



THE PRUDENTIAL ASSURANCE COMPANY LTD.

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

YEAR ENDING 31 DECEMBER 1957

P00021461

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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, M.A.
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 :
N. P. Harris. *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.



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, the 22nd May 1958, at 2 o'clock in the afternoon, or so soon thereafter as the proceedings of the separate General Meetings of the holders of the A and of the B Shares of the Company previously to be held at that office on such day shall have been concluded, for the following purposes :

ORDINARY BUSINESS

1

To receive the Report of the Directors and Statement of Accounts for the year ending 31st December, 1957

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 not being Special Business.

SPECIAL BUSINESS

To consider, and if thought fit pass, the Resolutions set out in the separate Notice of Special Business sent herewith, which Resolutions will be proposed as Special Resolutions.

In connection with the re-election of Directors special notices have been given to the Company pursuant to the Companies Act, 1948, that separate resolutions will be moved proposing the re-election of the following Directors, who retire by rotation and whose respective ages at the date of the Meeting will be as shewn in brackets after their names :—

Mr. Hubert Samuel Lane, M.C. (70), and

Rt. Hon. Sir William Patrick Spens, K.B.E., Q.C., M.P. (72)

By order of the Board of Directors,

142, Holborn Bars, London, E.C.1.

L. BROWN,

29th April, 1958.

Secretary.

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 250 B Shares shall not in respect of those shares be entitled to receive notice ' P00021464 vote at any meeting of the Company.



ANNUAL REPORT

Year ending 31st December 1957

The Directors have the pleasure of submitting their Report and Accounts for 1957.

The Balance sheet total of the Company's Assets is £906,423,532, as compared with £856,765,272 at 31st December 1956.

The Income from all sources during 1957 was £169,812,397, as compared with £157,984,978 in 1956.

The Tables which follow summarise the operations of the Life and General Branches during 1957.

BUSINESS IN FORCE 31st DECEMBER 1957

ORDINARY BRANCH

1956				1957	
HOME	OVERSEAS			HOME	OVERSEAS
LIFE ASSURANCE BUSINESS					
£786,892,294	436,725,000	Sums Assured, including bonus ...	...	£884,708,520	497,749,133
£28,950,733	12,577,456	Annual Premium Income	...	£30,320,213	13,994,676
DEFERRED AND CONTINGENT ANNUITIES					
£15,475,784	3,006,670	Amount of Annuities payable per annum	...	£18,157,887	3,361,580
£9,470,966	1,825,271	Annual Premium Income	...	£11,984,827	2,063,971
IMMEDIATE ANNUITIES					
£1,537,078	228,111	Amount of Annuities payable per annum	...	£1,728,089	231,777

INDUSTRIAL BRANCH

HOME	HOME
£1,100,794,516	£1,137,938,905
£51,154,765	£53,246,363

GENERAL BRANCH

HOME	OVERSEAS	HOME	OVERSEAS
£7,665,268	5,644,457	£8,639,377	6,122,564

The General Branch figures do not include the premiums of £2,187,507 (£1,894,459 for 1956) 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 OF INCOME AND OUTGO

1956		LIFE BRANCHES						1957	
ORDINARY BRANCH £	INDUSTRIAL BRANCH £							ORDINARY BRANCH £	INDUSTRIAL BRANCH £
		INCOME							
51,614,063	49,930,834	Premiums	...	...	...	...	...	56,544,826	51,687,001
197,357	—	Consideration for Annuities	...	...	...	...	...	285,341	—
18,938,325	22,799,542	Investment income	...	...	...	...	...	20,855,926	24,382,890
70,749,745	72,730,376	TOTAL INCOME	...	...	...	...	...	77,686,093	76,069,891
		OUTGO							
30,613,598	36,687,423	Claims and Surrenders	...	...	...	...	...	29,342,223	39,637,350
1,713,339	—	Annuities	...	...	...	...	...	1,888,221	—
8,198,761	14,677,200	Commission and other Expenses	...	...	...	...	...	9,310,583	15,327,699
3,356,820	3,508,574	Taxation	...	...	...	...	...	3,070,271	3,431,786
43,882,518	54,873,197	TOTAL OUTGO	...	...	...	...	...	43,611,298	58,396,835
26,867,227	17,857,179	EXCESS OF INCOME OVER OUTGO	...	...	...	...	...	34,074,795	17,673,056
		Deduct							
13,888,836	3,425,003	Provision for increase in liabilities to policyholders	...	...	...	...	...	19,937,134	2,349,978
725,000	900,000	Transfer to Investment Reserve account	...	...	...	...	...	690,000	900,000
12,253,391	13,532,176	LEAVING A SURPLUS FOR THE YEAR OF	...	...	...	...	...	13,447,661	14,423,078
		Add							
810,403	1,439,337	Surplus brought forward from previous year	...	...	...	...	...	907,015	1,523,941
13,063,794	14,971,513		...	...	...	...	...	14,354,676	15,947,019
		Deduct							
1,250,000	1,500,000	Transfer to Branch Contingency Funds	...	...	...	...	...	1,000,000	1,500,000
907,015	1,523,941	Surplus carried forward	...	...	...	...	...	932,601	1,551,785
£10,906,779	£11,947,572	LEAVING A SURPLUS AVAILABLE FOR DISTRI- BUTION OF	...	...	...	...	...	£12,422,075	£12,895,234
		ALLOCATION							
10,099,465	11,063,219	To Policyholders' Bonuses 92·8% (92·6% in 1956) in each branch	...	...	...	...	...	11,532,762	11,972,047
807,314	884,353	To Profit and loss account for Shareholders 7·2% (7·4%) in each branch	...	...	...	...	...	889,313	923,187
		Appropriated as follows :—							
£1,597,917		To Dividend on A Shares	...	...	...	...	...	£1,781,250	
£93,750		To Dividend Reserve Fund (A Shares)	...	...	...	...	...	£31,250	

