A NEW CO-OPERATIVE INSURANCE SCHEME

THE

South India Co-operative Insurance Society Ltd.,

No. X. 69.

ESPLANADE, MADRAS.

(Registered under the Co-operative Societies' Act.)

Proposals for Policies from **Rs. 100** to **Rs. 5,000**

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Rates of Premium

To Suit the MIDDLE and POOR Classes

The Society Works Mainly through Co-operative Organisations and a Select Number of Respectable and Influential Agents.

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Apply to:—

V. VENKATACHALAM, M.A., B.L.

Secretary.

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THE

Madras Journal of Co-operation

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The South India Co-operative Insurance Society, Ltd.,

The Need for a Co-operative Insurance Scheme.

1. The South India Co-operative Insurance Society, Ltd., was registered on the 6th January this year and started on its work on the 29th. We are sure that our readers will be glad to know the main features of this new co-operative insurance scheme and what the Society stands for.

2. The Madras Provincial Co-operative Union may legitimately take credit for successfully ushering into existence this Society. Those who have read the relevant portions of the report of the Central Banking Enquiry Committee would have noticed what great part insurance societies play in the economic life of a people and of what great help such societies are for the commercial and industrial activities of the nation. They would also have realised that there is ample scope for genuine Indian enterprise in the field of insurance in India. The percentage of people insured in India as well as the sum for which a unit of the population is insured, are the lowest in the world. The percentage of people who have insured their lives in America is 25 (1 in 4) and in India, it is ·2(1 in 500). The United States of America has a population of 110 millions and each man, woman or child is insured to the extent of Rs. 2,000; Canada comes next with Rs. 1,300; Great Britain follows with Rs. 600/- and India's figure is Rs. 4/- per head.

venture like this? Are there not ... Indian management doing insurance business in ... and why should the existing competition be made keener by the starting of another? Again there are others who would say, insurance is so complicated a business that it may not be possible for co-operators, who are not business-men, to run it.

4. We shall try to answer these critics, even though we have our own misgivings whether doubting Thomases would ever be convinced by our answers. To the question whether there are not capitalistic concerns in the field and whether there is any need, therefore, for a -operative venture, our answer is simple. Were there not joint ck banks, big and small, and were there not sowcars catering to the ancial needs of the needy ryots? What then was the justification for rting co-operative credit societies and central banks and provincial nks? Were there not merchants, wholesale and retail, efficiently scharging their functions of distribution? What then was the need or starting co-operative stores? Were there not commission agents, both of Indian and foreign firms, almost in every village, willing to buy up the standing crop from the field and spare you the trouble of transportation? Why then should co-operative sale societies be organised? The fact is, in all such cases, co-operation comes in where the capitalist has been first in the field, to fulfil similar functions, but actuated by a different motive. While profiteering is the primary motive of the capitalist, sacrifice and service are the essential ends of co-operators, and to the extent they are true to these high ideals, to that extent they would justify their existence.

5. With regard to the other point that insurance is a complicated business, our answer would be equally plain and simple. Have we, co-operators, not built up in course of time the highly complicated banking business dealing in crores of rupees and if we can successfully run our banks, there is no reason why we cannot successfully run insurance institutions. The really technical part of the business, *the actuarial work*, is not done even in capitalistic institutions by lay men, but it is entrusted into the hands of an expert, the certified and approved actuary. The health examination of the assured is similarly conducted by qualified and approved medical men. For the rest, experts are not essential. Common honesty and ordinary business ability would take us through all difficulties and enable us to attain success in this new line as in other

business spheres of co-operative endeavour. The constitution of the Society makes ample provision to ensure business talent and integrity being imported into the management.

Co-operative Movement and Insurance.

6. It might next be asked in what way is this new venture going to be of use to the co-operative movement? We make bold to assert that in course of time this institution will prove to be a veritable *Kamadhenu* or *Kalpavriksha* for our movement. Co-operators know that one important need of the movement at the present time is long-term money. A prominent co-operator once called the present system of co-operative banking, that is, giving long term loans to agriculturists from short term deposits, as nothing short of financial gambling; and a careful enquiry all over India has shown that wherever co-operative societies have confined themselves to real short term productive loans, overdues are comparatively less heavy. The demand for long term credit, however, has also to be met by getting such money and it is to supply that need that land mortgage banks have been started. They try to float debentures for long periods and advance money to their constituents for periods slightly shorter than that of the debentures. These debentures will furnish a safe investment for insurance funds. If the insurance scheme is worked successfully as we hope and wish it would be, the growing life fund of the insurance society, would require safe investment. In fact, opportunities for safe investment form one of the bed rocks of insurance structure. Can anything be therefore better fitted mutually, than the co-operative movement thirsting for long term money and the insurance concern needing a safe and profitable long term investment? Thus it would be seen that the insurance scheme could help the co-operative movement materially.

7. Then there is the other aspect, namely, the way in which the co-operative movement could help the insurance scheme. The capitalistic concerns doing insurance business compete with each other and, on account of heavy overhead charges, are not able to reach the poorer classes, specially members of our rural societies. They are not able to give them the facilities they want, that is, to insure their lives for small sums, which would be enough for them, and take from them payments in instalments that would be suitable to them. The Co-operative Life Assurance Scheme hopes to supply this long felt want by reducing the cost of management and of building up the bussiness and thus making the benefits of insurance

reach those sections of the masses who are not now adequately served. The existing machinery of co-operation with its 15,000 societies and its vast army of inspectors and supervisors, reaching almost every village would be utilised by the Insurance Society. The South India Co-operative Insurance Society looks to this big army of co-operators, officials and non- officials, as their agents and if this vast army be effectively mobilised, we can easily beat all competitors absolutely hollow in due course.

Our Scheme *vs*. Other Schemes.

8. Our readers are aware of the fact that insurance companies, broadly speaking, fall into two classes, joint stock and mutual. The joint stock ones are run by share-holders who have started the business, and in return for the efficient service they give to their clients, these shrewd and enterprising people are able to earn very large dividends for themselves, dividends ultimately derived from the premia contributed by the insured, thus reducing *pro tanto* the benefits which might otherwise go to the policy holders. In the mutual companies it is true there is no profiteering capitalist and all the profits of the company ultimately go to the policyholders; but the absence of sufficient share capital at the start puts a handicap on them in the initial stages, while taking even modest share capital destroys their character of mutuality, makes them indistinguishable from joint stock concerns and deprives them of the material concessions which mutual benefit societies enjoy. The co-operative scheme which the Madras Provincial Co-operative Union has launched is on a new basis and combines in itself the good features of both the types. Capital has a legitimate part to play in every bussiness enterprise; only it becomes a tyrant, if it sits longer than is needed, or consumes profits in excess of what is just and equitable or assumes undue control over the concern. Co-operators, being actuated by motives of service, are not out for earning large dividends from profits; and therefore in this Society we have made provision for getting the adequate amount of share capital required for the business. The share capital generously subscribed by the Madras Provincial Co-operative Bank has already helped the Society to make the initial statutory deposit of gilt-edged securities to the face value of Rs. 25,000 with the Government. The rest of the sum of Rs. 1,75,000, to make up the statutory limit of Rs. 2 lakhs will be similarly found, if necessary, from other co-operative organisations and individuals who will be approached for share

capital, in due course, as and when the need arises. The future accumulation of share capital in the case of this Society is an automatic process, for every policy holder has to take at least one share and become a member of the Society. This capital, being, however, co-operative, cannot, under the rules in force, earn more than a nine per cent dividend at the highest. Moreover, provision has also been made in the bye-laws for the return of even this co-operative share capital when the Society shall have accumulated its own funds from business and is no longer in need of share capital. The control which commercial capital exercises over the policy holders' interests, by virtue of the rule of *one share one vote* and the *device of proxies* robs joint stock concerns of the element of true democratic management and such concessions as the large body of policyholders may enjoy are but the gifts of the few capitalists, who have the real grip over the company's affairs in their hands. The co-operative rule "*one man one vote and no proxy*" eliminates the regin of Capital and makes this Society the sole concern of the policyholders.

9. The aim of the Society is to carry the benefits of insurance to the homes of the middle and poor classes, specially in rural areas. So the minimum share capital necessary to acquire membership in the Society is fixed at the nominal sum of Re. 1 and the minimum value of the policy that can be taken is put as low as Rs. 100. Medical examination is dispensed with for policies up to Rs. 500 on any single life. The premia are made payable half-yearly or quarterly without loading and even monthly with a small loading. The Society's rates of premium compare favourably with those of any other insurance society in India. At the same time, the usual facilities, such as days of grace, revival of discontinued or lapsed policies, guaranteed surrender values, conversion into paid up policies, loans on policies, alterations in and assignments of policies, are all vouchsafed to the policyholders of the Society on more or less similar terms and conditions on which all large and expensive capitalist or mutual insurance concerns offer them. As for settlement of claims, even where a dispute arises, this Society offers the unique facility of having them settled without any litigation or expense, by a mere reference to the Registrar of Co-operative Societies. Those who are dissatisfied with the decision of the Registrar may also have recourse to civil court to seek further redress.

10. The Society will endeavour to make itself accessible to all parts of South India by planting local boards of the Society at the

headquarters of the Co-operative Central Banks and in course of time at the offices of select urban and rural banks as well. Payments made into any co-operative credit institution can with great facility be transmitted to the account of the Head Office with the Madras Provincial Co-operative Bank. As there are excellent co-operative organisations in our neighbouring Indian States through which the Society can work and in order to extend the activities of the Society to the whole of South India, the area of operations of the Society is made to cover not only the British Province of Madras but also the Indian States of Mysore, Cochin, Travancore and Pudukottah.

Scope for growth and expansion.

