

Accrual Basis Accounting – Agency Bill Posting Examples

The following are examples of how invoices post to the General Ledger for Agency Bill (ABI) transactions in AMS360. All Agency Bill transactions are done through the Customer Center billing method. The examples that follow are for an **Agency that has elected Accrual for the Accounting Basis** method in Agency Setup>Accounting options.

Each Example is related to the Facts that are presented immediately prior to the Example(s). Each transaction is considered an Activity and correspond the Activity number in the GL positing grid.

All positive amounts indicate debit postings to the GL number indicated in the column heading; all amounts in parentheses represent credit postings. GL numbers may vary depending on company classification (insurance/brokerage), premium type (P&C, Life, etc.) and customer type (customer/broker).

Facts

- **Company Setup > Billing Options** for ABC Insurance Company are set to: 1) Line of Business = Business Auto; 2) Agency Bill - Bill Using Manually Entered Premiums is selected.
- **Number of Days to Bill in Advance** in **Agency Setup>Accounting Options** is set to 30.
- Coverage is bound on a New Business Auto policy and the agency posts an invoice for **\$5,000 premium, 10% agency commission, with 50% of agency commission to the producer.**

Example #1: Invoice created and posted where the Policy Effective Date is equal to or earlier than the Invoice Date.

Accounting Events

Date	Activity	Accounting Transaction
04/01	#1	Policy effective 03/01, invoice amount is \$5,000.00 premium, 10% agency commission, 50% to the producer

General Ledger Postings

Balance Sheet Accounts					Income and Expense Statement Accounts	
Date	Activity #	Accounts Receivable – Agency Business GL #11211	Accounts Payable to Insurance Companies GL #21111*	Commissions Payable – Agency Business GL #21131**	P & C Agency Bill Commission Income – Insurance Companies GL #40111*	Agency Bill Commission Expense – Agency Business GL #51110**
04/01	#1	5,000	(4,500)	(250)	(500)	250

Example #2: Invoice created and posted where Policy Effective Date is later than the Invoice Date, but is within the Number of Days to Bill in Advance

Accounting Events

Date	Activity	Accounting Transaction
04/01	#1	Policy effective on 4/15; Invoice posted for \$5,000 premium; 10% agency commission; 50% of agency commission to the producer.
04/15	#2	On the invoice effective date, the system will automatically post the General Ledger items to the Insurance Company (or Brokerage) and Employee (or Broker) payables, Income and Expenses as appropriate.

General Ledger Postings

Balance Sheet Accounts						Income and Expense Statement Accounts	
Date	Activity #	Accounts Receivable – Agency Business GL #11211	Deferred Standard AR – Agency Business GL #11212 ¹	Accounts Payable to Insurance Companies GL #21111*	Commissions Payable – Agency Business GL #21131**	P & C Agency Bill Commission Income – Insurance Companies GL #40111*	Agency Bill Commission Expense – Agency Business GL #51110**
04/01	#1	5,000	(5,000)				
04/15	#2		5,000	(4,500)	(250)	(500)	250

Example #3: Invoice created and posted where Policy Effective Date is later than the Invoice Date, and is greater than the Number of Days to Bill in Advance

Accounting Events

Date	Activity	Accounting Transaction
04/01	#1	Invoiced policy effective on 5/30; Invoice posted on \$5,000 premium; 10% agency commission; 50% of agency commission to the producer. Nothing posts to the general ledger on 04/01 and no invoice number is assigned to the invoice (Invoice number will be '0' in the Register or Invoices view) until the Daily Process is run with a date range that includes the date equal to the Number of Days to Bill in Advance.
05/01	#2	Daily process is run with a date range that includes the date equal to the Number of Days to Bill in Advance.
05/30	#3	On the invoice effective date, the system will automatically post the General Ledger items to the Insurance Company (or Brokerage) and Employee (or Broker) payables, Income and Expenses as appropriate.

General Ledger Postings

Balance Sheet Accounts						Income and Expense Statement Accounts	
Date	Activity #	Accounts Receivable – Agency Business GL #11211	Deferred Standard AR – Agency Business GL #11212 ¹	Accounts Payable to Insurance Companies GL #21111*	Commissions Payable – Agency Business GL #21131**	P & C Agency Bill Commission Income – Insurance Companies GL #40111*	Agency Bill Commission Expense – Agency Business GL #51110**
04/01	#1						
05/01	#2	5,000	(5,000)				
05/30	#3		5,000	(4,500)	(250)	(500)	250

* If a Brokerage is used, the General Ledger account number will be #21112 for the carrier payable and #40112 for Income

** If a Broker is assigned commission, and the agency has selected the “post Broker Payable and Expense amounts to the GL System Accounts” in the Agency Setup, the General Ledger accounts for brokers will be #21135 for the payable and #51120 for commission expense.

¹ If a broker is assigned to a policy, the Deferred Standard AR will be posted to General Ledger account #11222