



**THE PRUDENTIAL ASSURANCE COMPANY LIMITED**

*One Hundred and Tenth Annual Report  
and Statement of Accounts*

**YEAR ENDING 31 DECEMBER 1958**

P00003316

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## THE PRUDENTIAL ASSURANCE COMPANY LIMITED

### Directors :

*Sir Frank William Morgan, M.C., Chairman.*  
*Edward Joseph William Borrajo, M.B.E., A.I.A., Deputy Chairman.*  
*John Anthony Tristram Barstow, D.S.O., T.D.*  
*Sir John Donald Balfour Fergusson, G.C.B.*  
*Rt. Hon. Sir Percy James Grigg, K.C.B., K.C.S.I.*  
*Hubert Samuel Lane, M.C.*  
*Sir John Serocold Paget Mellor, Bt.*  
*Maurice Petherick.*  
*Charles William Allan Ray.*  
*Colonel Percy Lester Reid, C.B.E., D.L.*  
*Rt. Hon. Sir William Patrick Spens, K.B.E., Q.C., M.P.*  
*Sir James Millard Tucker, Q.C.*

### General Manager :

*W. F. Gardner, C.B.E., F.I.A.*

*Secretary and  
Chief Investment Manager :*  
*L. Brown, F.I.A.*

### Deputy General Managers :

*R. S. Thorp.*  
*K. A. Usherwood, M.A., F.I.A.*

### Actuary :

*F. M. Redington, M.A., F.I.A.*

*Investment Managers :*  
*H. G. Clarke, B.Sc., F.I.A.*  
*A. F. Murray, M.A., F.I.A.*

*Assistant Secretary :*  
*C. E. Puckridge, F.I.A.*

### Assistant General Managers :

*G. J. Gould, A.C.I.I.*  
*H. C. Harvey.*  
*F. W. Hickinbottom.*  
*F. J. H. Hill, J.P., A.C.I.I.*  
*R. E. Montgomery, A.C.I.I.*  
*R. H. Owen, F.I.A.*

### Assistant Actuaries :

*H. J. Briscoe, F.I.A.*  
*J. Edey, F.I.A.*  
*W. E. H. Hickox, F.I.A.*  
*R. S. Skerman, F.I.A.*

### Agency Managers :

*F. Pearson. H. Proctor.*

### Group Pensions Manager :

*G. T. Williams, F.I.A.*

### Chief Surveyor :

*F. N. Waller, F.R.I.C.S.*

### Solicitor :

*P. B. Cockshutt.*

### Principal Medical Officer :

*T. W. Preston, T.D., M.D.*

*General Manager for Australia  
and New Zealand :*  
*S. C. Canfield, F.C.I.I.*

*General Manager for Canada :*  
*H. D. McNairn, M.B.E., Q.C.*

*General Manager for Southern  
and East Africa :*  
*I. M. Macnab.*



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## THE PRUDENTIAL ASSURANCE COMPANY LIMITED

### NOTICE IS HEREBY GIVEN

that the ANNUAL GENERAL MEETING of this Company will be held at the Registered Office of the Company, No. 142, HOLBORN BARS, LONDON, E.C.1 on THURSDAY, 14th May, 1959, at 2 o'clock in the afternoon, for the following purposes :

1

To receive the Report of the Directors and Statement of Accounts for the year ending 31st December, 1958

2

To re-elect Directors

3

To fix the remuneration of the Auditors

4

To transact any other business proper to be transacted at such Meeting.

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In connection with the re-election of Directors, special notice has been given to the Company pursuant to the Companies Act, 1948, that a separate resolution will be moved proposing the re-election of Sir Frank William Morgan, M.C., who retires by rotation and will be aged 71 at the date of the Meeting.

142, Holborn Bars, London, E.C.1.  
21st April, 1959.

By order of the Board of Directors,

L. BROWN,  
Secretary.

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### PROXIES

A member entitled to attend and vote at the above mentioned Meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.

The attention of those shareholders concerned is drawn to the following Extract from the Articles of Association :—

A holder of less than 200 B Shares shall not in respect of those shares be entitled to receive notice of or to attend or vote at any meeting of the Company.



# ANNUAL REPORT

*Year ending 31st December 1958*

The Directors have the pleasure of submitting their Report and Accounts for 1958.

The Balance sheet total of the Company's Assets is £964,951,301, as compared with £906,423,532 at 31st December, 1957.

The Income from all sources during 1958 was £182,792,821 as compared with £169,812,397 in 1957.

The Tables which follow summarise the operations of the Life and General Branches during 1958.

## BUSINESS IN FORCE 31st DECEMBER 1958

### ORDINARY BRANCH

1957			1958	
HOME	OVERSEAS		HOME	OVERSEAS
		LIFE ASSURANCE BUSINESS		
£884,708,520	497,749,133	Sums Assured, including bonus ... ..	£986,919,107	585,598,655
£30,320,213	13,994,676	Annual Premium Income ... ..	£31,815,139	15,333,722
		DEFERRED AND CONTINGENT ANNUITIES		
		Amount of Annuities per annum, including bonus (and including amounts to be purchased by future recurrent single premiums) ... ..	£52,018,082	8,984,812
£46,839,274	8,238,607	Annual Premium Income ... ..	£13,086,177	2,288,173
£11,984,827	2,063,971			
		IMMEDIATE ANNUITIES		
£1,728,089	231,777	Amount of Annuities per annum ... ..	£1,967,405	257,555

### INDUSTRIAL BRANCH

HOME	HOME
£1,137,938,905	£1,174,805,651
£53,246,363	£55,453,589

### GENERAL BRANCH

HOME	OVERSEAS	HOME	OVERSEAS
£8,639,377	6,122,564	£9,676,953	6,738,411

The General Branch figures do not include the premiums of £2,329,157 (£2,187,507 for 1957) written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain located in New York, the accounts of which appear on page 22.

## SUMMARY C

1957		1958	
ORDINARY BRANCH £	INDUSTRIAL BRANCH £	ORDINARY BRANCH £	INDUSTRIAL BRANCH £
<b>LIFE BRANCHES</b>			
<b>INCOME</b>			
56,544,826	51,687,001	61,536,192	53,709,413
285,341	—	422,280	—
20,855,926	24,382,890	23,291,250	26,001,879
<u>77,686,093</u>	<u>76,069,891</u>	<u>85,249,722</u>	<u>79,711,292</u>
<b>OUTGO</b>			
29,342,223	39,637,350	30,176,330	40,216,290
1,888,221	—	2,127,259	—
9,310,583	15,327,699	10,207,079	16,981,625
3,070,271	3,431,786	3,243,199	3,507,927
<u>43,611,298</u>	<u>58,396,835</u>	<u>45,753,867</u>	<u>60,705,752</u>
<u>34,074,795</u>	<u>17,673,056</u>	<u>39,495,855</u>	<u>19,005,540</u>
<b>EXCESS OF INCOME OVER OUTGO</b>			
<i>Deduct</i>			
19,937,134	2,349,978	23,620,794	2,960,606
690,000	900,000	550,000	750,000
<u>13,447,661</u>	<u>14,423,078</u>	<u>15,325,061</u>	<u>15,294,934</u>
<b>LEAVING A SURPLUS FOR THE YEAR OF</b>			
<i>Add</i>			
907,015	1,523,941	932,601	1,551,785
<u>14,354,676</u>	<u>15,947,019</u>	<u>16,257,662</u>	<u>16,846,719</u>
<i>Deduct</i>			
1,000,000	1,500,000	750,000	1,000,000
932,601	1,551,785	972,427	1,761,633
<u>£12,422,075</u>	<u>£12,895,234</u>	<u>£14,535,235</u>	<u>£14,085,086</u>
<b>ALLOCATION</b>			
11,532,762	11,972,047	13,540,315	13,120,978
889,313	923,187	994,920	964,108
Appropriated as follows :—			
<u>£1,781,250</u>		<u>£1,959,028</u>	
<u>£31,250</u>		—	