1956

£

13,351,053
90,758
13,441,811

7,450,081
50,979
5,487,848
12,988,908

452,903

512,603

—59,700

694,988

635,288

373,000

25,000

237,288

186,871

424,159

190,826

£233,333

£58,333

£175,000

1957

£

GENERAL BRANCH

UNDERWRITING INCOME AND OUTGO

INCOME

Premiums and Fees 14,810,065
Investment income allocated to long term contracts 91,928

TOTAL INCOME 14,901,993

OUTGO

Claims 7,567,547
Contributions to Fire Brigades and Fire Prevention 58,072
Commission and other Expenses 6,009,696

TOTAL OUTGO 13,635,315

EXCESS OF INCOME OVER OUTGO 1,266,678

Deduct

Provision for increase in liabilities to policyholders 846,714

GROSS UNDERWRITING SURPLUS 419,964

INVESTMENT INCOME

Investment income other than that allocated to long term contracts... .. 748,152

TOTAL GROSS SURPLUS 1,168,116

Deduct

Taxation 698,000
Transfer to Investment Reserve account 15,000

NET SURPLUS FOR THE YEAR 455,116

Add

Surplus brought forward from previous year 190,826

Deduct

Transfer to Additional Reserve Fund 200,000
Surplus carried forward 195,942

LEAVING SURPLUS AVAILABLE FOR DISTRIBUTION £250,000

Allocated as follows:

To Dividend on A Shares £62,500

To Dividend on B Shares £187,500

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.

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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 4s. 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 20th March, 1958 and 31st December, 1958, inclusive, at the rate of 10s. 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 £15 per £100 sum assured.

Assurance policies of the undermentioned overseas classes

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

Australia...	...	...	...	...	...	...	...	...	£1 16s.
New Zealand	...	...	...	...	...	...	...	...	£1 6s.
Canada	...	...	...	...	...	...	...	...	£1 14s.
South Africa, the Rhodesias and Nyasaland	...	...	...	...	...	...	...	...	£2 8s.
East Africa	...	...	...	...	...	...	...	...	£1 18s.
Ceylon	...	...	...	...	...	...	...	...	£1 6s.
Malaya	...	...	...	...	...	...	...	...	£1 12s.
Cyprus and Malta	...	...	...	...	...	...	...	...	£2 4s.
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 13s. per £100 sum assured.

This bonus is added as on 1st January, 1958, except for policies issued in 1957, 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 20th March, 1958 and 31st December, 1958, inclusive, at the rate of 7s. 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 £10 10s. per £100 sum assured.

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DIVIDENDS

The Directors have declared the following dividends:

A SHARES

A dividend of 29s. 6d. per share, of which 22s. 0d. is payable on 22nd May, 1958, to the shareholders on the Register at that date and 7s. 6d. is payable on 13th November, 1958, to the shareholders then on the Register.

Of the total dividend on the A Shares 1s. 0d. is derived from the profits of the General Branch and 28s. 6d. from the profits of the Life branches.

If the Special Resolution subdividing the A Shares into Shares of 4s. 0d. each is passed at the Annual General Meeting, the dividend payable on the 13th November, 1958, will be 1s. 6d. per 4s. 0d. A Share, instead of 7s. 6d. per £1 A Share.

The sum of £31,250 has been placed to the Dividend Reserve fund.

B SHARES

A dividend of 3s. 9d. per share payable on 22nd May, 1958, to the shareholders then on the Register.

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.

The Directors retiring by rotation are:

Rt. Hon. Sir Percy James Grigg, K.C.B., K.C.S.I.

Mr. Hubert Samuel Lane, M.C.

Mr. Charles William Allan Ray, and

Rt. Hon. Sir William Patrick Spens, K.B.E., Q.C., M.P.

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
11th April, 1958.

F. W. MORGAN,
Chairman.

ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December 1957

LIFE ASSURANCE BUSINESS

1956 £		£	1956 £		£
339,878,887	Amount of life assurance fund at the beginning of the year	£360,642,798		Claims under policies paid and outstanding—	
+ 957,998	Deduct adjustment in exchange	816,177	5,231,184	By death	5,537,098
340,836,885		359,826,621	18,952,851	By maturity	16,878,950
	Add (1956 deduct) adjustment in respect of business transferred to the Life Insurance Corporation of India ...	335,789	24,184,035		22,416,048
4,279,000			6,127,190	Surrenders	6,565,497
336,557,885		360,162,410	302,373	Bonuses surrendered for cash	360,678
			1,713,339	Annuities	1,888,221
51,614,063	Premiums	56,544,826	2,889,000	Commission	3,325,594
197,357	Consideration for annuities granted	285,341	5,309,761	Expenses of management	5,984,989
18,938,325	Interest, dividends and net rents (less amount written off terminable securities) ...	20,855,926	235,000	Profits tax	280,000
3,121,820	Deduct Income tax (less estimated rebate in respect of 1957)	2,790,271	725,000	Transfer to Investment reserve account ...	690,000
15,816,505		18,065,655	1,250,000	Transfer to Branch contingency fund ...	1,000,000
			807,314	Transfer to Profit and loss account ...	889,313
			360,642,798	Amount of life assurance fund at the end of the year	391,657,892
<u>£404,185,810</u>		<u>£435,058,232</u>			<u>£435,058,232</u>

The number of policies issued during the year was 155,371, assuring a sum of £205,566,533 and producing an annual premium income of £5,885,642. In addition, increases under existing group life assurances amounted to £10,877,289. The amount received in single premiums was £201,451.

