Posting Examples: Customer Center Billed - Direct Bill - <u>Accrual Basis Accounting</u>

The following examples represent general ledger postings of **Customer Center** (DBI) transactions in **AMS 360** for an agency that chooses Accrual Basis accounting in **Agency Setup**. To understand the example, read through the **Accounting Events** and then trace the postings by following the event number.

📄 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).

<u>Example #1</u> – No Correction to Commission Entered at Time of Direct Bill Statement Processing

Assumptions

➢ **Company Setup > Billing Options** for ABC Insurance Company are set to: 1) Line of Business = Private Passenger Auto; 2) Direct Bill – How do you want to bill direct bill transactions? = Customer Center; 3) Bill Using Manually Entered Premiums is selected.

➢ A direct bill policy dec page is received from the company. The agency CSR manually enters a New Business Personal Auto policy and posts an invoice for $1000 premium, 10% agency commission with 50% of agency commission to the producer, Sam Smith. The policy effective date is 2/15.

Accounting Events

Date	Event #	Accounting Event
3/1	1	CSR inputs new business policy on **AMS 360** from dec page and invoices $1000 premium.
4/1	2	Commission statement received from ABC Insurance Company for $100; deposited to operating bank account with offset to Direct Bill Commission Receivables.
4/30	3	Commission Payable Statement for Sam Smith for $50 is paid & posted.

Balance Sheet Accounts						Income Statement Accounts			
Operating Bank Account #11130	Event #	DB Commission Receivable-Insurance Co. #11241	Event #	Commission Payable-Agency Business #21131	Event #	P&C DB Commission Income-Insurance Co. #40121	Event #	DB Commission Expense #51210	Event #
		100	1	(50)	1	(100)	1	50	1
100	2	(100)	2						
(50)	3			50	3				

Note: In this example, no changes were made to the billed commission at the time the Direct Bill Statement was processed. Therefore no general ledger postings result from the posting of the Direct Bill Statement.

Example #2 – Commission Correction Entered at Time of Direct Bill Statement Processing

Assumptions

➢ **Company Setup > Billing Options** for ABC Insurance Company are set to: 1) Line of Business = Private Passenger Auto; 2) Direct Bill – How do you want to bill direct bill transactions? = Customer Center; 3) Bill Using Manually Entered Premiums is selected.

➢ A direct bill policy dec page is received from the company. The agency CSR manually enters a New Business Personal Auto policy and posts an invoice for $1013 premium, 12.5% agency commission with 50% of agency commission to the producer, Sam Smith. The policy effective date is 2/15.

➢ During processing of a **Direct Bill Statement** including this item, it was determined that the company statement showed the agency commission as $126.62 while **AMS 360** calculated the agency commission as $126.63. $126.62 was entered as the Commission Recd and the entry was marked "Reconciliation Complete", resulting in a **JE Adjustment** of $.01 on posting of the Direct Bill Statement.

Accounting Events

Date	Event #	Accounting Event
3/1	1	CSR inputs new business policy on **AMS 360** from dec page and invoices $1013 premium.
4/1	2	Commission statement received from ABC Insurance Company for $126.62; deposited to operating bank account with offset to Direct Bill Commission Receivables.
4/15	3	Direct Bill Statement processed and posted with a JE Adjustment for $.01.
4/30	4	Commission Payable Statement for Sam Smith for $63.32 is paid & posted.

Balance Sheet Accounts								Income Statement Accounts				
Operating Bank Account #11130	Event #	DB Commission Receivable- Insurance Co. #11241	Event #	Commission Payable-Agency Business #21131	Event #			P&C DB Commission Income-Insurance Co. #40121	Event #	DB Commission Expense #51210	Event #
		126.63	1	(63.32)	1			(126.63)	1	63.32	1
126.62	2	(126.62)	2								
	3	(.01)						.01	3		
(63.32)	4			63.32	4						