Life Insurance Company- Examples

1. Without Considering the below mentioned transactions outstanding balance of Jivanbima fund was Rs. 30,11,115 in the revenue A/c. of the SBI Life Insurance Co. Ltd. as on 31-03-26:

(1) Claims covered under re-insurance-6,500

(2) Bonus in reduction of premium- 2,300

(3) Interest accrued on securities- 4,135

(4) Outstanding premium- 3,215

(5)Claims admitted but not paid- 15,465

Find out the fund of insurance company after giving effect of above particulars.

2. Without considering the below mentioned transactions outstanding balance of Jivanbima fund was of Rs. 87,76,500 in the books of ICICI Jivanbima company as on 31-03-2026.
    1. Interest on Investment- 4,80,000
    2. Tax on Interest- 48,000
    3. Claims covered under re-insurance- 4,23,000
    4. Bonus in reduction of premium- 8,77,500
    5. Claims admitted but not paid- 7,62,000

Find out the fund of insurance company after giving effect of above particulars.

3. The Revenue A/c. of Ronak Life Insurance Company showed at the end of the 31-3-2025 a credit balance of 14,01,400. Before taking in to account the following Items:

(1) Claims intimated but not admitted- 21,500

(2) Bonus utilized in reduction on premium- 5,000

(3) Interest accrued on securities- 28,250

(4) Claims covered under re-insurance- 3,250

(5) Outstanding premiums-23,500

Find out the fund of insurance company after giving effect of above particulars.

4. The Revenue Account of Chirag Life Insurance Company showed at the end of the 31-3-2026 a credit balance of 72,07,200 before taking into account the following items:

(1) Claims intimated but not admitted- 1,87,500

(2) Outstanding premiums- 1,33,320

(3) Bonus utilized in reduction on premium- 30,000

(4) Claims covered under re-insurance- 49,500

(5) Interest accrued on securities- 1,69,200

Find the Life-Fund after the effects of above particulars.

5. The following information are related to ABC Life Insurance Company as on 31-3-2026.

Premiums- 26,46,700

Claims paid-5,88,840

Claims admitted but not paid-56,294

Interest - dividend and rent received (gross)- 2,38,868

Annuities-1,13,260

Loss on sales of Investment-1,78,920

Surrenders-1,57,920

Buildings-6,30,000

Mortgages-14,17,780

Bonus in reduction of premium-14,280

Investments-17,50,000

Commission paid-56,938

Cash Bank balance-1,97,106

Agent's balance (Dr.)- 1,68,700

Share capital-7,00,000

Int. o/s on investment-10,213

Life Insurance Funds (1-4-2025)- 35,38,955

Consideration for annuities granted-1,68,000

Income tax on Interest-42,280

Loan on policies-9,10,000

Re-insurance premium-3,00,300

Policy stamp on hand-9,380

Bonus in cash-10,920

Furniture-34,300

Expense of Management-1,78,920

Outstanding-premium-6,16,840

Outstanding expenses-73,080

Dividend paid to shareholders-35,000

Prepare the Revenue A/c and Balance sheet of ABC Life Insurance Co. taking the following matter into consideration.

(1) Claims covered under Re-insurance 66,500.

(2) The managing director is to be paid commission at 5% of the net increase of life insurance fund during the year before providing for such commission.

(3) Reserve of 20% premium increase is to be made.

(4) Further bonus in reduction of premium 7,000.

(5) Annuities due and unpaid 1,680

(VNSGU 2010, 2014, 2016, 2017)

6. The Balances of the Bharat Life insurance Ltd. on 31-3-206:

Life Insurance Fund (opening)- 30,00,000

Administrative expense-45,000

Annuities paid-15,000

Govt, securities-15,00,000

Salaries-4,500

Profit on realisation of assets-3,000

Audit fee-3,750

Claims: on death- 90,000

on maturities-1,35,000

Director's fee- 7,500

Legal expense-3,000

Loan on policies-4,50,000

Cash at bank-2,10,000

Advertising-2,250

Furniture-1,23,000

Claim admitted but not paid- 12,000

Agent's balance (Dr.)-3,000

Debtors-49,500

Sundry creditors-4,500

Invest in shares-9,00,000

Commission paid-51,000

Outstanding premium-39,000

Contingence reserve-6,00,000

Premium less: reinsurance-3,00,000

Deposit in RBI-4,50,000

Surrender-22,500

Consideration for annuities granted-30,000

Interest-dividend received-2,40,000

Tax on Interest-dividend-33,000

Int. accrued but not received-48,000

Dep. on furniture-4500

Prepare Revenue account for the year ended on 31-3-2026 and Balance Sheet as on that date.