# INCOME AND OUTGO

1957	<b>GENERAL BRANCH</b>	1958
£	<b>UNDERWRITING INCOME AND OUTGO</b>	£
	<b>INCOME</b>	
14,810,065	Premiums and Fees... ..	16,473,981
91,928	Investment income allocated to long term contracts ... ..	95,696
<u>14,901,993</u>	<b>TOTAL INCOME</b> ... ..	<u>16,569,677</u>
	<b>OUTGO</b>	
7,567,547	Claims ... ..	8,541,966
58,072	Contributions to Fire Brigades and Fire Prevention ... ..	63,220
6,009,696	Commission and other Expenses ... ..	6,805,326
<u>13,635,315</u>	<b>TOTAL OUTGO</b> ... ..	<u>15,410,512</u>
1,266,678	<b>EXCESS OF INCOME OVER OUTGO</b> ... ..	1,159,165
	<i>Deduct</i>	
846,714	Provision for increase in liabilities to policyholders ... ..	824,868
<u>419,964</u>	<b>GROSS UNDERWRITING SURPLUS</b> ... ..	<u>334,297</u>
	<b>INVESTMENT INCOME</b>	
748,152	Investment income other than that allocated to long term contracts... ..	820,295
<u>1,168,116</u>	<b>TOTAL GROSS SURPLUS</b> ... ..	<u>1,154,592</u>
	<i>Deduct</i>	
698,000	Taxation ... ..	650,000
15,000	Transfer to Investment Reserve account ... ..	15,000
<u>455,116</u>	<b>NET SURPLUS FOR THE YEAR</b> ... ..	<u>489,592</u>
	<i>Add</i>	
190,826	Surplus brought forward from previous year ... ..	195,942
<u>645,942</u>		<u>685,534</u>
	<i>Deduct</i>	
200,000	Transfer to Additional Reserve Fund ... ..	200,000
195,942	Surplus carried forward ... ..	196,645
<u>£250,000</u>	<b>LEAVING A SURPLUS AVAILABLE FOR DISTRIBUTION OF</b> ... ..	<u>£288,889</u>
	Allocated as follows :	
£62,500	To Dividend on A Shares ... ..	£72,222
<u>£187,500</u>	To Dividend on B Shares ... ..	<u>£216,667</u>

NOTE : General Branch business in the United States of America is transacted by the Company's subsidiary, The Prudential Insurance Company of Great Britain located in New York (accounts on page 22). This business is not included in the above figures, but the dividend received from the subsidiary is included in the Investment income.

# BONUS DECLARATIONS

The Directors have declared the following bonuses on participating policies :

## ORDINARY BRANCH

Assurance policies of classes issued in the United Kingdom

A reversionary bonus at the rate of £2 8s. per £100 sum assured.

A special additional bonus on policies issued in the United Kingdom in 1953 or earlier which become claims by death or maturity of endowment between 19th March, 1959, and 31st December, 1959, inclusive, at the rate of 12s. per £100 sum assured for each 31st December prior to 1954 on which the policy was a participating policy, subject to a maximum addition of £18 per £100 sum assured.

Assurance policies of the undermentioned overseas classes

Reversionary bonuses at the following rates per £100 sum assured :

Australia...	...	...	...	...	...	...	...	...	£1 18s.
New Zealand	...	...	...	...	...	...	...	...	£1 6s.
Canada	...	...	...	...	...	...	...	...	£1 16s.
South Africa, the Rhodesias and Nyasaland	...	...	...	...	...	...	...	...	£2 8s.
East Africa	...	...	...	...	...	...	...	...	£1 18s.
Ceylon	...	...	...	...	...	...	...	...	£1 8s.
Malaya	...	...	...	...	...	...	...	...	£1 14s.
Cyprus and Malta	...	...	...	...	...	...	...	...	£2 8s.
Pakistan	...	...	...	...	...	...	...	...	£1 0s.

Bonuses for assurance policies of other overseas classes, retirement annuity policies and for group pension business have also been declared at the rates set out on pages 25 and 26 in the Valuation Report of the Actuary.

## INDUSTRIAL BRANCH

A reversionary bonus at the rate of £1 14s. per £100 sum assured.

This bonus is added as on 1st January, 1959, except for policies issued in 1958, where it is added on completion of payment of one year's premiums.

A special additional bonus on policies issued in 1953 or earlier, which become claims by death or maturity of endowment between 19th March, 1959, and 31st December, 1959, inclusive, at the rate of 10s. per £100 sum assured for each 31st December prior to 1954 on which the policy was a premium paying policy, subject to a maximum addition of £15 per £100 sum assured.



# DIVIDENDS

The Directors have declared the following dividends :

## A SHARES

A dividend of 6s. 6d. per share, of which 5s. 0d. is payable on 14th May, 1959, to the shareholders on the Register on 17th April, 1959, and 1s. 6d. is payable on 12th November, 1959, to the shareholders on the Register on 16th October, 1959.

Of the total dividend on the A Shares 2.77d. is derived from the profits of the General Branch and 6s. 3.23d. from the profits of the Life branches.

## B SHARES

A dividend of 1s. 1d. per share payable on 14th May, 1959, to the shareholders on the Register on 17th April, 1959.

The dividend on the B Shares is wholly derived from the profits of the General Branch.

The dividends on both the A and B Shares are payable free of income tax.

# VALUATION

The valuation of the contracts in all branches has been made by Mr. F. M. Redington, M.A., F.I.A., upon the bases stated in his report which appears in full on pages 24-27.

A substantial readjustment of the values at which certain groups of assets stand in the Balance sheet has been made. Details are given in Note 7 to the Accounts on page 21.

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The Directors retiring by rotation are :

Sir Frank William Morgan, M.C.  
Sir John Donald Balfour Fergusson, G.C.B.  
Mr. Maurice Petherick.  
Sir James Millard Tucker, Q.C.

who offer themselves for re-election.

Messrs. Deloitte, Plender, Griffiths and Co., the present Auditors of the Company, have signified their willingness to continue in office.

*Holborn Bars*  
3rd April, 1959.