11. There is an immense field for the growth and expansion of the Society. According to the latest available official statistics, nearly one half of the insurance business done in India is still in non-Indian hands, judging from the amount of premia earned. At the end of 1929, the premia collected by foreign companies amounted to Rs 3½ crores as against Rs. 4 crores collected by Indian Companies. This constitutes a great drain upon our poor resources. Even though at the present time some of these foreign companies try to put themselves right with us by promising to invest the premiums collected from India within this country itself, there is no statutory obligation binding upon them to do so, and they have already taken large sums out of the land. In the case of companies, purely Indian in origin and management, it is rarely that they would think of investing their money outside India. Cannot the co-operative movement do its bit to Indianise insurance and make insurance funds collected from Rural India available for the development of her Agriculture and Cottage Industries? We have no doubt it can.

12. It is therefore confidently hoped that every member of the public will look upon this concern as his own and benefit himself by it and also benefit the Society by his enterprise. We have to-day, as already stated, nearly 15,000 co-operative societies in this province and if each society were to give us one member, who will take a policy for Rs. 1000 or some members who in the aggregate will take policies amounting to that sum, our business in a single year would amount to Rs. one crore and a half, an achievement which may strike some as impossible; but it is certainly within the reach of practical politics. If every co-operator looks upon this new institution as his own and if in every succeeding year each society gives us one new member, who will take a policy for the very

small sum of Rs. 200, we would be getting an annual addition to the extent of Rs. 30 lakhs to our business. These figures look very ambitious, but they are nothing compared with what is possible and what has been achieved elsewhere.

Expert Opinion.

13. Our optimism is not that of an uniformed enthusiast. If expert opinion is any guide in such matters, our readers and intending investors will, we hope, be inspired by what our departmental expert and our actuary think of the potentialities of the South India Co-operative Insurance Society. Mr. D. N. Strathie, I.C.S., the Registrar of Co-operative Societies, in the course of the happy speech he made on the occasion of the inauguration of the Society (the full text of which is published elsewere in this issue) said: "The Society has been registered now, because there is a genuine conviction that on the bye-laws as framed, there is every chance of success.........I can assure any intending investors that their interests will be safeguarded and that in all sobriety we believe this Society to have a bright future before it." Prof. K. B. Madhava, M.A, F.R.A.S., A.I.A., our Actuary, in writing to us to include him in our first list of proponents, says: "Every Insurance Society deals in the same good and renders the same service, or is expected to do so viz., afford protection to the Individual, provide charity to the less fortunate in the community, and secure strength and support to the industry and the economy of the Country. It has been my lot to deal with Insurance offices, variously constituted, in the discharge of such duties, but I have heaved a sense of relief in coming across the South India Co-operative Insurance Society Ltd., and to help it in the drafting or amending of some of its bye-laws, to discuss with its promoters plans and policies, and to offer it a specially constructed set of tables of rates which will form the financial basis of its contracts. The last mentioned work has given me a real relief in making the minimum of loadings in my experience for expenses, commissions, renewal charges and all other middlemen remuneration, and with this inside knowledge of things I have sought to vote for myself the first fruits by voluntarily submitting a proposal for an assurance on my own life. But the real implications of these rates as well as of the objects of the Society will flourish more and more effectively in the extent to which the public take advantage of the same."

Implications of Insurance.

14. Insurance is necessary for every one, but more so in the case of heads of families whose economic value is great and on whom

depends the well-being and maintenance of the family. It would be a serious dereliction of duty if these persons do not make adequate provision for the maintenance of their families and dependents. To lead a sort of hand-to-mouth life without caring for the morrow is the characteristic of the uncivilised man. A civilised person ought to be well capable of looking far ahead and making provision for contingencies. In fact, caring for the future may be taken as a sure test of civilisation. In this sense insurance is an indication of civilisation. Again in civilised communities, relatives and dependants are not the only beneficiaries to profit by Life Assurance. Objects of public benefication, such as hospitals, poor houses, rescue homes and asylums of various kinds may well be the recipients of the fruits of insurance.

Insurance by itself may not produce wealth and society as a whole may not be the richer for insurance; but it enables risks to be distributed as widely as possible and thus, in giving an opportunity to a large number in shouldering the risk, it becomes really co-operative in character. The well-known co-operative basic principle "Each for All and All for Each" finds its expression in the insurance society which we have now launched into existence. Insurance does, however, produce wealth in an indirect manner. By encouraging thrift and investment habit, the insurance society mobilises the savings of the people. These savings, when they are made available for developing agriculture, trade and industry, help to produce new wealth. Insurance thus promotes individual as well as national well-being.

16. In conclusion, we desire to express, on behalf of the co-operators of this province, our sincere thanks to the Registrar and the Joint Registrar for the genuine interest and sympathy they evinced in bringing this Society into existence; the Provincial Co-operative Bank and the Provincial Co-operative Union for the invaluable material and moral assistance rendered by them; Prof. Madhava for the ungrudging expert services he has so far given free and his generous offer to continue to do so for some time more; Messrs. Sastri and Shah for consenting to do the audit of the Society honorarily for the present; Dr. Sadagopa Mudaliyar for agreeing to act as our Chief Medical Officer and Referee; and last, but not the least, the friends who have put their signatures to our first list of proponents for their idealism and trust in co-operation.

The Genesis of The South India Co-operative Insurance Society.

BY MR. S. K. YEGNANARAYANA AIYAR, M. A.

I

It was the late Mr. C. N. Krishnaswamy Iyer of Coimbatore that first suggested that a Co-operative Insurance scheme may be started and, if I remember right, he moved a resolution on the subject at one of the earlier sessions of the Co-operative Conference. Mr. V. Venkatasubbaiya of the Servants of India Society, who then as now was Joint Secretary of the Provincial Co-operative Union, took a good deal of interest in the matter and did some preliminary work.

II

The following extract from my organisation report to the President of the Provincial Co-operative Union will explain my connection with the new institution:—

"It may not be out of place if I mention that the idea of Co-operative Insurance was mooted at some previous sessions of the Provincial Co-operative Conference; and at the IX session of the same, Mr. G. S. Marathey, M.A., A.I.A., actuary from Poona, was specially requested to come to Madras and offer expert advice on the matter. That enthusiasm, however, seems to have died out and no definite action was taken. Later on the subject was discussed and some resolutions passed at subsequent sessions of the Conference. It was at the XIII session that a committee was appointed to go into the question and submit a report. M.R.Ry., Rao Sahib T. Srinivasa Rao Avl., was appointed the Chairman of the Committee and myself was a member thereof; but this Committee also did precious little work

"The starting of Co-operative Insurance Societies in Bengal and Bombay gave a new impetus to this movement and at the XVIII session of the conference held in April 1930, a resolution was passed as follows:—

> 'This Conference recommends to the Government the desirability of Co-operative Insurance Societies being registered under the Co-operative Societies' Act.'

"Another resoution of the Conference cast a definite duty upon the Provincial Co-operative Union to submit a scheme.. At the meeting of the Executive Committee of the Provincial Co-operative Union held on 29th June, 1930, the following resolution was passed :—

> 'Resolved that Mr. S. K. Yegnanarayana Iyer be requested to draft in consultation with Diwan Bahadur R. Ramachandra Rao a set of bye-laws and prospectus of the Society for transmission to the Registrar of Co-operative Societies.'

"It was in this way I came to be entrusted with this important duty. On receiving this communication from the Provincial Co-operative Union I set about my task first by acquainting myself with the literature upon the subject. I also put myself in touch with the Bengal and Bombay Co-operative Insurance Societies.

"Coming to know that M. R. Ry. Diwan Bahadur R. Ramachandra Rao was contemplating a Co-operative Insurance Scheme, I called upon him and had the benefit of having his scheme expounded by him. I found that the scheme I was commissioned to float could not clash with his, as he was thinking of doing highly intensive work on this new line of insurance in a restricted area.

"I also got the draft bye-laws from the Andhra Co-operative Scheme which Mr. G. Ramachandra Rao of Gudivada was promoting.

"Through the kind courtesy of the President of the Provincial Co-operative Union I had the opportunity of going to Bombay and Calcutta and discuss the scheme with the officers of Co-operative Insurance Societies there. I met by appointment both Prof. Kaji, the Chairman of the Board of Management of the Bombay Society and Mr. S. C. Roy, the Secretary of the Bengal Society, I visited the offices of both of these institutions and to the extent the time at my disposal permitted, acquainted myself with the details of office working.

"I also had the advantage of meeting at Delhi Mr. M. Vaidynatha Iyer, M.A., L.T., F.S.S., formerly my colleague as the Assistant Professor of Mathematics at Pachayappa's, now statistician to the Imperial

Council of Agricultural Research, New Delhi, who, I know is an expert in Insurance matters. I discussed the details of my scheme with him.

"There are some points of difference between my scheme and the Calcutta and the Bombay Institutions in respect of the following :—

1. *Share Capital.*—Calcutta has share capital of Rs. 10 lakhs raised by the issue of 10 lakhs of shares of Re 1 each. In Bombay there is no share capital at all and original members are expected to finance the scheme by floating debentures and by getting deposits. In pursuance of the general advice of the Actuary with the Government of India, I have provided for substantial share capital. Excepting the original Promoters who may or may not be policyholders all policyholders have to take up shares.

2. *Board of Management.*—Calcutta relies very much upon central banks and provision is made for their representation on the Board of Management on a territorial basis. Bombay gives representation on the Board to different interests such as original promoters and policyholders besides providing for nomination and co-option of others. I have adopted the Bombay plan and have provided for the representation of constituent societies who cannot, of course, be policy holders. Provisions have been made for nomination and co-option as well.

