

MBE II Year		MBE-E310/410		Semester-III		
		General Insurance accounts Preparation and Regulation of Investment				
Total Lectures	Time Allotted for End Semester Examination	Marks Allotted for Internal Assessment	Marks Allotted for End Semester Examination (ESE)	Maximum Marks (MM)	Total Credits	Maximum Hours
40	3 Hrs.	30	70	100	03	40

OBJECTIVE: To provide an understanding of general insurance accounts preparation and regulations of investment in insurance and their relevance.

- Accounting Scope, Concepts, Principles and Standards: Introduction – Meaning of Accounting – Objectives of Accounting – Functions of Accounting – Limitations of Financial Accounting – Books of Accounts – Accounting Concepts, Principles and Convention; Introduction – Accounting Concepts – Accounting Principles – Accounting Conventions – Accounting Assumptions – Financial Statements – Accounting Standards – Objectives and Interpretation; Introduction – Meaning of accounting standards - Objectives – Applications & Limitations – Indian Accounting Standard & International Accounting Standard – GAAP and IFRS – Accounting Policies– Objectives of Accounting Policies – Selection of Accounting Policies – Change in Accounting Policies– Accounting Policies applicable to Non-life Insurance Business – Disclosure of Accounting Policies. Accounting Process – Methods & Control and Finalization of Accounts – Golden Rules of Accounting – Primary Books & Secondary Books – Capital & Revenue Expenditure and Receipts and treatment – Accounting Methods & Control – Journals – Cash Book – General Ledger – Trial Balance; Objectives – Rules & Process – Final Accounts. **Case study 1: Financial Reporting for Investments: The Case of National General Insurance Company (8Hours)**
- Accounting Process, Methods & Control and Finalisation of Accounts: Accounting process – Introduction – Double entry Bookkeeping – Classification of Accounts – Golden Rules of Accounting – Principal and Subsidiary books – Accounting Methods and Control, Introduction – Journals – Types of Journals – Cash Book Preparation – Objectives, rules and process of preparation of the trial balance – Preparation of Final Accounts – Depreciation Accounting, Introduction – Brief Introduction of AS 6 issued by ICAI - Objectives of providing Depreciation – Methods of providing depreciation – Change in method of depreciation – Disposal of Depreciable Assets & Accounting Treatment – Revaluation & impairment of Depreciable Assets-Bank Reconciliation Statement: Introduction – Importance of BRS – Difference between cash book balance and pass book balance – Preparation of BRS – Analysis of BRS and Accounting Control – BRS and Accounting Adjustment Entry for rectification of errors – Introduction to Company Accounts: Introduction-Legal Requirements relating to preparation and presentation of financial statement – Types of Company – Financial Statements in Company – Accounting of Share Capital – Issue – Reissue & Forfeiture – Debenture-Non-life Insurance Business Accounting Methods – Buy Back Shares – Techniques & Process – Accounting Process & Techniques of General Insurance Business; Functional Divisions & Books of Accounts – Premiums; Received – Received in Advance – Outstanding – Earned – Claims; Paid – Incurred & Provisioning (including IBNR & IBNER) – Investments – Un-expired Risk Reserves – Co-insurance – Solvency Margin – Accounting Regulations; Introduction – IRDA Regulations on Insurance Accounts – IRDA Regulations – Applications & Interpretations – IRDA Regulations & Accounting Principles – Preparation & Presentation of Financial Statements; Non-life Insurance Business. Preparation of Financial Statements – Revenue Accounts – Balance Sheets – Profit & Loss Accounts – Cash Flow Statements – Financial Statement Analysis and Disclosures – Management Report. **(9Hours)**
- Non-Life Insurance Business Accounting Methods, Techniques & Process: Objectives: proportional & non-proportional arrangements – Requirements of Reinsurance Accounting – Reinsurance Portfolio Statement – Statement of Reinsurance Treaty – Reinsurance Accounting Techniques – Reinsurance Commission & Profit Commission Statement – Investment Accounting – Classification of Investments & exposure norms of investment – Valuation of Investments – Provisioning – Disclosures. Case Study 1 **(8Hours)**
- Accounting Methods & Process of Special Accounting Transactions: Disclosures and Audit in General Insurance Business – Annual Reports; Basic Contents of Annual Reports – Contents of Directors Reports – Disclosure in Director’ Report – Interpretation of Directors’ Report – Annual Report & Director’s Responsibility statement. Audit; Introduction; Scope – Concepts and Standards of Audits – Internal Audit & Internal Control – Internal Audit Techniques & procedures in Computerized Environment – Statutory Audit & the Companies Act 1956 (As amended) – Statutory Audit & Auditing and Assurance Standards – Govt. Audit

& Statutory Provisions – Special Audit (tax audit - regulatory inspections) **Case Study 2: Noah Wealth Management (8Hours)**

- Annual Reports, Audit & International Financial Reporting Standards: Introduction – Annual Report and statutory provisions for general insurance companies – Contents of an annual report – Disclosures in Directors Reports – Statutory Audit in General Insurance Business: Introduction – Responsibilities towards financial statements – Auditors Responsibilities towards financial statements – Specific Areas where auditors are required to express opinions – Audit Programmes – Contents of Audit Reports – Internal Audit in General Insurance Business: Introduction – Meaning and scope of internal audit – Objectives of Internal Audit – Relationship between statutory and internal Auditors – Internal Audit System – Internal Audit Queries in General Insurance Business – Detailed audit programmes to be carried out by internal Audit and inspection function – Fixed Assets – Reporting System for internal auditors – Standard on internal audits (SIA) – International Financial Reporting Standards-IFRS 4: Introduction – Important aspects of IFRS 4 – Requirements under IFRS 4 – Adoption of Insurance Accounting Standards – IFRS 4 – Significant Accounting Policies. **(7Hours)**

SUGGESTED READING:

1. I.C. 46 (2012). *General insurance a/c preparation and regulation of investment*. Insurance Institute of India, Mumbai
2. Maheshwari S.N. *Financial Accounting*, Vikas Publishing House (p) Ltd. New Delhi
3. Scott W. *Financial Accounting*. Pearson Education Ltd. New Delhi
4. **Case Study 1:** Kenton Swift, Mel McFetridge, "Financial Reporting for Investments: The Case of National General Insurance Company", *The CASE Journal*, (2009), <https://doi.org/10.1108/TCJ-05-2009-B008>
5. **Case Study 2:** Ramakrishna Velamuri, Yuan Ding, Jianhua Zhu, (2012) "Noah Wealth Management", *Emerald Emerging Markets Case Studies*, Vol. 2 Issue: 8, pp.1-22, <https://doi.org/10.1108/20450621211312929> Permanent link to this document: <https://doi.org/10.1108/20450621211312929>

NOTE: The list of cases, specific references and books including recent articles will be announced in the class by concerned teachers from time to time.