F. W. MORGAN,  
*Chairman.*

# ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December 1958

## LIFE ASSURANCE BUSINESS

1957 £	£	1957 £	£
360,642,798	Amount of life assurance fund at the beginning of the year £391,657,892		
-816,177	Add adjustment in exchange 645,060	5,537,098	Claims under policies paid and outstanding—
359,826,621		16,878,950	By death ... .. 6,275,6
	392,302,952	22,416,048	By maturity ... .. 16,065,3
		6,565,497	Surrenders ... .. 1,379,4
335,789	Add adjustment in respect of business transferred to the Life Insurance Corporation of India ... .. —	360,678	Bonuses surrendered for cash ... .. 455,8
360,162,410	392,302,952	1,888,221	Annuities ... .. 2,127,2
		3,325,594	Commission ... .. 3,556,0
56,544,826	Premiums ... .. 61,536,192	5,984,989	Expenses of management ... .. 6,651,00
285,341	Consideration for immediate annuities ... .. 422,280	280,000	Profits tax ... .. 120,00
		690,000	Transfer to Investment reserve account ... 550,00
20,855,926	Interest, dividends and net rents (less amount written off terminable securities) ... 23,291,250	1,000,000	Transfer to Branch contingency fund ... 750,00
		889,313	Transfer to Profit and loss account ... 994,92
		391,657,892	Amount of life assurance fund at the end of the year ... .. 429,503,88
2,790,271	Deduct Income tax (less estimated rebate in respect of 1958) ... .. 3,123,199		
18,065,655	20,168,051		
<u>£435,058,232</u>	<u>£474,429,475</u>	<u>£435,058,232</u>	<u>£474,429,475</u>

### NEW BUSINESS DURING THE YEAR

Assurances : The number of policies issued was 158,098 ; sums assured were £258,995,486 ; the annual premium income was £6,019,783 ; single premiums were £196,433.

Annuities : The amount of annuities was £13,156,639 per annum ; the annual premium income was £2,963,834 ; single premiums (including consideration for immediate annuities) were £646,912.

# INDUSTRIAL BRANCH REVENUE ACCOUNT

*for the year ending 31st December 1958*

## INDUSTRIAL ASSURANCE BUSINESS

1957 £	£	1957 £	£
	Amount of Industrial assurance fund at the beginning of the year ... ..		Claims under policies paid and outstanding—
11,744,291	436,094,160	13,084,138	By death ... .. 13,768,851
51,687,001	53,709,413	18,414,666	By maturity ... .. 17,041,683
	Interest, dividends and net rents (less amount written off terminable securities) ...	31,498,804	Surrenders ... .. 9,405,666
24,382,890	£26,001,879	8,138,546	Expenses of management ... .. 16,981,625
	Deduct Income tax (less estimated rebate in respect of 1958) ... ..	15,327,699	Profits tax ... .. 125,000
3,161,786	3,382,927	270,000	Transfer to Investment reserve account ... 750,000
21,221,104	<u>22,618,952</u>	900,000	Transfer to Branch contingency fund ... 1,000,000
		1,500,000	Transfer to Profit and loss account ... 964,108
		923,187	Amount of Industrial assurance fund at the end of the year ... .. 452,385,592
		436,094,160	
<u>£494,652,396</u>	<u>£512,422,525</u>	<u>£494,652,396</u>	<u>£512,422,525</u>

### NEW BUSINESS DURING THE YEAR

Assurances: The number of policies issued was 1,639,051 ; sums assured were £106,029,920 ; the annual premium income was £7,250,213.

# GENERAL BRANCH

for the year ending

## FIRE INSURANCE BUSINESS

1957		1957	
£	£	£	£
	Amount of fire insurance fund at the beginning of the year—		Claims under policies paid and outstanding
2,195,053	Provision for unexpired risks ... ..	2,342,069	2,320,674
4,933,368	Premiums ... ..	962,643	1,047,485
7,472	Transfer from Profit and loss account ...	1,329,562	1,442,095
		58,072	63,220
		112,500	33,189
		—	163,479
			Amount of fire insurance fund at the end of the year—
			Provision for unexpired risks, which amounts to 47.9 per cent. (47.3 per cent. for 1957) of the premium income for the current year ... ..
		2,331,047	2,517,000
<u>£7,135,893</u>	<u>£7,584,546</u>	<u>£7,135,893</u>	<u>£7,584,546</u>

## SICKNESS AND ACCIDENT INSURANCE BUSINESS

1957		1957	
£	£	£	£
	Amount of sickness and accident insurance fund at the beginning of the year—		Payments under policies, including medical and legal expenses in connection therewith ... ..
437,456	Provision for unexpired accident and disability risks ... ..	490,507	539,617
570,000	Further provision for renewable accident and disability risks ... ..	164,111	185,676
23,085	Provision for permanent sickness risks ... ..	290,824	336,391
	Total estimated liability in respect of outstanding accident and disability claims ... ..	163,697	172,055
219,313			Amount of sickness and accident insurance fund at the end of the year—
1,249,854			Provision for unexpired accident and disability risks, which amounts to 40 per cent. of the premium income for the current year ... ..
-9,596	Add adjustment in exchange	474,338	£514,340
1,240,258		598,000	622,000
	Premiums—	23,254	24,402
1,185,845	Accident and disability ... ..	227,107	Total estimated liability in respect of outstanding accident and disability claims ... ..
4,738	Permanent sickness ... ..	1,322,699	223,976
1,190,583			1,384,718
997	Interest on permanent sickness provision ... ..		
<u>£2,431,838</u>	<u>£2,618,457</u>	<u>£2,431,838</u>	<u>£2,618,457</u>

# REVENUE ACCOUNTS

31st December 1958

## MOTOR VEHICLE INSURANCE BUSINESS

1957 £	£	1957 £	£	
		2,960,255	Claims under policies paid and outstanding	3,710,466
		571,214	Commission ... ..	702,011
1,694,982	Amount of motor vehicle insurance fund at the beginning of the year— Provision for unexpired risks	1,220,098	Expenses of management ... ..	1,486,840
	£1,998,798		Amount of motor vehicle insurance fund at the end of the year—	
-19,544	Add adjustment in exchange ... ..		Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year ... ..	2,449,092
	3,653			
<u>1,675,438</u>				
4,996,995	Premiums ... ..	1,998,798		
	2,002,451			
77,932	Transfer from Profit and loss account ...			
	6,122,729			
	223,229			
<u>£6,750,365</u>	<u>£8,348,409</u>	<u>£6,750,365</u>	<u>£8,348,409</u>	

## MISCELLANEOUS INSURANCE BUSINESS

1957 £	£	1957 £	£	
		1,358,940	Claims under policies paid and outstanding	1,615,354
		508,029	Commission ... ..	550,957
1,216,061	Amount of miscellaneous insurance fund at the beginning of the year— Provision for unexpired risks	905,573	Expenses of management ... ..	1,001,453
	£1,377,758	245,776	Transfer to Profit and loss account ...	137,813
-13,034	Add adjustment in exchange ... ..		Amount of miscellaneous insurance fund at the end of the year—	
	9,101		Provision for unexpired risks, which amounts to 44.1 per cent. (43.8 per cent. for 1957) of the premium income for the current year ... ..	1,465,093
<u>1,203,027</u>				
3,144,925	Premiums ... ..	1,377,758		
	1,386,859			
48,124	Trustee and executor fees ... ..			
	3,325,194			
	58,617			
<u>£4,396,076</u>	<u>£4,770,670</u>	<u>£4,396,076</u>	<u>£4,770,670</u>	

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded £324,000,000 at the end of the year.

