

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

SIXTY-THIRD ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1911.

THE DIRECTORS have much pleasure in presenting their report and accounts for the year 1911.

ORDINARY BRANCH.—The number of policies issued during the year was 60,012, assuring the sum of £5,396,721, and producing a new annual premium income of £325,699. The premiums received during the year were £4,812,268, being an increase of £6,147 over the year 1910.

The claims of the year amounted to £3,423,273. The number of deaths was 8,471. The number of endowment assurances matured was 20,862, the premium income of which was £119,586.

The number of policies in force at the end of the year was 901,693.

INDUSTRIAL BRANCH.—The premiums received during the year were £7,631,408, being an increase of £205,091.

The claims of the year amounted to £2,976,058, including £277,083 bonus additions. The number of claims and surrenders, including 4,488 endowment assurances matured, was 373,641.

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 140,617, the number in force being 1,705,885. The number of free policies which became claims during the year was 43,668.

The total number of policies in force in this Branch at the end of the year was 19,041,748: their average duration exceeds twelve years.

The assets of the Company, in both branches, as shewn in the balance sheet, after deducting the amount written off securities, are £81,239,682, being an increase of £3,710,456 over those of 1910.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, now amounts to £226,013.

The valuation has again been made by Mr. SCHOOLING, and the following mortality tables and rate of interest have been used, namely, in the Ordinary Branch, the Institute of Actuaries (H^M.) Table of Mortality for the life risks, and British Offices' Life Annuity Tables, 1893, 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 £1,788,357, including the sum of £334,311 brought forward from last year. Out of this surplus the Directors have added £250,000 to the Investments Reserve Fund, which, after deducting the £175,000 written off value of securities, stands as at 31st December, 1911, at £850,000.

In the INDUSTRIAL BRANCH the surplus shewn is £1,681,551, including the sum of £506,360 brought forward from last year. Out of this surplus the Directors have added £250,000 to the Investments Reserve Fund, which, after deducting the £200,000 written off value of securities, stands as at 31st

The total surplus of the two branches, as shewn by the valuation, is thus £3,469,908, which is disposed of as follows: £250,000 has been added to the Investments Reserve Fund of the Ordinary Branch, and £250,000 has been added to the Investments Reserve Fund of the Industrial Branch; £2,113,648 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 £856,260 to be carried forward, namely, £348,965 in the Ordinary Branch and £507,295 in the Industrial Branch.

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 16s. 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 two years.

In the INDUSTRIAL BRANCH a bonus addition will be made to the sums assured on all policies of over five years' duration which become claims either by death or maturity of endowment from the 8th of March, 1912, to the 6th of March, 1913, both dates inclusive, as follows:—

PREMIUMS PAID FOR.	BONUS ADDITION TO SUMS ASSURED.	PREMIUMS PAID FOR.	BONUS ADDITION TO SUMS ASSURED.
5 years and less than 10 years	£5 per cent.	30 years and less than 40 years	£30 per cent.
10 " " " " 15 "	£10 "	40 " " " " 50 "	£40 "
15 " " " " 20 "	£15 "	50 " and upwards.	£50 "
20 " " " " 30 "	£20 "		

This is an increase over the rate declared for last year of from ten to thirty per cent. for all policies upon which over 30 years premiums have been paid.

The Directors deplore the loss of two of their colleagues during the past year. Mr. JOHN WHATELY SIMMONDS died on the 4th March, 1911, after having served as a Director of the Company for nearly eighteen years.

Sir HENRY HARBEN died on the 2nd December, 1911. First appointed Secretary in March, 1852, he became a Director in 1873, Deputy-Chairman in 1878, Chairman in 1905, and in July, 1907, he was appointed President of the Company for the remainder of his life by the Shareholders in General Meeting assembled. As the pioneer in Industrial Life Assurance his name was of world-wide renown, and will ever remain associated with the Prudential Company, to the success of which he so greatly contributed.

The vacancy in the Directorate, caused by the death of Mr. SIMMONDS, has been filled by the appointment of Surgeon Lieutenant-Colonel HORATIO ROBERT ODO CROSS, a qualified Shareholder, and his election will be submitted to the Shareholders for confirmation.

