

115

PRUDENTIAL
ASSURANCE COMPANY.

Directors' Report

AND

STATEMENTS OF ACCOUNTS

FOR

The Year ending 31st December 1879.

PRUDENTIAL ASSURANCE COMPANY.

THIRTY-FIRST ANNUAL REPORT,

For the Year ending 31st December 1879.

THE Directors have more than ordinary pleasure in presenting their Report and Accounts for the year 1879.

In every respect the accounts are satisfactory, the progression of the income is particularly gratifying, the increase of the Assurance Funds very considerable, while the per-centage of each item of expenditure shows a reduction.

ORDINARY BRANCH.

In this Branch the New Business completed during the year consists of **4,076** Policies, assuring the sum of **£517,566**, and producing a New Annual Premium Income of **£18,522 3s. 1d.**

The Claims of the year amount to **£67,085 7s. 5d.**, under **406** Policies, representing **375** Lives.

Twelve Annuitants have died during the year.

The expenses of the Branch have been reduced **2.3** per cent. on the Annual Premium Income, and are now only **11.44** per cent. on such income.

The Annual Premium Income at the end of the year is **£109,581 9s. 5d.**, showing an increase of **£7,698 14s. 1d.** over the year 1878.

The Assurance Fund, which at the beginning of the year was **£548,150 4s. 9d.**, is now **£591,452 16s. 9d.**, showing an increase of **£43,302 12s.**

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

	£	s.	d.
Mortgages on Property within the United Kingdom	128,662	6	8
Loans on the Company's Policies.....	21,354	17	6
Investments:—			
In British Government Securities (£80,000 Consols)	75,488	7	3
Indian ditto ditto	850	0	0
Colonial ditto ditto, 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
Foreign Government Securities—£1,000 French Loan.....	807	15	0
£3,800 Japanese „	3,473	16	6
£4,300 Brazilian „	4,059	7	6
£ 600 Moorish „	586	3	9
£5,000 Russian „	4,740	12	6
	49,139	7	3
Railway and other Debentures and Debenture Stock	13,667	15	3
Ditto Shares (Preference and Ordinary)	40,658	14	0
House Property	26,785	1	4
Reversions	97,528	14	8
Life Interests	55,491	8	1
Loans on Municipal and other Rates	133	5	3
Mortgages of Reversions	16,983	4	11
Agents' Balances	2,985	9	5
Outstanding Premiums	484	19	3
Ditto Interest and Rents	7,487	15	0
Amount due from the Official Liquidator of International Insurance Society	3,688	14	1
Deposits at Three Months' notice.....	12,160	12	1
Cash—On current account	33,000	0	0
In hand	£25,136	1	11
	100	0	0
	25,236	1	11
	£611,786	13	11

The Total Amount paid for Claims in this Branch now amounts to **£768,086**.

INDUSTRIAL BRANCH.

The Premiums actually received during the year in this Branch are **£1,407,143 10s. 6d.** as compared with the sum of **£1,228,883 12s.** received during 1878, showing an increase of Premium Receipts of **£178,259 18s. 6d.**

It would not have been surprising, considering how much the Industrial Classes have been affected by the continued commercial and agricultural depression, if the Premium Receipts had been less than those of the preceding year, and it is exceedingly gratifying to the Directors to be able to report so large an increase.

The Claims of the year amount to **£509,934 10s. 7d.**, while the total amount of Claims paid in this Branch is **£2,572,523**.

The Assurance Fund, which at the beginning of the year was £758,986 6s. 5d., is now £1,001,033 15s. 5d. showing an increase of £242,047 9s. 0d.

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

	£	s.	d.
Mortgages on Property within the United Kingdom	18,242	0	0
Investments:—			
In British Government Securities (£85,000 New 3 per Cents.)	81,141	4	0
Freehold Ground Rents.....	363,449	9	3
Scotch Feu Duties	7,047	14	0
Freehold Estates	58,173	7	8
House Property	£206,225	2	4
Less amount written off New Offices.....	2,000	0	0
Life and other Interests and Reversions.....	204,225	2	4
Furniture and Fittings	50,504	9	3
Less amount written off	£25,000	0	0
500	0	0	
Loans on Municipal and other Rates	24,500	0	0
Loans on Personal Security	87,906	3	10
Agents' Balances	35,595	1	8
Outstanding Interest and Rents	97,315	2	9
Deposits at Three Months' notice.....	8,214	1	9
Cash—On current account	5,000	0	0
In hand.....	£32,469	16	11
	250	0	0
		32,719	16 11
		<u>£1,074,033</u>	<u>13 5</u>

The expenses of conducting the existing business of this Branch are now 32.37 per cent. upon the Premium Income, being 1.15 per cent. less than those of last year, and 9.63 per cent. less than the amount provided at the last Valuation.

These expenses are necessarily higher than those in the Ordinary Branch, as the premiums are collected weekly, but they are less than those of any other similar Company transacting purely life assurance business.

The rate of the New Business charges is one-half per cent. less than that of last year, but inasmuch as specific provision is made for these charges in the first year's premium, and they are defrayed by new Members, forming no charge whatever upon renewals, their incidence is of no practical moment.

The process of reducing the Extension Expenses has been continued during the past year. The expenses incurred under this head show a diminution of .68 per cent., and the same remarks apply to these as to the New Business charges.

