



Accountants & business advisers

INSURANCE

Broking Insights

SIMPLE ILLUSTRATIVE EXAMPLE OF A CLIENT BY CLIENT CALCULATION TO ACHIEVE COMPLIANCE WITH CASS 5.5.69

Client	Area	Example	Client		UW		Bad Debt	Unearned commission	Calculated Cash	Notes	
			A	B	C	D					E
			Debtors	Creditors	Debtors	Creditors					
1	Premium	No cash received	100					-10	0		
2		Cash received				-90			90		
3		Part settled by client	50				-90		-10	50	
4		Bad debt on no cash received	100				-90	-10		0	Need to remove the bad debt from unearned
5	Claim	No cash received		-100	100				0		
6		Cash received		-100					100		
7		Part settled by underwriter		-100	50				50		
8		Bad debt on no cash received		-100	100			-10		10	Positive yet we don't hold cash - investigate
9	Funded	Premium funded	50					-10	-40	Negative - indication of funding	
10		Claim funded			50				-50	Negative - indication of funding	
Totals			300	-400	300	-360	-20		-30	210	

Unallocated cash Must be less than 5% of cash balance held

Earned commission to be transferred Transferred immediately after the calculation

Cashbook

Aggregated CMC using total from above and cashbook total

Debtor (A+C+E)	580
Cashbook	270
Creditor (B + D)	-760
Unallocated cash	-50
Unearned commission	-30
Surplus	10

Notes

1 Assumes position pre transfer of commission i.e. at the point of doing the normal calculation

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