



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)
CENTRAL WAREHOUSING CORPORATION
(A Govt. of India Undertaking)
जन-जन के लिए भण्डारण/Warehousing for Everyo



No. CWC-FD/CA-Accounts Circular/21-22

03rd August, 2021

ACCOUNTING CIRCULAR NO. # 46

SUB: Accounting of expense on account of insurance premium paid/adjustment of advances, treatment of input tax credit/adjustment at the end of policy period

1. In supersession of any earlier instructions issued on the above subject, the following accounting treatment is instructed to be followed with respect to above subject-
2. **At the time of obtaining the policy and payment of advance insurance premium-**
 - (a) Invoices with respect to insurance premium paid to the insurance company for insurance policies taken by Corporate Office on behalf of regions shall be taken under ISD number of Corporate Office i.e. **07AAACC120D2ZH** and at the time of making payment to the insurance company, following entries shall be passed by Insurance Cell, C.O-

(i) Booking of insurance premium payable

28804	Advance against insurance premium	Dr.	XXX	
29540/29550/29560	GST input control account	Dr.	XXX	
12401	Insurance Company (Being insurance premium payable to insurance company for the period.....)	Cr.		XXX

(ii) Payment of insurance premium

12401	Insurance Company	Dr.	XXX	
	Bank account (Being amount of insurance premium paid)	Cr.		XXX

- (b) The details of region-wise sum insured along with the insurance premium paid (including GST) shall be provided by Insurance Cell, C.O. to GST Cell at C.O. along with copies of Insurance Policies.



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GST Cell at Corporate Office shall check reflection of the GST input credit of the invoices provided by insurance company on GST portal and pass the following entry-

29510/29520/29530	GST input availment account	Dr.	XXX	
29540/29550/29560	GST input control account (Being amount transferred from control account to availment account on reflection in GST portal)	Cr.		XXX

(c) Distribution of GST Input Credit to Regional Offices

The details of GST input credit to be distributed shall be provided by GST cell to payment section at corporate office on monthly basis and payment section shall issue an ISD invoice to regions and following entry shall be passed by them at Corporate Office-

	Inter units	Dr.	XXX	
29510/29520/29530	GST input credit availment account (being GST input credit transferred to units for the month of)	Cr.		XXX

On receipt of ISD invoice, Regional Offices shall pass the following entry –

29540/29550/29560	GST input control account	Dr.	XXX	
	Corporate office (Being ISD invoice no.datedaccounted for)	Cr.		XXX

The amount once reflected on GST portal must be transferred from GST input control account to GST input credit availment account as under-



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29510/29520/29530	GST input credit availment account	Dr.	XXX	
29540/29550/29560	GST input control account (being amount transferred from control account to availment account on reflection in GSTR-2A)	Cr.		XXX

(d) Booking of insurance expense at regional offices-

Regional Offices shall account for the insurance expense in ledger code 40900-Insurance others/Stocks-Direct Charge on monthly basis as per stock value declaration and rates communicated by insurance section (**placed at Annexure-I**) and following entry shall be passed-

40900	Insurance others/Stocks-Direct charge	Dr.	XXX	
	Corporate office	Cr.		XXX

At corporate office, the amount received from Regional Offices shall be adjusted against the balance lying in ledger code-Advance against insurance premium and following entry shall be passed by insurance section-

	Inter units	Dr.	XXX	
28804	Advance against insurance premium	Cr.		XXX

The above exercise shall be repeated as and when any additional insurance premium is paid during the currency of the policy period.

