



TaxNewsFlash

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Rev. Proc. 2023-41: Insurance companies, unpaid loss discount factors for 2023 accident year

The IRS today released an advance version of [Rev. Proc. 2023-41](#) [PDF 539 KB] prescribing discount factors for the 2023 accident year for use by insurance companies in computing discounted unpaid losses under section 846 and discounted estimated salvage recoverable under section 832.

Rev. Proc. 2023-41 also provides, for convenience, discount factors for losses incurred in the 2022 accident year and earlier accident years for use in tax years beginning in 2023. The discount factors for accident years before 2023 were prescribed in earlier revenue procedures (e.g., [Rev. Proc. 2023-10](#) [PDF 216 KB]).

Rev. Proc. 2023-41 provides that the discount factors for losses incurred in accident year 2023 are determined by using the applicable interest rate for 2023 under section 846(c), which is 2.9% compounded semiannually. There are exceptions for the discount factors for long-tail lines of business provided for tax years beginning in 2033, which are computed using discount factors applicable to multiple accident years. All discount factors are determined by assuming all loss payments occur in the middle of the calendar year.

Background

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

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