

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

SIXTY-FIRST ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1909.

THE DIRECTORS have much pleasure in presenting their report and accounts for the year 1909.

ORDINARY BRANCH.—The number of policies issued during the year was 76,087, assuring the sum of £7,044,603, and producing a new annual premium income of £415,015.

The premiums received during the year were £4,710,107, being an increase of £93,770 over the year 1908.

The claims of the year amounted to £3,018,981. The number of deaths was 8,375, and 17,629 endowment assurances matured.

The number of policies in force at the end of the year was 882,804.

INDUSTRIAL BRANCH.—The premiums received during the year were £7,171,770, being an increase of £246,015.

The claims of the year amounted to £2,877,978, including £176,401 bonus additions. The number of claims and surrenders, including 4,545 endowment assurances matured, was 382,233.

The number of free policies granted during the year to those policyholders of five years' standing and upwards who desired to discontinue their payments, was 151,865, the number in force being 1,506,408. The number of free policies which became claims during the year was 41,386.

The total number of policies in force at the end of the year was 18,375,229: their average duration exceeds eleven and a half years.

The assets of the Company, in both branches, as shewn in the balance sheet, after deducting the amount written off securities, are £74,201,701, being an increase of £2,242,842 over those of 1908.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, now amounts to £203,872.

The valuation has again been made by Mr. SCHOOLING, and the same mortality tables and rate of interest have been used as in previous years, namely, in the Ordinary Branch, the Institute of Actuaries (H.M.) Table of Mortality for the life risks, and Mr. Finlaison's Government Annuity Table 1884 for the annuities, and in the Industrial Branch, Dr. Farr's English Life Table No. 3. The net premiums only have been valued in both branches, the rate of interest in each case being 3 per cent.

In the ORDINARY BRANCH the surplus shewn is £1,687,990, including the sum of £311,789 brought forward from last year. Out of this surplus the Directors have added £265,000 to the Investments Reserve Fund, which, after deducting the £1,040,000 written off value of securities, stands as at 31st December, 1909, at £775,000.

In the INDUSTRIAL BRANCH the surplus shewn is £1,314,078, including the sum of £452,454 brought forward from last year. Out of this surplus the Directors have added £50,000 to the Reserve Fund, which, after deducting the £500,000 written off value of securities, stands as at 31st December, 1909, at £850,000.

The total surplus of the two branches, as shewn by the valuation, is thus £3,002,068, which is disposed of as follows: £265,000 has been added to the Investments Reserve Fund of the Ordinary Branch, and £50,000 has been added to the Reserve Fund of the Industrial Branch: £1,874,937 will be distributed among participating policyholders in the Ordinary Branch, policyholders in the Industrial Branch, the Shareholders, and the Superintendency and Agency Staff in accordance with the Regulations of the Company under its special Act of Parliament, leaving £812,131 to be carried forward, namely, £332,353 in the Ordinary Branch and £479,778 in the Industrial Branch.

For many years the Reserve Funds in both Branches have been added to in order that they might be applied if necessary to the writing down of securities. The Directors have now for this purpose taken the sum of £1,040,000 from the Investments Reserve Fund of the Ordinary Branch, and the sum of £500,000 from the Reserve Fund of the Industrial Branch, being of opinion that this course was advisable owing to the long continued depreciation in the market value of certain classes of securities. There will still remain a total sum of £1,625,000 in the Reserve Funds.

The Directors are pleased to announce an increase in the rate of bonus of both Branches of the Company as follows:—

In the Ordinary Branch a reversionary bonus at the rate of £1 14s. per cent. on the original sums assured has been added to all classes of participating policies issued since the year 1876. This is an increase of two shillings per cent. over the rate declared for the past three years.

In the Industrial Branch all policies of over five years' duration which become claims either by death or maturity of endowment from the 4th of March, 1910, to the 2nd of March, 1911, both dates inclusive, will participate. This bonus will be paid by way of addition to the sums assured of:—

- £5 per cent. on all policies becoming claims upon which at least five but less than ten years' premiums have been paid,
- £10 per cent. on all policies becoming claims upon which at least ten but less than fifteen years' premiums have been paid, and
- £15 per cent. on all policies becoming claims upon which at least fifteen years' premiums have been paid.

The retiring Directors are Messrs. HENRY ANDRADE HARBEN, THOMAS CHARLES DEWEY, and THOMAS WHARRIE, who offer themselves for re-election.

The Auditors, Messrs. SECRETAN and NICHOLS, also offer themselves for re-election.

Messrs. DELOITTE, PLENDER, GRIFFITHS & Co. have examined the securities, and their certificate is appended to the balance sheets.

