Financial accounting module 23: Premium allocation approach homework assignment

(The attached PDF file has better formatting.)

On April 1, 20X1, an insurer writes a motor insurance contract with a term of one year, collects premium of 160, pays acquisition cash flows (directly attributable to the portfolio of insurance contracts) of 24, and uses the premium allocation approach. The discount rate is 5% *per annum*. The insurer does not discount the liability for remaining coverage for the time value of money.

If the insurer charges the directly attributable acquisition cash flows to expenses when they occur:

A. What is the liability for remaining coverage at initial recognition?
B. What is the insurance revenue in 20X1?
C. What is the liability for remaining coverage at December 31, 20X1?

If the insurer amortizes the directly attributable acquisition cash flows over the coverage period:

D. What is the liability for remaining coverage at initial recognition?
E. What is the insurance revenue in 20X1?
F. What is the liability for remaining coverage at December 31, 20X1?