

PRUDENTIAL ASSURANCE COMPANY.

CHIEF OFFICES:—62, LUDGATE HILL, LONDON.
WEST-END BRANCH:—7, KING STREET, ST. JAMES'S.

TWENTY-SECOND ANNUAL REPORT

FOR THE YEAR ENDING 31st DECEMBER, 1870.



HE results of the operations of the year ending 31st December, 1870, shew that the Company has attained a remarkable degree of solidity and strength.

The New Business—the progression of the Income—and the increase of the Assurance Fund, are all greater than in any previous year.

The following are the returns of the New Premium Income since the last valuation:—

1867	-	-	-	-	-	£54,819	5	3
1868	-	-	-	-	-	87,748	16	11
1869	-	-	-	-	-	102,323	15	2
1870	-	-	-	-	-	108,769	7	2

The Premium Income for the same period is:—

1867	-	-	-	-	-	£164,007	13	10
1868	-	-	-	-	-	220,978	0	10
1869	-	-	-	-	-	241,135	12	6
1870	-	-	-	-	-	285,622	18	2

The Assurance Fund for the same period is:—

1867	-	-	-	-	-	£172,959	14	6
1868	-	-	-	-	-	241,301	12	4
1869	-	-	-	-	-	278,667	2	3
1870	-	-	-	-	-	349,576	3	2

These facts afford the most conclusive evidence that the Company has supplied a want generally felt, and it is satisfactory to know that its operations have been conducted in a department of business previously unworked.

The Claims paid during the year amount to £94,300 2s. 5d., raising the whole sum paid to claimants to the large amount of £661,881 9s. 7d.

The Income of the Ordinary or General Department at the close of the year inclusive of "International" and "Hercules" Policies, is £59,229 17s. 2d., arising from 10,757 Policies, showing an increase of £8,553 6s. 8d., and the Income of the Industrial Branch is £226,393 1s., arising from 673,475 Policies, showing an increase of £35,933 19s. Annual Income.

The Directors have appointed additional Agents in unrepresented places, as experience proves that in rural districts the most satisfactory results are obtained. During the year 1,687 New Agents have been appointed, out of this number 1,037 have introduced Business—222 additional Medical Referees have also been selected—and although the large cost of appointing new Agents is an item which may be fairly distributed over several years (as the Agents do not produce much business in the year of their appointment), yet the entire cost has been defrayed from the Revenue of the year.

The accounts are rendered in accordance with the "Life Assurance Companies Act," a measure which, at the time, received the Directors' cordial approval, although some of its provisions will, so far as this Company is concerned, involve more than ordinary trouble and expense.

The necessary charges incident to a considerable portion of the business of the Company are large—as an illustration, the two items which in other Companies are very small, viz., Policy and Postage Stamps, alone amount to £8,065 6s. 7d. during the year.

In last year's Report, the Directors stated that there was no probability of reducing the expenses, which were then reported to be within the "margin" or "loading" provided for them; but they are happy to state that the expenses are now nearly Two per Cent. less than those of last year, notwithstanding the heavy extension charges.

The Shareholders will observe that the gross surplus of the year is £84,909 0s. 11d. from which the Directors have written off the sum of £14,000 for expenses of Purchase of Business Account, making the net surplus £70,909 0s. 11d.

The amount thus written off is very much larger than has been previously transferred in any one year, but the Directors have considered it their duty to adopt this course in consequence of certain exceptional items having been realised during the year; and they hope that the results of the valuation now in progress will enable them not only to declare a most satisfactory Bonus, but also entirely to extinguish the small amount now remaining in this account.

The litigation between the "International Assurance Society," and the "Hercules," which at the commencement of the year threatened to assume most disastrous proportions, has happily been terminated, and the Directors believe that this desirable end was in some measure due to the good offices of this Company.

