

68

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

FIFTIETH ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1898.

THE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1898.

ORDINARY BRANCH.—The number of Policies issued during the year was 64,708, assuring the sum of £6,420,580 and producing a New Annual Premium Income of £353,113.

The Premiums received during the year were £2,967,501, being an increase of £193,237 over the year 1897.

The Claims of the year amounted to £975,012. The number of Deaths was 5,191 and 2,535 Endowment Assurances matured.

The number of Policies in force at the end of the year was 534,138.

INDUSTRIAL BRANCH.—The Premiums received during the year were £4,960,756, being an increase of £167,165.

The Claims of the year amounted to £1,891,039. The number of Deaths was 198,308 and 2,181 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 66,379, the number in force being 604,564. The number of Free Policies which became Claims during the year was 12,231.

The total number of Policies in force at the end of the year was 12,949,679: their average duration exceeds eight and a half years.

The assets of the Company, in both Branches, as shewn in the Balance Sheet, are £33,599,708, being an increase of £3,161,371 over those of 1897.

Public attention having been for some time past directed to questions of thrift and provision for old age, the Directors have had under consideration how they can further assist those Policyholders who from age and diminished earnings find some difficulty in maintaining the payment of Premiums on their Policies, and they have therefore made provision for all Policyholders in the Industrial Branch who have been assured for twenty-five years to be free from the payment of further Premiums as they attain the age of 75. This alteration takes effect at once, and has of course necessitated a considerable addition to the Reserves.

The Shareholders will be glad to learn that the Staff Provident Fund, which was established last year on the occasion of the celebration of the Company's Jubilee, has been heartily appreciated by the outdoor Staff for whose benefit it was founded, and a large proportion have become contributors. The total amount standing to the credit of the Fund at the end of the year was £58,212 18s. and the number of the contributors was 7,160.

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 the surplus shewn is £912,234, including the sum of £244,380 brought forward from last year.

In the INDUSTRIAL BRANCH the surplus shewn is £814,882. The amount brought forward from last year is £397,356, including the sum of £50,000 contributed to the Jubilee Fund. Out of this surplus the Board have added £150,000 to the Reserve Fund, which now stands at £750,000.

The total surplus of the two Branches is thus £1,727,116.

The amounts which the Directors propose to carry forward are £303,683 in the Ordinary Branch, and £331,831 in the Industrial Branch, together £635,514, leaving £941,602 for distribution 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 of the liabilities of the Company on the 31st December, 1898, which have been submitted to me by Mr. Schooling.

" The tables of Mortality employed have been as on former occasions. In the

" ORDINARY BRANCH — for Assurance risks, that derived from the combined experience of several other Assurance Companies, and which table is now in general use for these estimates; for Annuities, that derived from the experience of the Government Annuitants.

" In the INDUSTRIAL BRANCH, the tables employed are those which have been deduced from the records of the population and of the deaths in the whole country, and in which the sexes are separated.

" The rate of interest expected to be realised upon the funds during the continuance of the risks, a subject which has been much discussed of late, has been assumed to be 3 per cent. per annum.

" I think that valuations made on these assumptions as to the rates of mortality and interest are the best that are practicable for forming a correct estimate of the liabilities of the Company; and I concur in the methods that have been employed in making the calculations.

" Due provision has been made for the increased liability arising from the concession that has been recently granted to allow the payment of Premium to cease in certain cases at the age of 75, and, after the proposed distribution among the Shareholders and Policyholders, there will be retained over and above the estimated liabilities a large sum for possible contingencies."

The retiring Directors are Mr. EDGAR HORNE and Dr. ROBERT BARNES, 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,
16th February, 1899.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1898.

