

PRUDENTIAL ASSURANCE COMPANY.

Chief Offices:—62, LUDGATE HILL, LONDON.

TWENTY-FIRST ANNUAL REPORT

FOR THE YEAR ENDING 31st DECEMBER, 1869.



THE SHAREHOLDERS will be gratified to learn that, notwithstanding the exceptional circumstances which have occurred during the year, arising from the long-continued commercial depression, and aggravated by the unfortunate collapse of the "Albert Assurance Company," the progress of this Company is still unabated.

The confidence which for so many years has been justly placed in the system of Life Assurance received a most violent shock, a panic seemed to take possession of the minds of most people, and it would have been natural to expect, as the result of this distrust, that the operations of the PRUDENTIAL, which in the previous year had been developed to an unparalleled extent, would have received a sudden check; but so great has been the confidence reposed in the Management, that the New Business of the Year exceeds that of 1868.

The following is the amount represented by New Annual Premiums for the three years since the last division of profits:—

	£	s.	d.
1867 New Premium Income	-	-	54,819 5 3
1868 " "	-	-	87,748 16 11
1869 " "	-	-	102,323 15 2

The lapses during the year have been somewhat larger than usual—an explanation of many of these is hereafter given—but the Premium Income in force at the end of 1869 amounts to **£241,135 12s. 6d.**

The Claims paid during the year amount to £86,594 8s. 11d., which raises the total disbursed under this head to the sum of £567,581 7s. 2d.

The Assurance Fund Account annexed hereto is issued in the form usually published; it shows, by the diminution of liabilities and the increase of assets, an improvement in the year of **£41,358 3s. 1d.** This progress is exceedingly gratifying, and will convince the Shareholders that the Company is steadily improving. This Account also shows the investments of the Company in detail, and the Shareholders can readily distinguish the old and new investments made by the Directors.

In the last Report it was stated that the Premises bought for the New Offices had been sold to the City of London—the purchase has since been completed. The Directors have been most fortunate in being able to secure very large additional premises adjoining their offices, which will prevent the necessity of removal. Some of these premises have already been incorporated with the other office previously occupied by the Company.

At the beginning of the year the Directors inaugurated a System of Assurance, entitled "Absolute Security Policies"; and, believing the plan to be novel, they proceeded to advertise it extensively, and, although from the nature and amount of this item, it might fairly have been distributed over several years, the Directors resolved to charge the whole sum to the expenses of the current period, so that no portion whatever has been left to be distributed over future years, while for the present year the expenses under this head will be very materially reduced.

A Branch Office for the transaction of General or Ordinary Business only has been opened at No. 7, King Street, St. James's, to accommodate the connexions of the Company at the West End. The amount of New Assurances effected since its opening is exceedingly satisfactory.

The disclosures connected with the "Albert" have led to a wide-spread feeling against amalgamations, but the Directors would repeat that which they have so often before urged that a judicious and well timed transfer is the safeguard of Assurance; the four Companies which have been united with the PRUDENTIAL all come under this category. They were transferred because their New Business and averages were not sufficiently large, and from no other inherent weakness in their business. The amount of Premiums now in force arising from such amalgamations does not exceed £25,000 a year, the remaining income being consequently the result of this Company's operations.

During the past year an agreement has been entered into, which was approved by His Honour Vice-Chancellor Sir Richard Malins, for the relief of the Policyholders and Annuitants of the Hercules and International Assurance Companies. No portion of the premiums or assets to be handed over is included in the accounts of the year, as the transaction was not completed at the period of the closing of the books. This agreement will add materially to the connections of the Company, and it is hoped will be attended by profitable results.

The Proprietors are aware that the business of the Company is of a twofold character, viz.:—First—The General or Ordinary business transacted by other Companies; Secondly—The Industrial or Working Class Branch.

General Branch.

The transactions in this Branch have during the year been of a profitable character, with the exception only that the claims have fallen upon larger Policies, and that the amount disbursed under this head exceeds the average.

The Income of this Branch is £50,676 10s. 6d., showing a decrease of £1,756 6s.; this diminution arises chiefly from the running off of policies which had been effected in connection with loans taken over among the assets of Companies transferred to this, and, as the Directors are of opinion that loans on personal security do not afford the best investment for the funds of an Assurance Company, this class of business has been discontinued; but, so far as the liability is concerned, the lapsing of those policies has been attended with profitable results.

Industrial Branch.

This Branch was established in 1854, in accordance with the recommendation of the Committee of the House of Commons, suggesting that the wants of the working classes were not, in this respect, sufficiently provided for.

The whole operations of the year are exceedingly favourable, the claims being much less than the average; the expenses of the Branch are necessarily heavy, but from the great multiplicity of details and the small amount of premiums received in each individual case, there is no possibility of decreasing them; they are however kept strictly within the "margin" or "loading" provided for them.