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INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December 1957

INDUSTRIAL ASSURANCE BUSINESS

1956			1956		
£		£	£		£
	Amount of Industrial assurance fund at the beginning of the year			Claims under policies paid and outstanding—	
407,171,465		421,744,291	12,769,024	By death	13,084,138
49,930,834	Premiums	51,687,001	17,164,246	By maturity	18,414,666
			29,933,270		31,498,804
22,799,542	Interest, dividends and net rents (less amount written off terminable securities) ...	£24,382,890	6,754,153	Surrenders	8,138,546
			14,677,200	Expenses of management	15,327,699
3,213,574	Deduct Income tax (less estimated rebate in respect of 1957)	3,161,786	295,000	Profits tax	270,000
19,585,968		21,221,104	900,000	Transfer to Investment reserve account ...	900,000
			1,500,000	Transfer to Branch contingency fund ...	1,500,000
			884,353	Transfer to Profit and loss account ...	923,187
			421,744,291	Amount of Industrial assurance fund at the end of the year	436,094,160
£476,688,267		£494,652,396	£476,688,267		£494,652,396

The number of policies issued during the year was 1,380,093, assuring a sum of £101,370,697 and producing an annual premium income of £6,794,151.

GENERAL BRANCH

for the year ending

REVENUE ACCOUNTS

31st December 1957

FIRE INSURANCE BUSINESS

1956 £	£	1956 £	£
	Amount of fire insurance fund at the beginning of the year—	2,164,898	Claims under policies paid and outstanding
2,082,048	Provision for unexpired risks	933,967	Commission
4,653,580	Premiums	1,225,038	Expenses of management
13,403	Exchange appreciation on currency assets held against currency liabilities	50,979	Contributions to fire brigades and fire prevention
—	Transfer from Profit and loss account ...	179,096	Exchange depreciation on currency assets held against currency liabilities
			Amount of fire insurance fund at the end of the year—
			Provision for unexpired risks, which amounts to 47·3 per cent. (47·2 per cent. for 1956) of the premium income for the current year
<u>£6,749,031</u>	<u>£7,135,893</u>	<u>£6,749,031</u>	<u>£7,135,893</u>

MOTOR VEHICLE INSURANCE BUSINESS

1956 £	£	1956 £	£
	Amount of motor vehicle insurance fund at the beginning of the year—	2,996,453	Claims under policies paid and outstanding
1,501,502	Provision for unexpired risks	497,116	Commission
10,000	Provision for motor vehicles laid up	1,050,005	Expenses of management
1,511,502			Amount of motor vehicle insurance fund at the end of the year—
+11,653	Deduct adjustment in exchange	1,694,982	Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year
1,523,155			
4,237,456	Premiums	1,675,438	
477,945	Transfer from Profit and loss account ...	4,996,995	
<u>£6,238,556</u>	<u>£6,750,365</u>	<u>£6,238,556</u>	<u>£6,750,365</u>

SICKNESS AND ACCIDENT INSURANCE BUSINESS

1956 £	£	1956 £	£
	Amount of sickness and accident insurance fund at the beginning of the year—	448,476	Payments under policies, including medical and legal expenses in connection therewith
405,690	Provision for unexpired accident and disability risks	148,137	Commission
551,000	Further provision for renewable accident and disability risks	279,797	Expenses of management
22,270	Provision for permanent sickness risks	123,834	Transfer to Profit and loss account ...
164,228	Total estimated liability in respect of outstanding accident and disability claims		Amount of sickness and accident insurance fund at the end of the year—
1,143,188		437,456	Provision for unexpired accident and disability risks, which amounts to 40 per cent. of the premium income for the current year
+ 7,584	Deduct adjustment in exchange	570,000	Further provision for renewable accident and disability risks
1,150,772		23,085	Provision for permanent sickness risks
1,093,640	Premiums—	219,313	Total estimated liability in respect of outstanding accident and disability claims
4,710	Accident and disability	1,249,854	
1,098,350	Permanent sickness		
976	Interest on permanent sickness provision		
<u>£2,250,098</u>	<u>£2,431,838</u>	<u>£2,250,098</u>	<u>£2,431,838</u>

MISCELLANEOUS INSURANCE BUSINESS

1956 £	£	1956 £	£
	Amount of miscellaneous insurance fund at the beginning of the year—	1,574,744	Claims under policies paid and outstanding
1,181,684	Provision for unexpired risks	464,705	Commission
+14,932	Deduct adjustment in exchange	831,546	Expenses of management
1,196,616			Transfer to Profit and loss account ...
2,834,780	Premiums		Amount of miscellaneous insurance fund at the end of the year—
41,328	Trustee and executor fees	1,216,061	Provision for unexpired risks, which amounts to 43·8 per cent. (42·9 per cent. for 1956) of the premium income for the current year
14,332	Transfer from Profit and loss account ...		
<u>£4,087,056</u>	<u>£4,396,076</u>	<u>£4,087,056</u>	<u>£4,396,076</u>

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded £329,000,000 at the end of the year.

GENERAL BRANCH REVENUE ACCOUNTS — CONTINUED

SINKING FUND INSURANCE BUSINESS

1956			1956		
£		£	£		£
	Amount of sinking fund insurance fund at the beginning of the year...	2,224,219	1,080	Claims under policies paid and outstanding	85,050
2,130,139			10,009	Surrenders	46,443
45,953	Premiums	34,334	—	Commission	—
89,782	Interest and dividends	90,931	919	Expenses of management	687
			29,647	Transfer to Profit and loss account ...	45,895
				Amount of sinking fund insurance fund at the end of the year	2,171,409
			2,224,219		
<u>£2,265,874</u>		<u>£2,349,484</u>	<u>£2,265,874</u>		<u>£2,349,484</u>

