

PRUDENTIAL
Assurance Company Limited.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1906.

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

FIFTY-EIGHTH ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1906.

To be presented to the Shareholders at the Ordinary General Meeting to be held at Holborn Bars, London, on Thursday, the 7th day of March, 1907.

THE DIRECTORS have much pleasure in presenting their report and accounts for the year 1906.

ORDINARY BRANCH.—The number of policies issued during the year was 79,942, assuring the sum of £7,529,031 and producing a new annual premium income of £424,145.

The premiums received during the year were £4,290,971, being an increase of £167,653 over the year 1905.

The claims of the year amounted to £1,947,444. The number of deaths was 7,656, and 8,686 endowment assurances matured.

The number of policies in force at the end of the year was 807,218.

INDUSTRIAL BRANCH.—The premiums received during the year were £6,499,028, being an increase of £359,978.

The claims of the year amounted to £2,376,863. The number of deaths was 260,941, and 3,342 endowment assurances matured.

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 120,198, the number in force being 1,194,432. The number of free policies which became claims during the year was 28,034.

The total number of policies in force at the end of the year was 16,764,654: their average duration exceeds eleven years.

The assets of the Company, in both branches, as shewn in the balance sheet, are £63,887,008, being an increase of £4,422,632 over those of 1905.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, shews an increase for the year, the total amount standing to the credit of the fund being £163,615.

For the valuation the same mortality tables and rate of interest have been used as in previous years, namely, in the Ordinary Branch, the Institute of Actuaries (H^M.) Table of Mortality for the life risks, and Mr. Finlaison's Government Annuity Table 1884 for the annuities, and in the Industrial Branch, Dr. Farr's English Life Table No. 3. The net premiums only have been valued in both branches, the rate of interest in each case being 3 per cent.

The valuation has as usual been made by Mr. SCHOOLING.

In the ORDINARY BRANCH the surplus shewn is £1,356,622, including the sum of £186,652 brought forward from last year. Out of this surplus the Directors have added £150,000 to the investments reserve fund, which stands as at 31st December, 1906, at £1,100,000.

In the INDUSTRIAL BRANCH the surplus shewn is £943,462, including the sum of £340,559 brought forward from last year. Out of this surplus the Directors have added £200,000 to the reserve fund, which stands as at 31st December, 1906, at £1,200,000.

The total surplus of the two branches, as shewn by the valuation, is thus £2,300,084, which is disposed of as follows: £150,000 has been added to the investments reserve fund of the Ordinary Branch, and £200,000 has been added to the reserve fund of the Industrial Branch; £1,323,178 is distributable among the participating policyholders and shareholders, in accordance with the Regulations of the Company under its special Act of Parliament, leaving £626,906 to be carried forward, namely, £266,387 in the Ordinary Branch and £360,519 in the Industrial Branch.

The increase granted early in the year under the principal Industrial Branch tables, to provide for which £750,000 was transferred from reserve, affected nearly thirteen million policies, ten millions of which received an immediate increase in the sum assured. The Directors are glad to say that the alteration has been highly appreciated, and has resulted in a large accession of new business.

As the shareholders are aware, the Directors have on many occasions granted extended benefits to Industrial Branch policyholders. The total cost of these benefits already exceeds £4,000,000. It is the intention of the Directors to continue this policy, and if possible to establish it upon a more definite basis.

For each of the past ten years a reversionary bonus at the rate of £1 10s. per cent. on the original sums assured has been added to all classes of participating policies in the Ordinary Branch issued since the year 1876. The Directors are now pleased to announce a reversionary bonus at the rate of £1 12s. per cent.

The retiring Directors are Messrs. H. A. HARBEN, T. WHARRIE and J. W. SIMMONDS, 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.

H. A. HARBEN,
Acting Chairman.

HOLBORN BARS,
21st February, 1907.

GENERAL BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED,
BEING THE SUMMARY OF BOTH BRANCHES, ON THE 31ST DECEMBER, 1906.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Shareholders' capital	1,000,000	0	0	British Government securities	3,415,976	13	0
Reserve funds	2,300,000	0	0	Indian and Colonial government securities	6,156,247	4	4
Life assurance funds	60,470,431	4	1	Railway and other debentures and debenture stocks and gold and sterling bonds	7,743,842	19	7
Claims under life policies admitted	116,576	18	11	Loans on County Council, Municipal, and other rates	14,091,357	12	4
				Freehold ground rents, and Scotch feu duties	4,501,678	8	10
				Freehold and leasehold property	3,560,244	13	8
				Mortgages on property within the United Kingdom	7,975,178	5	0
				Railway, Gas, and Water stocks	7,464,984	18	9
				Suez Canal shares	163,709	13	0
				Telegraph and other shares	97,420	2	2
				Metropolitan Consolidated stock, and City of London bonds	257,901	11	10
				Bank of England stock	202,756	18	6
				Indian, Colonial and Foreign corporation stocks	1,564,957	14	7
				Foreign government securities	1,539,459	7	4
				Reversions and Life Interests	1,220,637	14	1
				Loans on the company's policies	2,372,768	10	8
				Rent charges	278,523	13	1
				Outstanding premiums, and agents' balances	544,207	4	8
				Outstanding interest, and rents	515,685	7	1
				Cash—In hands of superintendents	35,973	11	7
				Do. On deposit, on current accounts, and in hand	183,495	18	11
	<u>£63,887,008</u>	<u>3</u>	<u>0</u>		<u>£63,887,008</u>	<u>3</u>	<u>0</u>

THOS. C. DEWEY, *General Manager.*

FREDERICK SCHOOLING, *Actuary.*
D. W. STABLE, *Secretary.*

H. A. HARBEN, *Acting Chairman.*
J. W. SIMMONDS, } *Directors.*
J. H. LUSCOMBE, }

We beg to report that, with the assistance of the Chartered Accountants as stated below, we have examined the foregoing accounts and in our opinion they are correct, and the foregoing is a full and fair Balance Sheet properly drawn up, and exhibits a true and correct view of the state of the Company's affairs as shown by the books of the Company.

