

34

PRUDENTIAL
ASSURANCE COMPANY.

Directors' Report
AND
STATEMENTS OF ACCOUNTS
FOR
The Year ending 31st December 1878.

PRUDENTIAL ASSURANCE COMPANY.

CHIEF OFFICES: 62 LUDGATE HILL, LONDON.

THIRTIETH ANNUAL REPORT,

For the Year ending 31st December 1878.

THE results of the operations of the year 1878 have been most satisfactory. They may be summed up as follows: An increase of £216,187 2s. 9d. in the Premium Income, raising the total Premiums to £1,537,342 15s. 4d. per annum; an augmentation of £259,616 7s. 10d. to the Assurance Funds; and a general reduction of expenditure of two and a-half per cent. on the Annual Premium Income.

At the close of the year 1877 the constituents of the Company were informed that the area within which it was desirable to conduct the operations of the Company was sufficiently wide, and while the ramifications of the business, within that limit, would be fully developed, no new extensions would be sought, but that the attention of the Board would for the future be chiefly directed to the complete consolidation of the business.

The Directors have entirely carried out these arrangements, and, notwithstanding the reduction of expenditure and the continued depression and commercial disasters of the year, it is a matter of congratulation that the increase of the Premium Income should be so large.

The Investments of the year have been still restricted to those of the highest class, chiefly British Government Securities, Freehold Ground Rents, House Property, Mortgages and Reversions.

ORDINARY BRANCH.

In this Branch the New Business completed during the year consists of 4,040 Policies, assuring the sum of £506,317, and producing a New Annual Premium Income of £17,834 4s. 2d.

The Claims of the year amount to £66,125 7s. 9d. under 430 Policies representing 370 lives, the mortality being somewhat heavier than usual.

Four Annuitants have died during the year

The Expenses of the Branch have been reduced three per cent. on the Annual Premium Income.

The Annual Premium Income at the end of the year is £101,882 15s. 4d., showing an increase of £8,530 6s. 9d. over the year 1877.

The Assurance Fund, which at the beginning of the year was £511,221 5s. 7d., is now £548,150 4s. 9d., showing an increase of £36,928 19s. 2d.

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

	£	s.	d.
Mortgages on Property within the United Kingdom	112,607	3	3
Loans on the Company's Policies	19,839	6	3
Investments :—			
Consols (£65,692 6s. 1d.)	61,445	13	11
New Three per Cents. (£10,000).....	9,256	5	0
			70,701 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
£3,800 Japanese „	3,473	16	6
£4,600 Brazilian „	4,359	7	6
£ 600 Moorish „	586	3	9
£5,000 Russian „	4,740	12	6
			13,967 15 3
Railway and other Debentures and Debenture Stock	42,103	5	8
Railway and other Shares (Preference and Ordinary)	6,361	11	4
Trust Funds Certificates	20,423	10	0
House Property	97,528	14	8
Reversions	61,554	2	10
Life Interests	156	10	1
Loans on Municipal and other Rates.....	13,509	3	7
Mortgages of Reversions	1,320	10	3
Agents Balances.....	693	18	9
Outstanding Premiums.....	6,231	11	11
Ditto Interest and Rents	4,052	7	4
Amount due from Official Liquidator of International Insurance Society	16,160	12	1
Deposits at Three Months' Notice	27,000	0	0
Cash—On current account	4,862	4	0
In hand	100	0	0
			4,962 4 0
			<u>£568,313 13 5</u>

INDUSTRIAL BRANCH.

In this Branch the Annual Premium Income at the close of the year is £1,435,460 0s. 0d., receivable under 3,659,432 Policies, showing an increase of £207,656 16s. 0d. in the Premium Income, and 443,242 in the number of Policies.

The Claims amount to £403,789 2s. 6d.

The Assurance Fund, which, at the beginning of the year was £536,298 17s. 9d., is now £758,986 6s. 5d., showing an increase of £222,687 8s. 8d.

