Class: B.Com Part II
Subject: Corporate Accounting
Paper: IV
unit: V
Topic: Accounts of Insurance Companies.
Lecture Sequence No: 4

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Profit & Loss A/c

Operating profit arising to a General Insurance Company from various business say fire insurance, marine insurance, miscellaneous business is transferred to Profit & Loss a/c. As per Insurance Regulatory and Development Authority Act 2000. Profit & loss should be prepared as per FORM → B-PL which is as follows:

Form B-PL

Name of the Insurer:
Registration No. and :
Date of Registration with the IRDA ...

Profit & Loss Account
(for the year ended 31st March 20--)

Particulars	Schedule	Current Year Rs. 000'	Previous Year Rs 000'
1. Operating Profit/Loss:			
(a) Fire Insurance			
(b) Marine Insurance			
(c) Miscellaneous Insurance			
2. Income From Investments.			
(a) Interest, Dividend, Rent (Gross)			
(b) Profit on Sales of Investments.			
Less Loss on Sale of Investments.			
3. Other Income (to be specified)			
Total (A)			
4. Provisions (Other than Taxation)			
(a) For diminution in the value of Investment			
(b) Other (to be specified)			

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5	Other Expenses:		
	(a) Expenses other than those related to Insurance Business		
	(b) Other (to be specified)		
	Total (B)		
	Profit before Tax		
	Provision for Taxation		
	Profit after Tax		
Less	Catastrophe Reserve		
	Profit available for Appropriation		
	APPROPRIATIONS.		
	(a) Interim Dividends paid during the year		
	(b) Proposed Final Dividend		
	(c) Dividend Distribution Tax		
	(d) Transfer to any Reserves or Other Accounts (to be specified)		
	Balance of Profit/loss brought forward from last year		
	Balance carried forward to Balance sheet.		

Note: To Forms B-RA and B-PL.

(a) Premium income received from business concluded in and outside India shall be separately disclosed

(b) Reinsurance premiums whether on business ceded or accepted are to be brought into account gross ie before deducting commission under the head reinsurance premium.

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(c) claims incurred shall comprise claims paid, specific claims settlement costs wherever applicable and change in the outstanding provision for claims at the year end.

(d) Items of expenses and income in excess of one percent of the total premium (Less re-Insurance or Rs 5,00000) whichever is higher, shall be shown as a separate line items.

(e) Fees and expenses connected with claims shall be included in claims.

(f) Under the sub-head 'others' shall be included items like foreign exchanges gains or losses and other items'

(g) Interest, dividend and rentals receivable in connection with an investment should be stated as gross amount, the amount of income tax deducted at source being included under 'advance taxes paid and taxes deducted at sources'.

(h) Income from rent shall included only the realised rent. It shall not included any notional rent.

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