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PRUDENTIAL
ASSURANCE COMPANY.

Directors' Report

AND

STATEMENTS OF ACCOUNTS

FOR


The Year ending 31st December, 1877.

PRUDENTIAL ASSURANCE COMPANY.

CHIEF OFFICES : 62 LUDGATE HILL, LONDON.

TWENTY-NINTH ANNUAL REPORT,

For the Year ending 31st December, 1877.

HE Shareholders are aware that in the year 1875 the Company obtained an Act of Parliament, enabling them, among other things, to pass a Special Resolution for the entire separation of the Ordinary and Industrial Branches of the Company, and for keeping separate and distinct accounts for each Branch.

Under the powers of the Act, a Special Resolution was accordingly passed, and from and after the 31st December, 1876, the two Branches have been kept entirely distinct, and the accounts are now rendered in conformity with that Resolution.

It may be useful to remind the Shareholders that, for all practical purposes, the two Branches are as distinct as if they were worked by separate Companies, and it is believed that great advantage will be derived therefrom.

In accordance with the Special Resolution so passed, a division of the Funds of the Company on 31st December, 1876, was made, and attention is drawn to the Statement showing the division, which is printed before the usual accounts.

ORDINARY BRANCH.

The New Business completed during the year consists of 3,883 Policies, assuring the sum of £500,317, and producing a New Annual Premium Income of £17,144 18s. 6d.

The sum of £1,300 7s. 9d. has been received for Annuities granted.

The Claims during the year amount to £48,409 6s. 6d., under 329 Policies, representing 310 Lives. Of this amount £839 8s. 7d. was upon Endowments matured.

Ten Annuitants have died during the year.

The Annual Premium Income at the end of the year is £93,352 8s. 7d. in respect of 20,073 Policies, assuring the sum of £2,756,901, exclusive of Bonus additions, showing an increase of £10,106 12s. 7d. per annum over the year 1876.

The Assurance Fund, which, at the beginning of the year was £471,437 7s. 4d., is now £511,221 5s. 7d. showing an increase of £39,783 18s. 3d.

The following is a list in detail of the Assets of this Branch:—

	£	s.	d.
Mortgages on Property within the United Kingdom	84,523	5	2
Loans on the Company's Policies	17,731	15	8
Investments:—			
£40,000 Consols.....	37,226	18	11
Colonial Government Securities, viz. :—			
£10,000 Victoria Bonds	10,770	0	11
£ 5,000 Cape of Good Hope ditto	5,030	4	2
£10,000 South Australian ditto	10,131	17	6
£10,000 Queensland ditto	9,412	10	0
£ 5,000 Natal ditto	5,095	0	0
£ 5,500 New Zealand ditto	5,907	10	0
£ 3,000 Canada ditto	2,792	4	8
	49,139	7	3
Foreign Government Securities—£1,000 French Loan	807	15	0
£3,900 Japanese „	3,573	16	6
£4,700 Brazilian „	4,459	7	6
£1,600 Moorish „	1,586	3	9
£5,000 Russian „	4,740	12	6
	15,167	15	3
Railway and other Debentures and Debenture Stock	47,203	5	8
Railway and other Shares (Preference and Ordinary).....	6,361	11	4
Trust Funds Certificates	20,423	10	0
House Property (Freehold and Leasehold).....	94,725	3	11
Reversions	67,706	11	1
Life Interests	235	1	7
Loan on Borough Rates	8,460	0	0
Mortgages of Reversions	4,324	5	7
Outstanding Account, Industrial Branch (since settled)	12,100	4	11
Outstanding Premiums	5,847	8	7
Ditto Interest and Rents	3,950	14	0
Amount due from Official Liquidator of International Insurance Society.....	22,561	16	2
Deposits at Three Months' Notice	18,000	0	0
Cash—On current account	6,075	5	4
In hand	100	0	0
	6,175	5	4
	£521,864	0	5

INDUSTRIAL BRANCH.

During the year 1,863,254 Policies were issued, representing a New Annual Premium Income of £752,507 12s. 0d.

The Claims amount to £322,270 2s. 8d.