As one means of accomplishing this end, the Directors undertook to purchase, upon fair terms, many of the outstanding interests of the "International," upon being properly indemnified by a sufficient amount of Securities, and the amount due from the "International," mentioned in the Balance Sheet, is amply covered by Securities in possession of the Prudential.

The Directors have considered it advisable to dispose of the United States business of the "International," and also to materially curtail the Canadian Branches, being of opinion that their time is more profitably occupied in the development of their own peculiar connexion than in attending to a business many thousands of miles distant.

With a view to inform the Shareholders of the new Investments of the year, the Directors append a detailed list of the Assets of every description, by which the new Investments can be easily distinguished from the old; and the Directors would call attention to the fact that no less than £95,000 are in Cash, or immediately convertible Investments. The sum of £25,000 having been paid to extinguish the risks in the United States, has diminished the Assets of the Company by this amount.

	£	s.	d.
Mortgages on Property within the United Kingdom	-	-	-
Loans on the Company's Policies	-	-	-
Investments:—			
In British Government Securities (Consols)	-	-	-
" Colonial Government Securities, viz. :—			
£5,000 Victoria Bonds	-	-	5,126 5 11
£5,000 Cape of Good Hope ditto	-	-	5,190 0 0
£5,000 South Australian ditto	-	-	5,325 0 0
£10,000 Queensland ditto	-	-	9,287 10 0
£4,700 New South Wales ditto	-	-	4,412 10 0
£5,000 Natal ditto	-	-	5,095 0 0
£5,000 New Zealand ditto	-	-	5,347 10 0
£4,000 Mauritius ditto	-	-	4,263 15 0
£1,000 Canada ditto	-	-	1,182 13 8
Foreign Securities (£6,000 Turkish 5 per Cent. Stock)	-	-	45,230 4 7
Railway and other Debentures	-	-	1,936 17 6
Railway and other Shares	-	-	2,544 0 0
House Property	-	-	2,447 15 3
Purchase of Securities of "International" Society, and Amount due from Official Liquidator	-	-	58,284 13 7
Life and other Interests and Reversions	-	-	66,027 15 2
Loans upon Personal Security	-	-	86,458 1 7
Mortgage of Reversions	-	-	25,967 7 8
Agents' Balances	-	-	6,460 4 3
Outstanding Premiums	-	-	11,382 17 6
Expense of Purchase of Business of other Companies	-	-	5,762 16 3
Deposits at Three Months' Notice	-	-	13,300 14 1
Cash:—Deposit	-	-	12,000 0 0
In hand, and on current account	-	-	11,000 0 0
			17,874 13 4
			<u>28,874 13 4</u>
			<u>£388,406 4 6</u>

The Directors retiring upon the present occasion are Messrs. REID and GIBBINS, who, being eligible, offer themselves for re-election.

The Auditors also retire, and, being eligible, offer themselves for re-election.

The usual Interest on Shares, at the rate of 5 per Cent., will be payable on and after the 17th of April.

J. GILLMAN, *Chairman.*

30th March, 1871.

THIRD SCHEDULE.

Revenue Accounts of The Prudential Assurance Company,
For the Year ending 31st December, 1870.

(No. 1.) LIFE ASSURANCE ACCOUNT.