(e) Accounting treatment at the expiry of insurance policy period

At the end of insurance policy, if a refund is determined i.e. over all premium paid during the currency of policy period is found to be in excess of amount payable to the insurance company, credit note shall be taken from the insurance company and following entry shall be passed by Insurance Cell-

29402	Sundries recoverable from party-Insurance Company	Dr.	XXX	
28804	Advance against insurance premium	Cr.		XXX



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29540/29550/29560	GST input control account (Being amount recoverable from insurance company on account of excess premium accounted for on the basis of credit note no.....dated.....received from insurance company)	Cr.		XXX
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GST Cell shall check the reflection of credit note on GST portal and pass following entry:

29540/29550/29560	GST input control account	Dr.	XXX	
29510/29520/29530	GST input credit availment account (Being amount transferred from control account to availment account on reflection on GST portal)	Cr.		XXX

(f) Final adjustment of advances against insurance premium

Insurance Cell shall provide the region-wise details of final sum insured along-with insurance premium considering the impact of credit note received from insurance company. Based on details provided by insurance cell, GST cell shall recalculate the amount of GST input credit to be distributed amongst regions for full policy period and issue an ISD debit/ credit note and pass following entry through payment section-.

(i) In case excess credit has been transferred to units-

29510/29520/29560	GST input availment account	Dr.	XXX	
	Inter units (Being credit redistributed on receipt on receipt of credit note from insurance company)	Cr.		XXX



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(ii) In case short credit has been transferred to units-

	Inter units	Dr.	XXX	
29510/29520/29530	29510/29520/29530 (GST input availment account) (Being credit redistributed on receipt on receipt of credit note from insurance company)	Cr.		XXX

After all above adjustments, the balance in ledger code- Advance against insurance premium lying in corporate office shall be NIL.

On the receipt of above debit/credit notes, following entries shall be made by the Regional Offices:

(i) (in case a credit advice is received)

	Corporate office	Dr.	XXX	
29540/29550/29560	GST input control account (being ISD credit note no.....dated..... received from CO accounted for)	Cr.		XXX

(ii) (in case a debit advice is received)

29540/29550/29560	GST input control account	Dr.	XXX	
	Corporate office (being ISD debit note no.....dated..... received from CO accounted for)	Cr.		XXX

Balance from GST input control account shall be transferred to GST input availment account after verification of GST input credit on GST portal.

3. Apart from this, **Annexure 'I'** is enclosed which details the complete process to be followed for providing the insurance cover taken this year from M/s. United India insurance Co. Ltd. along with steps involved for settlement of insurance claims. This also details the method to be followed for adjusting the advances against insurance premium and transfer the insurance premium on monthly basis.



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Amit Puri
GM (Tax & A/Cs)

Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers, Accounts in-charge of the Finance, Accounts & Internal Audit Wings of all ROs.

Copy for information to:

1. All DGM/AGMs/Managers/ (Sr.) Asstt. Managers/Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi.
2. Dir. (Fin.)/MD, CWC, CO, New Delhi.
3. PPS to GGM (F&A), CWC, Corp. Office, New Delhi.
4. PPS to GGM (Systems), CWC, CO, New Delhi place this Circular on CWC's Website.

ANNEXURE-I

Subject: Insurance Cover for warehouse building, depositor stock, CWC property and Dead stock items stored in Warehouses/ICD/CFS

The Corporation has taken insurance cover for safeguarding its Property i.e. Warehouse/ICD/CFS building/ICP, Dead stock items stored therein and Depositor's stock from M/s United India Insurance Co. Ltd. Himalaya House, KG Marg, New Delhi for the period from 01.06.2020 to 31.05.2021. The copy of policy bond had already been sent to all the Regional Offices for its circulation among field units and necessary action on the matter.

For preparing the Insurance Register, the following logic should be taken:

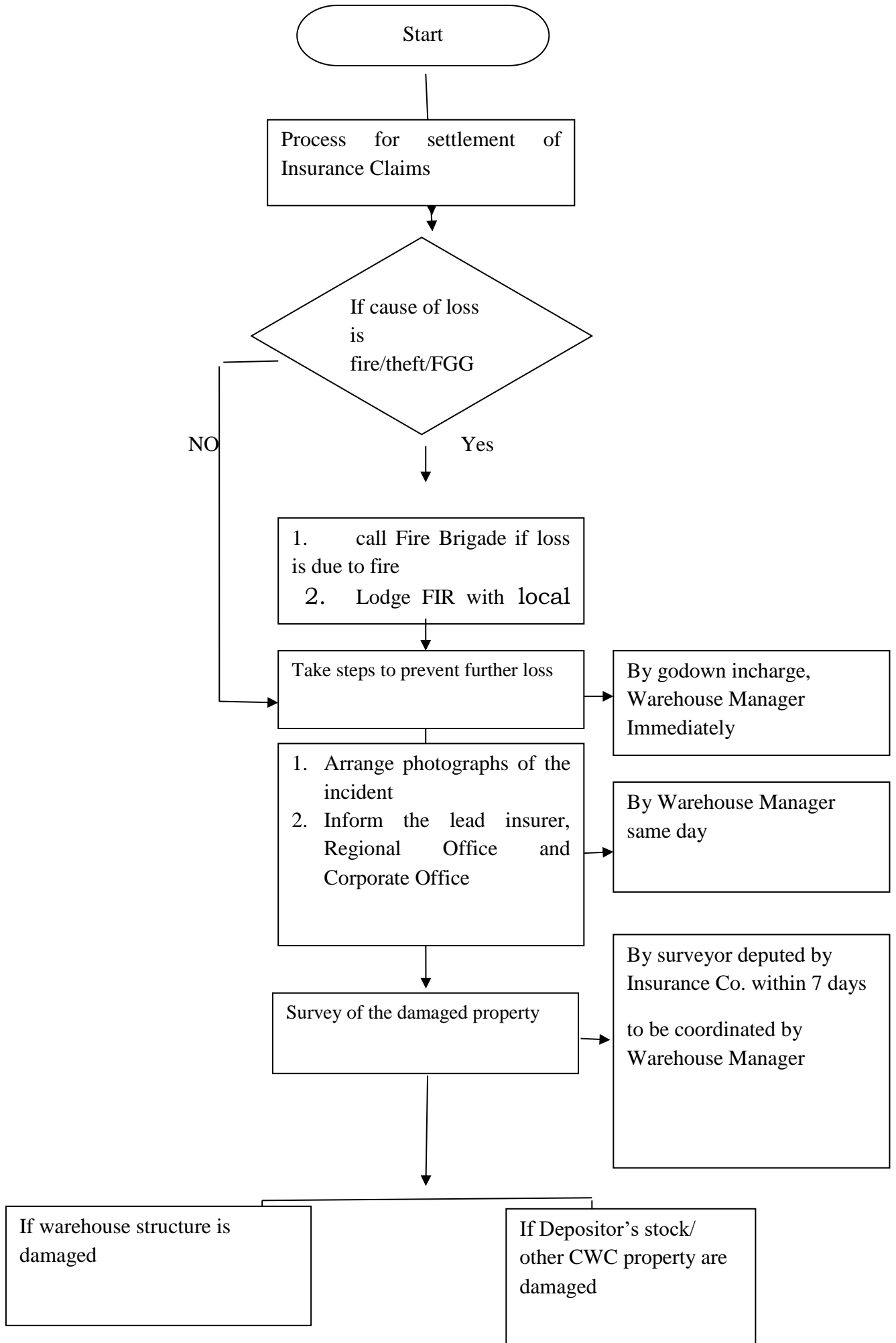
‘Average of the highest value of each day (highest between opening value and closing value) for the month. i.e the sum of the highest value of each day / of calendar days in the month’.

