

for losses incurred. Under § 832(b)-(5)(A), paid losses are to be reduced by salvage and reinsurance recovered during the taxable year. This amount is adjusted to reflect changes in discounted unpaid losses on nonlife insurance contracts and in unpaid losses on life insurance contracts. An adjustment is then made to reflect any changes in discounted estimated salvage recoverable and in reinsurance recoverable.

Pursuant to § 832(b), the amount of estimated salvage is determined on a discounted basis in accordance with procedures established by the Secretary.

SEC. 3. SCOPE

This revenue procedure applies to any taxpayer that is required to discount estimated salvage recoverable under § 832.

SEC. 4. APPLICATION

.01 The following tables present separately for each line of business the discount factors under § 832 for the 1999 accident year. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 1999, which is 6.30 percent, and by assuming all estimated salvage is recovered in the middle of each calendar

year. *See* Rev. Proc. 98-12, 1998-4 I.R.B. 18, for background regarding the tables.

.02 These tables must be used by taxpayers irrespective of whether they elected to discount unpaid losses using their own historical experience under § 846.

.03 Section V of Notice 88-100, 1988-2 C. B. 439, provides guidance concerning the determination of discount factors for unpaid losses for accident years not separately reported on the annual statement.

.04 Tables.

Accident and Health (Other Than Disability Income or Credit Disability Insurance)

Discount factor for all years equals 96.9914 percent.

Auto Physical Damage

Tax Year	Discount Factors (%)
AY+ 0	95.5695
AY+ 1	94.1173
AY+ 2	96.9914

Rev. Proc. 99-37

SECTION 1. PURPOSE

This revenue procedure prescribes the salvage discount factors for the 1999 accident year. These factors will be used for computing discounted estimated salvage recoverable under § 832 of the Internal Revenue Code.

SEC. 2. BACKGROUND

Section 832(b)(5)(A) requires that all estimated salvage recoverable (including that which cannot be treated as an asset for state accounting purposes) be taken into account in computing the deduction

Commercial Auto/Truck Liability/Medical		International (Composite)		Miscellaneous Casualty	
Tax Year	Discount Factors (%)	Tax Year	Discount Factors (%)	Tax Year	Discount Factors (%)
AY+ 0	88.1039	AY+ 0	85.6093	AY+ 0	94.9728
AY+ 1	87.2517	AY+ 1	83.9887	AY+ 1	94.1173
AY+ 2	88.9900	AY+ 2	83.5630	AY+ 2	96.9914
AY+ 3	88.2622	AY+ 3	83.4530	Multiple Peril Lines (Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, and Special Liability (Ocean Marine, Aircraft (All Perils), Boiler And Machinery))	
AY+ 4	88.0871	AY+ 4	84.2000		
AY+ 5	90.4901	AY+ 5	84.7825		
AY+ 6	85.7328	AY+ 6	84.8358		
AY+ 7	91.4181	AY+ 7	84.9271		
AY+ 8	89.8355	AY+ 8	87.7984		
AY+ 9	92.4551	AY+ 9	90.3741		
AY+10	95.0697	AY+10	93.0175	Tax Year	Discount Factors (%)
AY+11	96.9914	AY+11	95.6437	AY+ 0	88.1923
		AY+12	96.9914	AY+ 1	87.1353
Composite Discount Factors		Medical Malpractice — Claims-Made		AY+ 2	87.9117
Tax Year	Discount Factors (%)	Tax Year	Discount Factors (%)	AY+ 3	87.5629
AY+ 0	85.6093	AY+ 0	69.8521	AY+ 4	88.7011
AY+ 1	83.9887	AY+ 1	72.5407	AY+ 5	90.1672
AY+ 2	83.5630	AY+ 2	71.0672	AY+ 6	90.1613
AY+ 3	83.4530	AY+ 3	70.4106	AY+ 7	89.1007
AY+ 4	84.2000	AY+ 4	73.9891	AY+ 8	91.5372
AY+ 5	84.7825	AY+ 5	72.3274	AY+ 9	94.2606
AY+ 6	84.8358	AY+ 6	82.1285	AY+10	96.9914
AY+ 7	84.9271	AY+ 7	91.3849	Other (Including Credit)	
AY+ 8	87.7984	AY+ 8	96.2899		
AY+ 9	90.3741	AY+ 9	96.9914	Tax Year	Discount Factors (%)
AY+10	93.0175	Medical Malpractice — Occurrence		AY+ 0	96.0338
AY+11	95.6437			AY+ 1	94.1173
AY+12	96.9914	Tax Year	Discount Factors (%)	AY+ 2	96.9914
Fidelity/Surety		Other Liability — Claims-Made			
Tax Year	Discount Factors (%)	AY+ 0	63.6130		
AY+ 0	92.7828	AY+ 1	66.9948	Tax Year	Discount Factors (%)
AY+ 1	94.1173	AY+ 2	71.5686	AY+ 0	77.2784
AY+ 2	96.9914	AY+ 3	75.3861	AY+ 1	82.8178
Financial Guaranty/Mortgage Guaranty		AY+ 4	72.1518	AY+ 2	81.8164
		AY+ 5	78.2468	AY+ 3	79.4571
		AY+ 6	83.2448	AY+ 4	82.4769
		AY+ 7	86.3963	AY+ 5	87.1976
		AY+ 8	90.9167	AY+ 6	85.6914
Tax Year	Discount Factors (%)	AY+ 9	93.6125	AY+ 7	91.4229
AY+ 0	94.6355	AY+10	96.3310	AY+ 8	93.5743
AY+ 1	94.1173	AY+11	96.9914	AY+ 9	96.2841
AY+ 2	96.9914			AY+10	96.9914

