

Department of Commerce (CA)

I M. Com (CA) - II Semester

Advanced Corporate Accounting (18MEE21C)
- Reddy & Murthy.

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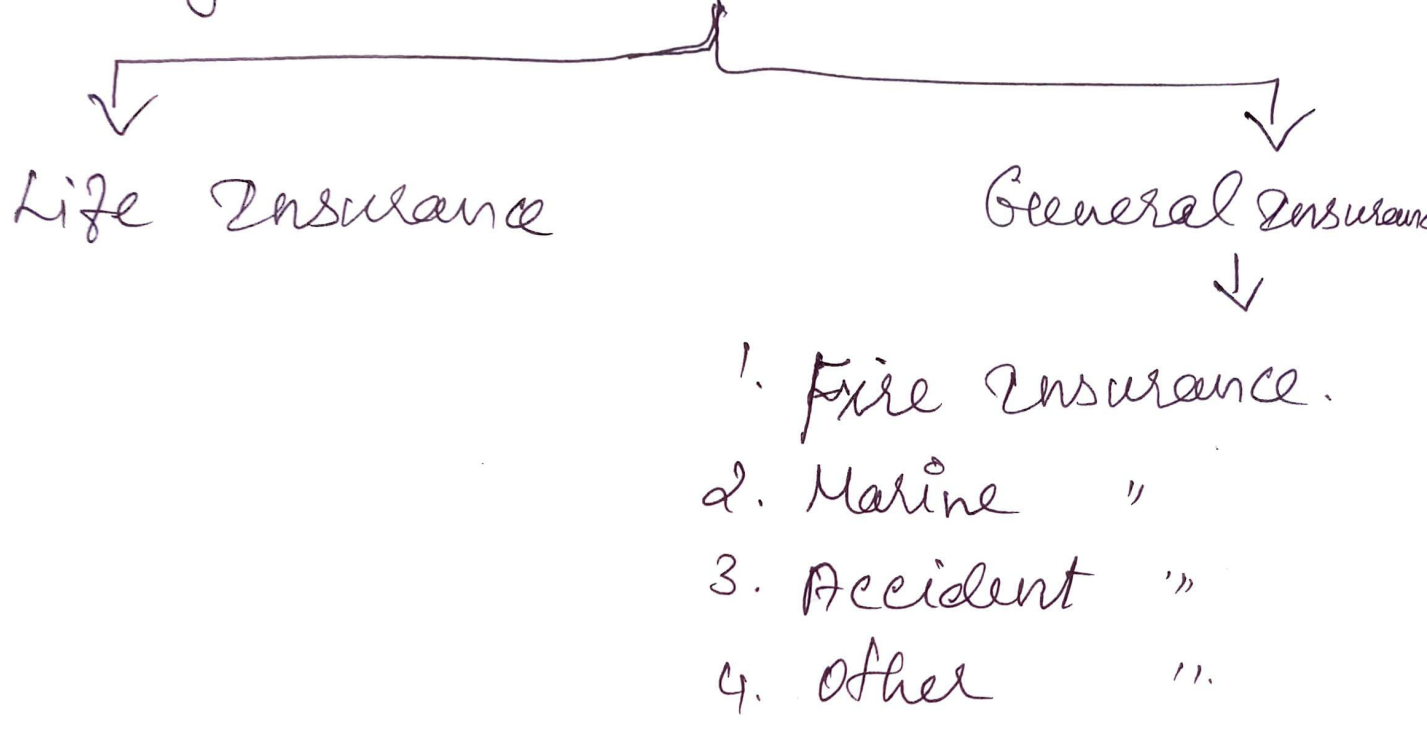
UNIT - IV

Insurance Company Accounts.

Insurance is an invaluable means to provide protection against risk. The person, firm or an organisation which agrees to indemnify these losses for a sum of money known as premium is called "Insurer" and the person for whom such a risk is to be borne is called "Insured".

The document through which the insurance company and the insured enter into contract is called insurance policy.

Types of Insurance.



Regulation of Insurance Business in India.

IRDA - Insurance Regulatory Development Authority Act 1999

Important Terms:-

- Premiums
- Claims
- Bonus in Reduction of Premium
- Life Assurance Fund
- Re-Insurance.
- Commission
- Annuities

Surrender value

Additional Reserve.

Pro. (19).

The Revenue account of a Life Insurance Co., showed the Life Fund at Rs. 73,17,000, on 31.3.2018 before taking into account the following items:-

	Rs.
claims intimated but not admitted	98250
Bonus in reduction of Premium	13500
Interest accrued on investments	29750
outstanding premiums	27000
claims covered under Re-insurance.	40500
provision for taxation	31500

Show the Adjusted Life Fund.

Statement Showing Adjusted Life Fund.

Life Fund	73,17,000
<u>Add:-</u> Bonus in Reduction of Premium	13500
Accrued Interest	29750
Outstanding Premium	27000
Reinsurance claims	40500
	<u>74,27,750</u>
<u>Less:-</u> claims outstanding	98250
Bonus in Reduction of Premium	13500
Provision for Taxation	31500
	<u>1,43,250</u>
	<u>72,84,500</u>

Pro. No. 27.

Prepare from the following a Life Insurance Revenue A/c & Balance Sheet as on 31.3.2016. (Rs. '000)

Claims by death	16890
Agents' Salaries & Allowances.	6420
Surrender values	2810
Actuarial Expenses	1520
Premiums	94836
Commission to Agents	8900
Salaries	13500
Medical fees	1200
Travelling expenses	1800
Director's fees	900
Agents' balances	750
Claims paid.	1432
Premium outstanding (1.4.2015)	2134
Premium outstanding (31.3.2016.)	3143
Investments	146700
Share capital	200000
Sundry creditors	9,200
Life Assurance Fund. (1.4.2015)	3,53,672

5. 103.

Outstanding interest on Advances. (31.3.2016)	1944
Bonus paid with claims	2700
Endowment Assurance matured	24415
Annuities paid	1350
Interest Revenue.	19060
Rent, Rates & Taxes	5475
General charges	1860
Fees Received	172
Bonus paid in cash	2825
Advertisement	726
Consideration for Annuities granted	12,853
Printing & Stationery	650
claims 0/8 (1.4.2015)	2376
claims 0/8 (31.3.2016)	3735
Loans on policies	38300
Reserve Fund	1,46000
Loans on mortgages	290560
Freehold Premises	122600
Furniture & Fittings	64100
Cash on Hand & Deposits	76300.

Ans:-
 Surplus = Rs. 31,790
 B/L = Rs. 7,31,462