(No. 1.) LIFE ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year ...	£15,134,269	0	1	Claims under life policies (after deduction of sums re-assured):			
Less amount transferred to the Industrial Branch, being proportion of profits ...	52,194	0	0	By Deaths ...	£675,908	16	2
	15,082,075	0	1	By Endowments Matured ...	299,104	3	8
Premiums, after deduction of re-assurance premiums ...	2,967,501	15	8	Surrenders ...		112,461	12
Consideration for annuities granted ...	102,106	7	11	Cash bonus to policyholders ...		53,600	12
Interest and rents ...	520,758	5	3	Annuities ...		78,219	8
				Commission ...		297,721	11
				Expenses of management ...		89,025	12
				Amount of life assurance fund at the end of the year, as per Fourth Schedule ...		17,150,393	12
	£18,672,441	8	11			£18,672,441	8

(No. 2.) SICKNESS ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of sickness assurance fund at the beginning of the year ...	535	10	2	Claims ...		12	2
Premiums ...	17	6	7	Commission and expenses ...		1	11
Interest ...	19	0	4	Sickness assurance fund at the end of the year, as per Fourth Schedule ...		557	19
						£571	17
	£571	17	1				

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)
ON THE 31ST DECEMBER, 1898.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Life assurance fund	17,156,393	12	2	Mortgages on property within the United Kingdom	2,893,803	12	3
Sickness assurance fund	557	19	6	Loans on the company's policies	600,268	13	3
Claims under life policies admitted	115,496	17	0	Loans on County Council, Municipal and other rates	284,333	9	0
				Rent charges	148,164	0	1
				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	3,300,877	4	5
				Foreign government securities	681,298	16	5
				Railway and other debentures and debenture stocks	456,298	19	2
				Railway, gas, water and other stocks and shares	5,910,912	17	3
				House property	159,110	6	11
				Reversions and Life Interests	575,104	1	6
				Outstanding premiums	159,657	3	11
				Ditto interest	89,672	5	8
				Cash—			
				On deposit	£50,000	0	0
				On current accounts	136,917	2	1
				In hand	100	0	0
					187,017	2	1
					£17,272,448	8	8
					£17,272,448	8	8

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

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.

We have examined the Cash transactions, Receipts and Payments, affecting the accounts of the Assets and Investments for the year ended December 31st, 1898, 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 possession and safe custody as on December 31st, 1898.

14th February, 1899.

14th February, 1899.

EDGAR HORNE, *Chairman.*

HENRY HARBEN,
W. T. PUGH, } *Directors.*

ARCHIBALD DAY,
PHILIP SECRETAN, } *Auditors.*

DELOITTE, DEVER, GRIFFITHS & Co.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1898.

LIFE ASSURANCE ACCOUNT.			
	£	s	d.
Amount of life assurance fund at the beginning of the year ...	£13,568,033	14	10
Amount transferred from Ordinary Branch under Regulations of the company ...	52,194	0	0
Premiums ...	13,620,227	14	10
Interest and rents ...	4,960,756	7	8
	478,032	7	11
	£19,059,016	10	5
Claims under life policies ...			
Surrenders ...			
Commission:—			
Salaries of 14,339 agents for the weekly collection of premium from 12,345,115 policies (including Jubilee Bonus) ...	£951,506	12	11
Special New business charges ...	460,145	3	0
Expenses of management:—			
Policy, postage, and receipt stamps (Head Office only) ...	£58,874	7	6
Superintendency charges (including Jubilee Bonus) ...	197,939	10	0
Medical Fees ...	56,444	11	11
Head Office expenses (including printing, advertising and Jubilee Bonus) ...	317,566	18	3
Dividends and bonus to shareholders ...			
Amount transferred to Reserve Fund ...			
Amount of life assurance fund at the end of the year, as per Fourth Schedule ...	£14,538,952	13	5
	£19,059,016	10	5

2,042,477.3

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET

PRUDENTIAL

Assurance Company Limited.

DIRECTORS' REPORT

AND

STATEMENT OF ACCOUNTS

At 31st December, 1898.

Printed by: SIE JOSEPH CAUSTON & SONS, Limited, London.

P00001406

0284-008