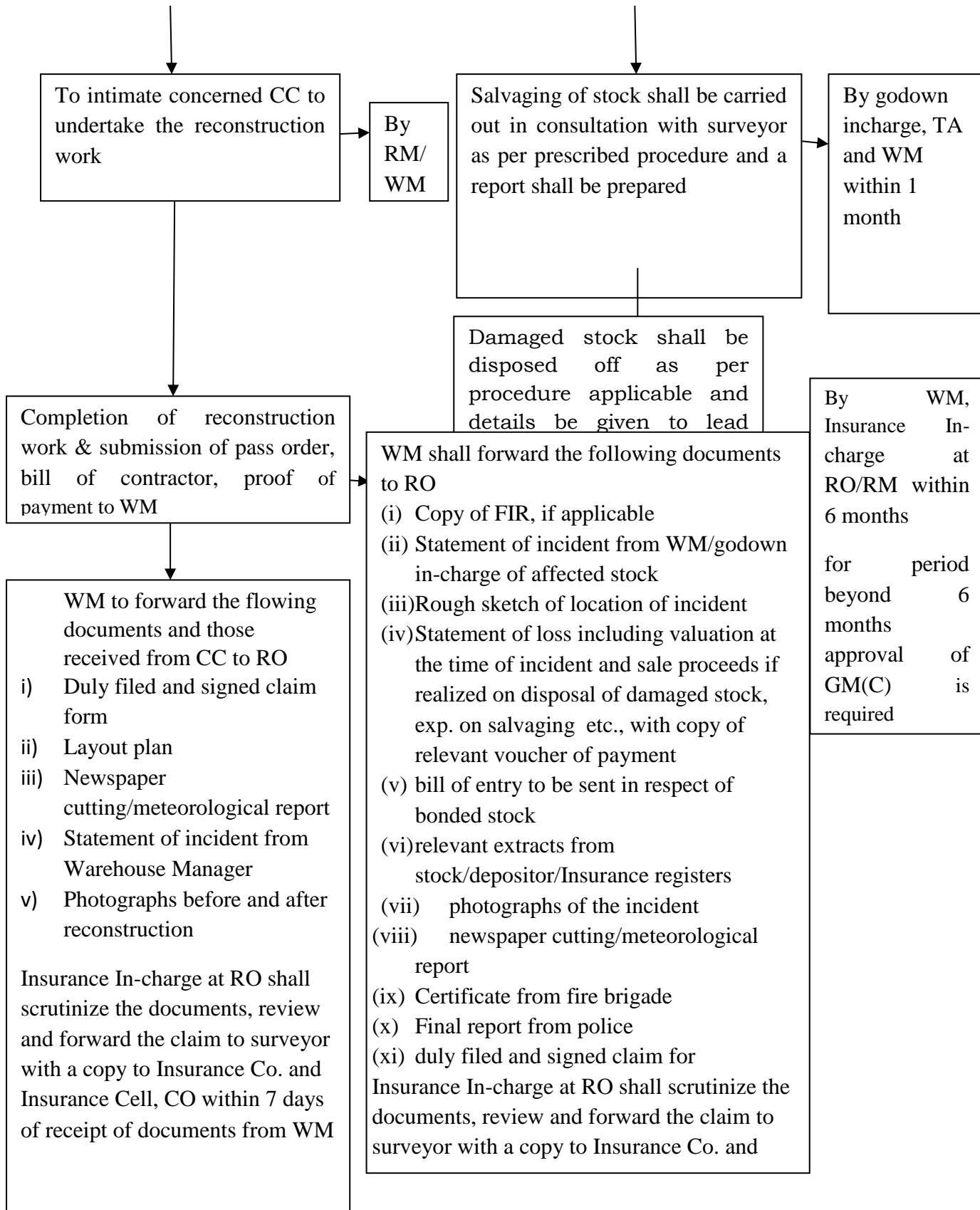
It has been observed while reviewing the claims outstanding that the claims remain pending /unsettled for quite long time due to the reasons like delay in lodging of Final Claim, Delay in submission of documents required by surveyor/ reply to the queries of surveyor, non-reinstatement of damaged warehouse building, and delay in salvaging or disposal of salvaged material.

