



- Seminar on Audit of General Insurance**
Audit of General Insurance Companies
- Premium, Claims, Commission, Re-Insurance
 - Key Issues & Practical Challenges in Audit

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Premium

- Section 64 VB of The Insurance Act.
 - Premium to be collected before assumption of risk.
 - Funds collected by agents to be deposited within 24 hours.
 - Assumption of risk against bank Guarantees permitted.
- KYC Documents.
 - Third Party Cheques
 - Document retention and retrieval



Premium...

- Point of Sale issuance of policies
 - Receipt of funds on a timely basis
 - Data flow of policies issued in the company's core system.
 - Cheque Dishonours and the concomittant policy cancellations
- Income recognition criteria.
 - Risk commencement date and/or policy issuance date ?
 - Service Tax implications thereon. → POS rules for service tax.
 - Marine Specific Voyage policies.
- Pricing parameters and discounts thereon.
- Audit documentation → Proposal forms, underwriting approvals etc.



Premium...

- Types of products and their coverage's are as per File & Use.
- Package Products i.e. One product → Several coverage's
 - Determination of premium allocation & sum assured
 - Segment classification.
- Funds received but policies not issued.
 - Reconciliation of deposit balances with accounting software and operating software.
- Policies that have risk period greater than one year.
- Policies issued under Government Schemes.



Claims

- Audit of Actuarial estimates. SA 620
- Premium Deficiency Reserve(PDR) vis-a-vis URR & Trend Analysis
- Default Reserve at the time of claim intimation.
 - Additional covers, Third Party Claims reserving, Expense reserving
- Settlement issues in health claims
- Compulsory excess and deductibles
- Rejected and Litigated claims.
- Scope Exclusions



Claims...

- Process of claim intimation and registration.
- External parties.
 - Surveyors
 - Marine Settlers
 - Health and Travel TPA
- KYC of the claimant and nominee, wherever applicable
- Manner of making payments.
 - Payouts made within 30 days of receipt of all documents.



Commission

- Paid as per rates set in File & Use and limits set by IRDAI
- Composite agents and their status as per IRDAI portal
- Business is sourced by licenced intermediaries only.
- Reconciliation of “commissionable premium’ with premium income.
- Incentive schemes for intermediaries.
- Commission rates for package products.
- Change in intermediary from one year to another.



Re-insurance

- Concept of Probable Maximum Loss and Sum Assured.
- Percentage of cessions and retention.
- Facultative re-insurance and documentation.
- Premium Paying Warranty periods and collections/payments thereon.
- Treaties and programmes filed with IRDAI.
- Balance confirmations and reconciliations



Lecture

An art of transferring information from the notes of the lecturer to the notes of the audiences without passing through the minds of either.

You take a call on this 😊

Thank you