

Interpretation of the Emerging Accounting Issues Working Group

INT 13-01: Extension of Ninety-Day Rule for the Impact of Hurricane/Superstorm Sandy

GUIDANCE DETERMINED TO BE NO LONGER RELEVANT

INT 13-01 Dates Discussed

Email Vote to Expose – 1/3/2013, Adoption – 1/15/2013

INT 13-01 References

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

INT 13-01 Issue

1. Hurricane/Superstorm Sandy and the aftermath have resulted in tremendous loss of life and property, the extent to which is currently not known. The impact of this catastrophe affects people, businesses and property in several countries and 24 states, including the entire eastern seaboard from Florida to Maine and west across the Appalachian Mountains to Michigan and Wisconsin, with particularly severe damage in New Jersey and New York. Its storm surge hit New York City on October 29, 2012, flooding streets, tunnels and subway lines and cutting power in and around the city. State Regulators and insurers are taking action to provide policyholders affected by this disaster with the support and understanding that is deserved.
2. Should an extension of the 90-day rule for uncollected premiums be granted to insurers for policies affected by the storm?

INT 13-01 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 directly impacted by Hurricane/Superstorm Sandy as follows:
 - (a) For policies in effect as of October 29, 2012 (the date the federal government declared a state of emergency), insurers with policyholders in areas impacted by the hurricane/superstorm may wait 150 days (90 days per existing guidance, plus the 60-day extension), not to extend beyond March 28, 2013, before nonadmitting premiums receivable from those policyholders as is required per SSAP No. 6, paragraph 9.
 - (b) Existing impairment analysis remains in effect for these affected policies.
4. Due to the short-term nature of the applicability of this extension, which expires March 28, 2013, this interpretation will be posted on the Emerging Accounting Issues (E) Working Group's website. This interpretation will be automatically nullified on March 29, 2013, and will be included as a nullified INT in Appendix H – Superseded SSAPs and Nullified Interpretations in the “as of March 2014” *Accounting Practices and Procedures Manual*.

INT 13-01 Status

4. No further discussion is planned.