**Interpretation of the Statutory Accounting Principles Working Group**

**INT 20-02T: Extension of Ninety-Day Rule for the Impact of COVID-19**

## INT 20-02T Dates Discussed

Email Vote to Expose March 26, 2020

## INT 20-02T References

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

*SSAP No. 65—Property and Casualty Contracts* (SSAP No. 65)

# **INT 20-02T Issue**

1. A previously unknown virus began transmitting between October 2019 and March 2020, with the first deaths in the U.S. reported in early March 2020. The disease caused by the virus is known as Coronavirus Disease 2019 (COVID-19). Several states and cities have issued “stay home” orders and forced all non-essential businesses to temporarily close. This has led to a significant increase in unemployment and, in certain states, mandatory closure of many businesses. Total economic damage is still being assessed however, the total impact is likely to exceed $1 trillion in the U.S. alone. This interpretation is intended to cover policies impacted by COVID-19.
2. Should a temporary extension of the 90-day rule, extending the nonadmission guidance for premium receivables due from policyholders or agents and for amounts due from policyholders for high deductible policies to September 28, 2020, for policies in U.S. jurisdictions that have been impacted by COVID-19 be granted?

# **INT 20-02T Discussion**

1. The Working Group reached a tentative 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 and for amounts due from policyholders for high deductible policies, as follows:
2. For policies in effect and current prior to the date as of the declaration of a state of emergency by the U.S. federal government on March 13, 2020, insurers may wait until September 28, 2020 before nonadmitting premiums receivable from policyholders or agents as required per SSAP No. 6, paragraph 9.
3. For high deductible policies in effect and current prior to the date as of the declaration of a state of emergency by the U.S. federal government on March 13, 2020, insurers may wait until September 28, 2020 before nonadmitting amounts due from policyholders for high deductible policies as required per SSAP No. 65, paragraph 37.
4. Existing impairment analysis remains in effect for these affected policies.
5. The Working Group noted that a 60-day extension had been granted previously for regionally significant catastrophes, including *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*, *INT 17-01: Extension of Ninety-Day Rule for the Impact of Hurricane Harvey, Hurricane Irma and Hurricane Maria*, and *INT 18-04: Extension of Ninety-Day Rule for the Impact of Hurricane Florence and Hurricane Michael*. This recommendation is for a longer period than the extensions that have been granted in the past as COVID-19 is a nationally significant event due to the expected overall impact to the U.S. economy.
6. Due to the short-term nature of the applicability of this extension, which expires September 28, 2020, this interpretation will be publicly posted on the Statutory Accounting Principles (E) Working Group’s website. This interpretation will be automatically nullified on September 29, 2020 and will be included as a nullified INT in Appendix H – Superseded SSAPs and Nullified Interpretations in the “as of March 2021” *Accounting Practices and Procedures Manual*.

# **INT 20-02T Status**

1. Further discussion is planned.

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