The Annual Premium Income at the close of the year is £1,227,803 4s. 0d., showing an increase of £247,227 6s. 0d. over the Income of the previous year.

The Assurance Fund, which, at the beginning of the year, was £373,492 16s. 0d., is now £536,298 17s. 9d. showing an Increase of £162,806 1s. 9d.; but this does not show the actual increase for the year, by reason of the necessary adjustment, consequent upon the Quinquennial Valuation of both Branches, and the transfer of various items from the Assurance Fund to other funds.

The following is a list in detail of the Assets of this Branch :—

Investments :—	£	s.	d.
£10,652 Consols	10,000	0	0
Freehold Ground Rents	263,690	4	7
Scotch Feu Duties	7,039	6	0
House Property (Freehold and Leasehold)	143,282	2	8
Life and other Interests and Reversions	54,628	9	3
Furniture and Fittings (Head and Branch Offices)	11,456	10	4
Loans upon Personal Security	35,958	8	8
Agents' Balances	73,877	19	10
Outstanding Interest and Rents	3,844	11	10
Cash—On current account.....	£12,066	13	9
In hand	250	0	0
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		12,316	13 9
		<hr/>	
	£616,094	6	11

GENERAL RESULTS.

The Total Premium Income is—

Ordinary Branch.....	£ 93,352	8	7
Industrial Branch	£1,227,803	4	0
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Showing a total Premium Income of	£1,321,155	12	7

The Claims amount to—

Ordinary Branch.....	£ 48,409	6	6
Industrial Branch	£ 322,270	2	8
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	£ 370,679	9	2

The total sum paid amounts to £2,293,674 17 9

The Assurance Funds are—

Ordinary Branch.....	£ 511,221	5	7
Industrial Branch	£ 536,298	17	9
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	£1,047,520	3	4

It is with the deepest regret that the Directors have to report the death of two of their colleagues—the Rev. J. GILLMAN and Mr. H. J. GIBBINS.

Mr. GILLMAN had been a Director of the Company for upwards of 26 years, and had filled the highly responsible position of Chairman for more than 25 years. The services which he rendered to the Institution in its early history were most valuable, and were characterised by unusual self-denial.

Mr. GIBBINS joined the Board in 1865, and his matured knowledge of Assurance business was particularly useful to the Company.

The most intimate and cordial relations always existed between the Board and their late colleagues, and the Company has sustained a great loss by their decease.

Mr. HARBEN having been elected an additional Director in 1873, it was not considered necessary on the death of the late Chairman to elect another Director.

The vacancy caused by the death of Mr. GIBBINS has been filled by the election of Dr. ROBERT CROSS, an old Shareholder, who has been Medical Adviser of the Company for many years. Such election will be submitted to the Shareholders for confirmation.

The Board have elected as their Chairman Mr. EDGAR HORNE, who has been a Director of the Company from its commencement in 1848.

The operations of the Company having so largely and rapidly increased, the present Offices have proved quite inadequate to its requirements. A large Freehold Site at Holborn Bars has, accordingly, been secured, on which a suitable building is in course of erection, and to which the business will be shortly removed.

The retiring Directors are Messrs. HORNE and PUGH, who offer themselves for re-election.

The Auditors, Messrs. ALLANSON and BARNES, also retire, and offer themselves for re-election.

PRUDENTIAL ASSURANCE COMPANY.

Under the provisions of the Prudential Assurance Company Act 1875, an investigation was to be made, on the 31st December 1876, of the business of the Ordinary and Industrial Branches respectively, and separate Funds were to be set aside for the liabilities of each Branch as from that date.

