

Posting Example: Direct Bill Statement Billed - Cash Basis Accounting

The following example represents general ledger postings of **Direct Bill Statement** (CSI) 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? = Direct Bill Statement; 3) Bill Using Downloaded Premiums is selected.
- A direct bill policy transaction is downloaded from the company for a New Business Personal Auto policy; \$1000 premium, 10% agency commission with 50% of agency commission to the producer, Sam Smith.

Accounting Events

Date	Event #	Accounting Event
4/1	1	Commission statement received from ABC Insurance Company for \$100; deposited to operating bank account with offset to Direct Bill Commission Income.
4/15	2	Direct Bill Statement for ABC Insurance Company is created (including subject item), flagged Reconciliation Complete, and posted (accepted). Note: No entries are generated to income in the posting of the DB Statement. For cash basis agencies, income is recorded through the deposit of the commission check.
4/31	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					
Operating Bank Account #11130	Event #	Commission Payable-Agency Business #21131	Event #	Deferred Commission Payable-Agency Business #21133	Event #
100	1				
		(50)	2	50	2
(50)	3	50	3	(50)	3

Income Statement Accounts			
P&C DB Commission Income-Insurance Co. #40121	Event #	DB Commission Expense #51210	Event #
(100)	1		
		50	3

