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PRUDENTIAL ASSURANCE COMPANY

LIMITED.

FORTY-EIGHTH ANNUAL REPORT.

FOR THE YEAR ENDING 31ST DECEMBER, 1896.

THE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1896.

ORDINARY BRANCH.—The number of Policies issued during the year was 64,241 assuring the sum of £6,507,820 and producing a New Annual Premium Income of £354,526.

The Premiums received during the year were £2,543,262, being an increase of £239,249 over the year 1895.

The Claims of the year amounted to £588,874. The number of Deaths was 4,598 and 365 Endowment Assurances matured.

The number of Policies in force at the end of the year was 455,795.

INDUSTRIAL BRANCH.—The Premiums received during the year were £4,578,793, being an increase of £226,168.

The Claims of the year amounted to £1,706,481. The number of Deaths was 183,959 and 1,630 Endowment Assurances matured.

The number of Free Policies granted during the year to those Policyholders of five years' standing, who desired to discontinue their payments, was 59,534, the number in force being 499,296. The number of Free Policies which became Claims during the year was 9,283.

The total number of Policies in force at the end of the year was 12,130,542: their average duration is almost exactly eight years.

The assets of the Company, in both Branches, as shewn in the Balance Sheet, are £27,059,111, being an increase of £3,143,221 over those of 1895. A supplement shewing in detail the various investments is published with this Report.

In their last Report the Directors drew attention to the success which had attended the introduction of the special tables combining Life Assurance with a provision for old age. The popularity of these tables still continues, and it will interest the Shareholders to learn that Endowment Assurances and other forms of provision for old age are largely adopted by the public, the number of Policies securing benefits at age 60 and upwards, being over 550,000, and securing capital sums exceeding £23,000,000.

The year 1898 will see the Jubilee of the Company, and the Directors have considered in what way they can celebrate so interesting an event. They have at all times done their best to recognise in a substantial manner the zealous and loyal services of their indoor and outdoor staff, and believe that they cannot better mark the occasion than by some further acknowledgment of the efforts of those to whom so much of the success of the Company is due. With this view they recommend the Shareholders to set aside the sum of £50,000 out of the surplus shewn for 1896, to be used in such manner as

may be hereafter determined, to be supplemented out of the profits of the current year by such sum as may be thought desirable.

It is with the greatest regret that the Directors have to record the death of their highly esteemed colleague, Dr. PATRICK FRASER, who had been associated with the Company since its formation. In 1893 Dr. Fraser, finding that his failing eyesight rendered him unequal to the full work of the Board, placed his resignation in the hands of his colleagues, but at their earnest request accepted the position of Honorary Director, in which capacity he frequently attended the meetings of the Board and took the greatest interest in its proceedings. His death does not, of course, occasion any vacancy at the Board.

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 results of the valuation are as follows:—

In the ORDINARY BRANCH a surplus is shewn of £729,409. This includes the undivided surplus of £170,000 brought forward from last year, which it is now intended to increase to £213,568.

In the INDUSTRIAL BRANCH the surplus shewn is £1,158,135, including the sum of £705,000 brought forward last year. The Directors decided to transfer a sum of £500,000 to a Reserve Fund, and to carry forward £390,660.

The total surplus of the two Branches as shewn by the valuation is thus £1,887,544, and after carrying forward the sum of £604,228 which remains after providing £500,000 for a Reserve Fund, there is left for distribution £783,316 among the participating Policyholders and Shareholders, in accordance with the Regulations of the Company under its special Act of Parliament.

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

“According to your request I have examined the results of the valuations of the liabilities on the 31st December, 1896, of the two Branches of your Company.

“The methods adopted, and the basis upon which the Valuations have been made, are the same as on the last occasion, and have my entire approval. The different tables of mortality employed for the two Branches, and the rate of interest assumed in the calculations, are in my judgment the most suitable for these estimates. And, as a further precaution, a substantial amount of the resulting surplus, to which a large addition has been made on the present occasion, has been retained in the funds. An extra reserve amounting to £1,104,228 has thus been created. This will make a provision against possible adverse contingencies in the future, such as a serious increase in the number of deaths arising from an epidemic in any year, and will afford the means of enabling undue fluctuations to be avoided in the rates of profit annually divided.”

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

The Auditors, Messrs. DAY and SECRETAN, also offer themselves for re-election.

Messrs. DELOITTE, DEVER, GRIFFITHS & Co. have examined the Securities, and their certificate is appended to the Balance Sheets.

EDGAR HORNE,
Chairman

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1896.

(No. 1.) LIFE ASSURANCE ACCOUNT.

