

Interpretation of the Statutory Accounting Principles Working Group

INT 18-04: Extension of Ninety-Day Rule for the Impact of Hurricane Florence and Hurricane Michael

GUIDANCE DETERMINED TO BE NO LONGER RELEVANT

INT 18-04 Dates Discussed

October 26, 2018, November 15, 2018

INT 18-04 References

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

INT 18-04 Issue

1. Hurricane Florence and Hurricane Michael and their aftermath have resulted in loss of life and property, the extent to which is currently not known. The Federal Emergency Management Agency (FEMA) lists Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia as having emergency declarations because of hurricane and tropical storm or related flooding. This interpretation is intended to cover storm impacted policies in areas, which a state of emergency was declared. State regulators and insurers are taking action to provide policyholders affected by this disaster with the support and understanding that is deserved.
2. Should a 60-day extension of the 90-day rule for uncollected premiums be temporarily granted to insurers for policies in U.S. jurisdictions where a state of emergency was declared which were affected by the hurricane, tropical storm or related flooding?

INT 18-04 Discussion

3. The Working Group reached a consensus for a one-time optional extension of the ninety-day rule for uncollected premium balances, bills receivable for premiums and amounts due from agents and policyholders directly impacted by Hurricane Florence, Hurricane Michael, tropical storm Florence and tropical storm Michael or the related flooding, as follows:
 - a. For policies in effect as of the declaration of a state of emergency by either the states, U.S. territories or federal government, as described in paragraph 1, insurers with policyholders in areas impacted by Hurricane Florence, Hurricane Michael, tropical storm Florence and tropical storm Michael or the related flooding may wait 150 days (90 days per existing guidance, plus a 60-day extension), not to extend beyond March 6, 2019, before nonadmitting premiums receivable from those directly impacted policyholders as required per SSAP No. 6, paragraph 9.
 - b. Existing impairment analysis remains in effect for these affected policies.
4. The Working Group noted that a 60-day extension is consistent with previous temporary extensions that were granted for other nationally significant catastrophes including *INT 17-01: Extension of Ninety-Day Rule for the Impact of Hurricane Harvey, Hurricane Irma and Hurricane Maria*, *INT 13-01: Extension of Ninety-Day Rule for the Impact of Hurricane/Superstorm Sandy*; and *INT 05-04: Extension of Ninety-day Rule for the Impact of Hurricane Katrina, Hurricane Rita and Hurricane Wilma*.

5. Due to the short-term nature of the applicability of this extension, which expires March 7, 2019, this interpretation will be publicly posted on the Statutory Accounting Principles (E) Working Group's website. This interpretation will be automatically nullified on March 7, 2019 and will be included as a nullified INT in Appendix H – Superseded SSAPs and Nullified Interpretations in the “as of March 2019” *Accounting Practices and Procedures Manual*.

INT 18-04 Status

6. No further discussion is planned.