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Rev. Proc. 2019-31: Insurance companies, revised unpaid loss discount factors for 2018 accident year

The IRS today released an advance version of Rev. Proc. 2019-31 concerning the revised unpaid loss discount factors for the 2018 accident year and earlier accident years for use by insurance companies in computing discounted unpaid losses under section 846. This revenue procedure applies to any insurance company that is required to discount unpaid losses under section 846 for a line of business using the discount factors published by the Secretary, and also applies to any insurance company that is required to discount estimated salvage recoverable under section 832.

The discount factors were determined under section 846—a provision of the Code that was amended by the 2017 U.S. tax law (Pub. L. No. 115-97) that is commonly referred to as the “Tax Cuts and Jobs Act” (TCJA)—and pursuant to final regulations under section 846 published in June 2019. Read [TaxNewsFlash](#)

The revised unpaid loss discount factors also serve as revised salvage discount factors for the 2018 accident year and earlier accident years for use in computing estimated salvage recoverable under section 832.

[Rev. Proc. 2019-31](#) [PDF 368 KB] sets forth the discount factors for the 2019 accident year—discount factors that are to be used by insurance companies in computing discounted unpaid losses under section 846 and estimated salvage recoverable under section 832. This revenue procedure applies to tax years beginning after December 31, 2017.

The IRS also today released an advance version of [Rev. Proc. 2019-30](#) [PDF 103 KB] that describes the adjustments to be taken into account by certain taxpayers that used the proposed discount factors in any tax year ended before June 17, 2019.

The purpose of this report is to provide text of the revenue procedures.

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