

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

FORTY-NINTH ANNUAL REPORT.

FOR THE YEAR ENDING 31ST DECEMBER, 1897.

THE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1897.

ORDINARY BRANCH.—The number of Policies issued during the year was 65,893, assuring the sum of £6,698,755 and producing a New Annual Premium Income of £365,996.

The Premiums received during the year were £2,774,264, being an increase of £231,002 over the year 1896.

The Claims of the year amounted to £707,643. The number of Deaths was 5,038 and 656 Endowment Assurances matured.

The number of Policies in force at the end of the year was 497,327.

INDUSTRIAL BRANCH.—The Premiums received during the year were £4,793,591, being an increase of £214,798.

The Claims of the year amounted to £1,823,338. The number of Deaths was 192,359 and 1,876 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 60,848, the number in force being 549,889. The number of Free Policies which became Claims during the year was 10,716.

The total number of Policies in force at the end of the year was 12,546,132: their average duration exceeds eight and a quarter years.

The assets of the Company, in both Branches, as shewn in the Balance Sheet, are £30,438,337, being an increase of £3,379,226 over those of 1896. A supplement shewing in detail the various investments is published with this Report.

It was intimated in the last Annual Report that the Directors, in celebration of the Company's Jubilee, recommended that a sum of £50,000 should be set aside out of the surplus shewn for 1896, to be used in such manner as might be determined, to be supplemented out of the profits of the current year by such sum as might be thought desirable. The Directors now recommend that a further sum not exceeding £50,000 should be set aside in like manner.

The Directors have been able to devise a Scheme by which the whole sum will be divided among the members of the indoor and outdoor staff (about 15,000 in number) upon a principle regulated by length of service. Upon the recommendation of the Management, the sum of £50 will be the maximum amount awarded in any single case.

The Company's Jubilee has appeared to the Directors to be an appropriate occasion for carrying into effect by the establishment of a Provident Fund, a Scheme which has for some time occupied their attention, whereby the members of the outdoor Staff of the Company may be materially assisted in making a provision for old age.

Every member of the outdoor staff, whose income does not exceed a certain specified sum, will be entitled to become a contributor to the Fund, and the Company will add to his contributions a further sum of fifty per cent. The details have been elaborated with much care, and a set of Rules has been prepared, copies of which will be sent to the Shareholders.

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Having regard to the growth of the Company and also with a view to afford relief to the Managers and Secretary, the Directors have made certain rearrangements and alterations in the Chief Office Staff. Messrs. DEWEY, HUGHES and FISHER will in future be Joint General Managers, and certain duties of administration have been entrusted to a number of senior officials whose long and intimate acquaintance with the management has qualified them for promotion. The Directors believe that the traditions of management which have produced such successful results in the past will thus be continued in the future.

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 £811,663. This includes the undivided surplus of £213,568 brought forward from last year, which it is now intended to increase to £244,380.

In the INDUSTRIAL BRANCH the surplus shewn, after deducting the £50,000 set aside as a Jubilee Bonus to the Staff last year, is £820,162, including the sum of £390,660 brought forward last year. The Board have added a sum of £100,000 to the Reserve Fund, which now stands at £600,000, and will leave the sum of £397,356 to be carried forward.

The total surplus of the two Branches as shewn by the valuation is thus £1,631,825, and after carrying forward the sum of £641,736 which remains after adding £100,000 to the Reserve Fund, there is left for distribution £890,089 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:—

"I have examined the results of the valuations that have been made of the liabilities of the Company on the 31st December, 1897.

"For the Ordinary Branch the tables of mortality employed have been:—For Assurances, the one which has been derived from the actual experience of other Life Assurance Companies. For Annuities, the one deduced from the records of the National Debt Office of the experience of the Government Annuitants. In the Industrial Branch about one-third of the entire population is assured. Among these the rate of mortality does not coincide with that experienced in ordinary life assurance. The table of mortality employed for the Ordinary Branch would therefore be unsuitable for the Industrial Branch. In the latter, the risks for the two sexes have been separated and valued independently by the tables of mortality, which have been deduced from the numbers living and deaths in the entire country.

"For both branches the rate of interest expected to be realised in future has been assumed to be 3 per cent. per annum.

"In my judgment this is the right basis upon which the valuations should be made, and I quite approve of the methods that have been adopted for the purpose.

