

Interpretation of the Emerging Accounting Issues Working Group

INT 02-20: Due Date for Installment Premiums Under an Agency Relationship

ISSUE NULLIFIED BY NONSUBSTANTIVE REVISIONS TO SSAP NO. 6 ADOPTED BY THE STATUTORY ACCOUNTING PRINCIPLES WORKING GROUP

INT 02-20 Dates Discussed

September 10, 2002; December 8, 2002

INT 02-20 References

SSAP No. 6—*Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*

INT 02-20 Issue

1. Paragraph 7.c. of SSAP No. 6 states that the determination of the due date for installment premium is governed by the contractual due date of the installment. Certain reporting entities with installment premium balances due from an agent have interpreted this guidance to require that the due date of the installment is governed by the contractual due date of the installment from the agent.
2. The accounting issue is whether the due date for installment premiums from an agent is governed by the contractual due date of the installment from the agent or by the due date from the insured.

INT 02-20 Discussion

3. Paragraph 7.a. of SSAP No. 6 states that the due date for original and deposit premiums is governed by the effective date of the underlying contract and not the agent/reporting entity contractual relationship. There is no overriding reason why installment premiums would be treated in a less conservative fashion than original and deposit premiums. Therefore, the due date for installment premium balances due from an agent should be governed by the contractual due date of said premiums from the insured.

INT 02-20 Status

4. No further discussion is planned.