The total expenses of this Branch, as compared with the previous year, show a reduction of two and a-half per cent. on the Premium Income. The expenses of conducting the existing business are eight per cent. below the provision made for this purpose at the last Valuation. The Extension Expenses and New Business Charges are defrayed out of the first year's Premium Income of this Branch, the greater part of which is applicable to the purpose, because, unlike ordinary Life Assurances, with some exceptions the full risk is not incurred by the Company until the Policies have been in force for twelve months.

The Directors are glad to announce that their continued efforts to keep the Policies in force have been most successful. Of the Policies of five years duration less than six per cent. have lapsed during the year, and arrangements have been made with the object of reducing the number of lapses that occur among the recently issued Policies. The greatest facilities are granted for the revival of all Policies, and no fine whatever is imposed in this Branch upon such revivals, while, if preferred by the assured, a free policy is issued if the assurance has been in existence a specified time.

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

	£	s.	d.
Mortgages on Property within the United Kingdom	26,560	0	0
Investments:—			
In British Government Securities (£35,000 New Three per Cents.)	33,109	7	6
Freehold Ground Rents	321,140	10	9
Scotch Feu Duties.....	7,047	14	0
House Property	214,010	10	1
Life and other Interests and Reversions	61,002	7	7
Furniture and Fittings	11,456	10	4
Loans on Municipal and other Rates	8,210	0	0
Loans upon Personal Security	39,413	4	4
Agents Balances	87,552	16	10
Outstanding Interest and Rents	5,034	6	3
Deposits at Three Months notice	5,000	0	0
Cash—On current account	£9,138	5	2
In hand	250	0	0
	<hr/>	9,388	5 2
		<hr/>	<hr/>
		£828,925	12 10

The Directors still continue their weekly audit of the Accounts, and, taking into consideration the magnitude of the business, they are of opinion that a continuous monthly examination by the Auditors, in addition to their usual yearly audit, would commend itself to the Shareholders. They propose to submit a resolution to this effect at the Annual Meeting.

The total sum paid in Claims in both Branches now amounts to £2,763,589 8s. 0d.

The retiring Directors are Messrs. HARBEN and REID, who offer themselves for re-election.

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

EDGAR HORNE,

Chairman.

24th February 1878.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS of the PRUDENTIAL ASSURANCE COMPANY (ORDINARY BRANCH)
for the Year ending 31st December 1878.

(No. 1.) LIFE ASSURANCE ACCOUNT.

			£	s.	d.				£	s.	d.
Amount of Life Assurance Fund at the beginning of the year			511,221	5	7	Claims under Life Policies (after deduction of sums re-assured)			66,125	7	9
Premiums, after deduction of Re-assurance Premiums:—						Surrenders			3,580	14	2
New Premiums	£17,525	0	9			Annuities			3,445	15	8
Renewals	82,892	8	8			Commission			6,914	5	9
			100,417	9	5	Expenses of Management			6,895	4	11
Consideration for Annuities granted			2,349	11	0	Amount transferred to Leasehold Redemption Fund			1,000	0	0
Interest, Dividends and Rents			22,107	19	6	Amount of Life Assurance Fund at the end of the year, as per Fourth Schedule			548,150	4	9
Fines for revival of Policies			15	7	6				£636,111	13	0
			£636,111	13	0						

(No. 2.) SICKNESS AND ASSURANCE ACCOUNT.

			£	s.	d.				£	s.	d.
No new business transacted for many years.						Claims			17	10	0
Amount of Sickness and Assurance Fund at the beginning of the year			437	18	1	Surrenders			Nil.		
Premiums			36	6	4	Commission			1	8	3
Interest			18	12	0	Sickness and Assurance Fund at the end of the year, as per Fourth Schedule			473	18	2
			£492	16	5				£492	16	5

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET of the PRUDENTIAL ASSURANCE COMPANY (ORDINARY BRANCH) on the 31st December 1878.