3. *The amount of benefit*—Calcutta has fixed the maximum limit to Rs. 500 and hence it is not insurance technically. It is only "Provident Insurance." In Bombay, the benefit has been fixed up to Rs. 2,000 with no medical examination upto Rs. 500. I have adopted the latter plan, but have raised the benefit to Rs. 5,000.

4. I have arranged for the statutory recognition of a responsible administrative officer called the Secretary as Bombay has done.

Others are matters of minor details."

III

My report was placed before the General Body of the Provincial Co-operative Union and I explained the details of the scheme at the meeting of the General Body held on 21-6-1931. The General Body approved of the scheme and empowered the Executive of the

Provincial Co-operative Union to go ahead with registration. The following 11 gentlemen signed the application for registration.

1. Messrs. V. Ramadas Pantulu.
2. „ V. Venkatasubbaiya.
3. „ N. Satyanarayana.
4 „ G Sriram Babu Naidu.
5. „ K. L. Narasimha Rao.
6. „ G. Harisarvottama Rao.
7. „ T. A. Ramaligam Chettiar.
8. „ C. Subba Rao.
9. „ K. C. Ramakrishnan.
10. „ V. C. Rangaswamy.
11. „ S. K. Yegnanarayana Iyer.

The Acting Joint Registrar of Co-operative Societies, M. R. Ry. Rao Sahib N. Ranganathachariar Avl., fixed up an engagenent with Mr. V. Venkatasubbaiya and myself and explained at length the view-point of the Department and suggested some slight modifications in the bye-laws as originally drafted by us. The original signatories were all willing to accept these amendments and further improvements were effected in the wording and in one or two small details and the Society was registered with the bye-laws as printed in the supplement to this volume.

IV

When the registration became almost a settled fact, I was deputed to have a personal discussion on many an important matter with Professor K. B. Madhava, whom the promoters chose to be the actuary of the Society. I was also given an opportunity to go to Bombay and study the working of the Bombay institution in great detail. I spent three full days in the Bombay Office and had a long and full discussion on many a point with Professor Kaji, Chairman of the Bombay Society, and Mr. Kesava Prasad Desai, its energetic Secretary. I also met and discussed the general scheme with Mr. K. S. R. Iyer of the Jupiter Insurance Co.. who is also editing a well-known Insurance Magazine. I also visited some capitalistic Insurance Companies of Bombay.

V

Co-operators will note that bye-law No. 73 provides for an Interim Board of seven Directors till the society succeeds in enlisting

a number of policyholders who would be the shareholders. This Interim Board has now been constituted. The original signatories have selected the following three gentlemen to the Board :—

1. Mr. T. A. Ramalingam Chettiar.
2. „ N. Satyanarayana.
3. „ S. K. Yegnanarayana Iyer.

The Provincial Bank has selected Mr. V. Ramadas Pantulu and the Provincial Co-operative Union has nominated Mr. V. Venkatasubbaiya as their representatives. Mr N. Ranganathachariar has been nominated by the Registrar as his nominee. These 6 people have co-opted Mr. V. C. Rangaswamy as the 7th Director.

VI

The institution now brought into existencce is full of vast potentialities. It is bound to grow from more to more and be a source of great power and usefulness to the co-operative movement at large. It also hopes to be beuefited considerably by the co-operative movement as it exists now with its ramifications reaching into numerous villages.

I feel profoundly grateful to Providence that I was given a share, however humble, in bringing this useful institution into existence. My part has been that of the squirrel in the construction of the famous Ramasethu. May the institution thrive and be a source of help and consolation to the ever increasing army of co-operators.

The South India Co-operative Insurance Society, Ltd.

INAUGURATION.

The working of the South India Co-operative Insurance Society, Ltd., was inaugurated on the 29th January, 1932, at the premises of the Society, Esplanade, Madras, by Mr. D. N. Strathie, I. C. S., the Registrar of Co-operative Societies. A very pleasant function was arranged which was attended by a large number of distinguished and influential Co-operators and other gentlemen in the city. Among those present were Messrs. D. N. Strathie, Rao Bahadur K. Deivasikhamany Mudaliar, Rao Sahib N. Ranganathachariar, C. D. Nayagam, Diwan Bahadur M. Ramachandra Rao, A. Ranganatha Mudaliar, Rao Bahadur T. A. Ramalingam Chettiyar, G. Harisarvottama Rau, Burra Satyanarayana, P. Ramanathan, P. Satyanarayana Rao, N. Rama Rao, K. L. Narasimha Rao, V. C. Rangaswamy N. Satyanarayana, O. N. Ramaswamy Iyer, V. Ramadas Pantulu, Professor S. K. Yegnanarayana Iyer, V. Venkatasubbaiya, G. Sriram Babu Naidu, S. S. Sankara Mudaliyar, V. Padmanabhan Thamban, K. Subba Rao, C. S. Sastry, R. B. Shah, Prof. K. C. Ramakrishnan, Prof. P. S. Lokanathan, and V. Venkatachalam.

Mr. V. Ramadas Pantulu, the President of the Society, in welcoming the guests of the evening said :—

"The occasion that brings us together here is the inauguration of the work of a newly registered co-operative Insurance Society. The idea of establishing a co-operative insurance society in this province is not a new one. We had it on the agenda of the Co-operative Conferences for the last 12 years. At the conference held in 1920, Prof. C. N. Krishnaswamy Iyer, M. A. of Coimbatore, took the lead in urging the need for an insurance concern on a co-operative basis. The idea was enthusiastically taken up by friends like Mr. V. Venkatasubbaiya who from that time onwards exerted to push the scheme forward. But nothing tangible came out of their exertions, because the Government of the day thought that the mechinery of co-operation was not developed enough to handle insurance business. But in 1925 the idea was again actively revived and assumed a little more concrete shape. At the XIII Provincial Co-operative Conference of 1925 a scheme was actually propounded and a committee was appointed with Rao Sahib T. Srinivasa Rao as

chairman, Mr. K. Raja Rao, the Postmaster of Pakala, who was an old enthusiast in the cause, as Secretary and Prof. S. K. Yegnanarayana Iyer, Mr. V. C. Rangaswamy and Mr. T. R. Srinivasa Iyengar as members. Two very distinguished members of the Department, Mr. Hemingway and Mr. Vedachala Iyer, all along since 1920, gave active support to the non-official workers in the pursuit of the scheme. The plan that was contemplated in those early days was however one of provident insurance, the maximum amount of the insurance being Rs. 500. It was not a full fledged Life Assurance Scheme. A little later my esteemed friend, M.R.Ry., Diwan Bahadur R. Ramachandra Rao, attempted to organise co-operative insurance on a small but intensive scale for the rural population of the Salem District, with headquarters of the society at Salem. But, unfortunately for the province of Madras and the cause of co-operation, Mr. Ramachandra Rao has become disabled on account of a paralytic attack and no one took up his intended programme in Salem. There has been another scheme before the Registrar for sometime past from the Andhra Sahakara Sammelanam, which was confined to the Andhra districts. The Provincial Co-operative Union's plan was the most ambitious of all those that were ever put forward before the Registrar and was a real Life Assurance Scheme with the whole of Madras Province for its area of operations. My friend, Mr. S. K. Yegnanarayana Iyer, toured all over the country, consulted two distinguished actuaries and collected valuable materials to give final shape to the seheme. The General Body, the Board of Management and the Executive Committee of the Madras Provincial Co-operative Union approved the scheme and empowered their representatives to go ahead with it. Professor S. K. Yegnanarayana Iyer and Mr. V. Venkatasubbaiya accordingly acting on behalf of the Madras Provincial Co-operative Union, discussed the details of the scheme with the Actuaries and the Registrar more than once and settled the bye-laws and rates of premiums. The Society was registered on the 6th January 1932 as the Madras Provincial Co-operative Insurance Society, Ltd. The by-laws were further revised since then; and one material change effected in that revision was the extension of the area of operations of the Society to the neighbouring Indian States of Mysore, Travancore, Cochin and Pudukkottah. An Interim Board of seven co-operators is constituted to function till June 1933 and to hand over the management to a duly elected Board of Directors. The first meeting of the Interim Board, held on the 26th January, sanctioned the budget of initial expenditure and made other necessary arrangements to start the society on its work. At the second meeting of the Interim Board, which was held a few minutes before we assembled here, it was resolved to change the name of the Society into the South India Co-operative Insurance Society, Ltd., to fit in with its widened area of operations.

"Within the last two or three days many friends who felt enthusiastic over this scheme have voluntarily applied for membership and made proposals for policies. Our first list consists of 36 such gentlemen, the total amount of whose proposals comes up to Rs. 60,000. If we hold the function on Monday the 1st February, we are sure to touch a lakh. The desire to begin with a lakh is not a matter of sentimental pride. The idea is that proposals for a lakh of rupees when they mature into policies will give a first year premium yield of Rs. four to five thousands, out of which 65 per cent we may appropriate to our working costs. That will cover our expenses for the co-operative year ending 30th June, 1932. Before this Interim Board lays down its office, we hope to build up a business of ten lakhs. On ten lakhs of business the annual renewal fees alone will amount to forty to fifty thousand rupees. We may appropriate 25 per cent of it, that is, Rs. ten to twelve thousands, per year for our working expenses. Therefore when the Interim Board hands over management to the duly elected board, we would have built up enough business to command sufficient revenues for working the Society with adequate staff, indoor and out door. I do not think that it is a dream. It is quite within the reach of partical achievement.

"We have got about 15,000 co-operative secieties in this province with a membership of about ten lakhs. Even if we succeed in course of time in extending the benefits of co-operation to 10 per cent of our members and even if only one member from each village can be influenced to take our minimum policy for one hundred rupees, we shall have business aggregating to a crore of rupees. If we get only a single insurance for a sum of Rs. 100 in each succeeding year from every society we shall have 15 lakhs of rupees additional work every year. All this is within practical politics and the Interim Board will do its best to achieve these results. There are seven of us on the Board with the Registrar's nominee. Let the six non-officials make themselves responsible each for a business of one lakh of rupees. Under the present regime, the Registrar is at least four times as powerful as the non-official organisations. I will therefore

allot to him and his staff four lakhs of business (Laughter). We shall thus build up business of 10 lakhs of rupees in the next eighteen months."