MARINE, AVIATION
AND TRANSIT INSURANCE BUSINESS

Total 1956		Current Year.	Last Preced- ing Year.	Previous Years.	Total.	Total 1956		Current Year.	Last Preced- ing Year.	Previous Years.	Total.
£		£	£	£	£	£		£	£	£	£
	Amount of marine, aviation and transit insurance fund at the beginning of the year		332,113	629,188	961,301		Claims paid (less salvages, refunds and re-insurance recoveries) — risks other than aviation hull risks ...	106,645	115,644	61,994	284,283
932,113						254,421					
	Premiums (less brokerage, discount, commission, returns and reinsurances) — risks other than aviation hull risks	467,757	—11,529	5,508	461,736	16,295	Expenses of management	21,116	—1,994	278	19,400
439,606						8,290	Agency expenses	9,217	387	9	9,613
	Profit on exchange	—	—	—	—	32,033	Agents' and other profit commissions... ..	—	703	27,239	27,942
621						—	Loss on exchange	8,935	—36	1	8,900
						100,000	Transfer to Profit and loss account	—	—	50,000	50,000
							Amount of marine, aviation and transit insurance fund at the end of the year ...	321,844	205,880	495,175	1,022,899
						961,301					
<u>£1,372,340</u>					<u>£1,423,037</u>	<u>£1,372,340</u>					<u>£1,423,037</u>

PROFIT AND LOSS ACCOUNT

for the year ending 31st December 1957

ORDINARY AND INDUSTRIAL BRANCHES

1956 £		£	1956 £		£
	Transfers from Revenue accounts—			Transfer to Appropriation account	
807,314	Ordinary branch	889,313	1,691,667	...	1,812,500
884,353	Industrial branch	923,187			
<u>£1,691,667</u>		<u>£1,812,500</u>	<u>£1,691,667</u>		<u>£1,812,500</u>

GENERAL BRANCH

1956 £		£	1956 £		£
	Transfers from Revenue accounts—			Transfers to Revenue accounts—	
179,096	Fire	—	—	Fire	7,472
123,834	Sickness and accident	163,697	477,945	Motor vehicle	77,932
—	Miscellaneous	245,776	14,332	Miscellaneous	—
29,647	Sinking fund	45,895		Taxation—	
100,000	Marine	50,000	130,000	Overseas taxes	144,000
694,988	Interest and dividends not carried to other accounts	748,152	55,000	Profits tax	121,000
			188,000	Income tax	433,000
			25,000	Transfer to Investment reserve account	15,000
			237,288	Transfer to Appropriation account	455,116
<u>£1,127,565</u>		<u>£1,253,520</u>	<u>£1,127,565</u>		<u>£1,253,520</u>

APPROPRIATION ACCOUNT

for the year ending 31st December 1957

Ordinary and Industrial Branches 1956.	General Branch 1956.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1956.	General Branch 1956.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
—	186,871	Balance brought forward from previous year ...	—	190,826	—	—	Transfer to Additional reserve fund	—	200,000
1,691,667	237,288	Transfers from Profit and loss account	1,812,500	455,116	93,750	—	Transfer to Dividend reserve fund (A shares)...	31,250	—
							Provision for dividends (free of income tax) in respect of 1957 to holders of—		
					1,597,917	58,333	A shares	1,781,250	62,500
					—	175,000	B shares	—	187,500
					—	190,826	Balance carried to Balance sheet	—	195,942
<u>£1,691,667</u>	<u>424,159</u>		<u>£1,812,500</u>	<u>645,942</u>	<u>£1,691,667</u>	<u>424,159</u>		<u>£1,812,500</u>	<u>645,942</u>

CONTINGENCY FUNDS AND

Accounts for the year ending 31st December 1957

COMMON CONTINGENCY FUND

1956 £		1956 £		1956 £		1956 £	
	Amount of Common contingency fund at the beginning of the year	3,603,832		3,748	Taxation—		
129,477	Interest and dividends	144,172		54,770	Profits tax	3,993	
				80,000	Income tax	61,273	
					Amount written off investments	35,000	
					Amount of Common contingency fund at the end of the year	3,647,738	
<u>£3,742,350</u>		<u>£3,748,004</u>		<u>£3,742,350</u>		<u>£3,748,004</u>	

SPECIAL CONTINGENCY FUND

1956 £		1956 £		1956 £		1956 £	
	Amount of Special contingency fund at the beginning of the year	5,961,443		6,343	Taxation—		
222,551	Interest and dividends	240,955		94,443	Profits tax	6,844	
				170,000	Income tax	102,405	
					Amount written off investments	105,000	
					Amount of Special contingency fund at the end of the year	5,988,149	
<u>£6,232,229</u>		<u>£6,202,398</u>		<u>£6,232,229</u>		<u>£6,202,398</u>	

DIVIDEND RESERVE FUND (A SHARES)

1956 £		1956 £		1956 £		1956 £	
	Amount of Dividend reserve fund at the beginning of the year	625,133		516	Taxation—		
93,750	Transfer from Appropriation account	31,250		6,791	Profits tax	655	
16,030	Interest and dividends	21,141		5,000	Income tax	8,985	
					Amount written off investments	20,000	
					Amount of Dividend reserve fund at the end of the year	647,884	
<u>£637,440</u>		<u>£677,524</u>		<u>£637,440</u>		<u>£677,524</u>	

DIVIDEND RESERVE FUND

Balance Sheets 31st December 1957

COMMON CONTINGENCY FUND

LIABILITIES.				ASSETS.			
1956				1956			
£			£	£			£
3,603,832	Common contingency fund	...	3,647,738		Investments—		
	Current liabilities and provisions—			2,744,851	British Government securities	...	2,141,901
				443,780	British Government guaranteed securities	...	1,140,371
1,660	Profits tax	...	3,253		Municipal and county securities, United Kingdom	...	261,299
				261,299	Public Board securities	...	32,000
				34,700	Other Commonwealth Government securities	...	8,600
				8,600	Debentures and debenture stocks home and foreign	...	49,000
				61,000	Current assets—		
				41,290	Estimated tax recoverable	...	10,799
					Balance at Bankers—		
				5,000	On deposit in the United Kingdom	...	—
				4,972	On current account in the United Kingdom	...	7,021
<u>£3,605,492</u>			<u>£3,650,991</u>	<u>£3,605,492</u>			<u>£3,650,991</u>