## SINKING FUND INSURANCE BUSINESS

1957				1957			
£				£			
2,224,219	Amount of sinking fund insurance fund at the beginning of the year	...	2,171,409	85,050	Claims under policies paid and outstanding	...	5,450
34,334	Premiums	...	34,594	46,443	Surrenders	...	18,083
90,931	Interest and dividends	...	94,641	—	Commission	...	163
				687	Expenses of management	...	692
				45,895	Transfer to Profit and loss account	...	34,179
				2,171,409	Amount of sinking fund insurance fund at the end of the year	...	2,242,077
<u>£2,349,484</u>			<u>£2,300,644</u>	<u>£2,349,484</u>			<u>£2,300,644</u>

MARINE, AVIATION  
AND TRANSIT INSURANCE BUSINESS

Total 1957 £	Current Year.	Last Preced- ing Year.	Previous Years.	Total.	Total 1957 £	Current Year.	Last Preced- ing Year.	Previous Years.	Total.	
	£	£	£	£		£	£	£	£	
961,301	Amount of marine, aviation and transit insurance fund at the beginning of the year	—	321,844	701,055	1,022,899					
461,736	Premiums (less brokerage, discount, commission, returns and reinsurances) — risks other than aviation hull risks	422,085	-32,171	-1,460	388,454	284,283	121,139	126,175	85,008	332,322
						19,400	19,626	-2,091	113	8
						9,613	10,576	503	-25	11,054
						27,942	34	193	22,634	22,861
						8,900	6,975	-1,671	-14	5,290
						50,000	—	—	50,000	50,000
						1,022,899	263,735	166,564	541,879	972,178
<u>£1,423,037</u>				<u>£1,411,353</u>	<u>£1,423,037</u>				<u>£1,411,353</u>	

# PROFIT AND LOSS ACCOUNT

for the year ending 31st December 1958

## ORDINARY AND INDUSTRIAL BRANCHES

1957		1957	
£	£	£	£
	Transfers from Revenue accounts—		Transfer to Appropriation account ...
889,313	Ordinary branch ... ..	1,812,500	1,959,028
923,187	Industrial branch ... ..		
<u>£1,812,500</u>	<u>£1,959,028</u>	<u>£1,812,500</u>	<u>£1,959,028</u>

## GENERAL BRANCH

1957		1957	
£	£	£	£
	Transfers from Revenue accounts—		Transfers to Revenue accounts—
—	Fire ... ..	7,472	Fire ... ..
163,697	Sickness and accident ... ..	77,932	Motor vehicle ... ..
245,776	Miscellaneous ... ..		Taxation—
45,895	Sinking fund ... ..	144,000	Overseas taxes ... ..
50,000	Marine ... ..	121,000	Profits tax ... ..
	Interest and dividends not carried to other	433,000	Income tax ... ..
	accounts ... ..	15,000	Transfer to Investment reserve account ...
		455,116	Transfer to Appropriation account ...
<u>£1,253,520</u>	<u>£1,377,821</u>	<u>£1,253,520</u>	<u>£1,377,821</u>

# APPROPRIATION ACCOUNT

for the year ending 31st December 1958

Ordinary and Industrial Branches 1957.	General Branch 1957.	Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1957.	General Branch 1957.	Ordinary and Industrial Branches.	General Branch.
£	£	£	£	£	£	£	£
—	190,826	—	195,942	—	200,000	—	200,000
1,812,500	455,116	1,959,028	489,592	31,250	—	—	—
				1,781,250	62,500	1,959,028	72,222
				—	187,500	—	216,667
				—	195,942	—	196,645
<u>£1,812,500</u>	<u>645,942</u>	<u>£1,959,028</u>	<u>685,534</u>	<u>£1,812,500</u>	<u>645,942</u>	<u>£1,959,028</u>	<u>685,534</u>

# CONTINGENCY FUNDS AND

Accounts for the year ending 31st December 1958

## COMMON CONTINGENCY FUND

1957		£	1957		£
£			£		
3,603,832	Amount of Common contingency fund at the beginning of the year ... ..	3,647,738	3,993	Taxation— Profits tax ... ..	12,93
144,172	Interest and dividends ... ..	156,318	61,273	Income tax ... ..	66,43
			35,000	Amount written off investments ... ..	—
			3,647,738	Amount of Common contingency fund at the end of the year ... ..	3,724,68
<u>£3,748,004</u>		<u>£3,804,056</u>	<u>£3,748,004</u>		<u>£3,804,056</u>

## SPECIAL CONTINGENCY FUND

1957		£	1957		£
£			£		
5,961,443	Amount of Special contingency fund at the beginning of the year ... ..	5,988,149	6,844	Taxation— Profits tax ... ..	21,452
240,955	Interest and dividends ... ..	260,858	102,405	Income tax ... ..	110,865
			105,000	Amount written off investments ... ..	—
			5,988,149	Amount of Special contingency fund at the end of the year ... ..	6,116,690
<u>£6,202,398</u>		<u>£6,249,007</u>	<u>£6,202,398</u>		<u>£6,249,007</u>

## DIVIDEND RESERVE FUND (A SHARES)

1957		£	1957		£
£			£		
625,133	Amount of Dividend reserve fund at the beginning of the year ... ..	647,884	655	Taxation— Profits tax ... ..	2,034
31,250	Transfer from Appropriation account ... ..	—	8,985	Income tax ... ..	10,481
21,141	Interest and dividends ... ..	24,659	20,000	Amount written off investments ... ..	—
			647,884	Amount of Dividend reserve fund at the end of the year ... ..	660,028
<u>£677,524</u>		<u>£672,543</u>	<u>£677,524</u>		<u>£672,543</u>





