

Generally Accepted Accounting Principles

12. Asset recognition is governed by *FASB Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements* (CON 6), paragraphs 25-34. An asset is defined in paragraph 25 of CON 6 as follows:

Assets are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.

13. Paragraph 26 of CON 6, further defines the characteristics of an asset as follows:

An asset has three essential characteristics: (a) it embodies a probable future benefit that involves a capacity, singly or in combination with other assets, to contribute directly or indirectly to future net cash inflows, (b) a particular entity can obtain the benefit and control others' access to it, and (c) the transaction or other event giving rise to the entity's right to or control of the benefit has already occurred.

RELEVANT LITERATURE**Statutory Accounting**

- Statutory Accounting Principles Statement of Concepts and Statutory Hierarchy
- Accounting Practices and Procedures Manual for Life and Accident and Health Insurance Companies, pg. v and Chapter 9
- Accounting Practices and Procedures Manual for Property and Casualty Insurance Companies, pg. v and Chapter 9

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- *FASB Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements*

State Regulations

- No additional guidance obtained from state statutes or regulations.

Other Sources of Information

- Draft discussion material from previous Property/Casualty codification projects
- Draft discussion material from previous Life codification projects