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# PRUDENTIAL ASSURANCE COMPANY

LIMITED.

## *FORTY-FOURTH ANNUAL REPORT.*

FOR THE YEAR ENDING 31ST DECEMBER, 1892.

THE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1892.

ORDINARY BRANCH.—The number of Policies issued during the year was 56,912, assuring the sum of £5,886,889, and producing a New Annual Premium Income of £319,948.

The Premiums received during the year were £1,665,611, being an increase of £222,865 over the year 1891.

The Claims of the year amounted to £418,667. The number of Deaths was 2,932, and 117 Endowment Assurances matured.

The number of Policies in force was 301,643.

INDUSTRIAL BRANCH.—The Premiums received during the year were £3,849,157, being an increase of £160,819.

The Claims of the year amounted to £1,602,816. The number of Deaths was 178,231 and 1,230 Endowment Assurances matured.

The number of Free Policies granted during the year to those Policyholders of five years' standing, who have desired to discontinue their payments, was 47,395, the number in force being 288,493.

The total number of Policies in force was 10,105,877: the average duration of them is seven years.

The total assets of the Company, as shown in the Balance Sheet, are £16,309,652, being an increase of £1,686,025 over those of 1891.

The Directors have since 1886 been considering a plan whereby the great labour and expense attendant upon the Quinquennial Valuation might be lessened, and have now matured a system of recording and classifying the risks in both Branches from day to day in such a manner as to make the work of actual valuation possible at any moment at a comparatively small cost.

The Directors therefore determined to exercise the power recently conferred upon them by the Shareholders and a complete valuation for the past year has been made, with the following results:—

ORDINARY BRANCH.—The valuation of this Branch has been made upon the same principles as those of the preceding Quinquennium, namely, a net premium valuation on the Institute of Actuaries' (H<sup>M</sup>.) Table of Mortality for the life risks, and Mr. Finlaison's Government Annuity Table 1884 for the annuities, the rate of interest in both cases being 3 per cent.

The surplus of Assets over Liabilities amounts to £369,500.

INDUSTRIAL BRANCH.—The valuation of this Branch has also been made on the basis of a net premium valuation at 3 per cent. interest, the Table of Mortality being Dr. Farr's "English Life Table" No. 3.

The surplus of Assets over Liabilities amounts to £294,609.

The total surplus of the two Branches is £664,109, out of which it is proposed to carry forward £270,000 (£70,000 from the Ordinary Branch and £200,000 from the Industrial), leaving £394,109 for distribution among the participating Policy-holders and Shareholders, in accordance with the Regulations of the Company under its special Act of Parliament.

It may be thought that in carrying over so large a sum as £270,000 the Directors have acted with unnecessary caution; but although ample provision has been made for every known contingency, it must not be forgotten that in so extensive a business the working of a single year cannot be taken as the measure of the average profits over a series of years.

The processes and results of the valuation, which has been carried out by the Actuary, Mr. F. SCHOOLING, have been submitted to Mr. A. H. BAILEY, whose report is as follows:—

To the Directors of the PRUDENTIAL ASSURANCE COMPANY.

GENTLEMEN,

The results of the valuations of the liabilities of your Company on the 31st December, 1892, have been submitted to me for examination.

The valuations have been made on the same basis that was adopted for the quinquennial valuation a year previously. This has been sufficiently described in former reports, and therefore on this occasion it is only necessary to say that it has my entire approval.

As the investigations are now to be made annually instead of quinquennially as heretofore, greater fluctuations in the rate of profit may be expected to occur. I think, therefore, that the determination to increase the amount of the surplus to be carried forward is judicious.

I am, GENTLEMEN,

Your obedient Servant,

ARTHUR H. BAILEY.

9th February, 1893.

By the adoption of an annual declaration of bonus Policyholders will obtain each year a vested increase to the sum assured and will not have to wait until the end of a Quinquennial period. This advantage is emphasized by the fact that reversionary bonuses can be surrendered for cash.

The Directors desire to record their high appreciation of the efforts of the staff of the Company in carrying out the work of the valuation, which, under the improved methods, was accomplished in less than one month from the close of the year.

The retiring Directors are Mr. EDGAR HORNE and Dr. ROBERT BARNES, who offer themselves for re-election.

The Auditors, Messrs. WHARRIE and SIMMONDS, also offer themselves for re-election.

The Balance Sheet has been submitted to Messrs. DELOITTE, DEVER, GRIFFITHS & Co., whose certificate is appended to the accounts.

HOLBORN BARS,  
16th February, 1893.

EDGAR HORNE,  
Chairman.







LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)

FOR THE YEAR ENDING 31ST DECEMBER, 1892.

LIFE ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of Life Assurance Fund at the beginning of the year ... ..	£8,582,207	16	9	Claims under life policies ... ..	1,602,816	5	4
Amount transferred from Ordinary Branch under Regulations of the Company ...	67,017	0	0	Surrenders ... ..	4,205	4	2
Premiums ... ..	8,649,224	16	9	Commission:—			
Interest and Rents ... ..	3,849,157	12	5	Salaries of 12,324 Agents for the weekly collection of premium from 9,817,384 policies	£723,143	6	7
	298,059	15	4	Special New Business charges ... ..	448,445	10	9
				Expenses of management:—			
				Policy, Postage, and Receipt stamps (Head Office only) ... ..	£42,249	17	7
				Superintendency charges, and Medical fees	194,503	6	8
				Head Office Expenses (including Printing, Advertising and Valuation expenses)	216,151	18	8
					482,905	2	11
				Amount written off House property ... ..	2,000	0	0
				Dividends and Quinquennial Bonus to Shareholders	459,512	0	0
				Amount of Life Assurance Fund at the end of the year, as per Fourth Schedule ... ..	9,073,414	14	9
					£12,796,442	4	6
					£12,796,442	4	6



PRUDENTIAL  
Assurance Company Limited.



DIRECTORS' REPORT  
AND  
STATEMENT OF ACCOUNTS

*At 31st December, 1892.*

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