SPECIAL CONTINGENCY FUND

LIABILITIES.				ASSETS.			
1956				1956			
£			£	£			£
5,961,443	Special contingency fund	...	5,988,149		Loans—		
	Current liabilities and provisions—			17,012	On parochial and other public rates	...	17,012
2,787	Profits tax	...	6,172		Investments—		
				3,478,033	British Government securities	...	2,735,947
				1,657,213	British Government guaranteed securities	...	2,502,235
					Municipal and county securities, United Kingdom	...	391,328
				391,328	Other Commonwealth Government securities	...	284,504
				292,504	Debentures and debenture stocks home and foreign	...	45,000
				56,000	Current assets—		
				53,261	Estimated tax recoverable	...	9,851
					Balance at Bankers—		
				10,000	On deposit in the United Kingdom	...	—
				8,879	On current account in the United Kingdom	...	8,444
<u>£5,964,230</u>			<u>£5,994,321</u>	<u>£5,964,230</u>			<u>£5,994,321</u>

DIVIDEND RESERVE FUND (A SHARES)

LIABILITIES.				ASSETS.			
1956	£		£	1956			£
625,133	Dividend reserve fund	...	647,884	344,251	Investments—		
	Current liabilities and provisions—			159,516	British Government securities	...	406,549
490	Profits tax	...	697		British Government guaranteed securities	...	183,062
—	Income tax	...	165	18,277	Municipal and county securities, United Kingdom	...	17,221
				1,582	Current assets—		
					Estimated tax recoverable	...	—
				6,000	Balance at Bankers—		
					On deposit in the United Kingdom	...	6,000
				95,997	On current account in the United Kingdom	...	35,914
<u>£625,623</u>			<u>£648,746</u>	<u>£625,623</u>			<u>£648,746</u>

31st DECEMBER 1957

Ordinary Branch 1956.	Industrial Branch 1956.	General Branch 1956.	Total 1956.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
15,520,662	12,251,105	—	27,771,767	Mortgages—				
12,109,615	214,391	400	12,324,406	On property within the United Kingdom ...	19,862,199	12,881,168	2,000	32,745,367
3,966,827	9,096,405	300,000	13,363,232	On property out of the United Kingdom ...	14,564,912	141,964	1,842	14,708,718
16,633	—	—	16,633	Loans—				
401,275	800,000	—	1,201,275	On parochial and other public rates ...	3,185,664	6,320,015	300,000	9,805,679
10,903,532	—	—	10,903,532	On Life interests ...	8,729	—	—	8,729
556,810	995,000	—	1,551,810	On Stocks and shares ...	1,001,275	1,600,000	—	2,601,275
460,739	706,035	64,950	1,231,724	On Company's policies within their surrender values ...	12,431,276	—	—	12,431,276
53,087,042	87,339,809	3,639,023	144,065,874	Without specific security ...	555,448	995,000	—	1,550,448
38,146,022	87,965,084	1,111,379	127,222,485	To subsidiaries ...	487,689	701,335	80,859	1,269,883
215,426	346,453	—	561,879	Investments—				
2,379,427	2,054,729	578,449	5,012,605	British Government securities ...	60,763,073	107,132,504	3,557,023	171,452,600
640,326	2,119,521	29,872	2,789,719	British Government guaranteed securities ...	30,083,085	70,200,509	1,111,379	101,394,973
18,761,076	5,505,897	970,266	25,237,239	Securities guaranteed under Trade Facilities and other Acts ...	215,426	346,453	—	561,879
4,090,922	—	637,157	4,728,079	Municipal and county securities, United Kingdom ...	2,340,277	2,122,729	492,646	4,955,652
6,434,424	109,189	383,970	6,927,583	Public Board securities, United Kingdom ...	663,461	2,169,368	27,872	2,860,701
2,078,442	8,112	—	2,086,554	Other Commonwealth Government securities ...	20,205,760	4,950,120	1,011,362	26,167,242
1,008,319	529,782	836,156	2,374,257	Other Commonwealth provincial securities ...	4,875,211	—	812,354	5,687,565
23,112	6	16,400	39,518	Other Commonwealth municipal securities ...	7,028,936	90,739	387,809	7,507,484
62,105,722	75,285,682	5,322,777	142,714,181	Other Commonwealth Public Board securities ...	2,528,743	8,112	—	2,536,855
27,823,821	31,258,735	1,459,943	60,542,499	Foreign Government securities ...	1,154,995	559,835	532,900	2,247,730
61,040,102	74,938,990	1,138,734	137,117,826	Foreign provincial securities ...	2	3	—	5
17,500	24,428	—	41,928	Foreign municipal securities ...	9,825	6	16,400	26,231
48,425	128,419	8,000	184,844	Debentures and debenture stocks and gold and sterling bonds—home and foreign ...	67,512,420	80,592,119	5,518,221	153,622,760
56,928	48,436	—	105,364	Preference and guaranteed stocks and shares ...	28,059,194	31,258,949	1,497,451	60,815,594
2,157,147	9,621,029	—	11,778,176	Ordinary stocks and shares ...	68,674,047	81,238,129	1,388,344	151,300,520
30,160	78,777	—	108,937	Subsidiaries not dealt with in group accounts—				
27,340,426	21,324,860	—	48,665,286	Preference shares ...	17,500	24,428	—	41,928
13,573,445	10,118,700	—	23,692,145	Ordinary shares ...	38,064	106,742	8,000	152,806
800,733	—	—	800,733	Rent charges ...	56,928	48,436	—	105,364
884	—	—	884	Freehold ground rents and feu duties ...	2,360,745	9,296,087	—	11,656,832
—	—	880,983	880,983	Leasehold ground rents ...	30,160	165,282	—	195,442
—	4,776,694	—	4,776,694	Property—				
1,218,721	688,361	18,261	1,236,982	In the United Kingdom—Freehold ...	30,599,423	22,213,774	—	52,813,197
369,400	—	120,261	489,661	—Leasehold ...	15,070,994	12,078,241	—	27,149,235
1,217,526	—	273,499	1,217,526	Out of the United Kingdom ...	1,728,034	—	—	1,728,034
1,685,987	137,775	1,191,782	3,015,544	Reversions ...	884	—	—	884
754,948	523,530	5,224	1,283,702	Fixed assets—				
2,111,927	2,135,469	132,455	4,379,851	Subsidiary dealt with in accounts annexed—				
—	—	1,152,513	1,152,513	Ordinary shares (at cost) ...	—	—	880,983	880,983
25,112	23,258	31,385	48,370	Office premises (at cost, less amounts written off)—				
2,521,000	4,003,000	100,166	6,624,166	In the United Kingdom—Freehold ...	—	5,163,344	—	5,163,344
49,126	121,714	180,718	351,558	—Leasehold ...	—	756,420	—	756,420
600,000	950,000	150,000	1,700,000	Out of the United Kingdom ...	1,468,442	—	22,448	1,490,890
392,218	—	54,804	447,022	Current assets—				
206,867	209,237	117,705	533,809	Deposits at interest at home and abroad ...	301,732	—	423,425	725,157
1,856,455	35,925	382,942	2,275,322	Agents' balances ...	1,522,077	—	387,770	1,522,077
£378,805,213	446,474,540	21,290,174	846,569,927	Commission paid in advance ...	1,669,079	56,102	1,785,355	3,510,536
				Outstanding premiums ...	901,810	518,402	10,041	1,430,253
				Outstanding interest, dividends, rents and fees ...	2,305,422	2,135,795	149,027	4,590,244
				Interest, dividends, rents and fees accrued ...	—	—	1,145,308	1,145,308
				Amounts due on reinsurance account ...	—	—	21,320	21,320
				Amounts due from subsidiaries ...	24,001	48,297	—	72,298
				Sundry brokers for investments sold ...	3,369,000	4,378,000	—	7,747,000
				Estimated income tax recoverable ...	169,812	235,149	147,143	552,104
				Other debtors ...				
				Balances at Bankers and Cash in hand—				
				On deposit—				
				In the United Kingdom ...	500,000	700,000	100,000	1,300,000
				Out of the United Kingdom ...	543,971	—	51,990	595,961
				In hand and on current account—				
				In the United Kingdom ...	111,467	308,273	234,366	654,106
				Out of the United Kingdom ...	2,294,194	672,633	513,988	3,480,815