HOLBORN BARS,
17th February, 1910.

H. A. HARBEN,
Chairman.

GENERAL BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED,
BEING THE SUMMARY OF BOTH BRANCHES, ON THE 31ST DECEMBER, 1909.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Shareholders' capital	1,000,000	0	0	British Government securities	2,997,703	18	3
Life assurance funds	71,328,318	14	9	Indian and Colonial government and provincial securities	6,604,314	8	4
Reserve funds	1,625,000	0	0	Railway and other debentures and debenture stocks and gold and sterling bonds	11,090,547	13	0
Claims under life policies admitted	157,480	12	8	Loans on County Council, Municipal, and other rates	14,859,330	17	7
Balance of bonus under life policies reserved for distribution...	90,902	3	6	Freehold ground rents, and Scotch feu duties	4,934,552	13	2
				Freehold and leasehold property	3,908,493	10	7
				Mortgages on property within the United Kingdom	9,488,680	11	1
				Railway, Gas, and Water stocks	6,799,751	12	9
				Suez Canal shares	160,217	7	7
				Telegraph and other shares	100,889	15	4
				Leasehold ground rents	8,153	11	11
				Metropolitan, London County Consolidated and Port of London Authority stocks, and City of London corporation bonds	253,696	1	5
				Metropolitan Water Board stocks	435,263	10	7
				Bank of England stock	203,724	2	11
				Indian, Colonial and Foreign corporation stocks	2,980,960	14	4
				Foreign government and provincial securities	3,138,078	3	11
				Reversions and Life Interests	1,372,361	10	10
				Loans on the company's policies	2,967,472	15	0
				Rent charges	312,084	12	4
				Outstanding premiums, and agents' balances	494,838	6	6
				Outstanding interest and rents	596,891	9	3
				Cash—In hands of superintendents	34,754	13	3
				Do. On deposit, on current accounts, and in hand	458,939	11	0
					<u>£74,201,701</u>	<u>10</u>	<u>11</u>
					<u>£74,201,701</u>	<u>10</u>	<u>11</u>

FREDK. SCHOOLING,
A. C. THOMPSON, } *Joint Managers.*

D. W. STABLE,
J. SMART, } *Joint Secretaries.*

H. A. HARBEN, *Chairman.*
THOS. C. DEWEY,
W. E. HOKNE, } *Directors.*

We report that with the assistance of the Chartered Accountants as stated below we have examined the foregoing accounts and have obtained all the information and explanations that we have required and in our opinion such accounts are correct and the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

PHILIP SECRETAN,
W. H. NICHOLLS, } *Auditors.*

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1909, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments set out in the above account, and we certify that they were in possession and safe custody as on December 31st, 1909.

14th February, 1910.

DELOITTE, PLENDER, GRIFFITHS & Co., *Chartered Accountants.*

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LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)

FOR THE YEAR ENDING 31ST DECEMBER, 1909.

LIFE ASSURANCE ACCOUNT.			
	£	s.	d.
Amount of life assurance fund at the beginning of the year	£29,849,271	7	7
Amount transferred from the Ordinary Branch under Regulations of the company	97,458	0	0
Balance of bonus under life policies reserved for distribution at the beginning of the year	67,303	4	11
Premiums	7,171,769	14	0
Interest and rents	1,079,011	9	9
	29,946,729	7	7
	£38,264,813	16	3
Claims under life policies:—			
Sums assured	£2,701,577	16	2
Bonus additions paid to 31st December	176,401	1	5
Surrenders			
Bonus to Superintendents and Agents			
Commission:—			
Agency charges, including salaries of 17,624 agents for the weekly collection of premium from 16,868,821 policies	£1,312,164	1	5
Special new business charges	635,755	14	3
Expenses of management:—			
Policy, postage, and receipt stamps (Head Office only)	£80,059	5	10
Superintendency charges	241,278	9	8
Medical fees	59,838	9	1
Head Office expenses	540,916	10	5
Dividends and bonus to shareholders			
Amount transferred to reserve fund			
Balance of bonus under life policies reserved for distribution			
Amount of life assurance fund at the end of the year, as per Fourth Schedule			
	2,877,978	17	7
	232,223	15	9
	50,000	0	0
	1,947,919	15	8
	922,092	15	0
	550,000	0	0
	50,000	0	0
	90,902	3	6
	31,543,696	8	9
	£38,264,813	16	3

PRUDENTIAL
Assurance Company Limited.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1909.

Printers: SIR JOSEPH CAUSTON & SONS, Limited, London.

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