Interpretation of the Statutory Accounting Principles Working Group

INT 20-11: Extension of Ninety-Day Rule for the Impact of 2020 Hurricanes, California Wildfires and Iowa Windstorms

GUIDANCE NULLIFIED MARCH 1, 2021

INT 20-11 Dates Discussed
December 8, 2020; December 18, 2020

INT 20-11 References
SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers

INT 20-11 Issue

1. In the second half of 2020, the United States was impacted by several hurricanes in the Gulf Coast region, California Wildfires, and Iowa had a series of catastrophic straight-line windstorms. These events have resulted in loss of life and property, the extent to which is currently not known. State regulators and insurers are taking action to provide policyholders affected by these disasters with the support and understanding that is deserved.

2. This issue concerns consideration of allowing a fourth quarter 2020 temporary extension of the 90-day rule for uncollected premiums to insurers for policies in U.S. jurisdictions where a state of emergency was declared as identified below. This interpretation is intended to only cover impacted policies in areas for which a state of emergency has been declared by either the states, U.S. territories or federal government and which is noted on the Federal Emergency Management Agency (FEMA) website for the identified disasters as described below:

   a. Hurricane Isaias, Hurricane Laura, Hurricane Sally, Hurricane Delta, Hurricane Zeta and Hurricane Eta and the related tropical storms or flooding from these six named hurricanes.

   b. California Wildfires which were declared a disaster on or after August 1, 2020, some of which are ongoing during the fourth quarter 2020.

   c. Iowa straight-line windstorms impacted policies in the counties in which a state of disaster was declared in August 2020.

INT 20-11 Discussion

3. The Working Group reached a 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 required per SSAP No. 6, paragraph 9, as described within this paragraph.

   a. The exception applies to policies in effect as of the declaration of a state of emergency for the disasters described in paragraph 2.

   b. Insurers with policies in areas impacted by the disasters described in paragraph 2, which would be overdue by greater than ninety days (90) on December 31, 2020, may wait until February 28, 2021, before nonadmitting premiums receivable from those policies.

   c. Existing impairment analysis remains in effect for these affected policies.
4. The Working Group noted that a temporary sixty day (60) extension had previously been provided for other nationally significant disasters including INT 18-04: Extension of Ninety-Day Rule for the Impact of Hurricane Florence and Hurricane Michael; INT 17-01: Extension of Ninety-Day Rule for the Impact of Hurricane Harvey, Hurricane Irma and Hurricane Maria; 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. For this interpretation, as it encompasses a number of different disasters, the dates of emergency declarations vary. Therefore, for ease of application, the sixty-day extension applies to all uncollected premiums more than 90 days overdue from impacted policies at year-end 2020 and expires prior to the first quarter 2021 financial statements.

5. Due to the short-term nature of the applicability of this extension, which expires February 28, 2021, this interpretation will be publicly posted on the Statutory Accounting Principles (E) Working Group web page. This interpretation will be automatically nullified on March 1, 2021, 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 20-11 Status

6. No further discussion is planned.