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 3 of the Assurance Companies Act, 1946, 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.

We certify that in our belief the value at 31st December, 1957, of the assets set forth in the Balance sheet is in the aggregate in excess of the amount stated therein, after taking into account the Branch contingency funds. 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.

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; individual groups of securities appear at amounts which are above or below the values at 31st December, 1957.

W. F. GARDNER, *General Manager.*

F. W. MORGAN, *Chairman.*

F. M. REDINGTON, *Actuary.*

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

L. BROWN, *Secretary.*

J. MILLARD TUCKER, *Director.*

11th April, 1958.

NOTES TO THE ACCOUNTS

1956. £		1957. £
24,955,000	Capital commitments for settlement after 31st December	34,840,000
7,290,000	Contingent capital commitments	240,000
2,890,000	Uncalled capital on investments held	2,585,000
1,530,000	Reserve liability on shares, etc.	320,000

A contingent liability exists under a guarantee given by the Company in respect of certain benefits for the Staff and their relatives and dependants provided by means of a company formed for this purpose.

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—

1956. £		1957. £
33,000	Australia	33,500
17,000	Burma	19,000
18,001,500	Canada	22,310,000
1,373,500	Egypt	1,349,000
14,000	Ireland	12,500
1,500	Israel	3,000
45,000	New Zealand	45,000
1,407,500	Pakistan	1,711

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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.

The aggregate amount of the Directors' remuneration for the year was £54,167. (1956, £54,255.)

Life, casualty and sinking fund revenue account transactions in overseas currencies have been brought in at the rates of exchange ruling on the 31st December, 1957, 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.

During 1956 the liabilities in respect of the major part of the Company's life business in India and the funds held in India to cover these liabilities were taken over by the Life Insurance Corporation of India and £4,279,000 was deducted from the opening fund in the Ordinary branch revenue account for 1956. During 1957 amounts released in accordance with Section 35 of the Indian Life Insurance Corporation Act, 1956, have been received and £335,789 has been added to the opening fund in the Ordinary branch revenue account for 1957. No credit has been taken for compensation due under Section 7 of the Indian Life Insurance (Emergency Provisions) Act, 1956, and Section 16 of the Indian Life Insurance Corporation Act, 1956.

The position regarding the business of the Company's Egyptian branch has not yet been clarified and no accounts relating to the period subsequent to 1st November, 1956 have been received from the branch.

Liabilities and assets in overseas currencies have been converted into sterling at the rates ruling on the 31st December, 1957 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.

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 in arriving at the balance sheet values of the assets in the appropriate branches.

With the approval of the Board of Trade (a) the group accounts do not deal with certain 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. Two other subsidiaries whose last available accounts cover the year 1956 are not dealt with in the group accounts in view of the insignificant amount involved. A dividend of £842 relating to 1956 has been received in 1957 and included in the Company's accounts. The Company's proportion of the balance of profit undistributed amounted at the rate of exchange at the 31st December, 1957, to £12,580, of which £1,957 related to 1956, and was carried forward in the accounts of the subsidiaries.

