

## Interpretation of the Statutory Accounting Principles Working Group

### INT 19-01: Extension of Ninety-Day Rule for the Impact of California Camp Fire, Hill Fire and Woolsey Fire

#### GUIDANCE DETERMINED TO BE NO LONGER RELEVANT

#### INT 19-01 Dates Discussed

January 17, 2019; April 6, 2019

#### INT 19-01 References

##### Current:

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

#### INT 19-01 Issue

1. On November 8, 2018, three California wildfires began which resulted in loss of lives and a substantial amount of property. The Camp Fire in northern California impacted Butte County and was contained on November 25, 2018. The Hill Fire in southern California impacted Ventura County and was contained on November 16, 2018. The Woolsey Fire in southern California impacted the counties of Ventura and Los Angeles and was contained on November 21, 2018. The three fires are collectively called “California fires” for this interpretation.
2. The Federal Emergency Management Agency (FEMA) lists Butte, Los Angeles and Ventura counties as having had major disaster declarations as a result of the California fires. This interpretation is intended to include policies or agents in areas in which these major disasters were declared. State regulators and insurers are acting to provide support to insurers and policyholders who have been affected by these disasters.
3. Should a sixty-day extension of the ninety-day rule for nonadmission of uncollected premiums be temporarily granted to insurers for policies which were affected by the California fires?

#### INT 19-01 Discussion

4. The Working Group reached a consensus for a one-time optional extension of the ninety-day rule for nonadmission of uncollected premium balances, bills receivable for premiums, and amounts due from agents and policyholders directly impacted by the California fires, as follows:
  - a. For policies in effect as of the declaration of a major disaster or a state of emergency by either the state or federal government, as described in paragraph 1 and 2, insurers with policyholders or agents in areas impacted by the California fires may wait for a total of one hundred and fifty days (90 days per existing guidance, plus a 60-day extension = 150 days), before nonadmitting premiums receivable from those directly impacted policyholders or agents as required per SSAP No. 6, paragraph 9. This option and temporary extension for affected policies and agents is not to extend past April 24, 2019.
  - b. Existing impairment analysis remains in effect for these affected policies.

5. The Working Group noted that a sixty-day extension is consistent with previous temporary extensions that were granted for other nationally significant catastrophes.

6. Due to the short-term nature of the applicability of this extension which expires April 25, 2019, this interpretation will be publicly posted on the Statutory Accounting Principles (E) Working Group web page. This interpretation will be automatically nullified on April 25, 2019, and it will be included as a nullified INT in Appendix H – Superseded SSAPs and Nullified Interpretations in the As of March 2020, *Accounting Practices and Procedures Manual*.

**INT 19-01 Status**

7. No further discussion is planned.