Mr. FREDERICK SCHOOLING, after 45 years' service with the Company, having expressed to the Directors his wish to retire from the office of Joint Manager and Actuary, the Directors accepted his resignation and appointed him to a seat on the Board; his appointment will also be submitted to the Shareholders for confirmation.

The retiring Directors are Sir WILLIAM LANCASTER, Mr. WILLIAM THOMAS PUGH, and Surgeon Lieutenant-Colonel CROSS, who offer themselves for re-election.

Upon Mr. SCHOOLING's retirement from the post of Joint Manager and Actuary, the Directors made the following appointments:—Mr. ALFRED CORDEROY THOMPSON, General Manager, and Mr. JOSEPH BURN, F.I.A., Actuary.

The Auditors, Messrs. SECRETAN and NICHOLLS, 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,
22nd February, 1912.

THOS. C. DEWEY,
Chairman.

BALANCE SHEET of the PRUDENTIAL ASSURANCE COMPANY LIMITED,
BEING THE SUMMARY OF BOTH BRANCHES ON THE 31ST DECEMBER, 1911.

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Shareholders' capital	1,000,000	0 0	Mortgages on property within the United Kingdom	8,135,841	4 1
Life assurance fund—			Mortgages on property out of the United Kingdom	nil	
Ordinary Branch	43,050,370	9 10	Loans on parochial and other public rates	14,585,148	1 8
Life assurance fund—			Loans on Life interests	1,151,253	8 11
Industrial Branch	35,347,150	18 4	Loans on Reversions	90,661	13 0
			Loans on stocks and shares	90,385	2 0
Investments reserve funds	78,397,521	8 2	Loans on Company's policies within their surrender values	3,167,851	17 0
Claims under life policies admitted or intimated but not paid	1,500,000	0 0	Loans on Personal security	nil	
Annuities due and unpaid	188,441	19 10	Loans to Educational Institutions secured on income, etc.	49,513	0 8
Balance of bonus under life policies reserved for distribution	2,407	5 1	Investments:—		
	151,312	6 5	Deposit with the High Court (£24,400 2½%) Consolidated stock	18,788	0 0
			British Government securities	2,432,016	2 7
			Bank of England stock	152,902	18 7
			Municipal and county securities, United Kingdom	1,395,308	12 5
			Indian and Colonial Government securities	5,504,536	13 11
			Colonial provincial securities	1,122,050	14 8
			Indian and Colonial municipal securities	2,876,902	19 0
			Foreign Government securities	3,651,502	7 5
			Foreign provincial securities	266,579	3 11
			Foreign municipal securities	2,312,833	11 3
			Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	15,565,763	14 0
			Railway and other preference and guaranteed stocks and shares	3,418,571	6 2
			Railway and other ordinary stocks and shares	3,398,664	5 4
			Rent charges	378,358	0 5
			Freehold ground rents and Scotch feu duties	4,611,344	17 2
			Leasehold ground rents	8,931	11 0
			House property	3,833,389	8 8
			Life interests	34,026	14 6
			Reversions	1,518,721	17 11
			Agents' balances	6,653	0 8
			Outstanding premiums	486,432	17 10
			Outstanding interest and rents	85,146	7 1
			Interest and rents accrued but not payable	633,283	16 8
			Bills receivable	nil	
			Cash:—		
			On deposit	20,000	0 0
			In hand and on current accounts	237,719	11 0
	<u>£81,239,682</u>	<u>19 6</u>		<u>£81,239,682</u>	<u>19 6</u>

The values of the Stock Exchange securities are determined, under the regulations of the Company, by the Directors. These values have been compared with the middle market prices on 31st December, 1911, due allowance being made for accrued interest, and the difference is more than provided for by the investments reserve funds.

We certify that in our belief the Assets set forth in the Balance Sheet are in the aggregate fully of the value stated therein less the investments reserve funds taken into account.

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

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

THOS. C. DEWEY, *Chairman.*

W. J. LANCASTER, } *Directors.*
P. S. GREGORY, }

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

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1911, 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, 1911.

20th February, 1912.

