

Interpretation of the Emerging Accounting Issues Working Group**INT 01-29: SSAP No. 59 and Application to Credit Life****ISSUE NULLIFIED BY SSAP NO. 59****INT 01-29 Dates Discussed**

October 16, 2001; December 10, 2001

INT 01-29 References

SSAP No. 59—Credit Life and Accident and Health Insurance Contracts (SSAP No. 59)

INT 01-29 Issue

1. SSAP No. 59 states the following in paragraph 13:

For all credit contracts in the aggregate, if the premium refund liability exceeds the aggregate recorded reserve, an additional liability shall be established. This premium refund (excess) liability may include consideration of commission, premium tax, and other expenses recoverable.

2. The accounting issues are:
 - a. Does SSAP No. 59 paragraph 13 require an excess reserve for the surrender values (premium refund) in excess of the mortality reserves?
 - b. If so, may the surrender values be net of commissions, premium taxes, etc.?
 - c. Are any excess reserves to be calculated on a policy by policy basis or aggregated? If aggregated, what policies are to be grouped for comparison?

INT 01-29 Discussion

3. The working group reached a consensus that SSAP No. 59 paragraph 13 requires an excess reserve to be established for the surrender values (premium refund) in excess of the mortality reserves. As such, the surrender values may be net of commissions, premium taxes, etc. Also, the excess reserve is calculated on an aggregated basis by combining all credit life and accident and health policies and certificates.

INT 01-29 Status

4. No further discussion is planned.