

Financial Services - Insurance Tax Bulletin

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Prevailing interest rates for computing insurance reserves

In Rev. Rul. 2012-06, the IRS provided prevailing state assumed interest rates and applicable federal rates for the determination of reserves under Section 807 for insurance contracts issued in 2011 and 2012. This information should be used by insurance companies in computing their reserves for: (1) life insurance and supplementary total and permanent disability benefits; (2) individual annuities and pure endowments; and (3) group annuities and pure endowments.

For purposes of Section 807(d)(4), for tax years beginning after December 31, 2010, Rev. Rul. 2012-06 supplements the schedules of prevailing state assumed interest rates set forth in Rev. Rul. 92-19.

Specifically, the ruling supplements Schedules A, B, C, and D--under Part III of Rev. Rul. 92-19 by providing prevailing state assumed interest rates for certain insurance products issued in 2011 and 2012. The ruling also supplements Part IV of Rev. Rul. 92-19 by providing the applicable federal rates for computing reserves for 2011 and 2012.

***For further information**, please feel free to contact Anthony DiGilio at (703) 918-4812 or contact your local insurance tax professional.*

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