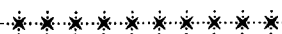


PRUDENTIAL
ASSURANCE COMPANY
LIMITED.



Directors' Report
AND
STATEMENTS OF ACCOUNTS
FOR
The Year ending 31st December 1881.

PRUDENTIAL ASSURANCE COMPANY

LIMITED.



THIRTY-THIRD ANNUAL REPORT,

For the Year ending 31st December 1881.



THE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1881.

The rate of expenditure continues to show a reduction, and the Accounts are again in every respect most satisfactory.

ORDINARY BRANCH.

In this Branch the New Business completed during the year consists of 6,949 Policies, assuring the sum of £860,172, and producing a New Annual Premium Income of £31,603 4s. 8d.

The Claims of the year amount to £69,677 17s. 1d., under 474 Policies, representing 432 Deaths and 22 Endowment Assurances matured.

The rate of expenses of the Branch is Ten and a-half per cent. on the Premium Income, being less than that of last year.

The Annual Premium Income at the end of the year is £142,733, being an increase of £20,086 over the year 1880.

The Assurance Fund, which at the beginning of the year was £663,485 1s. 2d. is now £744,583 2s. 4d., being an increase of £81,098 1s. 2d.

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

	£	s	d.
Mortgages on Property within the United Kingdom	203,629	10	3
Loans on the Company's Policies	27,930	17	9
Loans on Municipal and other Rates	23,478	16	8
Investments:—			
In British Government Securities (£100,000 Consols)	95,132	2	3
Indian ditto ditto	21,200	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
	49,139	7	3
Foreign Government Securities—£1,000 French Loan	807	15	0
£3,800 Japanese „	3,473	16	6
£4,200 Brazilian „	3,959	7	6
£ 300 Moorish „	286	3	9
£5,000 Russian „	4,740	12	6
	13,267	15	3
Railway and other Debentures and Debenture Stock	61,633	6	3
Ditto Shares (Preference and Ordinary)	20,651	1	5
House Property	90,146	4	8
Reversions	60,092	18	11
Agents' Balances	5,755	2	10
Outstanding Premiums	2,284	0	8
Ditto Interest and Rents	6,681	10	1
Amount due from the Official Liquidator of International Insurance Society	5,183	1	4
Deposits at Three Months' notice	50,000	0	0
Cash—On current account.....	£14,116	0	2
In hand	100	0	0
	14,216	0	2
	£750,421	15	9

Attention is drawn to the large New Premium Income in this Branch, particularly to the increase of the premium receipts, which are upwards of £21,000 more than in the previous year, being the largest increase which has been obtained in the history of the Company.

INDUSTRIAL BRANCH.

The Premiums actually received during the year in this Branch are £1,849,494 18s. 5d., as compared with the sum of £1,608,849 8s. 7d. received during 1880, being an increase of Premium Receipts of £240,645 9s. 10d., the largest which has taken place in this Branch.

The Claims of the year amount to £639,752 10s. 1d., and the total amount of Claims paid in this Branch is £3,786,112.

The Assurance Fund, which at the beginning of the year was £1,318,547 1s. 2d., is now £1,721,492 13s. 6d., being an increase of £402,945 12s. 4d.

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

	£	s.	d.
Mortgages on Property within the United Kingdom	79,339	13	6
Loans on Municipal and other Rates	293,363	12	2
City of London Corporation Bonds	25,000	0	0
Investments:—			
In British Government Securities (£240,000 New Three per Cents.)	233,581	0	0
Railway Debenture Stock	72,954	7	5
Freehold Ground Rents	516,585	8	2
Scotch Feu Duties	7,047	14	0
House Property	215,160	19	7
Freehold Estates	80,210	7	2
Reversions	42,118	14	9
Furniture and Fittings	23,500	0	0
Loans on Personal Security	8,942	7	8
Agents' Balances	87,280	9	8
Outstanding Interest and Rents	15,267	0	0
Deposits at Three Months' notice	4,500	0	0
Cash in hands of Superintendents	26,924	1	10
Cash—On Deposit	£70,000	0	0
On current account	27,554	9	1
In hand	250	0	0
		97,804	9 1
		<u>£1,829,580</u>	<u>5 0</u>

The investments made during the year are again of the highest class.

The reduction in the rate of expenditure has been steadily maintained during the past Quinquennium, and, notwithstanding the outlay incurred for the present Valuation, a satisfactory reduction is shown for the year.

A change of opinion has taken place in the last few years on the subject of Industrial Assurance. The system of collection at the houses of the working classes was formerly strongly objected to, and it accordingly forms no part of the scheme of Post Office Assurance, but it is now admitted that, if the Government are to carry on Life Assurance successfully, an alteration in this respect must be made in their system of conducting the business. In evidence of this may be quoted an extract from an able special article on the subject which appeared in *The Times* of the 12th September last, in which the writer says :—

“ What, however, may be considered as a much more solid cause of the scanty success of Government life insurance is the want of a proper staff of agents to solicit business for the department, and to undertake a proper system of house to house collection of the premiums when they become due.”

This is precisely the system which has been adopted by this Company, and the Directors believe after thirty years' experience that it is the only system upon which Industrial Assurance can be worked successfully. They have on several occasions made attempts to modify the system with a view of reducing the expenditure it must always entail, but they have found that no other method of carrying on the business will meet the requirements of the working classes.

The retiring Directors are Messrs. HARBEN and REID, who offer themselves for re-election.