# BALANCE

31st DE

Ordinary Branch 1957.	Industrial Branch 1957.	General Branch 1957.	Total 1957.	LIABILITIES.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
—	1,250,000	—	1,250,000	<b>Authorised and Issued Capital—</b>	—	1,250,000	—	1,250,000
—	—	200,000	200,000	6,250,000 A shares of 4s. each, fully paid ...	—	—	200,000	200,000
13,250,000	20,500,000	1,000,000	34,750,000	4,000,000 B shares of 5s. each, 1s. paid ...	—	—	—	—
—	—	195,942	195,942	<b>Branch contingency funds ...</b>	14,000,000	21,500,000	1,000,000	36,500,000
391,657,892	—	—	391,657,892	<b>Appropriation account—balance carried forward...</b>	—	—	196,645	196,645
—	436,094,160	—	436,094,160	<b>Life assurance fund, Ordinary branch ...</b>	429,503,887	—	—	429,503,887
—	—	—	—	<b>Industrial assurance fund ...</b>	—	452,385,592	—	452,385,592
—	—	2,331,047	2,331,047	<b>General branch insurance funds—</b>	—	—	—	—
—	—	1,322,699	1,322,699	Fire ...	—	—	2,514,404	2,514,404
—	—	1,998,798	1,998,798	Sickness and accident ...	—	—	1,384,718	1,384,718
—	—	1,377,758	1,377,758	Motor vehicle ...	—	—	2,449,092	2,449,092
—	—	2,171,409	2,171,409	Miscellaneous ...	—	—	1,465,093	1,465,093
—	—	1,022,899	1,022,899	Sinking fund ...	—	—	2,242,077	2,242,077
—	—	3,200,000	3,200,000	Marine ...	—	—	972,178	972,178
—	—	—	—	Additional reserve ...	—	—	3,400,000	3,400,000
—	—	—	—	<b>Current liabilities and provisions—</b>	—	—	—	—
2,941,953	1,338,014	—	4,279,967	Claims admitted or intimated, but not paid, less amounts recoverable under reinsurances—	—	—	—	—
—	—	1,192,493	1,192,493	Life ...	3,082,181	1,390,165	—	4,472,346
—	—	2,971,608	2,971,608	Fire ...	—	—	1,068,826	1,068,826
—	—	1,639,646	1,639,646	Motor vehicle ...	—	—	3,273,493	3,273,493
8,991	—	—	8,991	Miscellaneous ...	—	—	1,554,550	1,554,550
927,081	1,295,497	640,365	2,862,943	Annuities due and unpaid ...	9,495	—	—	9,495
313,825	—	68,422	382,247	Outstanding commission and expenses ...	855,338	209,111	692,681	1,757,130
—	—	400,414	400,414	Premiums received in advance ...	324,704	84,520	80,552	489,776
—	—	5,840	5,840	Amounts due on reinsurance account—	—	—	—	—
—	—	30,797	30,797	Fire ...	—	—	470,922	470,922
—	—	191,388	191,388	Sickness and accident ...	—	—	9,511	9,511
—	—	37,751	37,751	Motor vehicle ...	—	—	17,226	17,226
—	100	27,176	27,176	Miscellaneous ...	—	—	114,354	114,354
374,299	274,894	64,449	713,642	Marine ...	—	—	41,957	41,957
273,084	248,437	2,775	524,296	Amounts due to subsidiaries ...	—	100	—	100
359,134	1,862	108,684	469,680	Other creditors ...	442,282	295,538	62,148	799,968
315,147	304,228	100,335	719,710	Sundry brokers for investments purchased ...	812,614	1,498,476	118,559	2,429,649
—	—	66,931	66,931	Overseas taxes ...	469,722	10,653	154,304	634,679
873,980	907,270	250,000	2,031,250	Profits tax ...	150,201	147,462	66,945	364,608
—	—	—	—	United Kingdom income tax including reserve for future liability on profits earned to date ...	—	—	201,267	201,267
—	—	—	—	Dividends declared ...	994,920	964,108	288,889	2,247,917
<b>£411,295,386</b>	<b>462,214,462</b>	<b>22,619,626</b>	<b>896,129,474</b>		<b>£450,645,344</b>	<b>479,735,725</b>	<b>24,040,391</b>	<b>954,421,460</b>
			3,650,991	<b>Common contingency fund ...</b>				3,738,605
			5,994,321	<b>Special contingency fund ...</b>				6,128,810
			648,746	<b>Dividend reserve fund (A shares) ...</b>				662,426
			<b>£906,423,532</b>	(per separate Balance sheets)				<b>£964,951,301</b>

The certificates and notes on pages 20 and 21 form an integral part of this Balance sheet.

Ordinary Branch 1957.	Industrial Branch 1957.	General Branch 1957.	Total 1957.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
19,537,634	11,558,828	2,000	31,098,462	<b>Mortgages—</b>				
14,098,211	140,189	1,567	14,239,967	On property within the United Kingdom ...	24,536,881	12,876,100	1,865	37,414,846
2,948,264	5,991,702	284,950	9,224,916	On property out of the United Kingdom ...	15,567,903	86,088	1,466	15,655,457
8,729	—	—	8,729	<b>Loans—</b>				
1,001,275	1,600,000	—	2,601,275	On parochial and other public rates ...	3,894,440	5,676,213	283,800	9,854,453
12,431,276	—	—	12,431,276	On life interests ...	8,801	—	—	8,801
555,448	995,000	—	1,550,448	On stocks and shares ...	2,101,275	925,000	175,000	3,201,275
487,689	701,335	80,859	1,269,883	On Company's policies within their surrender values ...	13,958,991	—	4,000	13,962,991
57,849,943	102,502,893	3,534,680	163,887,516	Without specific security ...	288,278	109,476	109,476	507,230
28,543,849	65,332,892	1,110,645	94,987,386	To subsidiaries ...	21,799	102,256	—	124,055
200,816	323,060	—	523,876	<b>Investments—</b>				
2,237,341	1,993,148	487,725	4,718,214	British Government securities ...	59,416,309	109,322,545	3,531,723	172,270,577
647,745	2,061,275	27,774	2,736,794	British Government guaranteed securities ...	27,937,531	56,094,655	1,110,379	85,142,565
19,179,194	4,632,490	987,026	24,798,710	Securities guaranteed under Trade Facilities and other Acts ...	199,426	240,554	—	439,980
4,600,606	—	788,106	5,388,712	Municipal and county securities, United Kingdom ...	2,341,267	2,080,784	310,768	4,732,819
6,434,179	90,739	368,579	6,893,497	Public Board securities, United Kingdom ...	725,923	2,080,180	27,373	2,833,476
2,405,285	8,112	—	2,413,397	Other Commonwealth Government securities ...	21,667,576	4,465,910	1,279,177	27,412,663
1,149,950	554,376	529,741	2,234,067	Other Commonwealth provincial securities ...	5,219,487	—	860,481	6,079,968
2	3	5	5	Other Commonwealth municipal securities ...	7,369,879	27,037	614,587	8,011,503
9,825	6	16,400	26,231	Other Commonwealth Public Board securities ...	2,708,028	8,112	—	2,716,140
63,966,606	75,628,579	5,240,171	144,835,356	Foreign Government securities ...	1,998,546	1,355,768	327,755	3,682,069
26,333,699	29,097,810	1,439,895	56,871,404	Foreign provincial securities ...	2	3	—	5
83,724,047	100,738,129	1,650,219	186,112,395	Foreign municipal securities ...	7,282	5	16,400	23,687
17,500	24,428	—	41,928	Debentures and debenture stocks and gold and sterling bonds—home and foreign ...	68,827,073	76,795,819	5,120,156	150,743,048
38,064	106,742	8,000	152,806	Preference and guaranteed stocks and shares ...	26,229,905	28,862,301	1,586,791	56,678,997
56,928	48,436	—	105,364	Ordinary stocks and shares ...	92,852,220	112,777,627	2,601,349	208,231,196
1,867,330	8,684,272	—	10,551,602	Subsidiaries not dealt with in group accounts—				
30,160	135,588	—	165,748	Preference shares ...	—	—	—	—
29,602,404	22,213,774	—	51,816,178	Ordinary shares ...	2	101	—	103
14,421,462	12,078,241	—	26,499,703	Rent charges ...	56,928	47,644	—	104,572
1,728,034	—	—	1,728,034	Freehold ground rents and feu duties ...	1,816,943	8,315,360	—	10,132,303
884	—	—	884	Leasehold ground rents ...	—	171,521	—	171,521
—	—	1,069,108	1,069,108	<b>Property—</b>				
—	5,163,344	—	5,163,344	In the United Kingdom—Freehold ...	34,613,449	25,552,484	—	60,165,933
1,468,442	756,420	—	2,224,862	—Leasehold ...	17,030,213	15,664,314	—	32,694,527
301,732	—	423,425	725,157	Reversions ...	2,948,470	—	—	2,948,470
1,522,077	—	387,770	1,909,847	Over of the United Kingdom ...	884	—	—	884
1,669,079	56,102	1,785,355	3,510,536	<b>Fixed assets—</b>				
901,810	518,402	10,041	1,430,253	Subsidiary dealt with in accounts annexed—				
2,305,422	2,135,795	149,027	4,590,244	Ordinary shares ...	—	—	1,069,108	1,069,108
—	—	1,145,308	1,145,308	Office premises (at cost, less amounts written off)—				
24,001	48,297	—	72,298	In the United Kingdom—Freehold ...	—	6,767,868	—	6,767,868
3,369,000	4,378,000	—	7,747,000	—Leasehold ...	—	929,185	—	929,185
169,812	235,149	147,143	552,104	Out of the United Kingdom ...	1,700,785	—	22,424	1,723,209
500,000	700,000	100,000	1,300,000	<b>Current assets—</b>				
543,971	—	51,990	595,961	Deposits at interest at home and abroad ...	716,758	—	151,912	868,670
111,467	308,273	234,366	654,106	Agents' balances ...	—	—	480,905	480,905
2,294,194	672,633	513,988	3,480,815	Commission paid in advance ...	1,610,787	—	—	1,610,787
£411,295,386	462,214,462	22,619,626	896,129,474	Outstanding premiums ...	1,801,005	—	1,947,511	3,748,516
			3,650,991	Outstanding interest, dividends, rents and fees ...	975,649	541,208	8,041	1,524,898
			5,994,321	Interest, dividends, rents and fees accrued ...	2,487,677	2,463,344	166,820	5,117,841
			648,746	Amounts due on reinsurance account ...	—	—	1,140,518	1,140,518
			£906,423,532	Amounts due from subsidiaries ...	—	—	3,603	3,603
				Sundry brokers for investments sold ...	205,428	128,571	—	333,999
				Estimated income tax recoverable ...	3,673,000	4,825,000	—	8,498,000
				Other debtors ...	219,024	203,381	231,955	654,360
				<b>Balances at Bankers and Cash in hand—</b>				
				On deposit—				
				In the United Kingdom ...	800,000	—	200,000	1,000,000
				Out of the United Kingdom ...	589,393	—	50,299	639,692
				In hand and on current account—				
				In the United Kingdom ...	68,695	129,474	31,629	229,798
				Out of the United Kingdom ...	1,451,432	109,837	573,120	2,134,389
				£450,645,344	479,735,725	24,040,391	954,421,460	
				Common contingency fund ...				3,738,605
				Special contingency fund ...				6,128,810
				Dividend reserve fund (A shares) ...				662,426
				(per separate Balance sheets)				£964,951,301