Mr. Pantulu then explained at length the details of the scheme and some of the advantages offered by the Society. He claimed that their premia rates were absolutely rock bottom rates. Barring the postal insurance rates, theirs' were the lowest in India. The premia were payable half-yearly or quarterly without loading, or even monthly with slight loading. The over head charges would be kept at the lowest possible level, as the society would work mainly through co-operative organisations and less with the help of paid private agency.

Mr. Ramadas Pantulu then thanked the gentlemen who had offered their co-operation on the first day. It required an amount of idealism, optimism and readiness to assume risks, to patronise a new venture and repose confidence in it. He also thanked the Madras Provincial Co-operative Bank and the Provincial Co-operative Union for the great part they played in establishing the Society. He also expressed his grateful thanks to the staff of the Provincial Co-operative Union and the Provincial Co-operative Bank for their assistance. Prominent mention was then made of the services and devotion of Professor S. K. Yegnanarayana Iyer in the cause of the Society. Lastly, Mr. Pantulu duly acknowledged the genuine interest and sympathy evinced by the Registrar, Mr. D. N. Strathie, the permanent Joint Registrar, M. R. Ry. Rao Bahadur K. Deivasikahamani Mudaliyar Avl., and the Acting Joint Registrar, M. R. Ry. Rao Sahib N. Ranganathachariar, Avl., and requested Mr. Strathie to inaugurate the working of the society.

Mr. Strathie then spoke as follows :—

"To those of you who have been accustomed to read the numerous resolutions that have been passed in recent years at Co-operative Conferences urging the formation of a co-operative insurance society, it may seem that this function is somewhat belated. You may have been regarding the Provincial Co-operative Union as the importunate widow and myself as the unjust judge. It may seem to you that I, like the unjust judge in the Bible, have yielded only to clamour and may have written on an office note one day when I was tired 'Give them the society lest by their continual coming they weary me". But I do not wish any of you to be under the impression that this society is the result only of persistent clamour and a desire for peace.

That is not the true position. The society has been registered now because there is a genuine conviction that on the bye-laws as framed there is every chance of success.

2. "When the idea of a co-operative insurance society was first mooted more than ten years ago, the then Registrar, Mr. Hemingway, supported the proposal to Government; but Government refused to permit its registration on the ground that the management of a life insurance society required highly expert control which was not available in the co-operative department. It has been decided that that objection is not valid. We officers in the department are not ready made experts on insurance but we have studied the subject and we are prepared to study it further and we hope, with the help of Mr Madhava,—the expert actuary who has so generously agreed to give his services free for some time—with his help and a certain amount of native intelligence we shall be able to master the intricacies of sinking funds, expectations of life and all the other mystries. I remember in the early days of the war, when we were all in the Indian Defence Force, my Collector was standing next me and making rather a mess of the drill. He said to the serjeant 'I am afraid you are finding me rather an ass'. The serjeant replied 'Come, come, Sir, dont do yourself an injustice, you must have a certain amount of intelligence to occupy the position you does'. (Laughter) We officers of the co-operative department claim 'a certain amount of intelligence' and we hope it will enable us to exercise whatever measure of control is necessary from the department.

3. "But there were other objections which to me appeared of more importance. I was much impressed by the figures given in the reports by Mr. Meikle, the actuary to the Government of India and by his opinion expressed in 1930 that no more new life insurance companies should be established for some time. I saw how difficult it would be for us to compete against the old established companies with their substantial bonuses and how in the new companies the policies taken out at high agency costs had a habit of lapsing in the second year. But after due thought I decided that while all Mr. Meikle said might be true of ordinary joint stock insurance companies, it did not necessarily apply to our society. For we are not going to depend only or even largely on private paid agents. We have the whole strength and force of the co-operative movement behind us. This society has been started under the auspices of the

acknowledged leaders of the movement and in response to repeated requests from district organisations and I expect Central Banks and individual societies to be loyal to these leaders and to support this society. I am hoping that secretaries of societies, Bank Inspectors and Union supervisors will obtain business for this society without the enormous commissions that have to be paid by the ordinary Insurance Company and that they will see not only that the first premium is paid but that subsequent payments are made regularly. If that hope is not realised then this society may go the way of other new companies, but I am sure the co-operators of Madras will not be false to their leaders and to the trust I have placed on them. I am confident that with the able and unselfish management that has been secured in Madras and with the loyalty and enthusiasm to help the poorer ryots that is still to be found in the mofussal, we shall be able to attract a new class of policy holders to whom the benefits of insurance have not yet been available and that we shall be able to steer clear of the pitfalls that have proved fatal to non-co-operative organisations.

4. "Secondly, I must confess that I was nervous about the effect this society might have on the co-operative movement in general. I feared it might prove simply another method of securing easy loans. I pictured what might happen—an unscrupulous secretary with his eye on the fat commission, granting loans only to those ryots who were willing to take out a policy through him, without any consideration for their repaying capacity. The loan would be adjusted to the first premium, similar loans would be given to pay later premiums, the Insurance Society's books would show premiums paid regularly but there would be no genuine payments and meanwhile the overdues in the credit society would be mounting higher. But I have trusted that such malpractices will be avoided firstly by keeping the commission low and secondly by the more efficient control that is now being exercised over societies by the Provincial Co-operative Bank. Those not in touch with the actual working of the co-operative movement at the present time will not appreciate what a change has taken place during the last eight months, since the Provincial Co-operative Bank took up the burden of exercising a real control over the grant of loans With the Provincial Bank under its able President continuing the present policy and with more efficient audit, I have great confidence that abuses will cease and that the dangers incidental to the granting of insurance policies through co-operative societies will be avoided.

5 "Now you may feel that I have so far emphasized unduely the dark side of the picture. But I do wish the public to realise that all the obstacles to the success of this society have been anticipated and that we have not embarked on this new venture in any light spirit. Forewarned is forearmed and I can assure any intending investors—and I know there are many, for the President has told me he has already received proposals for Rs. 15,000—that their interests will be safeguarded and that in all sobriety we believe this society to have a bright future before it. I wish it every success and trust that through the labours of the gentlemen at the head of its affairs in Madras and with the help of co-operators throughout the Presidency this society will confer great benefits upon our people and enable many a poor ryot to go about his daily business free from the gnawing anxiety for the future of those dependent upon him."

Prof S K. Yegnanarayana Iyer then proposed a vote of thanks to the Registrar, the Joint Registrar and the guests present and said that, under the guidance of his able chieftain, Mr. Ramadas Pantulu, they would be able to achieve good results.

The function then came to a close.

The South India Co-operative Insurance Society, Ltd.

SCHEME TO LINK UP THE CO-OPERATIVE BANKS WITH THE SOCIETY.

The aim of the organisers and the Board of Directors is to make the co-operative central banks and select urban and rural banks the main instruments in working the scheme and thereby keep down the expenditure on outside agencies as low as possible, consistent, of course, with the requirements of the expansion of business on progressive and modern lines. The central banks and the select urban and rural banks will be admitted to membership on their taking shares in the Society for such amount as they wish to. A Local Board of the South India Co-operative Insurance Society, Ltd., will be planted at the headquarters of each member central bank to begin with. The area of the operations of the local board will be conterminous with that of the central bank. It will consist of three members to be nominated by the Board of Directors of the Society, two of whom will be representatives of the Central Bank concerned, one of these two being the President, Vice-President, the Secretary or a member of the Committee of the bank; the third will be a competent registered Medical Practitioner of the locality. The local board will select agents to canvass business and may give preference to Inspectors and Supervisors of societies, who, in the opinion of the Board, will prove efficient and trustworthy. These agents will get commission on business secured, according to a prescribed scale and the local board may appropriate towards such commission such portion of the premium collections as may be allotted by the Board of the Society. The Head Office will, in any case, guarantee a reasonable sum to the local board for its office expenses, besides supplying all the necessary forms, account books and literature. The Head office will appoint organizers in the moffusil for groups of districts who will act as representatives of the Society and give instructions to the local boards in regard to management, securing business, enquiry into claims and other matters. The representatives of the co-operative central banks on the Board of Management of the Madras Provincial Co-operative Bank will, wherever possible and willing, be requested to act as such organisers. The members of the local board may receive sitting fees for attending meetings to transact the business of the board in accordance with the rules framed by the Board of the Society in this behalf.

As soon as a local board is constituted, the Secretary of the Head office will put himself in touch with that board and supply copies of the prospectus, proposal forms, agency application forms and other forms and books. The local board will then appoint the agents, receive all proposals sent up by them, obtain the results of medical examination of the proponents and all other requisite certificates, and proofs as required by the bye-laws and consider them at their meetings which will be held on dates to be fixed and notified to the agents and proponents. The local board will then send up the proposals together with all connected papers to the Head Office. They shall also enclose a confidential report of the results of their enquiry and their recommendation in each case. On the acceptance of the proposals by the Head Office, the proponent will be required to pay the first premium and the full value of the share capital subscribed by him within a time to be fixed. On payment of the prescribed premium and the share capital subscribed by the proponent, a first premium receipt carrying risk will be issued and the policy and the share certificate will thereafter be made over to the local board for delivery to the proponent with the least possible delay. In regard to subsequent premiums, the Society will issue a list of all premiums payable with due dates thereof to the local board. All premiums will be collected by the local board, which will issue receipts for the same on behalf of the Society. An account shall be opened in the name of the Society at the central bank to which the board is attached and all moneys received by the local board will be credited to that account. The central bank will remit the moneys to the account of the Society with the Madras Provincial Co-operative Bank, Ltd.