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

ASSURANCE COMPANIES ACT, 1909.—FIRST SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1911, IN RESPECT OF LIFE ASSURANCE BUSINESS.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year ...	£41,425,962	6	0	Claims under policies paid and outstanding:—			
<i>Less</i> amount transferred to the Industrial Branch, being proportion of profits ...	108,399	0	0	By death ...	£1,099,142	0	8
	41,317,563	6	0	By maturity ...	2,324,130	17	6
Premiums ...	4,812,268	7	2	Surrenders ...	400,395	3	6
Consideration for annuities granted ...	90,481	15	5	Bonuses surrendered for cash ...	144,843	10	1
Interest and dividends ...	£1,646,728	15	7	Annuities ...	143,908	3	2
<i>Less</i> income tax thereon ...	78,979	17	4	Commission ...	254,965	7	11
	1,567,748	18	3	Expenses of management ...	120,306	14	2
	£47,788,062	6	10	Amount transferred to investments reserve fund ...	250,000	0	0
				Amount of life assurance fund at the end of the year, as per Third Schedule ...	43,050,370	9	10
					£47,788,062	6	10

During the year 60,012 policies were issued assuring £5,396,721. £8,335 was received by way of single premiums. The yearly renewal premium income was £325,699. No business is transacted out of the United Kingdom.

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ASSURANCE COMPANIES ACT, 1909.—THIRD SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED
(ORDINARY BRANCH) ON THE 31ST DECEMBER, 1911.

LIABILITIES.				ASSETS.	
£	s. d.	£	s. d.	£	s. d.
Life assurance fund	43,050,370 9 10			Mortgages on property within the United Kingdom	6,376,556 19 2
Investments reserve				Mortgages on property out of the United Kingdom	nil
Investments reserve fund	£1,025,000 0 0			Loans on parochial and other public rates	4,979,252 6 1
Written off value				Loans on Life interests	726,253 8 11
of securities	175,000 0 0			Loans on Reversions	90,561 13 0
	850,000 0 0			Loans on stocks and shares	90,385 2 0
Claims under life policies admitted or intimated but not paid		43,900,370	9 10	Loans on Company's policies within their surrender values	3,167,551 17 0
Annuities due and unpaid		185,591	19 10	Loans on Personal security	nil
		2,407	5 1	Loans to Educational institutions secured on income, &c.	49,016 1 9
				Investments:—	
				British Government securities	925,766 5 7
				Bank of England stock	152,902 18 7
				Municipal and county securities, United Kingdom	808,762 15 0
				Indian and Colonial Government securities	4,298,600 2 5
				Colonial provincial securities	635,460 10 8
				Colonial municipal securities	2,047,256 7 5
				Foreign Government securities	2,927,003 7 8
				Foreign provincial securities	31,516 8 7
				Foreign municipal securities	1,689,015 18 9
				Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	7,018,051 0 1
				Railway and other preference and guaranteed stocks and shares	2,061,916 15 1
				Railway and other ordinary stocks and shares	3,382,774 16 3
				Rent charges	378,358 0 5
				Life interests	34,626 14 6
				Reversions	1,516,721 17 11
				Outstanding premiums	204,664 6 4
				Outstanding interest	30,680 11 6
				Interest accrued but not payable...	347,359 14 5
				Bills receivable	nil
				Cash in hand and on current accounts	115,753 15 8
		£44,088,369	14 9		£44,088,369 14 9

The values of the Stock Exchange securities are determined, under the regulations of the Company, by the Directors. These values have been compared with the middle market prices on 31st December, 1911, due allowance being made for accrued interest, and the difference is more than provided for by the investments reserve fund.

We certify that in our belief the Assets set forth in the Balance Sheet are in the aggregate fully of the value stated therein less the investments reserve and taken into account.

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

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

THOS. C. DEWEY, *Chairman.*
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We report that with the assistance of the Chartered Accountants as stated below we have examined the foregoing accounts and have obtained 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, 1911, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, 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, 1911.

ASSURANCE COMPANIES ACT, 1909.—FIRST SCHEDULE.