The following Statement shews the distribution which has been made :

		£ s. d.		£ s. d.				£ s. d.		£ s. d.	
Total amount of Assets as on						<i>ORDINARY BRANCH.</i>					
December 31st, 1876	906,767 15 1					Amount transferred to meet Life Assurance and other contracts, including Bonus, as per Valuation	471,437 7 4				
Less amount required to meet out- standing Claims	9,360 11 9					Amount transferred to meet Sick- ness and Assurance contracts, as per Valuation	425 0 0				
				897,407 3 4		Amount transferred for Leasehold Redemption Fund	2,000 0 0				
						Total	473,862 7 4				
						<i>INDUSTRIAL BRANCH.</i>					
						Amount transferred to meet Life Assurance and other contracts, as per Valuation, including Shareholders' proportion of Bonus ...	373,492 16 0				
						Amount transferred for Contingency Fund	40,000 0 0				
						Amount transferred for Share- holders' Capital	10,052 0 0				
						Total	423,544 16 0				
				<u>£897,407 3 4</u>						<u>£897,407 3 4</u>	

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS of the PRUDENTIAL ASSURANCE COMPANY (ORDINARY BRANCH)
for the Year ending 31st December, 1877.

(No. 1.) LIFE ASSURANCE ACCOUNT.

			£	s.	d.				£	s.	d.		
Amount of Life Assurance Fund at the beginning of the year (as shown by preceding Statement)	471,437	7	4			Claims under Life Policies (after deduction of sums re-assured)	48,409	6	6				
Premiums, after deduction of Re-assurance Premiums:—						Surrenders	3,632	5	1				
New Premiums	£16,601	17	6			Annuities	3,380	1	5				
Renewals	74,575	6	10			Commission (Agents)	6,304	18	6				
				91,177	4	4	Expenses of Management (including Superintendency charges)	9,124	13	8			
Consideration for Annuities granted				1,300	7	9	Amount transferred to Leasehold Redemption Fund	1,000	0	0			
Interest, Dividends and Rents				19,127	19	10	Amount of Life Assurance Fund at the end of the year, as per Fourth Schedule	511,221	5	7			
Fines for revival of Policies				29	11	6							
				£583,072	10	9					£583,072	10	9

(No. 2.) SICKNESS AND ASSURANCE ACCOUNT.

			£	s.	d.				£	s.	d.		
No new business transacted for many years.						Claims			Nil.				
Amount of Sickness and Assurance Fund at the beginning of the year (as shown by preceding Statement)	425	0	0			Surrenders	22	0	0				
Premiums	36	6	4			Commission	1	8	3				
				£461	6	4	Sickness and Assurance Fund at the end of the year, as per Fourth Schedule	437	18	1			
											£461	6	4

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET of the PRUDENTIAL ASSURANCE COMPANY (ORDINARY BRANCH) on the
31st December, 1877.

LIABILITIES.			£	s.	d.	ASSETS.			£	s.	d.		
Life Assurance Fund	511,221	5	7			Mortgages on Property within the United Kingdom	84,523	5	2				
Sickness and Assurance Fund	437	18	1			Loans on the Company's Policies	17,731	15	8				
Leasehold Redemption Fund	3,000	0	0			Investments:—							
				£514,659	3	8	In British Government Securities	37,226	18	11			
Claims under Life Policies admitted but not yet paid	7,204	16	9			Indian and Colonial ditto	49,139	7	3				
						Foreign ditto	15,167	15	3				
						Railway and other Debentures and Debenture Stock	47,203	5	8				
						Ditto Shares (Preference and Ordinary)	6,361	11	4				
						Trust Funds Certificates	20,423	10	0				
						House Property (Freehold and Leasehold)	94,725	3	11				
						Reversions	67,706	11	1				
						Life Interests	235	1	7				
						Loan on Borough Rates	8,460	0	0				
						Mortgages of Reversions	4,324	5	7				
						Outstanding Account, Industrial Branch (since settled)	12,100	4	11				
						Outstanding Premiums	5,847	8	7				
						Ditto Interest and Rents	3,950	14	0				
						Amount due from Official Liquidator of International Society	22,561	16	2				
						Deposits at Three Months notice	18,000	0	0				
						Cash—On current account	£6,075	5	4				
						In hand	100	0	0				
											6,175	5	4
											£521,864	0	5

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

20th February 1878.

HENRY HARBEN, Resident Director.
THOS. C. DEWEY,
WILLIAM HUGHES, } Managers.
W. J. LANCASTER, Secretary.

JAMES ALLANSON,
ROBERT BARNES, } Auditors.
EDGAR HORNE, Chairman.
RICHD. THOS. PUGH,
THOS. REID, } Directors.