The same procedure will be followed in attaching local boards to select urban and rural banks. But such boards will not be constituted in centres where a board is already attached to the Central Bank. The boards attached to the select urban and rural banks will operate only over the area of the banks to which they are attached.

In regard to policies which are issued without medical examination, detailed instructions will be issued to local boards as to how to obtain satisfactory evidence of the health of the assured and to guard against " under average " lives coming in.

PROSPECTUS

OF

The South India Co-operative Insurance Society, Limited, No. X 69.

1. Need for a Co-operative Insurance Society.

The large element of " Co-operation " which has already entered into many genuine Insurance concerns indicates the measure of the compliment that Capitalism now pays to the Co-operative Principles in business. The division of profits between shareholders and policy holders, in as large a proportion as possible to the latter, is a working rule to which many joint stock insurance companies are committed. The public are thus assured to a certain extent that the level of the premiums is not fixed solely with an eye to build up excessive reserves or distribute tempting dividends to share-holders. It is also true that the capitalistic concerns have so popularised their business as to introduce small policies, acting on the desirable principle of earning reasonable profits with a small margin on a large volume of business rather than with a large margin on a small volume of business. Nevertheless, they cannot, consistently with their constitution and working, place their services to the public on a footing that complete mutualisation or the adoption of the full measure of co-operative method demands. In between the poor man, who cannot be persuaded to think of insurance under any scheme, and the wealthy man, on whom much persuasive attention need not be bestowed, there are still many sections of the community which are not served by the prevailing type of insurance companies, not because they do not wish to serve them, but because they cannot afford to. They are unable to make their policies smaller to meet the requirements of the bulk of the lower middle classes; nor are they able to cut down their costs of management and expenditure on business still further, so as to bring down their premiums to a lower level or offer a larger yield on the savings invested by men of modest means in insuring their lives. After all, the concessions which the policy holders enjoy in capitalist concerns are in reality gifts at the hands of the small body of capitalists who have the real grip over the concern. Again such concessions are more often the outcome of the anxiety to withstand competition than of generous impulse of service and sacrifice as in co-operative enterprise. The rule of "one man one vote and no proxy" deprives capital of its controlling voice in the management and makes the interest of the policy holders the decisive factor.

Moreover, the spread of the knowledge of the advantages of Insurance among the masses, who are ignorant or unappreciative of those advantages, has a genuine educative value apart from its business aspect. The success of Insurance schemes ultimately depends on the inculcation among the masses of the supreme virtues of thrift and saving and investment habit. The active promotion of these social virtues is an essential function of co-operative organisations, which possess exceptional facilities for the task, compared with commercial institutions. A co-operative insurance society of the right type and which is well-managed, is sure to be a powerful instrument to explore the potentialities of Life Insurance as a savings institution *par excellance* for the masses.

It is with the hope of realising these aims that co-operators in this province have for some time past been attempting to establish a co-operative insurance society. This society which is the first of its kind in South India has been registered after the Government fully satisfied themselves of its need, utility and reasonable chances of success. The Registrar and his staff, the army of non-official workers who have dedicated their lives to the Movement, the 31 central banks, as well as the big urban and rural societies, are all expected to co-operate with the institution, so as to make it a great success. There are about 15,000 co-operative societies in this province with a membership of about 10 lacs. Even if the minimum benefits of co-operative life assurance are made available to no more than 10 per cent of them, the Society will build up a huge business at no distant time.

2. The South India Co-operative Insurance Society, Ltd.

The South India Co-operative Insurance Society, Ltd,, (No. X 69) is registered under the Co-operative Societies' Act (Act II of 1912), with a share capital of Rs. 10 lakhs composed of 10 lakhs of shares of Re. 1 each. The shares are to be fully paid up and there is no reserve liability on the shares. An individual member can take shares up to a maximum limit of Rs. 1,000; and registered co-operative societies may take shares up to any extent. The amount of

share capital which enables any individual to become a member and a policyholder of the Society is only Re. 1. A share capital as large as Rs. 10 lakhs is provided for to enable the Society to enlist as many members as possible and issue a large number of small policies to its members. Provision is however made for return, after the first valuation and from time to time thereafter, of such part of the share capital as may be found unnecessary for the business of the Society.

The area of operations of the Society is the Province of Madras, and the Indian States of Mysore, Travancore, Cochin and Pudukottah.

3. The Board of Directors.

The Board of Directors is so constituted as to secure effective control to the policy holders and co operative organisations. At the same time the bye-laws provide facilities to secure the services on the directorate of an adequate number of other able and sound businessmen and publicists as well.

4. Rates of Premium.

The Directors acting on the advice of the actuary and approval of the Registrar have fixed the rates of premiums, quoted in the tables appended, as low as possible, consistent with considerations of safety, solely in the interests of the policy-holders.

5. Life Assurance Fund.

Under the by-laws of the Society, not less than 35 per cent of the first year premiums and not less than 75 per cent. of the renewal premiums are reserved to be carried to the Life Assurance Fund.

6. Investments.

The funds of the Society are required to be safely invested in the manner provided for by the Indian Trusts Act and the Co-operative Societies' Act. The previous approval of the Registrar of Co-operative Societies will be necessary in the case of investments made in any other manner.

7. Cost of Management.

The aim of the Society is to keep down the cost of management at as low a level as possible. This is sought to be effected mainly by linking up the important co-operative institutions with the working of the Society by a suitable scheme and minimising the employment of heavily paid private agency as far as possible.

8. Sum assured.

The minimum sum assured is Rupees One hundred and the maximum Rupees five thousand on any one life. Medical examination is made compulsory in all cases, where the sum assured is above Rs. 500.

9. Commencement of risk.

The risk under a policy commences from the date of receipt of the first premium in full or the date of the Society's letter of acceptance whichever is later. The policy may, however, be dated back, within the calendar year, to a period not exceeding three months in order to get the benefit of a lower age premium.

10. Mode of payment of premiums.

Premiums may be paid annually, half-yearly, quarterly or monthly. Half-yearly and quarterly premiums are exactly one half and one fourth of the annual tabular rates; but fractions of an anna in the result will be taken as one anna. The rate for monthly payments of premiums is one-twelfth of the annual premium quoted with the addition of one anna for each complete rupee of such annual premium. Fractions of an anna in the result will be taken as one anna.

11. Days of grace.

Thirty days of grace are allowed for the payment of yearly and half-yearly premiums from the due date; and fifteen days for quarterly and monthly instalments. When the days of grace expire on a Sunday or a public holiday, the premium may be paid on the following business day. The Society is not responsible for any delay caused in remittance through post or otherwise.

12. Revival of policies.

In case the premium is not paid within the days of grace, the policy lapses, but it may be revived within twelve months from the date of lapse, under the following conditions:—

(i) The policy can be revived on application within three months from the date of lapse, without evidence of good health being produced, but the arrears of premium due together with interest on the arrears at $9\frac{3}{8}$ per cent per annum as revival fee subject to a minimum of annas eight is payable to the Society.

(ii) If the application for revival is made after three months from the date of lapse, revival can be effected at the expense of the policy-holder on fresh evidence of good health of the assured to

the satisfaction of the Directors being furnished and on payment of all arrears together with interest at $9\frac{3}{8}$ per cent per annum as revival fee.

13. Surrender of policies.

After at least three annual premiums have been fully paid, a policy in force can be surrendered to the Society, if so desired, for its cash value which will be quoted on application.

14. Loans on policies.

After at least three annual premiums have been fully paid, a loan from the Society can be obtained on the security of a policy in force, to the extent of 95 per cent. of its surrender value with interest at 6 per cent. per annum, payable half yearly. No loan for sums below Rs. 50 will be granted.

15. Paid up policies.

A policy, which is in force, can, if so desired, be converted, after at least three annual premiums have been fully paid, into a paid-up policy for a reduced amount, provided such amount be not less than Rs. 100.

The value of the paid up policy will be in such proportion to the sum assured, as the number of premiums actually paid up to the time of conversion bears to the number originally payable. Any bonus additions attaching to the policy will continue to attach to the paid up policy; but the policy, once it becomes paid up, will not participate in the profits of the Society.

In the case of policies, where medical examination is dispensed with, the minimum value of the paid up policy shall be Rs. 50.

16. Policies without medical examination.

In the case of these policies the sum assured is not payable in case of death occuring within one year from the commencement of the risk under the policy. Only such portion of the premiums paid, after deducting the amounts spent for the necessary expenditure incurred in connection with such policy, will be returned.

The rates of premiums to be charged by the Society in the case of policies for Rs. 500 and below are as follows:—

On policies of Rs. 500, Rs 400, Rs. 300, Rs. 200 and Rs. 100, where medical examination of the assured is dispensed with, the rates of premiums payable shall be 5/10, 4/10, 3/10, 2/10 and 1/10, respectively of the annual tabular rate per thousand, plus a sum of annas twelve per each hundred of the sum assured. In the case of proponents for policies of Rs. 500, who are willing to subject themselves to medical examination, the cost of which will be borne by the Society, they will have the benefit of the normal rates. Proponents for policies below Rs. 500 may be given, at the discretion of the Board, a similar benefit of normal rates, or a concession in the extra premium, if they bear the expenses of medical examination themselves.

17. Additional Assurance.

A new proposal and a fresh medical examination will be required by the Society, if an increase in the sum assured is desired by the policyholder. If the increase is however desired within six months of the original medical examination, the Society may not insist on a further examination, but evidence of continued good health and eligibility of the life for assurance, to the satisfaction of the Directors, must be forthcoming.

