

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

## **Rev. Proc. 2004-9**

### SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 2003 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.

### SECTION 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.

### SECTION 3. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount

factors under § 846 for accident year 2003. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 2003, which is 5.27 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, 2002–2 C.B. I.R.B. 980.

.04 Tables

**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 97.4648 percent to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the 2003 and later taxable years.

Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount all unpaid losses that are incurred in this line of business and that are outstanding at the end of the 2003 tax 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 (%)
2003	89.6468	89.6468	10.3532	10.0680	97.2455
2004	99.6845	10.0377	0.3155	0.2998	95.0251

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2005 and later years	0.1578	0.1578	0.1538	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2005 tax 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 (%)
2003	28.8244	28.8244	71.1756	64.4355	90.5304
2004	54.9871	26.1626	45.0129	40.9881	91.0586
2005	72.8039	17.8168	27.1961	24.8680	91.4393
2006	85.0572	12.2533	14.9428	13.6065	91.0568
2007	91.6276	6.5704	8.3724	7.5822	90.5618
2008	94.9514	3.3239	5.0486	4.5715	90.5501
2009	97.0453	2.0938	2.9547	2.6641	90.1639
2010	98.1574	1.1121	1.8426	1.6635	90.2768
2011	98.7370	0.5796	1.2630	1.1564	91.5620
2012	99.1070	0.3700	0.8930	0.8378	93.8128

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013	0.3700	0.5230	0.5023	96.0372
2014 and later years	0.3700	0.1530	0.1492	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 96.3144 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	40.9985	40.9985	59.0015	52.3463	88.7203
2004	65.8439	24.8454	34.1561	29.6133	86.6999
2005	77.5023	11.6583	22.4977	19.2123	85.3966
2006	84.6221	7.1198	15.3779	12.9198	84.0151
2007	90.2455	5.6234	9.7545	7.8309	80.2805
2008	92.2780	2.0325	7.7220	6.1583	79.7500
2009	94.3974	2.1195	5.6026	4.3083	76.8980
2010	95.2526	0.8552	4.7474	3.6579	77.0504
2011	96.2792	1.0266	3.7208	2.7973	75.1817
2012	96.4323	0.1531	3.5677	2.7877	78.1369

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013	0.1531	3.4145	2.7774	81.3423
2014	0.1531	3.2614	2.7667	84.8321
2015	0.1531	3.1083	2.7554	88.6476
2016	0.1531	2.9551	2.7435	92.8384
2017 and later years	0.1531	2.8020	2.7310	97.4648

### Composite

Taxpayers that use the composite method of Notice 88–100 should use 87.9561 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	38.3328	38.3328	61.6672	57.1422	92.6623
2004	58.8485	20.5156	41.1515	39.1043	95.0251

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2005 and later years	20.5758	20.5758	20.0541	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2005 tax 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 (%)
2003	4.0723	4.0723	95.9277	89.2327	93.0207
2004	40.7639	36.6916	59.2361	56.2892	95.0251

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2005 and later years	29.6180	29.6180	28.8672	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2005 tax 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 (%)
2003	40.9985	40.9985	59.0015	52.3463	88.7203
2004	65.8439	24.8454	34.1561	29.6133	86.6999
2005	77.5023	11.6583	22.4977	19.2123	85.3966
2006	84.6221	7.1198	15.3779	12.9198	84.0151
2007	90.2455	5.6234	9.7545	7.8309	80.2805
2008	92.2780	2.0325	7.7220	6.1583	79.7500
2009	94.3974	2.1195	5.6026	4.3083	76.8980
2010	95.2526	0.8552	4.7474	3.6579	77.0504
2011	96.2792	1.0266	3.7208	2.7973	75.1817
2012	96.4323	0.1531	3.5677	2.7877	78.1369

