

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

SIXTY-FOURTH ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1912.

THE DIRECTORS have much pleasure in presenting their report and accounts for the year 1912.

ORDINARY BRANCH.—The number of policies issued during the year was 59,854, assuring the sum of £5,586,153, and producing a new annual premium income of £346,592. The premiums received during the year were £4,826,993, being an increase of £14,725 over the year 1911. In addition, £5,893 was received in premiums under the new Sickness Insurance Tables issued during the year.

The claims of the year amounted to £3,626,469. The number of deaths was 8,872. The number of endowment assurances matured was 21,981, the premium income of which was £125,991.

The number of policies in force at the end of the year was 901,838.

INDUSTRIAL BRANCH.—The premiums received during the year were £7,792,562, being an increase of £161,154.

The claims of the year amounted to £3,070,271, including £324,797 bonus additions. The number of claims and surrenders, including 5,282 endowment assurances matured, was 382,734.

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 155,582, the number in force being 1,809,171. The number of free policies which became claims during the year was 52,296.

The total number of policies in force in this Branch at the end of the year was 19,140,743: their average duration exceeds twelve 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 £84,571,932, being an increase of £3,332,250 over those of 1911.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, now amounts to £236,556.

The valuation has been made by Mr. BURN, 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; for the Sickness Insurances the whole of the premiums and interest received has been reserved, after deduction of claims and expenses; in the Industrial Branch, Dr. Farr's English Life Table No. 3 has been employed for all Assurances for the Whole Term of Life, the English Life Table No. 6 being employed for all other classes. 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 £1,901,315, including the sum of £348,965 brought forward from last year. Out of this surplus the Directors have added £350,000 to the Investments Reserve Fund, which, after deducting the £350,000 written off value of securities, stands as at 31st December, 1912, at £850,000.

In the INDUSTRIAL BRANCH the surplus shewn is £1,841,698, including the sum of £507,295 brought forward from last year. Out of this surplus the Directors have added £350,000 to the Investments Reserve Fund, which, after deducting the £350,000 written off value of securities, stands as at 31st December, 1912, at £650,000.

The total surplus of the two branches, as shewn by the valuation, is thus £3,743,013, which is disposed of as follows: £350,000 has been added to the Investments Reserve Fund of the Ordinary Branch, and £350,000 has been added to the Investments Reserve Fund of the Industrial Branch; £2,179,338 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 £863,675 to be carried forward, namely, £355,559 in the Ordinary Branch and £508,116 in the Industrial Branch.

In the ORDINARY BRANCH a reversionary bonus at the rate of £1 16s. per cent. on the original sums assured has again been added to all classes of participating policies issued since the year 1876.

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 7th of March, 1913, to the 5th of March, 1914, 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 " " " " 60 "	£50 "
20 " " " " 25 "	£20 "	60 " " " " and upwards ...	£60 "
25 " " " " 30 "	£25 "		

The rate of bonus declared for last year has thus been maintained, and in the case of policies on which 25 and less than 30 years' premiums have been paid and those on which premiums for 60 years and upwards have been paid, an increased bonus of £5 per cent. and £10 per cent. respectively will be distributed.

The Company took a leading part in forming Approved Societies under the National Insurance Act, 1911—Six Societies were founded, viz.: for Men, Women, Domestic Servants, Laundresses, Miners, and Agricultural and Rural Workers.

These Prudential Approved Societies have received a large accession of members, and as they will be administered in connection with the Prudential Assurance Company, the Directors regard their future growth and welfare with every confidence.

Arising out of the National Insurance Act the Directors found there was a demand for certain additional and voluntary sickness insurances supplemental to the insurances afforded by the Act. They therefore caused two special tables to be prepared which have been received with general approval, 27,195 policies thereunder being in force on the 31st of December, 1912.

In the Revenue Account of the Industrial Branch the figures in respect of Commission and Expenses of Management include the cost of work done in connection with the Prudential Approved Societies. Deducting from these amounts the contribution from the Approved Societies for expenses, viz.: £139,320, the ratio of expenses to the premiums received is practically the same as for the previous year.

The retiring Directors are Messrs. THOMAS CHARLES DEWEY, THOMAS WHARRIE, and JOHN IRVINE BOSWELL, M.D., who offer themselves for re-election.

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,
20th February, 1913.

THOS. C. DEWEY,
Chairman.

ASSURANCE COMPANIES ACT, 1909.—THIRD SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED
(ORDINARY BRANCH) ON THE 31ST DECEMBER, 1912.

LIABILITIES.			ASSETS.			
	£	s. d.	£	s. d.	£	s. d.
Life assurance fund	44,504,184	0 10			Mortgages on property within the United Kingdom ...	6,586,580 12 7
Sickness insurance fund	5,214	4 2			Mortgages on property out of the United Kingdom ...	nil
Investments reserve					Loans on parochial and other public rates	4,824,012 4 8
Fund £1,200,000 0 0					Loans on Life interests	726,253 8 11
Written off value					Loans on Reversions	90,661 13 0
of securities 350,000 0 0					Loans on stocks and shares	337,385 2 0
	850,000	0 0			Loans on Company's policies within their surrender	
			45,359,398	5 0	values	3,241,694 14 4
Policies under life policies intimated and in course of					Loans on Personal security	nil
payment			162,330	18 8	Loans to Educational institutions secured on income, &c.	47,258 9 0
Policies under sickness policies intimated and in course of					Investments:—	
payment			11	17 11	British Government securities	603,342 11 6
Premiums due and unpaid			2,633	12 8	Bank of England stock	152,902 18 7
					Municipal and county securities, United Kingdom	791,882 5 4
					Indian and Colonial Government securities	4,054,241 13 6
					Colonial provincial securities	718,533 7 6
					Colonial municipal securities	2,252,778 5 0
					Foreign Government securities	3,120,977 18 1
					Foreign provincial securities	160,096 19 10
					Foreign municipal securities	2,038,628 3 0
					Railway and other debentures and debenture	
					stocks and gold and sterling bonds—Home	
					and Foreign	7,931,003 15 1
					Railway and other preference and guaranteed	
					stocks and shares	2,056,350 7 9
					Railway and other ordinary stocks and shares ...	2,985,018 18 4
					Rent charges	494,177 4 5
					Life interests	34,626 14 6
					Reversions	1,565,585 9 3
					Outstanding premiums	232,289 6 11
					Outstanding interest	19,959 3 4
					Interest and dividends accrued but not payable ...	365,391 16 3
					Bills receivable	nil
					Cash in hand and on current accounts	92,741 11 7
			£45,524,374	14 3		£45,524,374 14 3