18. Alteration.

If a policyholder desires to alter the plan of assurance, there is provision for his being permitted to do so on payment of a fee prescribed in this behalf, provided the alteration required is to a plan with a higher rate of premium, the sum assured being the same as before alteration; the difference of premiums with interest at 6 per cent per annum compounded half-yearly will be payable. Alteration of the mode of payment of premiums will be effected on application and on the payment of an alteration fee prescribed by the Board.

19. Age.

Proof of age is an essential condition of assurance and it must be produced to the satisfaction of the Directors before any claim can be paid on a policy. It is strongly recommended that the proof of age be sent along with the proposal for assurance or as soon as convenient after acceptance of the proposal. The following will be generally accepted as satisfactory evidence of age :—

(1) Certified extracts from the Municipal or other reliable records made at the time of birth. (2) Original horoscope prepared at the time of birth in which the date of birth is given, (3) Certified extracts from Service, College, or School registers, giving the date of birth, (4) Certificate of baptism. In case proof in any of the modes stated above is not available, the Directors may accept a sworn affidavit of the proponent and of a respectable neighbour, stating the correct age.

Any error in the statement of age will not *ipso facto* invalidate a policy and if it is subsequently discovered, during the life time of the assured, that the policy-holder understated his age in the proposal, the difference of premium at the correct age together with interest at 6 per cent per annum compounded half-yearly, will be

collected by the Society. If the age of the assured is found, on his death, to have been unintentionally understated, the sum assured will be reduced to such amount as the premium actually paid would have assured at the correct age.

20. Assignment.

To avoid delays in payment of claims, policyholders will be well advised to assign their policies, during their life-time, in favour of such person or persons on whom they desire to confer the benefit of their policies. Assignments or notices thereof should be sent to the Society in duplicate for registration. A registration fee to be prescribed by the Board will be charged for assignments for valuable consideration. No fee will be charged for registration of assignments made out of natural love and affection.

21. Lost Policies.

A duplicate policy will be issued on satisfactory proof being received in the manner required by the Society of the loss or destruction of the original policy and on payment of a fee to be prescribed by the Board. A bond of indemnity also may be required if the Board considers it necessary.

22. Claims.

Claims will be paid by the Society without any avoidable delay. Policyholders and claimants have a speedy and inexpensive remedy of establishing and enforcing their claims by a reference to the Registrar. But any policy holder or claimant dissatisfied with the decision of the Registrar may seek his further remedy in a Civil Court as well.

23. Suicide.

A policy is not rendered void by death of the assured from suicide, provided it has been in force for at least one complete year. In the event of suicide of the assured within one year from the date of commencement of risk, the policy will be void, except to the extent of interest thereunder of any bona fide assignee of the policy for valuable consideration, who may have given notice to the Society of his interest in the policy, at least one month prior to the date of the suicide.

24. Medical fees.

Medical charges in connection with the examination of the proponent will be borne by the Society. In case a proposal accepted by the Society as first class does not result in a policy, the Medical fees paid for examination will be collected from the proponent.

25. General.

The Society combines in itself the good points of both the joint stock and mutual insurance concerns. It will not have superfluous share capital or joint stock which consumes profits which ought to go legitimately to policy holders. Such share capital as may be found necessary for making the statutory security deposits with the Government and other purposes connected with the promotion of the Society is easily obtained on a co-operative basis and the dividend on it is limited to a maximum of 9 per cent. The bye-laws make provision for the return of even this co-operative share capital after the Society accumulates sufficient funds from its business and is no longer in need of share money. So the Society neither suffers from the effects of profiteering capital as Joint Stock Companies nor is handicapped by the absence of requisite initial capital as mutual concerns do.

The Society will not depend only or even largely on private paid agency, as it has the whole strength and force of the co-operative movement behind it. So, the habit of policies taken out at high agency costs lapsing in the second year will not, it is hoped, be a feature of this Society. Again a judicious use of co-operative loans by those with repaying capacity for payment of insurance premiums will help both the credit organisations and the Insurance Society, and will prevent lapses of policies taken by urban and rural co-operators who are punctual members of co-operative credit societies.

The expert opinion, on the sound structure and promise of the Society, expressed by the Registrar of Co-operative Societies and the Actuary of the Society ought to be sufficient to inspire the investors in this Society with confidence. The Registrar, on the occasion of inauguration of the Society said: " **The Society has been registered now, because there is a genuine conviction that on the bye-laws as framed, there is every chance of success. I can assure any intending investors that their interests will be safeguarded and that in all sobriety we believe this Society to have a bright future before it.** I wish it every success and trust that through the labours of the gentlemen at the head of its affairs in Madras and with the help of co-operators throughout the presidency, this Society will confer great benefits upon our people and enable many a poor ryot to go about his daily business free from the gnawing anxiety for the future of those dependent upon him." Prof. K B. Madhava, M.A., F.R.A.S., A.I.A., our Actuary, says. "It has been my lot to deal with Insurance offices variously constituted in the discharge of such duties, but I have heaved a sense of relief in coming across the South India Co-operative Insurance Society, Ltd., and to help it in the drafting or amending of some of its by-laws, to discuss with its promotors plans and policies, and offer it a specially constructed set of tables of rates, which will form the financial basis of its contracts. **The last mentioned work has given me a real relief in making the minimum of loadings in my experience for expenses, commissions, renewal charges and all other middlemen remuneration.** But the real implications of those rates as well as of the objects of the Society will flourish more and more effectively in the extent to which the public take advantage of the same."

TABLE No. I.

WHOLE LIFE WITH LIMITED PAYMENTS
WITH PROFITS.

Annual premiums payable for a specified number of years to assure Rs. 1,000 along with profits to be paid at death only.

Age next Birthday.	Single Payment.	10 Payments.	15 Payments.	20 Payments.	25 Payments.	30 Payments.
	RS.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.
20 ...	410	49 0	34 13	29 0	25 11	23 10
21 ...	417	49 14	35 10	29 10	26 4	24 2
22 ...	424	50 12	36 7	30 5	26 14	24 11
23 ...	431	51 11	37 5	31 1	27 9	25 5
24 ...	439	52 10	38 3	31 14	28 5	26 0
25 ...	447	53 9	39 1	32 11	29 1	26 13
26 ...	455	54 9	39 15	33 8	29 13	
27 ...	463	55 9	40 14	34 5	30 9	
28 ...	471	56 10	41 14	35 2	31 5	
29 ...	480	57 11	42 14	36 0	32 2	
30 ...	489	58 12	43 14	36 14	33 0	
31 ...	496	59 14	44 15	37 13		
32 ...	503	61 2	46 1	38 12		
33 ...	512	62 8	47 3	39 12		
34 ...	521	63 15	48 6	40 12		
35 ...	530	65 8	49 9	41 12		
36 ...	540	67 1	50 13			
37 ...	550	68 11	52 1			
38 ...	560	70 6	53 6			
39 ...	570	72 1	54 12			
40 ...	580	73 13	56 4			
41 ...	590	75 10				
42 ...	601	77 7				
43 ...	612	79 5				
44 ...	623	81 4				
45 ...	634	83 4				
46 ...	644					
47 ...	655					
48 ...	666					
49 ...	677					
50 ...	688					

TABLE No. II.

ENDOWMENT ASSURANCE
WITH PROFITS.

Annual premiums ceasing at the end of the specified term of years to assure Rs. 1,000 along with profits payable at the end of the selected term or at earlier death.

Age next Birthday.	Term 10 years.		Term 15 yrs.		Term 20 yrs.		Term 25 yrs.		Term 30 yrs.		Term 35 yrs.	
	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.
20 ...	103	4	67	15	49	14	38	14	31	14	27	10
21 ...	103	6	68	2	50	1	39	2	32	3	27	15
22 ...	103	8	68	5	50	5	39	6	32	8	28	4
23 ...	103	11	68	8	50	9	39	10	32	13	28	9
24 ...	103	14	68	11	50	13	39	14	33	2	28	14
25 ...	104	1	68	15	51	1	40	3	33	7	29	3
26 ...	104	4	69	3	51	5	40	8	33	13		
27 ...	104	7	69	7	51	9	40	13	34	4		
28 ...	104	10	69	11	51	14	41	3	34	11		
29 ...	104	13	69	15	52	3	41	9	35	2		
30 ...	105	0	70	3	52	8	41	15	35	10		
31 ...	105	4	70	7	52	14	42	6				
32 ...	105	8	70	12	53	4	42	13				
33 ...	105	12	71	1	53	11	43	5				
34 ...	106	0	71	6	54	2	43	14				
35 ...	106	4	71	11	54	9	44	7				
36 ...	106	9	72	1	55	1						
37 ...	106	14	72	8	55	10						
38 ...	107	4	73	0	56	4						
39 ...	107	10	73	8	56	14						
40 ...	108	0	74	1	57	9						
41 ...	108	7	74	11								
42 ...	108	15	75	6								
43 ...	109	8	76	2								
44 ...	110	2	76	14								
45 ...	110	12	77	11								
46 ...	111	7										
47 ...	112	3										
48 ...	112	15										
49 ...	113	12										
50 ...	114	9										

(Sd.) K. B. Madhava,
Consulting Actuary.

Note:—In the case of policies of Rs. 500, Rs. 400, Rs. 300, Rs. 200 and Rs. 100 where medical examination of the proponent is dispensed with, the premium rates are 1/2, 2/5, 3/10, 1/5 and 1/10 respectively of the annual tabular rates for Rs. 1,000 (given above in Tables I and II) plus a sum of annas twelve per each Rs. 100 of the sum assured.

The South India Co-operative Insurance Society, Ltd.

SUMMARY OF PROCEEDINGS OF THE MEETINGS OF THE ORIGINAL SIGNATORIES, THE BOARD OF DIRECTORS AND THE BUSINESS COMMITTEE

held between 16th January and 10th February 1932.

