Seminar

Addressing Information Gaps in Business and Macro-Economic Accounts to Better Explain Economic Performance

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Accounting for insurance
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DEFINITION INSURANCE
OUTPUT
FINANCIAL STATEMENT

1. Premium Income $100
2. Investment Income $15
3. Total Income $115
4. Claims $50
5. Expenses $30
6. Increase in Reserves $20
7. Total Expenses $100
8. Pre-Tax Income (3)-(7) $15
9. Taxes $5
10. After Tax Income (8)-(9) $10
ACCOUNTING APPROACH

• Expenses $30
• After Tax Income $10
• Taxes $5
• Insurance Output $45
STATISTICAL APPROACH

- Premium Income $100
- Investment Income $15
- Claims ($50)
- Increase in Reserves ($20)
- Insurance Output $45