

Interpretation of the Emerging Accounting Issues Working Group

**INT 03-17: Classification of Liabilities from Extra Contractual
Obligation Lawsuits**

ISSUE NULLIFIED BY SSAP NO. 55

INT 03-17 Dates Discussed

INT 03-17 References

SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets (

SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses

*SSAP No. 85—Claim Adjustment Expenses, Amendments to SSAP No. 55—Unpaid Claims,
Losses and Loss Adjustment Expenses*

INT 03-17 Issue

more future events will occur confirming the fact of the loss or incurrence of a liability; and

b. The amount of loss can be reasonably estimated.

8. This accounting shall be followed even though the application of other prescribed statutory accounting principles or valuation criteria may not require, or does not address, the recording of a particular liability or impairment of an asset (e.g., a known impairment of a bond even though the VOS manual has not recognized the impairment).

9. Additionally, in instances where a judgment, assessment or fine has been rendered against a reporting entity, there is a presumption that the criteria in paragraph 7 a. and 7 b. have been met. The amount of the liability shall include the anticipated settlement amount, legal costs, insurance recoveries and other related amounts and shall take into account factors such as the nature of the litigation, progress of the case, opinions of legal counsel, and management's intended response to the litigation, claim, or assessment.

Per SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses

3. This statement does not address liabilities for punitive damages. These liabilities shall be recorded in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets* (SSAP No. 5R).

INT 03-17 Discussion