1870—Dec. 31.	£	s.	d.	1870—Dec. 31.	£	s.	d.
Amount of Life Assurance Fund at the beginning of the year	278,667	2	3	Claims under Life Policies after deduction of sums re-assured	94,290	7	5
Premiums, after the deduction of re-assurance premiums	261,090	11	8	Surrenders	2,770	19	10
Consideration for Annuities granted	972	9	10	Annuities	2,335	4	2
Interest and Dividends	33,851	10	5	Commission	5,018	19	3
Rents	3,210	15	6	Expenses of Management	30,279	1	7
Fines for Revival of Policies	76	15	3	Extension Expenses (including the establishing of 1,687 Agencies, and the appointment of 222 Medical Referees, Travelling, and other expenses)	22,265	1	2
Hercules Account	1,625	0	0	Special New Business Charges on £101,864 New Premium Income, in the Industrial Department only	19,003	15	4
Shareholders' Account	210	0	0	Agents' Salaries and Expenses attendant upon the weekly collection of premium from 673,475 Policies	37,016	18	4
Loan Guarantee Fund (Amount written off)	132	10	6	Policy Stamps	3,821	19	0
International Loan Account	2,436	11	5	Law Charges	276	2	10
Superintendents' Balances	3,659	15	10	Dividends to Shareholders	285	13	5
				Claims admitted but not due	5,057	4	5
				Amount written off Purchase of Business Account	14,000	0	0
				Amount of Life Assurance Fund at the end of the year as per Fourth Schedule	349,505	15	11
	<u>£585,933</u>	<u>2</u>	<u>8</u>		<u>£585,933</u>	<u>2</u>	<u>8</u>

(No. 2.) SICKNESS AND ASSURANCE ACCOUNT.

(No New Business transacted for many years.)	£	s.	d.		£	s.	d.
Amount of Sickness and Assurance Fund at the beginning of the year				Commission	2	9	10
Premiums received (no re-assurances)	82	12	1	Claims (no re-assurances)	9	15	0
	<u>£82</u>	<u>12</u>	<u>1</u>	Sickness and Assurance Fund at the end of the year, as per Fourth Schedule	70	7	3
					<u>£82</u>	<u>12</u>	<u>1</u>

FOURTH SCHEDULE.

Balance Sheet of The Prudential Assurance Company,
On the 31st December, 1870.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Shareholders' Capital	5,839	8	0	Mortgages on Property within the United Kingdom	12,400	4	0
Life Assurance Fund	349,505	15	11	Loans on the Company's Policies	7,457	19	9
Sickness and Assurance Fund	70	7	3	Investments:			
	<u>355,415</u>	<u>11</u>	<u>2</u>	In British Government Securities	1,870	0	0
Turkish Stock Guarantee Fund	406	6	4	Colonial Government Securities	45,230	4	7
Claims under Policies admitted but not yet paid	5,057	4	5	Foreign Government Securities	1,936	17	6
Depositors	27,527	2	7	Railway and other Debentures	2,544	0	0
	<u>32,584</u>	<u>7</u>	<u>0</u>	Railway and other Shares	2,447	15	3
	<u>£388,406</u>	<u>4</u>	<u>6</u>	House Property	58,284	13	7
				Purchase of Securities of International Society, and amount due from Official Liquidator	66,027	15	2
				Life and other Interests and Reversions	86,458	1	7
				Loans upon Personal Security	25,967	7	8
				Mortgage of Reversions	6,460	4	3
				Agents' Balances	11,382	17	6
				Outstanding Premiums	5,762	16	3
				Expense of Purchase of Business of other Companies	13,300	14	1
				Deposits at Three Months' notice	12,000	0	0
				Cash:			
				Deposit	11,000	0	0
				In hand and on current account	17,874	13	4
					<u>28,874</u>	<u>13</u>	<u>4</u>
	<u>£388,406</u>	<u>4</u>	<u>6</u>		<u>£388,406</u>	<u>4</u>	<u>6</u>

HENRY HARBEN, *Secretary.*

J. GILLMAN, *Chairman.*

EDGAR HORNE, } *Directors.*
THOS. REID, }

We have examined the foregoing Accounts, find them to be correct, and hereby confirm the same. We have also seen and examined the various securities.

JAMES ALLANSON, } *Auditors.*
GEO. CLARK }

March 27th, 1871.

PRUDENTIAL
Assurance Company.

Directors' Report
AND
STATEMENT OF ACCOUNTS,
For the Year ending 31st December, 1870.

CHIEF OFFICES:

12, LUDGATE HILL, LONDON, E.C.

J. CHIFFEREL, Auditor & Chartered Accountant, Chancery-lane, E.C.

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