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 1957 have been approved by the Directors and are annexed to these accounts. The Company's main accounts do not include the business transacted by the subsidiary except that the dividend received in 1957 is included with General branch interest and dividends.

ACCOUNTS OF AMERICAN SUBSIDIARY COMPANY

THE PRUDENTIAL INSURANCE COMPANY OF GREAT BRITAIN

located in New York

REVENUE ACCOUNT

for the year ending 31st December 1957

1956		£	1956		£
£			£		
	Amount of insurance fund at the beginning of the year—		1,087,428	Claims under policies paid and outstanding	1,155,452
1,932,568	Provision for unexpired risks	2,016,280	736,262	Commission	910,292
1,894,459	Premiums	2,187,507	37,515	Expenses of management	53,827
50,458	Transfer from Profit and loss account ...	30,274		Amount of insurance fund at the end of the year—	
			2,016,280	Provision for unexpired risks	2,114,490
<u>£3,877,485</u>		<u>£4,234,061</u>	<u>£3,877,485</u>		<u>£4,234,061</u>

The whole of the business transacted is fire and casualty risks reinsurance business.

PROFIT AND LOSS ACCOUNT

for the year ending 31st December 1957

1956		£	1956		£
£			£		
1,036,699	Balance (earned surplus) brought forward from previous year	1,056,906	8,922	Taxes	12,386
136,465	Interest and dividends	140,222	13,022	Investment expenses	11,732
—	Profit on sale of securities	15,898	680	Loss on sale of securities	—
			2,997	Amounts written off securities	2,568
			40,179	Dividend to Shareholders	40,179
			50,458	Transfer to Revenue account	30,274
			1,056,906	Balance (earned surplus) as per Balance sheet	1,115,887
<u>£1,173,164</u>		<u>£1,213,026</u>	<u>£1,173,164</u>		<u>£1,213,026</u>

BALANCE SHEET

31st December 1957

LIABILITIES.			ASSETS.		
1956		£	1956		£
£			£		
535,714	Authorised and Issued capital—		2,315,979	Investments (at or under cost)—	
535,714	15,000 shares of \$100 each, fully paid	535,714	1,043,744	United States Government securities ...	2,230,463
1,056,906	Capital reserve (surplus paid in)	535,714	411,537	Debentures and bonds	1,397,663
2,016,280	Profit and loss account balance (earned surplus)	1,115,887	478,968	Preference stocks and shares	408,640
	Insurance fund	2,114,490		Ordinary stocks and shares	515,470
	Current liabilities—			Current assets—	
474,315	Outstanding claims	525,850	17,224	Interest and dividends accrued	20,032
60,041	Outstanding commission and expenses ...	68,256	241,700	Amounts due on reinsurance account ...	165,276
8,587	Amounts due on reinsurance account ...	17,144	183,873	Balances at Bankers and Cash in hand	192,645
5,468	Taxation	17,134			
<u>£4,693,025</u>		<u>£4,930,189</u>	<u>£4,693,025</u>		<u>£4,930,189</u>

All items have been converted at the rate of \$2.80 to the £. The Prudential Assurance Company Limited holds over 99 per cent of the shares in this Company, and has the option in certain events to acquire the remaining shares.

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit apart from confirmations in respect of mortgages, loans, investments and balances with bankers in Egypt. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books, and proper returns adequate for the purposes of our audit have been received from the branches (other than the Egyptian branch since 1st November, 1956) 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 of account and returns. In our opinion and to the best of our information and according to the explanations given us the said accounts give the information required by the Companies Act, 1948, in the manner so required which in relation to Assurance Companies is modified by Part III of the Eighth Schedule to that Act in regard to reserves and provisions and aggregate market value of quoted investments to which reference is made in the second certificate to the accounts. On this basis in our opinion the balance sheet gives a true and fair view of the state of the Company's affairs as at 31st December, 1957, and the profit and loss account as supplemented by the revenue accounts gives a true and fair view of the profit, ascertained in the manner therein indicated, 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 the accounts thereof, and in our opinion the accounts show a fair and equitable apportionment of the expenses between the Industrial and other Branches of the Company's business.

We have also examined the group accounts comprising the accounts of the Company, as audited by us, and the annexed accounts of its subsidiary, The Prudential Insurance Company of Great Britain (located in New York), not audited by us but which are based upon audited accounts received from New York. In our opinion the group accounts have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give on the basis mentioned above a true and fair view of the state of affairs as at 31st December, 1957, and of the profit of the Company and its subsidiary dealt with by such group accounts for the year ended on that date so far as concerns members of The Prudential Assurance Company Limited.

DELOITTE, PLENDER, GRIFFITHS & CO.,

Chartered Accountants,

5, London Wall Buildings, London, E.C.2.

11th April, 1958.

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, 1957, of the life assurances and annuities and other insurance contracts of the Company.

ORDINARY BRANCH

The number of contracts in force was 1,643,575 producing an annual premium income of £58,363,687. Sums assured with bonuses amounted to £1,382,457,653; deferred and contingent annuities with bonuses secured £21,519,467 per annum; annuities in course of payment amounted to £1,959,866 per annum.

The interest earned in 1957 represents a gross rate of £5 13s. 8d. 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 2½ per cent. for assurances issued in the United Kingdom and the Republic of Ireland, 3½ 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 a(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	...	...	...	...	...	...	...	...	2½%	3%
Individual business	...	...	...	...	...	...	...	...	3½%	—
Without profits group and individual :										
Pension annuity business	...	...	...	...	...	...	...	...	4 %	—
General annuity business :										
During deferment	...	...	...	...	...	...	...	...	3½%	3½%
After deferment	...	...	...	...	...	...	...	...	4 %	
Immediate Annuities	...	...	...	...	...	...	...	...	4 %	3½%
Annuities Certain	...	...	...	...	...	...	...	...	3½%	3½%

For individual deferred annuities the net premiums valued were calculated on the valuation bases and for group deferred annuities secured by annual premiums the net premiums are 95 per cent. of the office premiums or less.