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

FOR THE YEAR ENDING 31ST DECEMBER, 1911, IN RESPECT OF LIFE ASSURANCE BUSINESS.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	£33,424,266	7	0				
Amount transferred from Ordinary Branch under Regulations of the company	108,399	0	0				
	33,532,665	7	0				
Balance of bonus under life policies reserved for distribution at the beginning of the year	128,395	10	1				
Premiums	7,631,408	3	7				
Interest, dividends and rents	£1,304,973	15	5				
Less income tax thereon	63,461	4	0				
	1,241,512	11	5				
	£42,533,981	12	1				
				Claims under policies paid and outstanding:—			
				By death	£2,647,166	3	7
				By maturity	51,808	9	4
				Bonus additions paid to 31st December	277,083	3	8
					2,976,057	16	7
				Surrenders			221,657 5 5
				Bonus to Superintendents and Agents			75,000 0 0
				Commission:—			
				Agency charges, including salaries of 17,832 agents for the weekly collection of premium from 17,335,863 policies	£1,367,722	17	3
				Special new business charges	629,499	19	11
					1,997,222	17	2
				Expenses of management:—			
				Policy, postage, and receipt stamps (Head Office only)	£71,988	14	6
				Superintendency charges	262,571	2	8
				Medical fees	52,106	12	9
				Head Office expenses	553,913	18	3
					940,580	8	2
				Dividends and bonus to shareholders	575,000	0	0
				Amount transferred to investments reserve fund	250,000	0	0
				Balance of bonus under life policies reserved for distribution	151,312	6	5
				Amount of life assurance fund at the end of the year, as per Third Schedule	35,347,150	18	4
					£42,533,981	12	1

During the year 1,992,637 policies were issued, assuring £17,573,931.

No business is transacted out of the United Kingdom.

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ASSURANCE COMPANIES ACT, 1909.—THIRD SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED
(INDUSTRIAL BRANCH) ON THE 31ST DECEMBER, 1911.

LIABILITIES.			ASSETS				
	£	s. d.	£	s. d.			
Shareholders' capital	1,000,000	0 0			Mortgages on property within the United Kingdom ...	1,758,844	4 11
Life assurance fund	33,347,150	18 4			Mortgages on property out of the United Kingdom ...	nil	
Investments reserve fund	£850,000	0 0			Loans on parochial and other public rates	9,605,495	15 7
Written off value of securities	200,000	0 0			Loans on Life interests	425,000	0 0
		650,000	0 0		Loans on Personal security	nil	
					Loans to Educational institutions secured on income, &c.	496	18 11
Claims under life policies admitted or intimated but not paid			36,997,150	18 4	Investments:—		
Balance of bonus under life policies reserved for distribution			2,850	0 0	Deposit with the High Court (£24,400 2½% Consolidated stock)	18,788	0 0
			151,312	6 5	British Government securities	1,506,249	17 0
					Municipal and county securities, United Kingdom ...	586,545	17 5
					Indian and Colonial Government securities	1,205,936	11 6
					Colonial provincial securities	486,590	4 0
					Indian and Colonial municipal securities	829,646	11 7
					Foreign Government securities	724,498	19 9
					Foreign provincial securities... ..	234,762	15 4
					Foreign municipal securities	623,817	12 6
					Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	8,547,682	13 11
					Railway and other preference and guaranteed stocks and shares	1,356,654	11 1
					Railway and other ordinary stocks and shares	15,989	9 1
					Freehold ground rents and Scotch feu duties	4,611,344	17 2
					Leasehold ground rents	8,931	11 0
					House property	3,833,389	8 8
					Agents' balances	6,653	0 8
					Outstanding premiums	281,768	11 6
					Outstanding interest and rents	54,465	15 7
					Interest and rents accrued but not payable	285,924	2 3
					Bills receivable	nil	
					Cash:—		
					On deposit	20,000	0 0
					In hand and on current accounts	121,935	15 4
			£37,151,313	4 9		£37,151,313	4 9

The values of the Stock Exchange securities are determined, under the regulations of the Company, by the Directors. These values have been compared with the middle market prices on 31st December, 1911, due allowance being made for accrued interest, and the difference is more than provided for by the investments reserve fund.

We certify that in our belief the Assets set forth in the Balance Sheet are in the aggregate fully of the value stated therein less the investments reserve fund taken into account.

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

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

THOS. C. DEWEY, *Chairman.*

W. J. LANCASTER, }
P. S. GREGORY, } *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, 1911, 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, 1911.

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

PRUDENTIAL
Assurance Company Limited.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1911.

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