

# Net Operating Losses

## Reference Guide for Insurers

The carryforward and carryback rules for net operating losses (NOLs) have seen several modifications in the past few years under the Tax Cuts and Jobs Act of 2017 (TCJA) and the Coronavirus Aid, Relief, and Economic Security Act of 2020 ('CARES Act'). As a result, taxpayers might find themselves in the position of having multiple categories of NOLs subject to different carryback, carryforward, and income-limitation provisions. It is important to maintain track of these different categories for tax return purposes, as well as tax attribute disclosures for financial reporting purposes. The reference guide below provides a summary of the carryback and carryforward provisions applicable to NOLs based on the tax year and the type of company generating the NOL.

### Example

2021 - \$5 million loss can be carried forward 20 years OR carried back 2 years (for non-life insurers)

C Corporation NOLs	Carryback Period	Carryforward Period	Taxable Income Limitation
2017 and Prior NOLs	2 Years	20 Years	N/A
2018, 2019 and 2020 NOLs	5 Years	Indefinite	80% for 2021 and Thereafter
2021 and Future NOLs	No carryback	Indefinite	80% for 2021 and Thereafter

Property and Casualty Insurance Company NOLs	Carryback Period	Carryforward Period	Taxable Income Limitation
2017 and Prior NOLs	2 Years	20 Years	N/A
2018, 2019 and 2020 NOLs	5 Years	20 Years	N/A
2021 and Future NOLs	2 Years	20 Years	N/A

Life Insurance Company NOLs	Carryback Period	Carryforward Period	Taxable Income Limitation
2017 and Prior NOLs	3 Years	15 Years	N/A
2018, 2019 and 2020 NOLs	5 Years	Indefinite	80% for 2021 and Thereafter
2021 and Future NOLs	No carryback	Indefinite	80% for 2021 and Thereafter

For further information, reach out to our insurance tax experts:  
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