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013		0.1531	3.4145	2.7774	81.3423
2014		0.1531	3.2614	2.7667	84.8321
2015		0.1531	3.1083	2.7554	88.6476
2016		0.1531	2.9551	2.7435	92.8384
2017 and later		0.1531	2.8020	2.7310	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 87.9561 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	7.3447	7.3447	92.6553	80.8929	87.3052
2004	29.0191	21.6744	70.9809	62.9178	88.6404
2005	53.3108	24.2917	46.6892	41.3100	88.4786
2006	69.1517	15.8409	30.8483	27.2341	88.2838
2007	82.0981	12.9464	17.9019	15.3861	85.9469
2008	86.3995	4.3014	13.6005	11.7837	86.6415
2009	89.7111	3.3116	10.2889	9.0069	87.5404
2010	92.4688	2.7577	7.5312	6.6522	88.3283
2011	94.5163	2.0475	5.4837	4.9020	89.3920
2012	95.7635	1.2471	4.2365	3.8807	91.6012

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013		1.2471	2.9894	2.8056	93.8535
2014		1.2471	1.7422	1.6739	96.0782
2015 and later years		1.2471	0.4951	0.4825	97.4648

**Medical Malpractice —Claims-Made**

Taxpayers that use the composite method of Notice 88–100 should use 94.5587 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	0.8316	0.8316	99.1684	80.5880	81.2638
2004	7.4573	6.6257	92.5427	78.0369	84.3253
2005	23.5575	16.1002	76.4425	65.6305	85.8560
2006	41.0062	17.4487	58.9938	51.1867	86.7661
2007	55.5832	14.5770	44.4168	38.9280	87.6425
2008	68.9413	13.3581	31.0587	27.2740	87.8142
2009	78.2095	9.2682	21.7905	19.2020	88.1210
2010	82.8727	4.6632	17.1273	15.4294	90.0869
2011	86.3178	3.4451	13.6822	12.7078	92.8788
2012	91.0834	4.7656	8.9166	8.4880	95.1933

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013 and later years	4.7656	4.1510	4.0457	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	79.7790	79.7790	20.2210	19.3443	95.6645
2004	94.9417	15.1627	5.0583	4.8067	95.0251

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2005 and later years	2.5292	2.5292	2.4650	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2005 tax 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 (%)
2003	59.7445	59.7445	40.2555	36.6385	91.0149
2004	81.0347	21.2902	18.9653	16.7253	88.1893
2005	87.3325	6.2978	12.6675	11.1451	87.9825
2006	91.0659	3.7334	8.9341	7.9020	88.4479
2007	95.1781	4.1122	4.8219	4.0993	85.0140
2008	95.7605	0.5824	4.2395	3.7177	87.6937
2009	97.0539	1.2933	2.9461	2.5867	87.7996
2010	97.6441	0.5903	2.3559	2.1174	89.8774
2011	98.7037	1.0596	1.2963	1.1418	88.0851
2012	98.6217	-0.0821	1.3783	1.2862	93.3151

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013	0.5226	0.8558	0.8178	95.5652
2014 and later years	0.5226	0.3332	0.3247	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 96.3076 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	69.1729	69.1729	30.8271	29.4135	95.4143
2004	91.2168	22.0439	8.7832	8.3463	95.0251

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2005 and later years	4.3916	4.3916	4.2803	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2005 tax 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 (%)
2003	14.9618	14.9618	85.0382	72.6837	85.4719
2004	36.2113	21.2494	63.7887	54.7120	85.7706
2005	54.2876	18.0763	45.7124	39.0488	85.4227
2006	64.2163	9.9288	35.7837	30.9196	86.4071
2007	73.2732	9.0569	26.7268	23.2566	87.0162
2008	80.5748	7.3016	19.4252	16.9907	87.4675
2009	87.6200	7.0452	12.3800	10.6577	86.0880
2010	89.9155	2.2955	10.0845	8.8641	87.8987
2011	93.3946	3.4791	6.6054	5.7616	87.2268
2012	94.6170	1.2223	5.3830	4.8111	89.3763

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013	1.2223	4.1607	3.8106	91.5850
2014	1.2223	2.9383	2.7572	93.8366
2015	1.2223	1.7160	1.6484	96.0612
2016 and later years	1.2223	0.4936	0.4811	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 92.3191 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	19.1133	19.1133	80.8867	66.7947	82.5780
2004	36.4434	17.3301	63.5566	52.5339	82.6568
2005	52.1648	15.7215	47.8352	39.1720	81.8895
2006	63.2383	11.0734	36.7617	29.8749	81.2663
2007	72.0780	8.8397	27.9220	22.3797	80.1505
2008	75.9021	3.8241	24.0979	19.6355	81.4821
2009	82.9305	7.0284	17.0695	13.4590	78.8484
2010	85.1441	2.2136	14.8559	11.8972	80.0837
2011	89.3006	4.1565	10.6994	8.2595	77.1961
2012	89.9898	0.6892	10.0102	7.9877	79.7952

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.