The Auditors, Mr. JAMES ALLANSON and Dr. BARNES, also retire, and offer themselves for re-election.

EDGAR HORNE,
Chairman.

HOLBORN BARS,
16th February 1882.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS of the PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH) for the Year ending 31st December 1881.

(No. 1.) LIFE ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of Life Assurance Fund at the beginning of the year	663,485	1	2	Claims under Life Policies (after deduction of sums re-assured)	69,677	17	1
Premiums, after deduction of Re-assurance Premiums :—				Surrenders	4,090	14	4
New Premiums	£29,719	3	9	Annuities	3,747	8	10
Renewals	111,537	11	7	Commission	9,941	18	3
	141,256	15	4	Expenses of Management	4,949	12	8
Consideration for Annuities granted	5,132	18	8	Amount written off Leasehold Estate	1,000	0	0
Interest, Dividends and Rents	28,115	18	4	Amount of Life Assurance Fund at the end of the year, as per Fourth Schedule	744,583	2	4
	£837,990	13	6		£837,990	13	6

(No. 2.) SICKNESS AND ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
No new business transacted for many years.				Claims	54	0	0
Amount of Sickness and Assurance Fund at the beginning of the year	491	16	7	Surrenders	Nil.		
Premiums	32	16	8	Commission	1	4	9
Interest	20	18	0	Sickness and Assurance Fund at the end of the year, as per Fourth Schedule	490	6	6
	£545	11	3		£545	11	3

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET of the PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH) on the 31st December 1881.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Life Assurance Fund	744,583	2	4	Mortgages on Property within the United Kingdom	203,629	10	3
Sickness and Assurance Fund	490	6	6	Loans on the Company's Policies	27,930	17	9
	£745,073	8	10	Loans on Municipal and other Rates	23,478	16	8
Claims under Life Policies admitted	5,348	6	11	Investments :—			
				In British Government Securities	95,132	2	3
				Indian and Colonial ditto	70,339	7	3
				Foreign ditto	13,267	15	3
				Railway and other Debentures and Debenture Stock	61,633	6	3
				Ditto Shares (Preference and Ordinary)	20,651	1	5
				House Property	£91,146	4	8
				Less Amount written off	1,000	0	0
					90,146	4	8
				Reversions	60,092	18	11
				Agents' Balances	5,755	2	10
				Outstanding Premiums	2,284	0	8
				Ditto Interest and Rents	6,681	10	1
				Amount due from Official Liquidator of International Insurance Society	5,183	1	4
				Deposits at Three Months' notice	50,000	0	0
				Cash—			
				On current account	£14,116	0	2
				In hand	100	0	0
					14,216	0	2
	£750,421	15	9		£750,421	15	9

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 Limited.
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.

13th February 1882.

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

REVENUE ACCOUNT of the PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH) for the Year ending 31st December 1881.

LIFE ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of Life Assurance Fund at the beginning of the year	1,318,547	1	2	Claims under Life Policies	639,752	10	1
Premiums	1,849,494	18	5	Surrenders	833	19	5
Interest, Dividends and Rents.....	53,404	6	3	Commission—			
				Agents' Salaries for the weekly collection of Premium from 4,821,414 Policies.....	353,785	16	10
				Special New Business Charges	219,404	12	6
					573,190	9	4
				NOTE.—The expenses incurred under the items "Special New Business Charges" and "Extension Expenses," form no charge upon the Renewal Income. They are borne entirely by new entrants, and are covered by a clause in the Policies limiting the benefit until the first year has expired.			
				Expenses of Management—			
				Extension Expenses	40,644	12	5
				Head Office Expenses, including Printing, Advertising, Medical Fees, Superintendents' Salaries and Travelling Expenses, and proportion of Quinquennial Valuation Expenses	241,786	1	1
					282,430	13	6
				NOTE.—Postage, Policy, and Receipt Stamps (exclusive of Agents' Postage) amount to £33,014 10s.			
				Amount written off New Offices Account	2,000	0	0
				Ditto Furniture Account	500	0	0
				Dividends to Shareholders	1,246	0	0
				Amount of Life Assurance Fund at the end of the year, as per Fourth Schedule	1,721,492	13	6
					£3,221,446	5	10

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET of the PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH) on the 31st December 1881.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Shareholders' Capital	50,070	0	0	Mortgages on Property within the United Kingdom	79,339	13	6
Life Assurance Fund.....	1,721,492	13	6	Loans on Municipal and other Rates	293,303	12	2
Contingency Fund.....	40,000	0	0	City of London Corporation Bonds.....	25,000	0	0
Claims under Life Policies admitted	18,017	11	6	Investments:			
				In British Government Securities	233,581	0	0
				Railway Debenture Stock	72,954	7	5
				Freehold Ground Rents	516,585	8	2
				House Property.....	£217,160	19	7
				Less Amount written off New Offices	2,000	0	0
					215,160	19	7
				Scotch Feu Duties	7,047	14	0
				Freehold Estates	80,210	7	2
				Reversions	42,118	14	9
				Furniture and Fittings.....	£24,000	0	0
				Less Amount written off	500	0	0
					23,500	0	0
				Loans on Personal Security	8,942	7	8
				Agents' Balances	87,280	9	8
				Outstanding Interest and Rents	15,267	0	0
				Deposits at Three Months' notice	4,500	0	0
				Cash in hands of Superintendents	26,924	1	10
				Cash—On Deposit	£70,000	0	0
				On current account.....	27,554	9	1
				In hand	250	0	0
					97,804	9	1
					£1,829,580	5	0

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