
2017	0.6892	7.2533	6.7898	93.6092
2018 and later years	0.6892	6.5641	6.4114	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 87.9688 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	43.1926	43.1926	56.8074	52.8961	93.1148
2005	72.2008	29.0082	27.7992	25.7467	92.6165
2006	84.5632	12.3625	15.4368	14.3308	92.8353
2007	91.9316	7.3684	8.0684	7.4776	92.6783
2008	95.8729	3.9413	4.1271	3.8029	92.1449
2009	97.7804	1.9075	2.2196	2.0333	91.6058
2010	98.7957	1.0153	1.2043	1.0918	90.6592
2011	99.2491	0.4535	0.7509	0.6802	90.5885
2012	99.5195	0.2703	0.4805	0.4362	90.7769
2013	99.6353	0.1159	0.3647	0.3386	92.8555

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.1159	0.2488	0.2363	94.9794
2015	0.1159	0.1330	0.1291	97.0963
2016 and later years	0.1159	0.0171	0.0167	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 95.6966 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	6.5804	6.5804	93.4196	77.9688	83.4608
2005	26.7183	20.1379	73.2817	61.1094	83.3897
2006	43.1834	16.4652	56.8166	47.1976	83.0701
2007	43.9209	0.7375	56.0791	48.7174	86.8727
2008	54.3806	10.4597	45.6194	40.3568	88.4641
2009	78.3630	23.9824	21.6370	17.7485	82.0282
2010	82.8643	4.5013	17.1357	13.9954	81.6740
2011	68.2184	-14.6459	31.7816	29.6647	93.3392
2012	79.1582	10.9399	20.8418	19.8942	95.4533
2013	89.6963	10.5381	10.3037	10.0640	97.6738

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014 and later years	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 94.7093 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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 (%)
2004	9.4198	9.4198	90.5802	74.1927	81.9083
2005	20.5845	11.1647	79.4155	66.3381	83.5330
2006	36.7807	16.1962	63.2193	52.9537	83.7619
2007	55.5974	18.8167	44.4026	36.2412	81.6196
2008	66.6238	11.0263	33.3762	26.6991	79.9943
2009	77.2636	10.6399	22.7364	17.0927	75.1778
2010	79.1888	1.9251	20.8112	15.9456	76.6201
2011	83.6816	4.4928	16.3184	12.1144	74.2373
2012	85.5507	1.8691	14.4493	10.7846	74.6377
2013	85.7291	0.1784	14.2709	11.1218	77.9334

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.1784	14.0925	11.4752	81.4279
2015	0.1784	13.9141	11.8457	85.1344
2016	0.1784	13.7357	12.2340	89.0671
2017	0.1784	13.5573	12.6410	93.2415
2018 and later years	0.1784	13.3789	13.0677	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 85.1384 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 taxable year.

Reinsurance A (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 (%)
2004	25.0571	25.0571	74.9429	68.5209	91.4308
2005	52.0402	26.9831	47.9598	44.1979	92.1560
2006	82.4709	30.4307	17.5291	15.1727	86.5574
2007	85.6387	3.1678	14.3613	12.6608	88.1593
2008	92.7228	7.0840	7.2772	6.0183	82.7002
2009	91.8604	-0.8624	8.1396	7.1913	88.3493
2010	96.5016	4.6412	3.4984	2.7862	79.6410
2011	96.1872	-0.3143	3.8128	3.2423	85.0381
2012	97.6206	1.4333	2.3794	1.9311	81.1586
2013	97.8419	0.2214	2.1581	1.7976	83.2949

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	0.2214	1.9367	1.6576	85.5871
2015	0.2214	1.7154	1.5109	88.0776
2016	0.2214	1.4940	1.3571	90.8326
2017	0.2214	1.2727	1.1958	93.9635
2018 and later years	0.2214	1.0513	1.0269	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 87.1588 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 taxable year.

Reinsurance B (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 (%)
2004	8.9223	8.9223	91.0777	73.9275	81.1697
2005	27.3618	18.4395	72.6382	58.6121	80.6905
2006	44.5758	17.2140	55.4242	43.8133	79.0507
2007	53.8781	9.3023	46.1219	36.4012	78.9239
2008	60.8896	7.0115	39.1104	30.9772	79.2046
2009	69.7327	8.8430	30.2673	23.4167	77.3661
2010	76.6292	6.8965	23.3708	17.4846	74.8137
2011	79.4030	2.7738	20.5970	15.4875	75.1928
2012	83.8936	4.4906	16.1064	11.6364	72.2470
2013	80.1707	-3.7229	19.8293	16.0088	80.7332

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	1.1805	18.6487	15.5718	83.5005
2015	1.1805	17.4682	15.1137	86.5212
2016	1.1805	16.2877	14.6335	89.8442
2017	1.1805	15.1072	14.1302	93.5333
2018 and later years	1.1805	13.9266	13.6027	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 85.5743 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 taxable year.

Reinsurance C (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 (%)
2004	17.1195	17.1195	82.8805	73.0832	88.1791
2005	46.6590	29.5395	53.3410	46.3628	86.9179
2006	67.7135	21.0545	32.2865	27.0416	83.7552
2007	78.1379	10.4244	21.8621	17.6723	80.8355
2008	89.7346	11.5967	10.2654	6.6512	64.7929
2009	92.1268	2.3921	7.8732	4.5227	57.4441
2010	89.7323	-2.3945	10.2677	7.1922	70.0468
2011	90.0460	0.3137	9.9540	7.2177	72.5104
2012	94.8867	4.8407	5.1133	2.6096	51.0353
2013	86.7041	-8.1827	13.2959	11.1129	83.5811

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	1.4277	11.8683	10.1869	85.8328
2015	1.4277	10.4406	9.2162	88.2727
2016	1.4277	9.0129	8.1987	90.9665
2017	1.4277	7.5852	7.1322	94.0277
2018 and later years	1.4277	6.1575	6.0143	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 87.3575 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 taxable year.

Special Property
(Fire, Allied Lines, Inland Marine, Earthquake, Glass, 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 (%)
2004	62.9320	62.9320	37.0680	35.4425	95.6148
2005	88.4950	25.5631	11.5050	10.9790	95.4281

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 2004 accident year and that are outstanding at the end of the tax year shown.

2006 and later years	5.7525	5.7525	5.6187	97.6738
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Taxpayers that use the composite method of Notice 88-100 should use 97.6738 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2006 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 (%)
2004	28.2489	28.2489	71.7511	62.9119	87.6808
2005	57.8739	29.6249	42.1261	35.6138	84.5408
2006	71.2999	13.4260	28.7001	23.5846	82.1759
2007	77.7584	6.4585	22.2416	18.1090	81.4196
2008	81.9301	4.1717	18.0699	14.7108	81.4107
2009	83.7739	1.8437	16.2261	13.5322	83.3977
2010	86.5350	2.7611	13.4650	11.3576	84.3489
2011	88.4367	1.9017	11.5633	9.9580	86.1175
2012	89.5926	1.1559	10.4074	9.2545	88.9229
2013	91.6441	2.0515	8.3559	7.6003	90.9570

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 2004 accident year and that are outstanding at the end of the tax year shown.

2014	2.0515	6.3045	5.8663	93.0502
2015	2.0515	4.2530	4.0488	95.1976
2016	2.0515	2.2016	2.1436	97.3675
2017 and later years	2.0515	0.1501	0.1466	97.6738

Taxpayers that use the composite method of Notice 88-100 should use 94.3547 percent to discount unpaid losses incurred in this line of business in 2004 and prior years and that are outstanding at the end of the 2014 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).