The establishment of this Branch has been attended with the happiest results to the classes for whom it was especially designed; the great uncertainty which prevailed with regard to the stability of local institutions, and the defective averages which they afforded (leading to very disastrous consequences) have now been replaced by a wide-spread and almost unbounded confidence in the Institution which has been the means of affording to the poor man the advantages hitherto only attainable by the comparatively well to do.

Conclusion.

In conclusion, the Directors would call upon all their connections to assist them in raising the Company to a still greater position of prosperity, and to remind them that each additional Assurer introduced helps to diminish the ratio of expenses, and tends to increase the amount of profit divisible among the assured.

The Directors retiring upon the present occasion are Messrs. SERS and PUGH, who, being eligible, offer themselves for re-election.

During the year one of the Auditors, Mr. RICHARD ATKINSON, has been obliged by increasing age and infirmity to retire from the post he has so long and ably filled, and the Directors have elected in his stead one of the oldest Proprietors, Mr. GEORGE CLARK. This gentleman and the other Auditor retire, and, being eligible, offer themselves for re-election.

The usual interest on Shares, at the rate of 5 per cent., will be payable on and after the 25th of April.

J. GILLMAN, *Chairman.*

April 13th, 1870.

PRUDENTIAL ASSURANCE COMPANY.

62, LUDGATE HILL, LONDON, E.C.

Assurance Fund Account,—31st December, 1869.

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	£	s.	d.		£	s.	d.
To Present value of Sums Assured as per Actuary's valuation (at Carlisle 3 per Cent.) as on 31st December, 1866	542,033	0	0				
„ Bonus on Policies	15,904	10	7				
„ Loan Guarantee Fund	1,845	13	0				
„ Turkish Stock Guarantee Fund	406	6	4				
„ Balance due to Agents	69	6	10				
„ Surplus available for future Bonus subject to re-valuation of Policies and Reserve for Industrial Branch	165,873	11	8				
	<u>£726,132</u>	<u>8</u>	<u>5</u>				
*By present value of pure net Premiums receivable as per Actuary's valuation (at Carlisle 3 per Cent.) as on 31st December, 1866					445,144	0	0
„ £5,000 Victoria Bonds	5,126	5	11				
„ £5,000 Cape of Good Hope ditto	5,190	0	0				
„ £1,200 Land Mortgage Bank of India ditto	1,044	0	0				
„ £5,000 South Australian do.	5,325	0	0				
„ £10,000 Queensland ditto	9,287	10	0				
„ £4,800 New South Wales do.	4,612	10	0				
„ £5,000 Natal ditto	5,095	0	0				
„ £5,000 New Zealand ditto	5,347	10	0				
„ £4,000 Mauritius ditto	4,263	15	0				
„ £6,000 Turkish ditto	1,936	17	6				
„ £1,000 Canada ditto	1,182	13	8				
„ £41,000 City Commissioners of Sewers ditto	41,000	0	0				
„ £2,500 Railway Debentures	2,500	0	0				
„ Railway and other ordinary shares	1,847	15	3				
					<u>93,758</u>	<u>17</u>	<u>4</u>
„ Mortgages and Loans					58,054	7	2
„ Purchase of Life and other Interests and Reversions					41,071	5	0
„ Loans on Policies within their Surrender Value					5,346	15	5
„ Freehold and Leasehold Estates					50,777	0	5
„ Furniture and Fittings in Offices					6,332	14	3
„ Deposit on Purchase of 64, Ludgate Hill					1,000	0	0
„ Premiums on which Days of Grace are current, and sundry Agents' Balances					11,976	3	9
„ Cash Balances, viz. :—							
City Bank Current Account					11,921	5	1
National Provincial Bank					500	0	0
Cash in hand					250	0	0
					<u>12,671</u>	<u>5</u>	<u>1</u>
					<u>£726,132</u>	<u>8</u>	<u>5</u>

*The pure net Premiums only were valued. The present value of the loading, not taken into account, is £96,889 2s., which is reserved for future Bonuses and Expenses.

J. GILLMAN,
E. HORNE,
H. J. GIBBINS, } *Directors.*

We have examined the foregoing Account, find it to be correct, and hereby confirm the same. We have also seen and examined the various securities.

April 6th. 1870

JAMES ALLANSON,
GEO. CLARK, } *Auditors.*

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PRUDENTIAL
Assurance Company.

Directors' Report
AND
ASSURANCE FUND ACCOUNT,
For the Year ending 31st December, 1869.

CHIEF OFFICES:
No. 62, LUDGATE HILL, LONDON, E.C.

F. CHIFFERIEL 34 to 37 Cursitor-st. & 1 to 6 Church-pass. Chancery-lane, E.C.

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