The organization of this Branch is still maintained in a high state of efficiency.

A quarter of a century having elapsed since the adoption by this Company of the system of Industrial Assurance, the Directors consider the present time affords a fitting opportunity to record what they have accomplished in that period.

With few exceptions, in 1854 the wage-earning class could only make provision for payments at death by joining Burial Clubs which gave uniform sums at death for uniform contributions at all ages.

Several Companies were, however, founded about that time for the purpose of carrying on a similar business, with benefits varying according to age.

Not one of these Companies is now in existence except the PRUDENTIAL, and the Clubs have been compelled to alter their Tables by adopting the graduated scale of benefits.

The Clubs allowed about £6 at death for all ages from 10 to 35 for a weekly premium of one penny.

The PRUDENTIAL allows a sum varying from £10 to £5 4s. for the same ages.

The average age of entrants being 21, at which age the PRUDENTIAL allows] the sum of £8, it is clear that the PRUDENTIAL allows 30 per cent. more benefit than the old Clubs.

The old Clubs charged an Entrance Fee for each new Member; the PRUDENTIAL at first adopted the practice, but soon discontinued it.

Many of the old Clubs were dishonestly managed, did not meet their engagements, and came to an end, and not one had undergone an actuarial investigation or was known to be solvent.

The PRUDENTIAL has been the pioneer in the material improvements which, in the last quarter of a century, have been introduced into the practice of Industrial Assurance, and, as has been proved by several actuarial investigations of a severe character, is not merely solvent but in the highest degree prosperous.

GENERALLY.

At the last Annual Meeting the Directors recommended that the Auditors should make a monthly examination of the accounts of the Company. This recommendation was adopted by the Shareholders, and the Directors now append the Report made by the Auditors.

Since the last Meeting the Chief Office has been removed from Ludgate Hill to the New Building at Holborn Bars.

Being of opinion that the time had arrived for an increase in their number, the Directors have elected Mr. H. A. HARBEN, of 1 New Square, Lincoln's Inn, who has been a duly qualified Shareholder for several years, an additional Director, and such election will be submitted for confirmation.

The retiring Directors are Messrs. FRASER and CROSS, who offer themselves for re-election.

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

EDGAR HORNE,

Chairman.

19th February 1880.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS of the PRUDENTIAL ASSURANCE COMPANY (ORDINARY BRANCH)
for the Year ending 31st December 1879.

(No. 1.) LIFE ASSURANCE ACCOUNT.

		£	s.	d.			£	s.	d.
Amount of Life Assurance Fund at the beginning of the year		548,150	4	9	Claims under Life Policies (after deduction of sums re-assured)		67,085	7	5
Premiums, after deduction of Re-assurance Premiums:—					Surrenders		6,459	13	3
New Premiums	£17,917	13	9		Annuities		3,462	7	5
Renewals	89,616	16	11		Commission		7,263	17	9
		107,534	10	8	Expenses of Management		5,041	3	10
Consideration for Annuities granted		3,765	19	0	Amount transferred to Leasehold Redemption Fund		1,000	0	0
Interest, Dividends and Rents		22,299	17	0	Amount of Life Assurance Fund at the end of the year, as per Fourth Schedule		591,452	16	9
Fines for revival of Policies		14	15	0			£681,765	6	5
		£681,765	6	5					

(No. 2.) SICKNESS AND ASSURANCE ACCOUNT.

		£	s.	d.			£	s.	d.
No new business transacted for many years.					Claims		38	2	10
Amount of Sickness and Assurance Fund at the beginning of the year		473	18	2	Surrenders		Nil		
Premiums		36	6	4	Commission		1	8	3
Interest		20	2	9	Sickness and Assurance Fund at the end of the year, as per Fourth Schedule		490	16	2
		£530	7	3			£530	7	3

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET of the PRUDENTIAL ASSURANCE COMPANY (ORDINARY BRANCH) on the 31st December 1879.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Life Assurance Fund		591,452	16	9	Mortgages on Property within the United Kingdom		128,662	6	8
Sickness and Assurance Fund		490	16	2	Loans on the Company's Policies		21,354	17	6
Leasehold Redemption Fund		5,000	0	0	Investments:—				
		£596,943	12	11	In British Government Securities		75,488	7	3
Claims under Life Policies admitted but not yet paid		14,843	1	0	Indian and Colonial ditto		49,989	7	3
					Foreign ditto		13,667	15	3
					Railway and other Debentures and Debenture Stock		40,658	14	0
					Ditto Shares (Preference and Ordinary)		26,785	1	4
					House Property		97,528	14	8
					Reversions		55,491	8	1
					Life Interests		133	5	3
					Loans on Municipal and other Rates		16,983	4	11
					Mortgages of Reversions		2,985	9	5
					Agents' Balances		484	19	3
					Outstanding Premiums		7,487	15	0
					Ditto Interest and Rents		3,688	14	1
					Amount due from Official Liquidator of International Insurance Society		12,160	12	1
					Deposits at Three Months notice		33,000	0	0
					Cash—On current account	£25,136	1	11	
					In hand	100	0	0	
							25,236	1	11
							£611,786	13	11

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

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

We have examined, month by month, the various Receipts and Payments of the Prudential Assurance Company.
We have also examined the foregoing Accounts, find them to be correct, and hereby confirm the same. We have seen and examined the various securities.

18th February 1880.

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