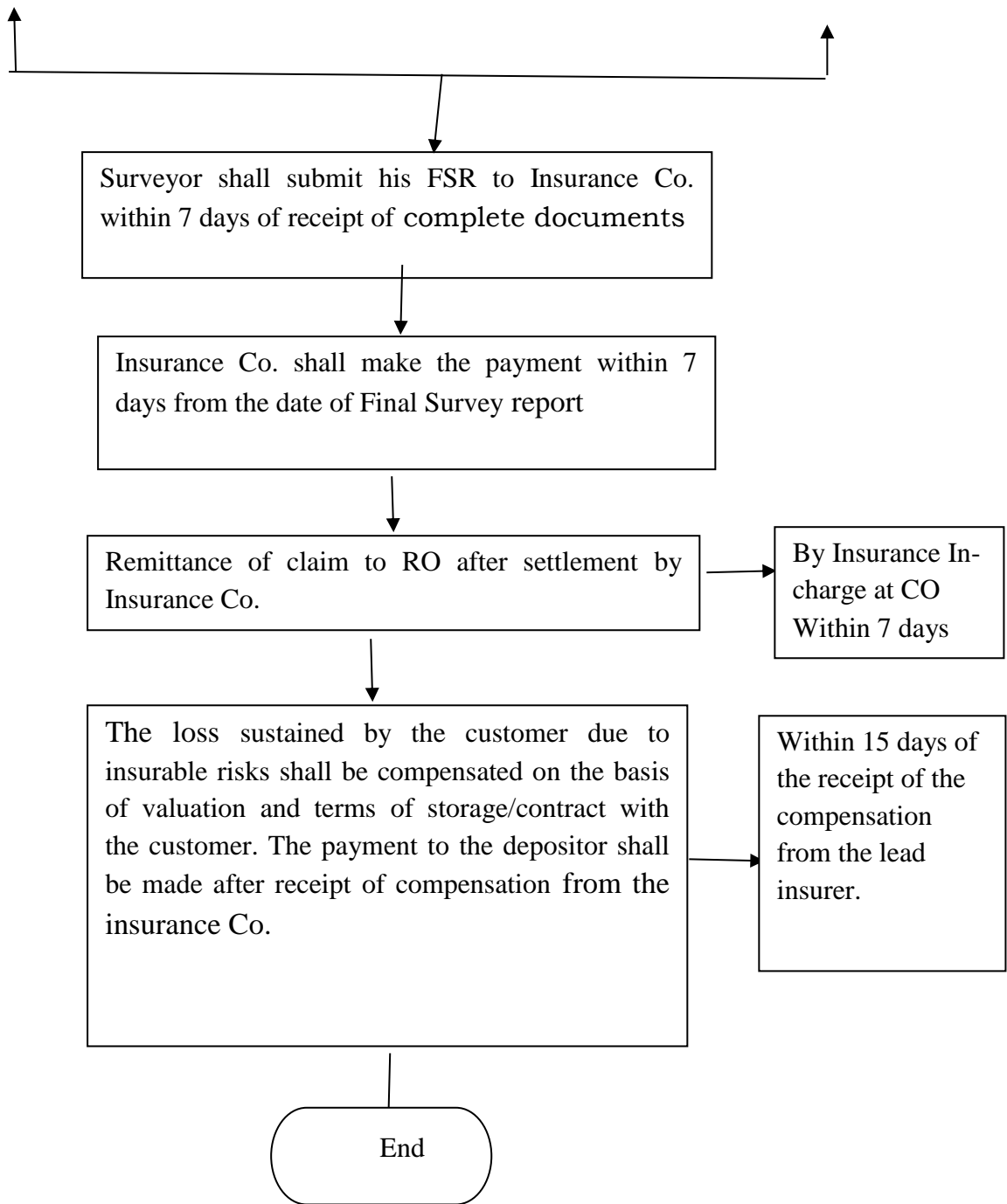
In order to streamline the process of settlement of insurance claims, the following salient points are reiterated for compliance:

1. The nature and tentative quantum of loss on occurrence of an event must be intimated to Insurance Company immediately through email and phone followed by written communication under intimation to Corporate Office (insurance cell).
2. The Insurance Company must also be requested for deputing surveyor for assessment of the loss Documentation.
3. Necessary documentation including photographs. Newspaper cutting/metrology department report etc. to be kept ready in support of the incident and quantum of loss as per the existing procedure. Besides, the copy of FIR/Fire brigade report in case of Theft/Fire must be kept ready during the visit of surveyor.
4. Segregation of sound stock from damaged stock should be done as per laid down procedure to minimize the loss.
5. Salvaging of the damaged stock to be carried out and damaged stock which cannot be issued is to be intimated to the surveyor and disposed off by following laid down procedure.
6. In case of damage to warehouse structure, same must be reinstated within 1 year as per the terms of the Insurance Policy. RO must take necessary steps to ensure reinstatement of damaged property on priority.
7. The final claim under relevant policy is to be lodged with the insurance company enclosing therewith all the required documents as per the procedure in vogue and required by the surveyor with an endorsement to Insurance cell, Corporate Office.

8. The insurance claim should be persuaded with surveyor and insurance company with copy to insurance cell at CO for expeditious settlement of claim.
9. For deductions made by Insurance Company except for disallowances/deductions as per the terms of the Insurance Policy, the responsibility of erring officials shall be fixed on case to case basis after carrying out the investigation, if required.
10. Queries if any raised by surveyor during the course of assessment to be complied in a time bound manner on priority so as to get the claim settled early.
11. Insurance cell at CO be apprised in case of any difficulty in getting claim assessed/settled on case to case basis for interaction/interference with surveyor/insurance company at CO level.
12. The insurance claim be monitored periodically for expeditious settlement thereof. The following email-id may be used for faster communication with difference offices:-
 - a) M/s. United India Ins. Co. Ltd: yashdalmia@iiic.co.in,
anjukochhar@uiic.co.in,sujaathaganguli@uiic.co.in
 - b) CWC CO Insurance Cell: cwc.insurancecell@cewacor.nic.in
13. Details of various steps involved in settlement of Insurance claims are reiterated in the enclosed flow chart.







Insurance expense shall be booked by regions on monthly basis at the rate detailed below for every Rs. 1000 value of stock stored at Warehouses covered under the given floater policy:-

Policy No.	Stock Covered	Rate per 1000 value of stock per month	Column no. of stock statement
5003001120P102035572	General Stock at Warehouse under Earthquake Zone-I	0.12	8
5003001120P102035587	General Stock at Warehouse under Earthquake Zone-II	0.0972	8
5003001120P102035552	General Stock at Warehouse under Earthquake Zone-III	0.0834	8
5003001120P102035540	General Stock at Warehouse under Earthquake Zone-IV	0.0788	8
5003001120P103108778	Custom Bonded Stock under Earthquake Zone-I	0.12	11
5003001120P103108871	Custom Bonded Stock under Earthquake Zone-II	0.0972	11
5003001120P103108075	Custom Bonded Stock under Earthquake Zone-III	0.0834	11
5003001120P103171221	Custom Bonded Stock under Earthquake Zone-IV	0.0788	11
5003001120P103196224	All Stocks at ICP Petrapole	0.1183	8+11
5003001120P103200956	General Stocks at CW Jorhat-I, Jorhat-II, Dimapur, Agartala(H), Agartala(CS) in North eastern states under Guwahati Region	0.1412	8

For example:

- a) Policy no. 5003001120P102035572*
- b) Total value of general stock
for all warehouses under Earthquake Zone-I
in a state as per
the monthly stock statement : Rs. 1,00,00,000/-
- c) Rate per Rs.1000 value of stock : Rs. 0.12 per month
- d) Premium to be charged
For the month : $\frac{10000000 * 0.12}{1000} = \text{Rs. } 1200$

*premium to be calculated for each policy separately as per above example.

Further, for building and other policies at s.no. 1-4 and 7 under Misc. policies proportionate premium per month dividing by 12, be booked as expenditure on the last day of the month by passing accounting entry mentioned above.

Any additional premium on account of additional capacity/new warehouse or on account of increase in the value during the remaining period of the policy will be accounted for as expenditure in the books of respective RO as advised by CO.