Insurance audit Check List (Trail Balance)

Basic legal frameworks to be familiarize before doing an insurance audit

1) The Insurance Act , 1938 as amended by the Insurance laws (amendment act) ,2015 including insurance Rules, 1939
2) The Insurance Regulatory and Development authority of India Act, 1999 as Amended by the Insurance Laws (Amendment) Act, 2015
3) Regulations Framed under IRDA act 1999
4) The Companies Act 2013
5) IRDA Investment Regulations as amended from time to time

Points for a Glance

a) CARO 2016 is Not applicable
b) As 3 Cash flow Statement should be in Direct Method
c) As 13 Not applicable

Before Starting the Trail Balance Audit we have to Grab Some documents which are helpful for Audit

If Internal Audit is Done then Take the Internal Audit report and Observe the comments what they are made

Make Sure That all Trail Balances are **up to date** of all operating offices , i.e ., X Branches & Y Micro offices , under its Jurisdiction.

Audit Through IT Environment

Have some Minimum Knowledge of software the Insurance company is Using
Here they are using Genysis & Core
Go through the trail balance and open the each code of ledger in computer for Ledger confirmations

Vouching & Verification to be done for following Things

i) Premium Collection Register/Module
   a) Verify Advance Premium received
   b) Sec 64VB is Complied or not
   c) Premium More than Rs 50000 towards premium from any one insured

ii) Claims Paid during the year Register/Module **(Claim Cost include legal & Professional Charges)**

   a) Intimation Register
   b) Paid Register
   c) Claim Dockets (contains)

Claim Form	Particulars of policy	Survey Report
Photo of Damage/Death	Repair Bill	Letter of subrogation
Police report	Fire service report	Salvage report

   d) Disbursement Register/ Disbursement Voucher
   e) Ageing of claims
   f) Outstanding claims statement

iii) Cash Book , Cheques & Cash Collection Counter foils
iv) Fixed assets Register along with Depreciation Schedule
v) Commission Paid register
vi) T.D.S paid Challans , Quarterly filling returns and defaults (192 salary , 194 J Profeesional fees, 194 IB Rent , Commission 194 H, Contactors 194C)
vii) In case of interest on compensation awarded by Motor Accident Claims Tribunal, tax is to be deducted at the time of payment (TDS applies only if interest exceeds Rs. 50,000).Sec 194 A

viii) Investments Made for eg (term deposits , fixed deposits)

ix) Bank Balances along with reconciliation Statements & Closing balance Confirmations as on 31st March of 2018

x) Payroll/Muster roll

xi) Co insurance Balance confirmation Certificate

xii) Rental Agreements of operating offices Premises and account for the escalation clause

xiii) UMEX Expenses

xiv) Interest Received or Paid (Accrued interest on investments have to be accounted)

xv) Applicable G.S.T Collected or not to be verified by Premium collection reports

xvi) Verify the cheques Dishonored Register and link with sec 64 VB

xvii) Drought advance , festival advances, Flood Advances are properly recovering through salary are not and issued for eligible persons are not have to be checked

xviii) Stale Cheques Register have to be verified

xix) Recovery of Laptop Loans ,travelling Advances ,Incentives

xx) Ear Tag Expense, Electricity Expenses ,Petty Cash Expenses

xxi) Physical Cash Verification to be Done along imprest cash verification (Surprise Check)

xxii) Claims Paid/Policy made dockets of Fire ,Marine ,Hull ,Misc (Motor, crop, burglary ,cattle.. etc) have to be checked for optimum level

xxiii) T .D.S Register of every operating office in monthly wise where ever it is applicable

xxiv) Statutory Documents like P.T Returns ,E.P.F ,ESI .., Etc

xxv) Medical Expenses , Travel Expenses , Petrol Expenses

Things before Finalization

Provision for Audit fees

Provision for Expenses

Bank closing Balance