

25. GAAP accounting provides guidance with respect to the accounting for prior period adjustments in APB 9, paragraph 18. APB 9 states that “*When comparative statements are presented corresponding adjustments should be made of the amounts of net income (and the components thereof) and retained earnings balances (as well as of other affected balances) for all of the periods reported therein, to reflect the retroactive application of the prior period adjustments.*” Additionally, APB 9 requires footnote disclosures regarding such changes.

RELEVANT LITERATURE

Statutory Accounting

- Statutory Accounting Principles Statement of Concepts and Statutory Hierarchy
- Accounting Practices and Procedures Manual for Property and Casualty Insurance Companies, Chapter 10, *Losses*
- Emerging Accounting Issues Working Group of the Accounting Practices and Procedures (EX4) Task Force Minutes, 92-1, 91-4
- NAIC Annual Statement Instructions

Generally Accepted Accounting Principles

- *Accounting Principles Board Opinion No. 9, Reporting the Results of Operations*
- *Accounting Principles Board Opinion No. 20, Accounting Changes*
- *FASB Statement No. 16, Prior Period Adjustments*

State Regulations

- No additional guidance obtained from state statutes or regulations.

Other Sources of Information

- Draft discussion materials from previous Property/Casualty codification projects, *Prior Period Adjustments/Corrections of Errors*