### 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 (%)
2013		0.6892	9.3210	7.7015	82.6250
2014		0.6892	8.6318	7.4002	85.7320
2015		0.6892	7.9426	7.0830	89.1783
2016		0.6892	7.2533	6.7492	93.0492
2017 and later years		0.6892	6.5641	6.3977	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 87.9049 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	43.1926	43.1926	56.8074	52.5668	92.5350
2004	72.2008	29.0082	27.7992	25.5743	91.9963
2005	84.5632	12.3625	15.4368	14.2380	92.2343
2006	91.9316	7.3684	8.0684	7.4283	92.0667
2007	95.8729	3.9413	4.1271	3.7760	91.4919
2008	97.7804	1.9075	2.2196	2.0178	90.9099
2009	98.7957	1.0153	1.2043	1.0825	89.8838
2010	99.2491	0.4535	0.7509	0.6743	89.8010
2011	99.5195	0.2703	0.4805	0.4325	89.9950
2012	99.6353	0.1159	0.3647	0.3364	92.2395

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013	0.1159	0.2488	0.2352	94.5391
2014	0.1159	0.1330	0.1287	96.8375
2015 and later years	0.1159	0.0171	0.0167	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 95.5509 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	6.5804	6.5804	93.4196	76.7759	82.1839
2004	26.7183	20.1379	73.2817	60.1603	82.0945
2005	43.1834	16.4652	56.8166	46.4373	81.7320
2006	43.9209	0.7375	56.0791	48.1279	85.8214
2007	54.3806	10.4597	45.6194	39.9324	87.5339
2008	78.3630	23.9824	21.6370	17.4307	80.5596
2009	82.8643	4.5013	17.1357	13.7309	80.1303
2010	68.2184	-14.6459	31.7816	29.4814	92.7624
2011	79.1582	10.9399	20.8418	19.8107	95.0526
2012	89.6963	10.5381	10.3037	10.0424	97.4648

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013 and later years	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 92.4655 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	9.4198	9.4198	90.5802	72.9877	80.5780
2004	20.5845	11.1647	79.4155	65.3791	82.3253
2005	36.7807	16.1962	63.2193	52.2071	82.5809
2006	55.5974	18.8167	44.4026	35.6522	80.2930
2007	66.6238	11.0263	33.3762	26.2179	78.5526
2008	77.2636	10.6399	22.7364	16.6829	73.3756
2009	79.1888	1.9251	20.8112	15.5869	74.8967
2010	83.6816	4.4928	16.3184	11.7987	72.3029
2011	85.5507	1.8691	14.4493	10.5027	72.6868
2012	85.7291	0.1784	14.2709	10.8732	76.1914

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013	0.1784	14.0925	11.2632	79.9231
2014	0.1784	13.9141	11.6737	83.8983
2015	0.1784	13.7357	12.1059	88.1343
2016	0.1784	13.5573	12.5608	92.6497
2017 and later years	0.1784	13.3789	13.0397	97.4648

**Products Liability — Occurrence**

Taxpayers that use the composite method of Notice 88–100 should use 85.1270 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	25.0571	25.0571	74.9429	67.9998	90.7355
2004	52.0402	26.9831	47.9598	43.8985	91.5317
2005	82.4709	30.4307	17.5291	14.9896	85.5127
2006	85.6387	3.1678	14.3613	12.5293	87.2439
2007	92.7228	7.0840	7.2772	5.9213	81.3678
2008	91.8604	-0.8624	8.1396	7.1182	87.4513
2009	96.5016	4.6412	3.4984	2.7314	78.0753
2010	96.1872	-0.3143	3.8128	3.1979	83.8727
2011	97.6206	1.4333	2.3794	1.8958	79.6738
2012	97.8419	0.2214	2.1581	1.7686	81.9516