The above figures for 1957 are after adjustment—see note 7 page 21.

# CERTIFICATES TO THE ACCOUNTS

I certify that in my belief the liabilities in respect of long term business do not exceed the amounts of the respective funds and all other liabilities in respect of long term business as shown in the Balance sheet.

F. M. REDINGTON, *Actuary.*

We certify that in our belief the value of the assets exceeds the amount of the liabilities computed in accordance with the provisions of sub-section (2) of Section 13 of the Insurance Companies Act, 1958, by the amount required by sub-section (1) of that Section. The liabilities in respect of long term business have been taken at the amounts of the respective funds and all other liabilities in respect of long term business as shown in the Balance sheet.

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

The amounts at which the Stock Exchange securities are stated in the Balance sheet are determined under the Articles of Association of the Company by the Directors and we certify that in our belief the value at 31st December, 1958, of the assets set forth in the Balance sheet is in the aggregate in excess of the amount stated therein. For the purpose of this certificate the values of the quoted Stock Exchange securities have been taken at middle market prices as at that date and the values of other assets have been estimated by the Directors.

W. F. GARDNER, *General Manager.*

F. W. MORGAN, *Chairman.*

F. M. REDINGTON, *Actuary.*

E. J. W. BORRAJO, *Director.*

L. BROWN, *Secretary.*

P. L. REID, *Director.*

3rd April, 1959.

## NOTES TO THE ACCOUNTS

1. The Company has the following forward commitments and contingent liabilities :

1957. £		1958. £
34,840,000	Capital commitments for settlement after 31st December ... ..	40,360,000
240,000	Contingent capital commitments ... ..	1,055,000
2,585,000	Uncalled capital on investments held ... ..	2,650,000
320,000	Reserve liability on shares, etc. ... ..	345,000

In addition certain guarantees have been given by the Company in respect of retirement benefits for the Staff and benefits for their relatives and dependants.

2. Part of the assets (investments and cash) of the General branch has been deposited under local laws in places out of the United Kingdom on account of fire, casualty and marine insurance business. Specific deposits of life assurance assets of the Ordinary branch, as set out below, have been made under local laws as security to holders of policies issued. Investments (at or under market value, if quoted), property and cash amount to :

1957. £		1958. £
33,500	Australia ... ..	34,500
19,000	Burma ... ..	19,000
22,310,000	Canada ... ..	26,777,500
1,349,000	Egypt ... ..	1,373,500
12,500	Ireland ... ..	13,000
3,000	Israel ... ..	3,000
45,000	New Zealand ... ..	45,500
1,711,500	Pakistan ... ..	2,074,500

NOTES TO THE ACCOUNTS (CONTINUED)

3. A Shares—This capital is liable in respect of contracts in all branches of the Company's business, but is included in the Industrial branch accounts pursuant to sec. 3 of The Prudential Assurance Company Act, 1875.

4. The aggregate amount of the Directors' remuneration for the year was £53,992. (1957, £54,167.)

5. Life, casualty and sinking fund revenue account transactions in overseas currencies have been brought in at the rates of exchange ruling on 31st December, 1958, with the exception of interest received at or paid by the Company's Chief Office which has been brought in at the rates ruling on the dates of the respective transactions; the adjustment in exchange item appearing in certain revenue accounts is the difference between the sterling equivalents at the rates ruling at the beginning and the end of the year of the fund brought forward at the beginning of the year. Fire and marine revenue account transactions in overseas currencies have been brought in at rates of exchange approximating to those current on the dates of the respective transactions. Currency assets are maintained so far as practicable to the extent of the corresponding liabilities and together with reserve and contingency funds are available towards meeting any increase in liabilities by reason of any future variations in rates of exchange. Liabilities and assets in overseas currencies have been converted into sterling at the rates ruling on 31st December, 1958, except that in the case of certain investments in overseas currency held at Chief Office, book values have been based on the rates of exchange ruling on the dates of acquisition.

6. A sum of £55,870 in respect of compensation under Section 7 of the Indian Life Insurance (Emergency Provisions) Act, 1956 and Section 16 of the Indian Life Insurance Corporation Act, 1956, has been received and carried to the Ordinary branch investment reserve account pending clarification of the taxation position. No accounts relating to the period subsequent to 1st November, 1956, have been received in respect of the Company's Egyptian branch.

7. An investment reserve account is maintained in each branch to which are carried profits and losses on realisation of assets together with adjustments to ledger values and exchange differences, other than exchange differences on fire, marine, aviation and transit insurance business, less any relative United Kingdom taxes thereon. The investment reserve accounts, after bringing in transfers to or from the revenue accounts, have been applied to reduce the Balance sheet values of the assets in the appropriate branches. In 1958 a readjustment of Balance sheet values has been carried out. Ordinary stocks and shares have been written up by amounts totalling £35,000,000 subdivided as follows: Industrial branch £19,500,000, Ordinary branch £15,050,000, General branch £450,000 including £188,125 applicable to ordinary shares of the subsidiary dealt with in accounts annexed. These amounts have augmented the balances of the investment reserve accounts which have been applied to reduce the Balance sheet values of other groups of assets to values broadly in line with current values. The written-up value of ordinary stocks and shares is substantially below current value. The corresponding figures as at 31st December, 1957, are shown after adjustment; the values of ordinary stocks and shares have been increased by £35,000,000 and the values of other groups of assets have been reduced by the same amount.