Other Liability — Occurrence

Tax Year	Discount Factors (%)
AY+ 0	78.2635
AY+ 1	78.9961
AY+ 2	81.4078
AY+ 3	83.4032
AY+ 4	84.6724
AY+ 5	82.2100
AY+ 6	86.3544
AY+ 7	88.3424
AY+ 8	92.5115
AY+ 9	95.1243
AY+10	96.9914

**Private Passenger Auto
Liability/Medical**

Tax Year	Discount Factors (%)
AY+ 0	91.4618
AY+ 1	90.9068
AY+ 2	89.9635
AY+ 3	89.5735
AY+ 4	89.1026
AY+ 5	89.5637
AY+ 6	88.3400
AY+ 7	89.0749
AY+ 8	89.7735
AY+ 9	92.3920
AY+10	95.0094
AY+11	96.9914

Products Liability — Claims-Made

Tax Year	Discount Factors (%)
AY+ 0	78.7056
AY+ 1	80.7697
AY+ 2	85.3179
AY+ 3	85.2263
AY+ 4	80.7596
AY+ 5	87.8587
AY+ 6	80.4380
AY+ 7	88.0132
AY+ 8	96.7141
AY+ 9	96.9914

Products Liability — Occurrence

Tax Year	Discount Factors (%)
AY+ 0	75.2045
AY+ 1	77.8428
AY+ 2	76.1949
AY+ 3	77.5126
AY+ 4	79.2935
AY+ 5	78.6299
AY+ 6	80.0215
AY+ 7	72.0300
AY+ 8	77.5666
AY+ 9	80.0419
AY+10	82.7021
AY+11	85.5978
AY+12	88.8131
AY+13	92.5030
AY+14	96.9914

**Reinsurance A
(Nonproportional Property)**

Tax Year	Discount Factors (%)
AY+ 0	86.3193
AY+ 1	89.5547
AY+ 2	92.3252
AY+ 3	91.6732
AY+ 4	78.5915
AY+ 5	94.7028
AY+ 6	93.2934
AY+ 7	95.9512
AY+ 8	96.9914

**Reinsurance B
(Nonproportional Liability)**

Tax Year	Discount Factors (%)
AY+ 0	74.2797
AY+ 1	76.5792
AY+ 2	77.3123
AY+ 3	76.7003
AY+ 4	79.2343
AY+ 5	74.2190
AY+ 6	75.9976
AY+ 7	83.6134
AY+ 8	86.0629
AY+ 9	88.6137
AY+10	91.2729
AY+11	94.0524
AY+12	96.9914

**Reinsurance C
(Financial Lines)**

Tax Year	Discount Factors (%)
AY+ 0	80.7539
AY+ 1	83.1736
AY+ 2	86.4993
AY+ 3	92.4836
AY+ 4	91.0300
AY+ 5	92.9471
AY+ 6	89.3955
AY+ 7	96.8756
AY+ 8	96.9914

**Special Property
(Fire, Allied Lines, Inland Marine,
Earthquake, Glass, Burglary and
Theft)**

Tax Year	Discount Factors (%)
AY+ 0	92.0956
AY+ 1	94.1173
AY+ 2	96.9914

Workers' Compensation

Tax Year	Discount Factors (%)
AY+ 0	78.1046
AY+ 1	80.5669
AY+ 2	82.5003
AY+ 3	84.0905
AY+ 4	84.2036
AY+ 5	84.3691
AY+ 6	85.5654
AY+ 7	86.3250
AY+ 8	88.7748
AY+ 9	91.4218
AY+10	94.1684
AY+11	96.9914

DRAFTING INFORMATION

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