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013		0.2214	1.9367	1.6347	84.4040
2014		0.2214	1.7154	1.4937	87.0779
2015		0.2214	1.4940	1.3453	90.0469
2016		0.2214	1.2727	1.1891	93.4342
2017 and later years		0.2214	1.0513	1.0247	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 88.6413 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	8.9223	8.9223	91.0777	72.6945	79.8159
2004	27.3618	18.4395	72.6382	57.6064	79.3058
2005	44.5758	17.2140	55.4242	42.9804	77.5481
2006	53.8781	9.3023	46.1219	35.7012	77.4062
2007	60.8896	7.0115	39.1104	30.3888	77.7000
2008	69.7327	8.8430	30.2673	22.9172	75.7159
2009	76.6292	6.8965	23.3708	17.0490	72.9500
2010	79.4030	2.7738	20.5970	15.1015	73.3191
2011	83.8936	4.4906	16.1064	11.2899	70.0961
2012	80.1707	-3.7229	19.8293	15.7046	79.1993

**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 (%)
2013		1.1805	18.6487	15.3210	82.1560
2014		1.1805	17.4682	14.9172	85.3965
2015		1.1805	16.2877	14.4921	88.9761
2016		1.1805	15.1072	14.0446	92.9668
2017 and later years		1.1805	13.9266	13.5736	97.4648

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

Taxpayers that use the composite method of Notice 88–100 should use 88.0916 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	17.1195	17.1195	82.8805	72.3532	87.2983
2004	46.6590	29.5395	53.3410	45.8584	85.9721
2005	67.7135	21.0545	32.2865	26.6730	82.6134
2006	78.1379	10.4244	21.8621	17.3830	79.5123
2007	89.7346	11.5967	10.2654	6.4008	62.3531
2008	92.1268	2.3921	7.8732	4.2837	54.4090
2009	89.7323	-2.3945	10.2677	6.9663	67.8462
2010	90.0460	0.3137	9.9540	7.0115	70.4390
2011	94.8867	4.8407	5.1133	2.4144	47.2179
2012	86.7041	-8.1827	13.2959	10.9371	82.2591

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013		1.4277	11.8683	10.0487	84.6686
2014		1.4277	10.4406	9.1134	87.2886
2015		1.4277	9.0129	8.1289	90.1918
2016		1.4277	7.5852	7.0924	93.5039
2017 and later years		1.4277	6.1575	6.0014	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 85.4523 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax 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 (%)
2003	62.9320	62.9320	37.0680	35.3003	95.2311
2004	88.4950	25.5631	11.5050	10.9326	95.0251

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2005 and later years	5.7525	5.7525	5.6067	97.4648
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Taxpayers that use the composite method of Notice 88–100 should use 97.4648 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2005 tax 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 (%)
2003	28.2489	28.2489	71.7511	62.2360	86.7389
2004	57.8739	29.6249	42.1261	35.1204	83.3695
2005	71.2999	13.4260	28.7001	23.1959	80.8218
2006	77.7584	6.4585	22.2416	17.7919	79.9937
2007	81.9301	4.1717	18.0699	14.4493	79.9633
2008	83.7739	1.8437	16.2261	13.3191	82.0839
2009	86.5350	2.7611	13.4650	11.1880	83.0895
2010	88.4367	1.9017	11.5633	9.8265	84.9796
2011	89.5926	1.1559	10.4074	9.1583	87.9982
2012	91.6441	2.0515	8.3559	7.5361	90.1891

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses that are incurred in this line of business in the 2003 accident year and that are outstanding at the end of the tax year shown.

2013	2.0515	6.3045	5.8285	92.4498
2014	2.0515	4.2530	4.0308	94.7754
2015	2.0515	2.2016	2.1384	97.1321
2016 and later years	2.0515	0.1501	0.1463	97.4648

Taxpayers that use the composite method of Notice 88–100 should use 92.1260 percent to discount unpaid losses that are incurred in this line of business in 2003 and prior years and that are outstanding at the end of the 2013 tax year.

**DRAFTING INFORMATION**

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