1. An interim Board of Directors has been constituted consisting of the following members:—

Messrs. Rao Bahadur T. A. Ramalingam Chettiyar ... N. Satyanarayana ... S. K. Yegnanarayana Iyer ...	Representatives of the original signatories.
V. Ramadas Pantulu ...	Representative of the Provincial Co-operative Bank.
V. Venkatasubbaiya ...	Representative of the Provincial Co-operative Union.
Rao Saheb N. Ranganadha Chariar ...	Nominee of the Registrar.
V. C. Rangaswamy ...	Co-opted Member.

This Board will be in office till 30-6-1933 when the management will be vested in a Board duly elected under the bye-laws.

2. Mr. V. Ramadas Pantulu has been elected the President and Mr. V. Venkatachalam the Secretary.

3. A Business Committee has been constituted to attend to all urgent work and it consists of:—

Messrs V. Ramadas Pantulu,
S. K. Yegnanarayana Iyer
and V. C. Rangaswamy.

4. Prof. K. B. Madhava, M.A., F.R.A.S., A.I.A., Professor, Mysore University, has been appointed the Actuary.

5. Dr. T. Satakopa Mudaliyar, M.D., has been appointed the Medical Referee.

6. Messrs. Sastri and Shah, Incorporated Accountants, (London) have been appointed the Auditors.

7. The Madras Provincial Co-operative Bank and the Madras District Co-operative Central Bank have been appointed Bankers.

8. The following institutions have been admitted as members and have taken shares as noted against their names :—

	Shares.	Rs.
(1) The Madras Provincial Co-operative Bank Ltd. ...	15,000	15.000
(2) The Madras Dt. Co-operative Central Bank Ltd. ...	1,000	1,000
(3) The Ramachandrapuram Co-operative Central Bank, Ltd. ...	1,000	1,000
(4) The Madras Provincial Co-operative Union.	100	100

9. Government securities to the face value of Rs. 25,000 consisting of 3 per cent and 3½ per cent paper have been purchased for making the initial statutory deposit with the Government of India.

10. The Telegraphic Address of the Society has been registered as "SICOIS".

11. The following doctors have appointed as medical examiners of the Society for the City of Madras.—

1. Dr. U. Krishna Rao, M.B., B.S.
2. „ G. Narayanaswamy Mudaliyar, L.M.S.
3. „ C. R. Krishnaswamy, M.B.B.S.
4. „ T. Balakrishna Pillai, M.B.B.S.
5. „ P. Venkata Rao, M.B.B.S.
6. „ M. Seetharama Rao, M.B.B.S.
7. „ K. Narayanamurthy, M.B.B.S.
8. „ A. V. Avadhani, L.M.P.
9. „ Prasad, M.B.B.S.
10. „ E. M. Duraiswamy Naicker, L.M.S.

12. The Business Committee has also settled the terms of agency which would be available on application.

Rs. 100 of the sum assured.

BYE-LAWS

OF THE

South India Co-operative Insurance Society, Limited.

No. X. 69.

SECTION I—DEFINITIONS.

1. In these bye-laws, unless there is anything repugnant in the subject or context.

(1) "Act" means the Co-operative Societies' Act II of 1912, or any other Act governing Co-operative Societies in the Province of Madras and in force for the time being.

(2) "Rules" means the rules for the time being in force under the Act.

(3) "Registrar" means an officer appointed to perform the duties of the Registrar of Co-operative Societies under the Act.

(4) "The Society" means the South India Co-operative Insurance Society, Ltd.

(5) "Registered Society" means a society registered or deemed to be registered under the Act.

(6) "The Board" means the Board of Directors of the Society and "Director" means a member of the Board.

(7) "Member" means an 'individual' or a 'registered society' admitted to membership.

(8) "Central Bank" means a registered society, the principal object of which is to finance other registered societies which are its members.

(9) "Mortgage Bank" means a co-operative land mortgage bank registered under the Act.

(10) "Actuary" means an actuary as defined by the Indian Life Assurance Companies Act for the time being in force or any other person approved by the Registrar as competent to perform the duties of an Actuary, and appointed by the Society as its actuary.

SECTION II—GENERAL.

The Society.

2. The name of the Society shall be "The South India Co-operative Insurance Society Ltd." No. X. 69. It shall be registered as a Co-operative Society under Act II of 1912.

Office.

3. (1) The registered office of the Society shall be in the City of Madras.

(2) The Society shall have a common seal.

(3) The Society shall sue and be sued in the name of the Secretary.

Area of operations.

4. The area of operations of the Society shall be the Province of Madras and the Indian States of Mysore, Travancore, Cochin and Pudukkottah.

Objects.

5. (1) The objects of the Society are to popularise Life Assurance and thereby to promote thrift and self-help amongst persons of limited means, more especially amongst members of co-operative societies in the Province of Madras and the Indian States of Mysore, Travancore, Cochin and Pudukkottah.

(2) In furtherance of these objects the Society shall be at liberty (*a*) to acquire property of every description and any rights and interests therein, (*b*) to enter into contracts with members and policy-holders of the Society in respect of the business of the Society and (*c*) to do all such things as are necessary or incidental to the attainment of the objects of the Society.

Life Assurance Policies.

6. The minimum amount of a Life Assurance Policy shall be Rs. 100. The maximum amount for which a life can be assured shall be Rs. 5,000. Medical examination may be dispensed with in case of proposals for policies of Rs. 500 and below, provided that the aggregate amount of such policies on a single life does not exceed Rs. 500.

7. The Board shall have power to frame, amend and repeal regulations, terms and conditions, including rates of premia, relating to the various types and schemes of Life Assurance Policies, provided that, before being acted upon, such terms, conditions and rates have been recommended by the Actuary and approved by the Registrar.

SECTION III – MEMBERSHIP.

8. (1) Membership shall be open to

(*a*) Any registered society; and

(*b* any individual who takes a share and holds a policy in the Society.

(2) Persons who have joined in the application for registration of the Society, hereinafter called original members, shall be members and may exercise all the rights and privileges of membership, though they may not take shares or be policy-holders.

9. (1) The application for membership by an individual shall be signed by him and supported by at least one member of the Society. The application by a registered society shall be signed by the person duly authorised by it and shall bear the seal of the society applying. All applications shall be in writing and addressed to the Secretary of the Society. The Board shall have power to deal with such applications in such manner as they deem fit and it shall be competent for the Board to reject any application without assigning reasons.

(2) No registered society shall be admitted to membership unless it subscribes for at least ten shares.

(3) No individual shall be admitted to membership unless he subscribes for at least one share and takes a policy. But he shall not exercise the rights of a member until he has paid the first year's premium on his policy in full.

10. The liability of a member shall be limited to the share capital held by the member.

11. Membership shall cease on :—

(1) resignation, or

(2) removal under by-law 12, or

(3) death, or

(4) forefeiture of share or shares under rules framed if any, or

(5) bankruptcy or insanity of the member, or

(6) transfer of all the shares held by the member, or

(7) the termination of the policy by lapse, surrender, maturity or otherwise, or

(8) dissolution in the case of a registered society.

12. (1) A member may be removed from the Society by the vote of not less than two-thirds of the members present and voting at a general meeting of the Society, on a motion to the effect that, in the opinion of the meeting such member has :—

(*a*) wilfully deceived the Society by false statements, or

(*b*) been convicted of crime involving moral turpitude, or

(*c*) intentionally injured the credit of the Society.

(2) The decision of the meeting shall be final and not liable to be re-opened at any subsequent general meeting.

(3) The Board shall give fifteen days' written notice to the member concerned of the motion to remove him.

(4) The removal of a member under this bye-law shall not have the effect of terminating his policy.

13. (1) Any member of the Society may, by a written declaration, nominate a successor, to whom his share or other interest held by him in the Society

and arising otherwise than in relation to his policy, may be transferred or paid after his death. The Society shall keep a register of all persons so nominated.

(2) A member may revoke or vary such nomination by a subsequent declaration and on payment of such fees as may be prescribed by the Board for effecting such change.

14. The liability of a past member or of the estate of a deceased member for the debts of the Society as they existed on the date of his ceasing to be a member or of his decease, as the case may be, shall continue for a period of two years from such date.

SECTION IV—GENERAL MEETINGS.

A. *Ordinary General Meetings.*

15. The Board may convene ordinary general meetings as occasion may demand. The business that may be transacted at general meetings, including the annual general meeting, shall be :—

(1) to frame bye-laws for the Society, or to add to, or alter or rescind them ;

(2) to appoint the Auditor or Auditors and determine his or their remuneration ;

(3) to consider the Board's report on the preceding year's working of the Society together with the statements showing receipts and expenditure, assets and liabilities and profit and loss for the year ;

(4) to consider the audit certificate and any other communication from the Registrar ; and

(5) to transact any other business brought before it by the Board.

B. *Annual General Meeting.*

16. The annual general meeting shall be held within 2 months after the receipt of the Registrar's Audit Certificate.

C. *Special General Meetings.*

17. Special general meetings shall be convened by the Secretary either on a direction from the Board or upon a requisition signed by 50 or 1/10th of the members of the Society, whichever is less, or of the Registrar, and shall be held in the case of requisition by members or the Registrar within one month after the receipt of such requisition.

D. *Procedure.*

18. Not less than thirty days' notice of the general meeting shall be given to members of the General Body ; provided that in the case of a special general meeting, 15 days' notice shall ordinarily be given, unless the Board reduces the period in case of an emergency. Such notice shall specify

the day, the hour and the place of the meeting and, in the case of the Annual General Meeting, shall be accompanied by a copy of the Annual Administration Report, the Audit Certificate of the Registrar, the Balance Sheet and the Agenda. But the non-receipt of such notice by any member shall not invalidate the proceedings of the meeting.

