Posting Example: Customer Center Billed - Direct Bill - <u>Cash Basis Accounting</u>

The following example represents general ledger postings of **Customer Center** (DBI) transactions in **AMS 360** for an agency that chooses Cash 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).

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 Income.
4/30	3	Commission Payable Statement for Sam Smith for $50 is paid & posted. An automatic journal entry, identified as "Cash Basis System-Generated", is posted clearing the Deferred Commission Expense to the Income Statement.

Balance Sheet Accounts								Income Statement Accounts				
Operating Bank Account #11130	Event #	Commission Payable-Agency Business #21131	Event #	Deferred DB Commission Expense-Agency Business #21133	Event #			P&C DB Commission Income-Insurance Co. #40121	Event #	DB Commission Expense #51210	Event #
		(50)	1	50	1				1		1
100	2							(100)	2		
(50)	3	50	3	(50)	3					50	3

Note: At no time does the posting of a Direct Bill Statement affect general ledger postings for a cash-basis agency. Adjusting commission received amounts within the Direct Bill Statement to reflect minor rounding differences between the company statement and the AMS 360 statement, is reflected only in the **Direct Bill Statement** report and should be used only to achieve an exact match between Company

Statement Totals and Agency Statement Totals. **Invoice Corrections** should be used to adjust invoicing errors so that commission expense entries are also corrected.