

## **Statutory Issue Paper No. 2**

### **Definition of Cash**

#### **STATUS**

**Finalized March 16, 1998**

**Original SSAP: SSAP No. 2; Current Authoritative Guidance: SSAP No. 2R**

#### **Type of Issue:**

**Common Area**

#### **SUMMARY OF ISSUE**

1. Current statutory guidance limits the classification of cash to include only *“a medium of exchange that a bank will accept for deposit and allow an immediate credit to the depositor’s account.”* The statutory guidance also allows *“temporary investments in the form of saving accounts and*

6. Treating all certificates of deposit with maturity dates in one year or less from the financial statement date as cash is a change from current statutory accounting. This change was made to address inconsistencies in the guidance between the Accounting Practices and Procedures Manuals for Property and Casualty Insurance Companies and Life and A

- Accounting Practices and Procedures (EX4) Task Force Minutes
- *Purposes and Procedures Manual of the NAIC Securities Valuation Office, Section 2*
- NAIC Annual Statement Instructions

**Generally Accepted Accounting Principles**

- *FASB Statement No. 95, Statement of Cash Flows*

**State Regulations**