

Statements of Statutory Accounting Principles No. 96

Settlement Requirements for Intercompany Transactions, An Amendment to SSAP No. 25—Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties

STATUS

Type of Issue:	Common Area
Issued:	December 11, 2006
Effective Date:	December 31, 2007
Affects:	Amends SSAP No. 25 to insert a new paragraph 6
Affected by:	Superseded with guidance included in SSAP No. 25
Interpreted by:	No other pronouncements

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Settlement Requirements for Intercompany Transactions, An Amendment to SSAP No. 25—Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties**SCOPE OF STATEMENT**

1. This statement establishes a statutory aging threshold for admission of loans and advances to related parties outstanding as of the reporting date. In addition, this statement establishes an aging threshold for admission of receivables associated with transactions for services provided to related parties outstanding as of the reporting date.

SUMMARY CONCLUSION

2. This statement shall amend *SSAP No. 25—Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*, by inserting the following additional paragraph numbered six and to renumber the remaining paragraphs of the statement:

Transactions between related parties must be in the form of a written agreement. The written agreement must provide for timely settlement of amounts owed, with a specified due date. Amounts owed to the reporting entity over ninety days from the written agreement due date shall be nonadmitted, except to the extent this is specifically addressed by other statements of statutory accounting principles (SSAPs). If the due date is not addressed by the written agreement, any uncollected receivable is nonadmitted.

Effective Date and Transition

3. This statement is effective for reporting periods ending December 31, 2007 and thereafter. Early adoption is permitted. A change resulting from the adoption of this statement shall be accounted for as a change in accounting principle in accordance with *SSAP No. 3—Accounting Changes and Corrections of Errors*.

AUTHORITATIVE LITERATURE**Statutory Accounting**

- *SSAP No. 25—Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*

RELEVANT ISSUE PAPERS

- *Issue Paper No. 128—Settlement Requirements for Intercompany Transactions, An Amendment to SSAP No. 25—Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*

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