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Rev. Rul. 2018-13: State-assumed interest rates, insurance company post-2016 reserves

The IRS today released an advance version of Rev. Rul. 2018-13 providing the schedules of prevailing state-assumed interest rates for use by insurance companies to compute their reserves for tax years beginning after December 31, 2016, and on or before December 31, 2017.

The guidance provided by [Rev. Rul. 2018-13](#) [PDF 25 KB] is to be used by insurance companies in computing their reserves for contracts concerning:

- Life insurance and supplementary total and permanent disability benefits
- Individual annuities and pure endowments
- Group annuities and pure endowments

Changes to section 807(d) under the new tax law

Today's revenue ruling is the last in a series of supplements to the interest rate schedules (originally set forth in Rev. Rul. 92-19) because the new tax law—Pub. L. No. 115-97, enacted December 22, 2017—amended section 807(d) for tax years beginning after December 31, 2017.

Under the new tax law, life insurance reserves are no longer required to be computed using the greater of the applicable federal interest rate or the prevailing state assumed interest rate. Accordingly, Rev. Rul. 2018-13 only provides the prevailing assumed interest rate for certain insurance products issued in 2017 for use by insurance companies in computing their reserves for tax years beginning after December 31, 2016, and on or before December 31, 2017.

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