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, 1912, due allowance being made for accrued interest, and the difference is more than provided 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 taken into account. No part of any fund has been applied directly or indirectly for any purpose other than the class of business to which it is applicable.

A. C. THOMPSON, *General Manager.*
J. BURN, *Actuary.*

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

THOS. C. DEWEY, *Chairman.*
W. J. LANCASTER, }
W. EDGAR HORNE, } *Directors.*

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 made 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. No part of any fund has been applied directly or indirectly for any purpose other than the class of business to which it is applicable.

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, 1912, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, and other documents 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, 1912.

February, 1913.

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

ASSURANCE COMPANIES ACT, 1909.—FIRST SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1912, IN RESPECT OF LIFE ASSURANCE BUSINESS.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	£35,347,150	18	4				
Amount transferred from Ordinary Branch under Regulations of the company ...	115,744	0	0				
Balance of bonus under life policies reserved for distribution at the beginning of the year	151,312	6	5				
Premiums	7,792,562	13	7				
Interest, dividends and rents	£1,399,154	11	7				
Less income tax thereon	67,720	10	10				
Contribution from Approved Societies for Expenses ...	1,331,434	0	9				
	139,320	0	0				
	£44,877,523	19	1				
				Claims under policies paid and outstanding:—			
				By death	£2,687,220	19	0
				By maturity	58,252	16	0
				Bonus additions paid to 31st December	324,797	8	0
				Surrenders			
				Bonus to Superintendents and Agents ...			
				Commission:—			
				Agency charges, including salaries of 17,611 agents for the weekly collection of premium from 17,331,572 policies	£1,479,249	2	0
				Special new business charges	626,092	18	8
				Expenses of management:—			
				Policy, postage, and receipt stamps (Head Office only)	£67,372	16	3
				Superintendency charges	273,219	3	6
				Medical fees	46,121	17	5
				Head Office expenses	647,335	6	3
				Dividend and bonus to shareholders			
				Amount transferred to investments reserve fund ...			
				Balance of bonus under life policies reserved for distribution			
				Amount of life assurance fund at the end of the year, as per Third Schedule			
					37,207,842	16	7
					£44,877,523	19	1

NOTES:—During the year 1,873,994 policies were issued, assuring £16,907,186.

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, 1912.

LIABILITIES.			ASSETS.			
	£	s. d.	£	s. d.	£	s. d.
Shareholders' capital	1,000,000	0 0			Mortgages on property within the United Kingdom ...	1,715,769 3 3
Life assurance fund	37,207,842	16 7			Mortgages on property out of the United Kingdom ...	nil
Investments reserve fund	£1,000,000	0 0			Loans on parochial and other public rates	2,555,169 1 8
Written off value of securities	350,000	0 0			Loans on Life interests	419,285 6 0
					Loans on Personal security	nil
					Loans to Educational institutions secured on income, &c.	170 18 9
			38,857,842	16 7	Investments:—	
Claims under life policies intimated and in course of payment			3,200	0 0	Deposit with the High Court (£24,400 2½% Consolidated stock)	18,300 0 0
Balance of bonus under life policies reserved for distribution			186,614	18 5	British Government securities	1,460,774 8 8
					Municipal and county securities, United Kingdom ...	905,798 9 8
					Indian and Colonial Government securities	1,222,431 15 9
					Colonial provincial securities	521,405 16 6
					Indian and Colonial municipal securities	911,317 1 4
					Foreign Government securities	798,529 9 11
					Foreign provincial securities... ..	324,966 10 6
					Foreign municipal securities	785,610 12 10
					Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign ...	9,380,304 6 0
					Railway and other preference and guaranteed stocks and shares	1,345,088 19 3
					Railway and other ordinary stocks and shares	15,889 9 1
					Freehold ground rents and Scotch feu duties	4,653,780 4 0
					Leasehold ground rents	8,668 9 10
					House property	3,953,662 11 6
					Agents' balances	6,706 14 2
					Outstanding premiums	338,297 4 6
					Outstanding interest and rents	59,803 7 11
					Interest, dividends and rents accrued but not payable ...	302,759 19 2
					Bills receivable	nil
					Cash:—	
					On deposit	20,000 0 0
					In hand and on current accounts	210,662 18 6
					Balance of amount due from Approved Societies	72,113 16 3
			£39,047,657	16 0		£39,047,557 16 0

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PRUDENTIAL

Assurance Company Limited.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1912.

*To be presented to the Shareholders
at the Ordinary General Meeting,
to be held at Holborn Bars, London,
on Thursday, the 6th day of March,
1913, at 2 o'clock.*

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