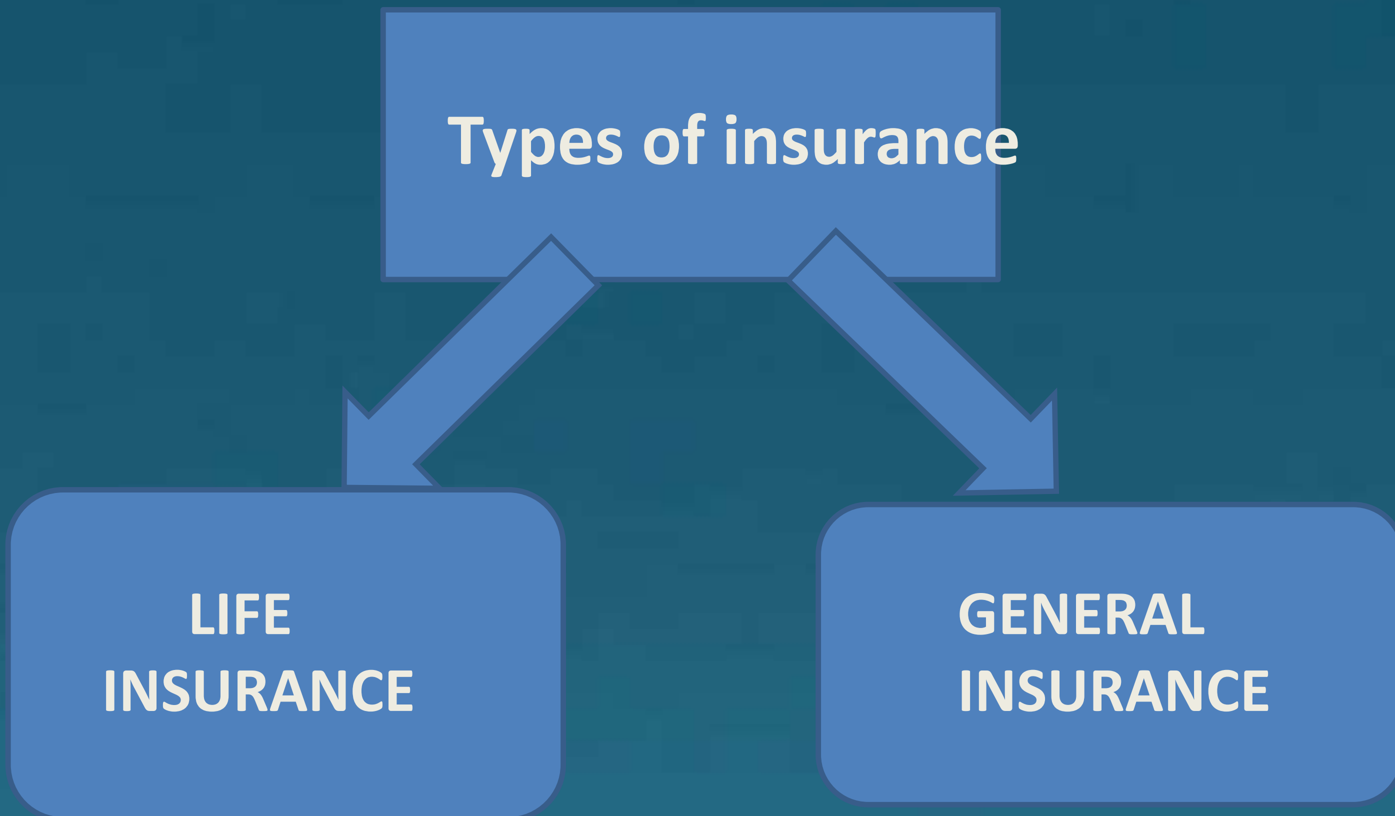
INTRODUCTION

Under an insurance contract, one party, called insurer, undertakes to indemnify the loss suffered for some specified causes, by the other party called insured, in consideration for a fixed premium. Insurance contract may be characterized generally by the following:

- The purchaser of an insurance contract makes an initial payment or deposit to the insurance company in advance of the possible occurrence of an insured event.

- When the insurance contract is made, the insurance company does not know if, how much or when amount will be paid under the contract.


Types of insurance
LIFE INSURANCE
GENERAL INSURANCE

LIFE INSURANCE

Life insurance business means the business of effecting contracts of insurance upon human life, including any contract whereby the payment of money is assured on death or the happening of any contingency dependent on human life.

GENERAL INSURANCE

It is the insurance other than the life insurance . General insurance business include fire, marine or miscellaneous business.

FIRE INSURANCE

It is a contract of insurance in which the insurer undertakes to compensate the insured for the actual loss incurred due to happening of a specified peril.

MARINE INSURANCE

Insurance on the risks of transportation of goods is one of the oldest and most vital form of insurance. The value of goods shipped by business firms each year cost millions of rupees. These goods are exposed to damage or loss from numerous transportation perils and sea perils. The goods can be protected by marine insurance contracts

REINSURANCE

If the risk involve in the subject matter is heavy it may be reinsured with other insurance company. Such insurance is called as reinsurance.

REINSURANCE ACCEPTED AND REINSURANCE CEDED

When a company gets reinsurance business it has to pay commission to some other company. This commission is called commission on reinsurance accepted .

When a company passes on a part of business to some other company then this company which gives business get commission from the company to whom such business is given. Such a commission is called commission on reinsurance ceded.

PROVISION FOR UNEXPIRED RISKS

It is a provision created to meet the claims which may arise in respect of the policies which remain unexpired at the end of the year. It is to be made as follows:

		% of net premium
I.	Marine Insurance	100%
II.	Fire Insurance	50%

The companies may maintain such reserve at a higher percentage . The excess reserve over the minimum reserve is called as additional reserve.

FORMAT OF REVENUE ACCOUNT

PARTICULARS	SCHEDULE	Amt.	Amt.
INCOME			
1. Premium earned (Net)	1		
2. Other income	-		
3. Changes in provision for unexpired risk	-		
4. Interest, dividend and rent received	-		
Total (A)			
EXPENSES			
5. Claims incurred (Net)	2		
6. Commission	3		
7. Operating expenses	4		
Total (B)			
Operating Profit /loss form Fire/Marine **(A-B)**			

Profit & loss A/c for the year ended……

PARTICULARS	SCHEDULE	Amt
1) Operating profit		
Fire		-
Marine		-
2) Income from investment		-
3) Other income		
Share t/f fees		-
Difference in exchange		-
Miscellaneous receipts		-
Total (A)		
		-
4) Provision other than tax		-
5) Expenses of management		
6) Other expenses		-
Loss on sale of furniture		
Total (B)		

CONTINUE....

Profit before tax (A-B)		-
(-) Provision for tax		-
= Profit after tax		-
(+) Profit B/f of Previous year		-
(-) Appropriations		
Transfer to any reserve		-
Interim dividend paid		-
Proposed dividend		-
= Balance C/f to balance sheet		

FORMAT OF BALANCE SHEET

PARTICULARS	SCHEDULE	Amt
I) SOURCES OF FUNDS		
Share capital	5	
Reserve & surplus	6	
Borrowings	7	
= **TOTAL**		
II) APPLICATION OF FUNDS		
Investment		
Loan & advances	8	
Fixed assets	9	
<u>Current assets</u>	10	
Cash & bank balance		
Advances & other assets	11	
(A)	12	
<u>Current liabilities</u>		
Other liabilities		
Provisions	13	
(B)	14	

CONTINUE....

Net current assets (A-B) Miscellaneous expenditure Profit & loss B/f = Total		


Thank You!