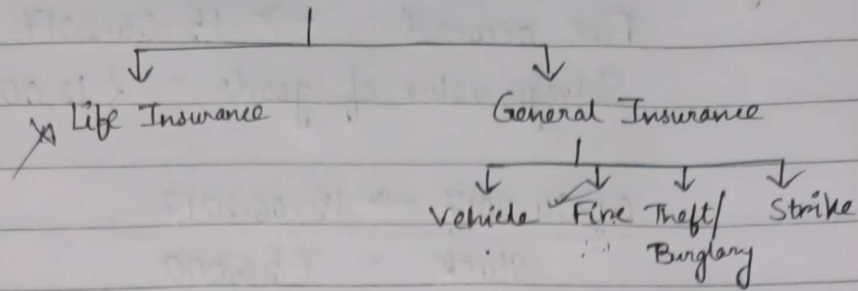


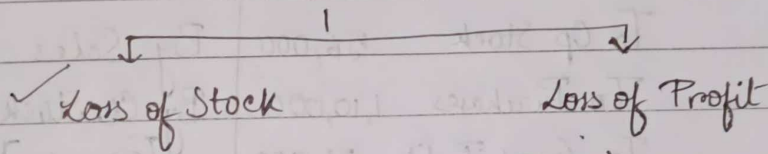
Insurance Claims



Insurance policy
↳ Premium

1 quarter = 3 months
 $\frac{1}{4} \text{th} \times 12 \text{ months}$

Insurance



Closing Stock
↳ Valuation

i) Purchases A/c - Dr. 1,00,000 → T.B.
 To Cash A/c 1,00,000
 (1000 pcs)

ii) Cash A/c - Dr. 1,20,000
 To Sales A/c 1,20,000 → T.B.
 (800 units)

C. Stock = 200 units ⇒ ?? ⇒ Trading A/c, Balance Sheet

E.g.

Fire occurred \rightarrow 15.06.2017

Salvage value of goods = ₹12,000

01.04.2017 \rightarrow 15.06.2017

Stock = ₹56,000

Purchases = ₹1,10,000

Sales = ₹1,80,000

On investigation, avg. gross profit \rightarrow 30%

Amount of policy value = ₹30,000

Dr. Memorandum Trading A/c (01.04.2017 - 15.06.2017)

To Op. Stock	56,000	By Sales	1,80,000
To Purchases	1,10,000	By Cl. Stock	<u>40,000</u>
To Gross Profit	54,000	[Bal. fig.]	
(1,80,000 \times 30%)			
	<u>2,20,000</u>		<u>2,20,000</u>

Value of Cl. Stock on 15.6.2017 = 40,000

Less: Salvage Value = 12,000

Net Loss = ₹28,000

Average Clause

Ratio of Policy Value \therefore Cl. Stock Value

30,000 \therefore 40,000

3 \therefore 4

Coverage = $\frac{3}{4} \Rightarrow 75\%$

Avy.
Clause

$$\begin{array}{rcl}
 40,000 & \rightarrow & 30,000 \\
 1 & \rightarrow & \frac{30,000}{40,000} \\
 28,000 & \rightarrow & \frac{30,000}{40,000} \times 28,000
 \end{array}$$

$$\text{Amt. of Ins. Claim} = ₹ 21,000$$

$$\text{Net Claim} = \frac{\text{Policy Value}}{\text{Value of Cl. Stock on the date of fire}} \times \text{Actual Loss of Stock}$$