8. With the approval of the Board of Trade (a) the group accounts do not deal with Prudential Nominees Limited and certain overseas subsidiaries whose businesses are so different from that of the Company that they cannot reasonably be treated together as a single undertaking and in which subsidiaries the shareholdings are held merely as investments, and (b) the particulars of such subsidiaries otherwise required to be given in accordance with paragraphs 15 (4) and (6) of the Eighth Schedule to the Companies Act, 1948, are omitted.

9. General branch business in the United States of America is transacted by the Company's subsidiary, The Prudential Insurance Company of Great Britain located in New York. The accounts of this subsidiary for the year 1958 have been approved by the Directors and are annexed to these accounts. In the Company's main Balance sheet its investment in this subsidiary appears as a fixed asset of the General branch under the heading "Subsidiary dealt with in accounts annexed—Ordinary shares" and is shown at dollar cost converted to sterling at the rate of \$2.80 to the £. The Company's main accounts do not include the business transacted by the subsidiary except that the dividend received in 1958 is included with General branch interest and dividends.



**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF**  
**THE PRUDENTIAL ASSURANCE COMPANY LIMITED**

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We have obtained all the information and explanations which we considered necessary for our audit apart from confirmation of assets in Egypt. In our opinion proper books of account have been kept by the Company and proper returns adequate for the purposes of our audit have been received from the branches, other than the Egyptian branch, not visited by us.

We have examined the balance sheet and revenue and profit and loss accounts of the Company which are in agreement with the books and returns and in our opinion give the information required by the Companies Act, 1948, as modified for assurance companies in regard to reserves and provisions and aggregate market value of quoted investments. On this basis, in our opinion, the balance sheet and the profit and loss account, as supplemented by the revenue accounts, give a true and fair view of the state of the Company's affairs at 31st December, 1958, and of the profit, ascertained in the manner indicated in the accounts, for the year ended on that date.

No part of any fund has been applied, directly or indirectly, for any purpose other than the class of business to which the fund is applicable. We have investigated the methods of calculating and apportioning the expenses of management and in our opinion the apportionment of these expenses between the Industrial and other Branches of the Company's business has been made on a fair and equitable basis.

We have also examined the group accounts comprising the accounts of the Company, as audited by us, and the annexed accounts of its subsidiary compiled from audited accounts received from New York. In our opinion the group accounts comply with the Companies Act, 1948, and, on the basis mentioned above, give a true and fair view of the state of affairs at 31st December, 1958, and of the profit for the year ended on that date of the Company and its subsidiary so far as concerns members of the Company.

DELOITTE, PLENDER, GRIFFITHS & CO.,  
*Chartered Accountants,*  
5, London Wall Buildings, London, E.C.2.

3rd April, 1959.

# VALUATION REPORT

To the Directors of The Prudential Assurance Company Limited.

Gentlemen,

I have the honour to submit my report on the valuation as at 31st December, 1958, of the life assurances and annuities and other insurance contracts of the Company.

## ORDINARY BRANCH

The number of contracts in force was **1,690,423** producing an annual premium income of **£62,523,211**. Sums assured with bonuses amounted to **£1,572,517,762**; deferred and contingent annuities with bonuses amounted to **£61,002,894** per annum, of which **£38,222,802** remained to be purchased by future recurrent single premiums; annuities in course of payment amounted to **£2,224,960** per annum.

The interest earned in 1958 represents a gross rate of **£5 16s. 3d.** per cent. on the Ordinary branch life assurance fund.

Assurances have been valued by the A1924/29 Ultimate table with a rating up in age of 3 years for assurances issued at non-European rates of premium. The net rate of interest assumed was  $2\frac{1}{4}$  per cent. for assurances issued in the United Kingdom and the Republic of Ireland,  $3\frac{1}{4}$  per cent. for assurances issued in South Africa, East Africa, the Rhodesias and Nyasaland, and 3 per cent. for assurances issued in other overseas territories.

For assurances issued in the United Kingdom and the Republic of Ireland net premiums have been valued, calculated on the valuation bases. For assurances issued overseas modified net premiums have been valued, calculated on the valuation bases with an addition to allow for part of the initial expenses. The whole of the difference between the value of the future office premiums and the value of the future net or modified net premiums has been reserved for future expenses and profits and an additional reserve of loading has been made in respect of assurances issued in the United Kingdom and the Republic of Ireland.

Deferred annuities have been valued for the period of deferment by the A1949/52 Ultimate table of mortality with a rating down of one year in the age. Deferred annuities for the period after deferment and immediate annuities have been valued by the  $\alpha(55)$  Ultimate tables of mortality with an addition of 3 per cent. to the value of the annuities as a provision for future expenses of paying annuities and for the increasing longevity of annuitants. The rates of interest assumed were:—

Deferred Annuities :—	United Kingdom	Overseas
With profits :		
Group business ... ..	$2\frac{1}{2}\%$	3%
Individual business :		
During deferment ... ..	$3\frac{3}{4}\%$	$\left\{ \begin{array}{l} 3\% \\ 2\frac{3}{4}\% \end{array} \right.$
After deferment ... ..		
Without profits group and individual :		
Pension annuity business ... ..	4%	—
General annuity business :		
During deferment ... ..	$3\frac{1}{4}\%$	$3\frac{1}{4}\%$
After deferment ... ..	$4\%$	
Immediate Annuities ... ..	4%	$3\frac{1}{4}\%$
Annuities Certain ... ..	$3\frac{1}{2}\%$	$3\frac{1}{2}\%$

For individual deferred annuities the net premiums valued were calculated on the valuation bases. For group deferred annuities secured by annual premiums the net premiums are 95 per cent. of the office premiums or less. For group deferred annuities secured by recurrent single premiums the benefit valued is the amount of annuity purchased by premiums paid to date.

The equivalents in sterling of liabilities in other currencies have been calculated at the rates of exchange ruling on 31st December, 1958.



VALUATION REPORT (CONTINUED)

ORDINARY BRANCH (CONTINUED)

A sum of **£3,500,000** is held in respect of revivals, options and general contingencies for which provision is not otherwise made.

The result of the valuation is as follows :—

Life assurance fund (subject to transfers) on 31st December, 1958 ... ..	£431,248,807
Net liability under assurance policies ... ..	<b>£299,469,902</b>
Net liability under annuity contracts ... ..	<b>112,021,243</b>
Provision for revivals, options and general contingencies ... ..	<b>3,500,000</b>
Total net liability ... ..	<b>£414,991,145</b>
Surplus, including <b>£932,601</b> brought forward from last year ... ..	<b>£16,257,662</b>

I recommend that **£750,000** be transferred to the Ordinary branch contingency fund and that **£13,540,315** be allocated to participating policies. I am of the opinion that part of the surplus would again be more equitably distributed by way of special bonuses, varying with the duration of the policies, rather than as a normal reversionary bonus, and that the rates of special bonus should be further increased. I therefore recommend that the amount allocated to participating policies be used to provide :—

(A) For assurance policies issued in the United Kingdom a special bonus on policies issued in 1953 or earlier which become claims by death or maturity between the date of declaration and 31st December, 1959, at the rates of **12s.** per **£100** sum assured for each 31st December prior to 1954 on which the policy was a participating policy, subject to a maximum addition of **£18** per **£100** sum assured