The equivalents in sterling of liabilities in other currencies have been calculated at the rates of exchange ruling on 31st December, 1957. P00021480

ORDINARY BRANCH (CONTINUED)

The revival and general contingencies reserve of £3,500,000 is in my opinion a sufficient reserve for such contingencies not otherwise provided for.

The result of the valuation is as follows :—

Life assurance fund (subject to transfers) on 31st December, 1957	...	...	...	...	£393,547,205
Net liability under assurance policies	...	...	...	...	£277,598,471
Net liability under annuity contracts	...	...	...	...	98,094,058
Revival and general contingencies reserve	...	...	...	...	3,500,000
Total net liability	...	...	...	...	£379,192,529
Surplus, including £907,015 brought forward from last year	...	...	...	...	£14,354,676

I recommend that £1,000,000 be transferred to the Ordinary branch contingency fund and that £11,532,762 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 further, that the rates of special bonus should be 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, 1958, at the rate of 10s. 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 £15 per £100 sum assured.

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

(1) Policies of classes issued in the United Kingdom	...	...	...	...	£2	4s. per £100 sum assured.
(2) Policies of the undermentioned overseas classes						
(a) Australia...	...	...	...	...	£1	16s. per £100 sum assured.
(b) New Zealand	...	...	...	...	£1	6s. per £100 sum assured.
(c) Canada	...	...	...	...	£1	14s. per £100 sum assured.
(d) South Africa, the Rhodesias and Nyasaland	...	...	...	...	£2	8s. per £100 sum assured.
(e) East Africa	...	...	...	...	£1	18s. per £100 sum assured.
(f) Ceylon	...	...	...	...	£1	6s. per £100 sum assured.
(g) Malaya	...	...	...	...	£1	12s. per £100 sum assured.
(h) Cyprus and Malta	...	...	...	...	£2	4s. per £100 sum assured.
(i) Pakistan	...	...	...	...	£1	0s. per £100 sum assured.
(j) Burma, Sudan and Palestine (closed classes)	...	...	...	...	£1	0s. per £100 sum assured.
(k) India (a closed class comprising a few policies on the Burma and United Kingdom registers)	...	...	...	...	£1	8s. per £100 sum assured.

VALUATION REPORT (CONTINUED)

ORDINARY BRANCH (CONTINUED)

- (C) For individual retirement annuity policies approved under the Finance Act, 1956, and issued in the United Kingdom :—
- (a) Reversionary bonus during deferment at the rate of £1 15s. per £100 Standard Annuity.
- (b) Final bonus on annuities (as increased by any existing bonus additions) commencing between the date of declaration and 31st December, 1958, at the rate of £10 per £100 annuity.
- (D) For group pension business :—
- (1) Policies issued in the United Kingdom :
- (a) Compound bonus on pensions secured but not entered upon—
- (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) Final bonus on pensions (as increased by any existing bonus pensions) commencing between 15th March, 1958, and 14th March, 1959, inclusive £16 0s. pension per £100 pension.
- (2) Policies issued in South Africa, the Rhodesias, Nyasaland and East Africa :
- (a) Compound bonus on pensions secured but not entered upon £2 0s. pension per £100 pension.
- (b) Final bonus on pensions (as increased by any existing bonus pensions) commencing between 15th March, 1958, and 14th March, 1959, inclusive £12 10s. pension per £100 pension.
- (3) Policies issued in Canada :
- (a) Compound bonus on pensions secured but not entered upon £1 0s. pension per £100 pension.
- (b) Final bonus on pensions (as increased by any existing bonus pensions) commencing between 15th March, 1958, and 14th March, 1959, inclusive £5 0s. pension per £100 pension.

INDUSTRIAL BRANCH

The number of policies in force, including 5,771,869 free or paid-up policies, was 29,456,597 producing an annual premium income of £53,246,363. The maximum sums assured with bonuses amounted to £1,137,938,905.

The interest earned in 1957 represents a gross rate of £5 16s. 7d. 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 2½ per cent.

The revival and general contingencies reserve of £2,000,000 is in my opinion a sufficient reserve for such contingencies not otherwise provided for.

The result of the valuation is as follows :—

Industrial assurance fund (subject to transfers) on 31st December, 1957	... ..	£438,517,347
Net liability under Industrial assurance policies...	... ..	£420,570,328
Revival and general contingencies reserve	... ..	2,000,000
Total net liability	£422,570,328
Surplus, including £1,523,941 brought forward from last year	£15,947,019
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INDUSTRIAL BRANCH (CONTINUED)

I recommend that **£1,500,000** be transferred to the Industrial branch contingency fund and that **£11,972,047** 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 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, 1958, at the rate of **7s. 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 **£10 10s. per £100** sum assured.
- (B) A reversionary bonus at the rate of **£1 13s. 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 unearned 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 **£598,000** is required in addition to the 40 per cent. of the premium income for the current year.

The marine fund of **£1,022,899** 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 **£3,845,196** at the end of fixed terms of years, and produce an annual premium income of **£34,334**.

The equivalents in sterling of provisions in other currencies have been calculated at the rates of exchange ruling on 31st December, 1957.

The result of the valuation is as follows :

Insurance fund (subject to transfers) on 31st December, 1957...	£13,870,552
Provision for fire, sickness and accident, motor vehicle and miscellaneous insurances	£7,030,302
Provision for marine insurance	1,022,899
Provision for sinking fund insurance	2,171,409
Additional reserve fund	3,000,000
	£13,224,610
Surplus including £190,826 brought forward from last year	£645,942

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

I am, Gentlemen,

Your obedient Servant,

F. M. REDINGTON,

Actuary.

20th March, 1958.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

HOLBORN BARS, LONDON E.C.1

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