		<i>£</i>	<i>s.</i>	<i>d.</i>			<i>£</i>	<i>s.</i>	<i>d.</i>
Amount of life assurance fund at the beginning of the year ...	...	£11,150,947	14	1	Claims under life policies (after deduction of sums re-assured) ...	...	588,874	16	11
Less amount transferred to the Industrial Branch, being proportion of profits...	...	41,564	0	0	Surrenders ...	...	89,510	4	5
		11,109,383	14	1	Cash bonus to policyholders ...	...	47,809	4	10
Premiums, after deduction of re-assurance premiums ...	...	2,543,262	6	10	Annuities ...	...	68,981	13	1
Consideration for annuities granted ...	...	73,710	3	9	Commission ...	...	178,027	16	4
Interest and rents ...	...	390,473	16	2	Expenses of management ...	...	76,298	8	4
		£14,116,830	0	10	Amount of life assurance fund at the end of the year, as per Fourth Schedule ...	...	13,067,827	10	11
							£14,116,830	0	10

(No. 2.) SICKNESS ASSURANCE ACCOUNT.

		<i>£</i>	<i>s.</i>	<i>d.</i>			<i>£</i>	<i>s.</i>	<i>d.</i>
Amount of sickness assurance fund at the beginning of the year ...	...	493	4	8	Claims ...	...	10	15	9
Premiums ...	...	18	5	7	Commission and expenses ...	...	1	10	7
Interest ...	...	17	11	0	Sickness assurance fund at the end of the year, as per Fourth Schedule ...	...	516	8	11
		£529	1	3			£529	1	3

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.
 REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
 FOR THE YEAR ENDING 31ST DECEMBER, 1896.

LIFE ASSURANCE ACCOUNT.			
	£	s.	d.
Amount of life assurance fund at the beginning of the year ...	£11,866,744	17	1
Amount transferred from Ordinary Branch under Regulations of the company ...	41,564	0	0
Premiums ...	11,908,308	17	1
Interest and rents ...	4,578,793	18	9
	416,448	10	4
	£16,903,551	6	2
Claims under life policies ...			1,706,481 8 5
Surrenders ...			9,521 17 2
Commission:—			
Salaries of 13,846 agents for the weekly collection of premium from 11,631,246 policies	£845,370	17	4
New business charges ...	465,574	19	5
			1,310,945 16 9
Expenses of management:—			
Policy, postage, and receipt stamps (Head Office only) ...	£62,173	19	1
Superintendency charges, and medical fees	207,878	4	0
Head Office expenses (including printing, advertising and valuation expenses)	266,750	5	4
			536,802 8 5
Dividends and bonus to shareholders ...			365,270 0 0
Amount transferred to Reserve fund ...			500,000 0 0
Amount of life assurance fund at the end of the year, as per Fourth Schedule ...			12,474,529 15 5
			£16,903,551 6 2

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
ON THE 31ST DECEMBER, 1896.

LIABILITIES.			£	s.	d.	ASSETS.			£	s.	d.
holders' capital	...	...	£900,000	0	0	Mortgages on property within the United Kingdom	...	...	675,764	15	10
insurance fund	...	...	12,474,529	15	5	Loans on County Council, Municipal and other rates	...	...	5,512,241	3	5
reserve fund...	...	...	500,000	0	0	City of London Corporation bonds	...	...	201,052	1	6
						Investments:—					
claims under life policies admitted	...	...				In British Government securities	...	...	1,287,361	5	6
						Foreign do. do.	...	...	80,000	0	0
						Railway debenture stocks	...	...	1,720,199	18	11
						Freehold ground rents and Scotch feu duties	...	...	2,498,965	13	9
						House property—					
						Freehold	...	...	£1,404,536	10	2
						Leasehold	...	...	30,826	17	10
									1,435,363	8	0
						Agents' balances	...	...	7,189	14	7
						Outstanding premiums	...	...	239,310	7	8
						Outstanding interest and rents	...	...	139,751	4	9
						Cash in hands of superintendents	...	...	43,817	9	1
						Cash—					
						On current accounts	...	...	£65,666	9	11
						In hand	...	...	250	0	0
									65,916	9	11
									£13,906,933	12	11
									£13,906,933	12	11

S. C. DEWEY, }
JAM HUGHES, } *Managers.*

J. J. LANCASTER, *Secretary.*

We have examined, month by month, the various receipts and payments of the Company. We have also examined the foregoing Accounts, find them to be correct, and hereby confirm the same. We have examined the various securities.

EDGAR HORNE, *Chairman.*

HENRY HARBEN, }
J. W. SIMMONDS, } *Directors.*

ARCHIBALD DAY, }
PHILIP SECRETAN, } *Auditors.*

We have examined the Cash transactions, Receipts and Payments, affecting the accounts of the Assets and Investments for the year ended December 31st, 1896, and we find the same in good order and touched. 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 ready as on December 31st, 1896.

DELOITTE, DEVER, GRIFFITHS & Co.

January, 1897.

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PRUDENTIAL

Assurance Company Limited.

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DIRECTORS' REPORT

AND

STATEMENT OF ACCOUNTS

At 31st December, 1896.

Printed by Sir Joseph Colvins & Sons, Limited, London.

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