(B) For assurance policies reversionary bonuses at the following rates :—

(1) Policies of classes issued in the United Kingdom ... ..	<b>£2 8s.</b> per <b>£100</b> sum assured.
(2) Policies of the undermentioned overseas classes	
(a) Australia ... ..	<b>£1 18s.</b> per <b>£100</b> sum assured.
(b) New Zealand ... ..	<b>£1 6s.</b> per <b>£100</b> sum assured.
(c) Canada ... ..	<b>£1 16s.</b> per <b>£100</b> sum assured.
(d) South Africa, the Rhodesias and Nyasaland ... ..	<b>£2 8s.</b> per <b>£100</b> sum assured.
(e) East Africa ... ..	<b>£1 18s.</b> per <b>£100</b> sum assured.
(f) Ceylon ... ..	<b>£1 8s.</b> per <b>£100</b> sum assured.
(g) Malaya ... ..	<b>£1 14s.</b> per <b>£100</b> sum assured.
(h) Cyprus and Malta ... ..	<b>£2 8s.</b> per <b>£100</b> sum assured.
(i) Pakistan ... ..	<b>£1 0s.</b> per <b>£100</b> sum assured.
(j) Sudan and Palestine (closed classes) ... ..	<b>£1 10s.</b> per <b>£100</b> sum assured.
(k) Burma (a closed class) ... ..	<b>£1 0s.</b> per <b>£100</b> sum assured.
(l) India (a closed class comprising a few policies on the Burma and United Kingdom registers) ... ..	<b>£1 8s.</b> per <b>£100</b> sum assured.

## ORDINARY BRANCH (CONTINUED)

(C) For individual retirement annuity policies bonuses at the following rates :—

(1) Reversionary bonus during deferment for policies issued in

(a) The United Kingdom (approved under the Finance Act, 1956) ... ..	£1 17s. 6d. per £100 Standard Annuity.
(b) Canada ... ..	£1 4s. per £100 Monthly Annuity.

(2) Final bonus on annuities (as increased by any existing bonus annuities) for policies issued in

(a) The United Kingdom (approved under the Finance Act, 1956) on annuities commencing between the date of declaration and 31st December, 1959, inclusive ... ..	£10 per £100 annuity.
(b) Canada on annuities commencing between the date of declaration and 30th June, 1960, inclusive ... ..	£9 per £100 annuity.

(D) For group pension business bonuses at the following rates :—

(1) Compound bonus on pensions secured but not entered upon for policies issued in

(a) The United Kingdom :

(i) Pension annuity business (Section 24 of the Finance Act, 1956) ... ..	£2 8s. pension per £100 pension.
(ii) General annuity business ... ..	£1 18s. pension per £100 pension.
(b) Canada ... ..	£1 0s. pension per £100 pension.
(c) South Africa, the Rhodesias, Nyasaland and East Africa ... ..	£2 0s. pension per £100 pension.

(2) Final bonus on pensions (as increased by any existing bonus pensions) commencing between 15th March, 1959, and 14th March, 1960, inclusive, for policies issued in

(a) the United Kingdom ... ..	£16 0s. pension per £100 pension.
(b) Canada ... ..	£5 0s. pension per £100 pension.
(c) South Africa, the Rhodesias, Nyasaland and East Africa ... ..	£12 10s. pension per £100 pension.

## INDUSTRIAL BRANCH

The number of policies in force, including 5,766,581 free or paid-up policies, was 29,386,163 producing an annual premium income of £55,453,589. The maximum sums assured with bonuses amounted to £1,174,805,651.

The interest earned in 1958 represents a gross rate of £6 0s. 1d. per cent. on the Industrial assurance fund.

The English Life Table No. 11, Males, has been used for the valuation of all assurances. Every policy has been treated as a liability. The whole of the difference between the value of the future office premiums and the value of the future net premiums has been reserved for future expenses and profits and an additional reserve of loading has been made. The net rate of interest assumed in the valuation was 2¼ per cent.

A sum of £2,000,000 is held in respect of revivals, options and general contingencies for which provision is not otherwise made.

The result of the valuation is as follows :—

Industrial assurance fund (subject to transfers) on 31st December, 1958 ... ..	£454,349,700
Net liability under Industrial assurance policies ... ..	£435,502,981
Provision for revivals, options and general contingencies ... ..	2,000,000
Total net liability ... ..	£437,502,981
Surplus including £1,551,785 brought forward from last year ... ..	£16,846,719

VALUATION REPORT (CONTINUED)

INDUSTRIAL BRANCH (CONTINUED)

I recommend that **£1,000,000** be transferred to the Industrial branch contingency fund and that **£13,120,978** be allocated to participating policies. As in the case of the Ordinary branch, I am of the opinion that the rates of special bonus should be further increased. I therefore recommend that the amount allocated to participating policies be used to provide :—

- (A) A special bonus on policies issued in 1953 or earlier which become claims by death or maturity between the date of declaration and 31st December, 1959, at the rate of **10s.** per **£100** sum assured for each 31st December prior to 1954 on which the policy was a premium paying policy, subject to a maximum addition of **£15** per **£100** sum assured.
- (B) A reversionary bonus at the rate of **£1 14s.** per **£100** sum assured.

GENERAL BRANCH

In respect of fire, sickness, accident, motor vehicle and miscellaneous contracts (excluding permanent sickness and other long term contracts), the provision for unexpired risks is 40 per cent. of the premium income for the year.

The permanent sickness policies have been valued, as to sickness rates, by the Manchester Unity (Whole Society) Experience, 1893-97, and as to mortality by the table published by the Insurance Commissioners (Cd. 6292) with interest at 3 per cent. In view of the uncertainty of sickness rates, I have considered it necessary to increase by 60 per cent. the reserve brought out on these bases.

In respect of long term fire and miscellaneous contracts, the provision for unexpired risks is 80 per cent. of the un-earned premiums.

To many of the life assurance policies is attached an additional benefit payable in the event of accident or disability, the liability for which is borne by the General branch. These insurances carry the right of renewal and in my opinion a further provision of **£622,000** is required in addition to the 40 per cent. of the premium income for the current year.

The marine fund of **£972,178** is, in my opinion, a sufficient provision for the liabilities pending under the accounts.

The sinking fund policies have been valued by a gross premium method with an allowance for expenses. The rate of interest assumed was 3 per cent. or the rate of interest employed in the calculation of the premiums, if less than 3 per cent. The policies in force provide for the payment of capital sums amounting to **£3,879,346** at the end of fixed terms of years, and produce an annual premium income of **£34,594**.

The equivalents in sterling of provisions in other currencies have been calculated at the rates of exchange ruling on 31st December, 1958.

The result of the valuation is as follows :

Insurance fund (subject to transfers) on 31st December, 1958... ..	£14,913,096
Provision for fire, sickness and accident, motor vehicle and miscellaneous insurances ... ..	£7,813,307
Provision for marine insurance ... ..	972,178
Provision for sinking fund insurance ... ..	2,242,077
Additional reserve fund ... ..	<u>3,200,000</u>
	<b>£14,227,562</b>
Surplus including <b>£195,942</b> brought forward from last year ... ..	<u><u>£685,534</u></u>

I recommend that **£200,000** be transferred to the Additional reserve fund.

I am, Gentlemen,  
 Your obedient Servant,  
 F. M. REDINGTON,  
 Actuary.

19th March, 1959

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