"The result is, that after the distribution of the bonus proposed, there remain, over and above the estimated liabilities, sums amounting together to £741,736, exclusive of £500,000 carried to a reserve fund available to meet adverse contingencies in future."

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

HOLBORN BARS,
17th February, 1898.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1897.

(No. 1.) LIFE ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year ...	£13,067,827	19	11	Claims under life policies (after deduction of sums re-assured) ...	797,643	4	6
Less amount transferred to the Industrial Branch, being proportion of profits ...	47,525	0	0	Surrenders ...	91,946	16	5
				Cash bonus to policyholders ...	51,853	10	11
	13,020,302	19	11	Annuities ...	73,716	3	9
Premiums after deduction of re-assurance premiums ...	2,774,264	1	9	Commission ...	194,197	18	9
Consideration for annuities granted ...	80,548	3	2	Expenses of management ...	83,228	9	5
Interest and rents ...	461,739	19	0	Amount of life assurance fund at the end of the year, as per Fourth Schedule ...	15,134,269	0	1
	£16,336,855	3	10		£16,336,855	3	10

(No. 2.) SICKNESS ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of sickness assurance fund at the beginning of the year ...	516	8	11	Claims ...	15	15	0
Premiums ...	18	5	7	Commission and expenses ...	1	16	7
Interest ...	18	7	3	Sickness assurance fund at the end of the year, as per Fourth Schedule ...	535	10	2
	£553	1	9		£553	1	9

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)
ON THE 31ST DECEMBER, 1897.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Life assurance fund	15,134,269	0	1	Mortgages on property within the United Kingdom	2,318,674	16	5
Sickness assurance fund	535	10	2	Loans on the company's policies	578,520	8	3
Claims under life policies admitted	96,785	7	1	Loans on County Council, Municipal and other rates	421,579	19	4
				Rent charges	153,077	17	4
				Metropolitan Consolidated Stock	166,468	12	0
				Investments:—			
				In British Government securities	1,368,901	6	3
				Bank of England Stock	200,559	18	6
				Indian, and Colonial government securities	2,814,523	18	3
				Foreign government securities	416,757	5	11
				Railway and other debentures and debenture stocks	439,073	8	6
				Railway, gas, water and other stocks and shares	5,157,704	10	8
				House property	162,145	7	6
				Reversions and Life Interests	473,705	9	5
				Outstanding premiums	178,565	11	7
				Ditto interest	84,385	8	6
				Cash—			
				On deposit	£50,000	0	0
				On current accounts	246,845	18	11
				In hand	100	0	0
					296,945	18	11
	£15,231,589	17	4		£15,231,589	17	4

THOS. C. DEWEY,
WILLIAM HUGHES, } *Joint General Managers.*
FREDERICK FISHER, }

W. 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 seen and examined the various securities.

EDGAR HORNE, *Chairman.*
HENRY HARBEN, } *Directors.*
ROBERT BARNES, }

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

We have examined the Cash transactions, Receipts and Payments, affecting the accounts of the Assets and Investments for the year ended December 31st, 1897, 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 safe custody as on December 31st, 1897.

15th February, 1898.

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LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1897.

LIFE ASSURANCE ACCOUNT.			
	£	s.	d.
Amount of life assurance fund at the beginning of the year	£12,474,529	15	5
Amount transferred from Ordinary Branch under Regulations of the company ...	47,525	0	0
Premiums	12,522,054	15	5
Interest and rents	4,793,591	0	8
	452,261	15	4
	£17,767,907	11	5
Claims under life policies	1,823,338	12	1
Surrenders	16,065	4	0
Commission:—			
Salaries of 14,061 agents for the weekly collection of premium from 11,996,243 policies	£877,502	4	11
New business charges	461,525	7	5
	1,339,027	12	4
Expenses of management:—			
Policy, postage, and receipt stamps (Head Office only)	£61,604	9	5
Superintendency charges, and medical fees	209,241	10	8
Head Office expenses (including printing, advertising and valuation expenses)	292,846	8	1
	563,692	8	2
Dividends and bonus to shareholders	363,750	0	0
Amount transferred to Reserve Fund...	100,000	0	0
Amount of life assurance fund at the end of the year, as per Fourth Schedule	£13,568,033	14	10
	£17,767,907	11	5

PRUDENTIAL
Assurance Company Limited.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1897.

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