LIABILITIES.			£	s.	d.	ASSETS.			£	s.	d.
Life Assurance Fund			548,150	4	9	Mortgages on Property within the United Kingdom			112,607	3	3
Sickness and Assurance Fund			473	18	2	Loans on the Company's Policies			19,839	6	3
Leasehold Redemption Fund			4,000	0	0	Investments:—					
			£552,624	2	11	In British Government Securities			70,701	18	11
Claims under Life Policies admitted but not yet paid			15,689	10	6	Indian and Colonial ditto			49,139	7	3
						Foreign ditto			13,967	15	3
						Railway and other Debentures and Debenture Stock			42,103	5	8
						Ditto Shares (Preference and Ordinary)			6,361	11	4
						Trust Funds Certificates			20,423	10	0
						House Property			97,528	14	8
						Reversions			61,554	2	10
						Life Interests			156	10	1
						Loans on Municipal and other Rates			13,509	3	7
						Mortgages of Reversions			1,320	10	3
						Agents' Balances			693	18	9
						Outstanding Premiums			6,231	11	11
						Ditto Interest and Rents			4,052	7	4
						Amount due from Official Liquidator of International Society			16,160	12	1
						Deposits at Three Months notice			27,000	0	0
						Cash—On current account			£4,862	4	0
						In hand			100	0	0
									4,962	4	0
			£568,313	13	5				£568,313	13	5

THOS. C. DEWEY, }
WILLIAM HUGHES, } *Managers.*
W. J. LANCASTER, *Secretary.*

EDGAR HORNE, *Chairman.*
THOS. REID, }
HENRY HARBEN, } *Directors.*

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.

18th February 1879.

JAMES ALLANSON, }
ROBERT BARNES, } *Auditors.*

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT of the PRUDENTIAL ASSURANCE COMPANY (INDUSTRIAL BRANCH)
for the Year ending 31st December 1878.

LIFE ASSURANCE ACCOUNT.

		£	s.	d.			£	s.	d.
Amount of Life Assurance Fund at the beginning					Claims under Life Policies.....		403,789	2	6
of the year	536,298	17	9	Surrenders		472	9	10	
Premiums	1,228,883	12	0	Commission—					
Interest, Dividends and Rents	23,165	16	7	Agents' Salaries for the weekly collection of Premium from 3,659,432 Policies	244,228	10	5		
				Special New Business Charges	167,695	2	3		
							411,923	12	8
				NOTE.—The absolute net increase of Premium Income is £207,656 16s. per annum.					
				Expenses of Management—					
				Extension Expenses	44,240	10	9		
				Head Office Expenses, including Printing, Advertising, Medical Fees, and Superintendents' Salaries and Travelling Expenses.....	167,690	4	2		
				NOTE.—Postage, Policy, and Receipt Stamps (exclusive of Agents' Postage) amount to £31,179 9s. 1d.					
							211,930	14	11
				Dividends to Shareholders.....	1,246	0	0		
				Amount of Life Assurance Fund at the end of the year, as per Fourth Schedule	758,986	6	5		
				£1,788,348	6	4	£1,788,348	6	4

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET of the PRUDENTIAL ASSURANCE COMPANY (INDUSTRIAL BRANCH)
on the 31st December 1878.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Shareholders Capital	24,920	0	0	Mortgages on Property within the United Kingdom	26,560	0	0		
Life Assurance Fund	758,986	6	5	Investments:—					
Contingency Fund	40,000	0	0	In British Government Securities.....	33,109	7	6		
Claims under Life Policies admitted	5,019	6	5	Freehold Ground Rents	321,140	10	9		
				Scotch Feu Duties.....	7,047	14	0		
				House Property	214,010	10	1		
				Life and other Interests and Reversions ...	61,002	7	7		
				Furniture and Fittings	11,456	10	4		
				Loans on Municipal and other Rates	8,210	0	0		
				Loans upon Personal Security	39,413	4	4		
				Agents Balances	87,552	16	10		
				Outstanding Interest and Rents	5,034	6	3		
				Deposits at Three Months notice	5,000	0	0		
				Cash—On current account	£9,138	5	2		
				In hand	250	0	0		
							9,388	5	2
				£828,925	12	10	£828,925	12	10

THOS. C. DEWEY, }
WILLIAM HUGHES, } *Managers.*
W. J. LANCASTER, *Secretary*

EDGAR HORNE, *Chairman.*
THOS. REID, }
HENRY HARBEN, } *Directors.*

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.

18th February 1879.

JAMES ALLANSON, }
ROBERT BARNES, } *Auditors.*