In accordance with the provisions of "The Companies Act, 1900," we certify that all our requirements as Auditors have been complied with.

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

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1906, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments set out in the above account, and we certify that they were in possession and safe custody as on December 31st, 1906.

19th February, 1907.

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

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)

FOR THE YEAR ENDING 31ST DECEMBER, 1906.

(No. 1) LIFE ASSURANCE ACCOUNT.			
	£	s.	d.
Amount of life assurance fund at the beginning of the year ...	£31,658,165	4	7
Less amount transferred to the Industrial Branch, being proportion of profits ...	82,850	0	0
Premiums, after deduction of re-assurance premiums ...	4,290,971	3	0
Consideration for annuities granted ...	131,361	16	2
Interest ...	1,131,980	0	2
	£37,129,628	3	11
Claims under life policies (after deduction of sums re-assured) :—			£
By Deaths ...	£961,606	15	8
By Endowments matured ...	985,838	0	11
Surrenders ...			1,947,444 16 7
Cash bonus to policyholders ...			337,684 1 1
Annuities ...			108,332 5 0
Commission ...			108,943 3 9
Expenses of management ...			261,837 15 8
Amount transferred to investments reserve fund ...			111,718 18 10
Amount of life assurance fund at the end of the year, as per Fourth Schedule ...			150,000 0 0
			34,103,667 3 0
			£37,129,628 3 11
(No. 2) SICKNESS ASSURANCE ACCOUNT.			
	£	s.	d.
Amount of sickness assurance fund at the beginning of the year ...	549	3	1
Premiums ...	9	18	1
Interest ...	19	7	8
	£578	8	10
Claims ...			52 0 0
Commission and expenses ...			0 11 10
Sickness assurance fund at the end of the year as per Fourth Schedule ...			525 17 0
			£578 8 10

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)
ON THE 31ST DECEMBER, 1906.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Life assurance fund	£34,103,667	3	0	Mortgages on property within the United Kingdom ...	5,839,507	3	8
Sickness assurance fund	525	17	0	Loans on the company's policies	2,372,768	10	8
Investments reserve fund	1,100,000	0	0	Loans on County Council, Municipal and other rates ...	5,017,922	1	1
Claims under life policies admitted	35,204,193	0	0	Rent charges	278,523	13	1
	112,676	18	11	Investments:—			
				In British Government securities	1,427,130	3	10
				Bank of England stock	202,756	18	6
				Metropolitan Consolidated stock	176,065	18	8
				Indian and Colonial government securities	5,277,644	12	8
				Colonial corporation stocks	789,204	4	1
				Foreign government securities	1,250,248	16	7
				Foreign corporation stocks	531,453	4	2
				Railway and other debentures and debenture stocks and gold and sterling bonds	3,642,192	11	9
				Railway, Gas, Water and other stocks and shares ...	6,744,904	13	10
				Reversions and Life Interests	1,220,637	14	1
				Outstanding premiums	201,121	7	2
				Outstanding interest	260,199	1	11
				Cash—On current accounts, and in hand	84,589	3	2
	£35,316,869	18	11		£35,316,869	18	11

THOS. C. DEWEY, *General Manager.*

FREDERICK SCHOOLING, *Actuary.*
D. W. STABLE, *Secretary.*

H. A. HARBEN, *Acting Chairman.*
J. W. SIMMONDS, } *Directors.*
J. H. LUSCOMBE, }

We beg to report that, with the assistance of the Chartered Accountants as stated below, we have examined the foregoing accounts and in our opinion they are correct, and the foregoing is a full and fair Balance Sheet properly drawn up, and exhibits a true and correct view of the state of the Company's affairs as shown by the books of the Company.

In accordance with the provisions of "The Companies Act, 1900," we certify that all our requirements as Auditors have been complied with.

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

We have examined the Cash transactions (receipts and payments), affecting the accounts of the Assets and Investments for the year ended December 31st, 1906, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments set out in the above account, and we certify that they were in possession and safe custody as on December 31st, 1906.

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

19th February, 1907.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1906.

LIFE ASSURANCE ACCOUNT.			
	£	s.	d.
Amount of life assurance fund at the beginning of the year	£23,974,417	7	2
Amount transferred from reserve fund at the beginning of the year to provide increased benefits to policyholders ...	750,000	0	0
Amount transferred from Ordinary Branch under Regulations of the company ...	82,850	0	0
Premiums	6,499,028	9	3
Interest and rents *	873,432	0	5
	24,807,267	7	2
	£32,179,727	16	10
Claims under life policies	2,376,863	9	7
Surrenders	86,190	0	6
Commission:—			
Salaries of 16,515 agents for the weekly collection of premium from 15,570,222 policies	£1,226,709	16	9
Special new business charges	593,641	16	8
	1,820,351	13	5
Expenses of management:—			
Policy, postage, and receipt stamps (Head Office only)	£80,459	14	10
Superintendency charges	225,153	2	1
Medical fees	59,926	5	3
Head Office expenses	454,545	7	1
	820,084	9	3
Dividends and bonus to shareholders	510,000	0	0
Amount transferred to reserve fund	200,000	0	0
Amount of life assurance fund at the end of the year as per Fourth Schedule	26,366,238	4	1
	£32,179,727	16	10

9