19. (1) Any member of the Society, who wishes to propose a resolution or move an amendment to any bye-law at the meeting, shall forward to the Society a copy of such resolution or amendment so as to reach it not less than fifteen clear days before the date of the meeting. No resolution or amendment to any bye-law, of which notice has not thus been given by a member shall be proposed or moved at the meeting.

Note :—This provision shall not apply to special general meetings. At such meetings no business shall be transacted other than that mentioned in the notice convening the meeting.

(2) Previous notice is not necessary in respect of the following motions made at any ordinary or special general meeting :—

(*a*) A motion for a change in the order of business on the agenda paper.

(*b*) A motion for adjournment of the meeting or of the consideration of any subject.

(*c*) A motion that the meeting do pass on to the next business on the agenda paper.

(*d*) A motion that the meeting be dissolved.

(*e*) A motion to refer the matter under consideration to the Board for discussion, decision, or report.

(*f*) A motion that the meeting do resolve itself into a Committee or Committees.

(*g*) A motion for the appointment of a Committee to enquire into and report upon any matter before the meeting.

(*h*) A motion that the question be now put.

(*i*) A motion to take up any business which, in the opinion of the Board, is urgent.

20. The quorum for a general meeting shall be 3/5th of the total number of members of the Society for the time being or 20 whichever is less. No business shall be transacted at a General Meeting unless the required quorum is present.

21. If within half an hour after the time appointed for the meeting, the quorum is not present, the meeting if convened upon the requisition of members, shall stand dissolved. In any other case a fresh meeting shall be summoned, *as soon as possible* by the Board notwithstanding anything contained in by-law 18 regarding period of notice.

22. The President of the Board shall ordinarily preside at every meeting of the Society—ordinary or special. If there be no such President, or if the President is unable to be present, or being present, is unable to preside, the members present shall choose one of the members of the Board present to be Chairman. In case no member of the Board be present or being present is unable to preside, the members present shall choose one of themselves to be Chairman.

23. The Chairman may, with the consent of the meeting, adjourn any meeting from time to time but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting at which the adjournment took place. When a meeting is adjourned for three days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

24. (1) At a general meeting, ordinary or special, all questions shall, subject to any special direction in the Act, the rules or these bye-laws, be decided by a majority of votes. The voting shall be by a show of hands. However, if three members demand vote by ballot, it shall be at once taken by means of voting papers. Each member shall, notwithstanding the amount of his interest in the Society, have one vote only as a member. In the case of an equality of votes, the President shall have a second or casting vote.

(2) A declaration by the Chairman that a resolution has, by show of hands or by ballot, been carried or lost either unanimously or by a particular majority and an entry to that effect in the proceedings of the Society shall be conclusive evidence of the fact recorded.

SECTION V—THE BOARD.

(A) *Constitution.*

25. (1) The Board shall be constituted as follows—*Four* members shall be elected by policy-holders from amongst those who have insured their lives with the Society for a sum of not less than Rs. 2,000, in such manner as may be prescribed by the regulations to be framed by the Board in accordance with the bye-laws; *two* shall be elected by the representatives of the member societies from amongst themselves; *one* shall be elected by the original members of the Society from amongst themselves. The Madras Provincial Co-operative Bank, the Madras Provincial Co-operative Union and the Registrar of Co-operative Societies, Madras, shall nominate *one each*. The members of the Board so elected and nominated may co-opt *one more*.

(2) When all the original members have ceased to exist the seat allotted to them shall be allotted to the policy holders in addition to the number allotted to them at present.

26. (1) The members of the Board shall hold office for a period of three years from the date of election or until their successors are appointed.

(2) Retiring members of the Board shall be eligible for re-election or re-nomination

(3) If an interim vacancy occurs in the office of an elected member of the Board, such a vacancy shall be filled up for the unexpired period of the office by the remaining members of the Board from amongst the members of the constituency from which such member was returned. If such vacancy occurs in the case of a member of the Board nominated by the Madras Provincial Co-operative Bank, the Madras Provincial Co-operative Union or the Registrar, the concerned authority shall be asked to nominate a member for the unexpired period of office.

27. (1) A member of the Board shall cease to hold office, if he—

(*a*) becomes a bankrupt, or

(*b*) compounds with his creditors, or

(*c*) becomes of unsound mind, or

(*d*) is convicted of an offence involving moral turpitude, or

(*e*) ceases to have the necessary qualification as per by-law 25, or

(*f*) absents himself from three consecutive meetings of the Board,or

(*g*) gives the Board one months' notice in writing that he resigns the office, or

(*h*) is concerned in the profits of any contract made by the Society except as an Insurance canvasser.

(2) A member, ceasing to hold office under clause (*f*) above, may be reinstated in office by the Board.

28. A member of the Board may be removed from office at any time by a resolution carried by 2/3rds majority of members present and voting at a special general meeting called for that purpose.

29. The Board shall be deemed to be validly constituted notwithstanding some places therein being vacant. But if the number of members of the Board falls below that prescribed for constituting the quorum, the continuing members of the Board shall act only in so far as it may be necessary to take steps to fill up vacancies in the Board, or for summoning the general meeting of the Society.

30. A member of the Board shall be entitled to receive for every sitting of the Board attended by him such fee as may be prescribed by the general meeting, but such fee shall not exceed Rs. 15 for a sitting.

31. (1) The Board shall elect a President from amongst their own number. He shall also be the President of the Society and shall hold office for three years, or until his successor is elected. He shall not be removable from office except by a vote of ⅔rds of the total number of members of the Board at a special meeting called for that purpose.

(2) The Board may appoint one from amongst their own number as a Managing Director and may from time to time delegate to, or withdraw from,

him such powers as they may consider necessary. The Board may also give the Managing Director such remuneration or honorarium as they think fit.

(3) The Board shall have power to appoint a Secretary with or without salary as they think fit.

(B) Powers.

32. The entire management of the business of the Society shall be vested in the Board who, in addition to the powers vested in them by the rules and these bye-laws, may exercise all such powers and do all such acts as may be exercised or done by the Society, and are not hereby or by statute expressly directed or required to be done by the Society in a general meeting.

33. Without prejudice to anything contained in the provisions of the foregoing bye-law, it is hereby declared that the Board shall have the following powers:—

(1) to appoint the Actuary and determine his remuneration ;

(2) to dispose of applications for membership ;

(3) to receive proposals of life assurance, to accept them in full or after modification, or reject them, and to issue policies ;

(4) to pay all claims, surrender values and such other sums for the final settlement of all contracts made or policies issued on behalf of the Society ;

(5) to grant loans to policy-holders on the security of policies which have been in force for at least three years on such terms and conditions as may be laid down by the Board from time to time ;

(6) to check the cash balance, accounts, registers and books of the Society ;

(7) to sanction expenditure and deal with other miscellaneous business ;

(8) to deposit the funds of the Society in any bank or banks approved by the Registrar and to authorise, by a resolution in writing, the Secretary or a member of the Board to operate upon the accounts ;

(9) to appoint, suspend, remove or discharge officers of the Society (except the Auditor or Auditors), legal advisers, architects, surveyors, agents, managers, accountants, servants and employees of every other description, fix their duties and remuneration or salary, and require them to give security, if necessary, and to fix the amount of such security ;

(10) to enter into contracts on behalf of the Society and settle the terms thereof ;

(11) to frame, amend, and repeal regulations, terms and conditions, including rates of premia, relating to the various types and schemes of Life Assurance Policies provided that, before being acted upon, such terms, conditions and rates have been recommended by the Actuary and approved by the Registrar ;

(12) to institute, contest, or settle by negotiations, suits by or against the Society either in a Court of law or under arbitration, and do all other things that may be necessary ;

(13) to settle in such manner as the Board may think fit, or to take such steps as they may consider necessary, in respect of debts due to or by the Society, of claims made by or against the Society, and of liabilities of the Society ;

(14) to convene meetings of the Society according to the bye-laws subject to the provisions hereinbefore contained ;

(15) (*a*) to borrow, or otherwise raise, moneys for purposes of the Society on such terms and under such conditions as the Board may deem proper,

(*b*) to incur expenditure on behalf of the Society and to pay off liabilities thereof, and

(*c*) to buy and redeem securities on behalf of the Society ;

(16) to do all such acts as are incidental or conducive to the attainment of the objects of the Society.

C. Proceedings.

34. The Board shall meet at such times and places as they may determine. Until the Board otherwise determine, five members shall form a quorum.

35. If the President of the Board be absent from a meeting, the members of the Board present shall elect one from their number to be the Chairman for the occasion. All questions shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote.

36. A special meeting of the Board may be called by the President. The Secretary shall on the requisition of not less than five members of the Board, call a special meeting. No business shall be transacted at that meeting other than that mentioned in the notice.

37. The Board may delegate any of the powers hereby given to them to a sub-committee or sub-committees thereof who shall, in the discharge of functions entrusted to them, conform, in all respects, to the instructions and regulations given them by the Board ; and the meetings of such sub-committee or sub-committees, consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board. Members of sub-committees shall also be entitled to sitting fees on the same scale as that prescribed for the members of the Board.

38. All acts done by the Board or any sub-committee thereof shall, notwithstanding any defect in the appointment or qualification of any member or members thereof, be valid as if every member had been duly appointed or was duly qualified so long as he was not removed from office by the proceedings of the general body or the Board.

SECTION VI.—SECRETARY.

39. The Secretary shall have the following powers and duties :—

(1) He shall summon, and attend when required, all meetings of the Society and of the Board and of any sub-committee, and shall record the proceedings thereof in the Minutes Book under the signature of himself and the Chairman of the meeting and in such manner as the Board may direct.

(2) He shall make such statements relating to the business of the Society as the Board may require, and shall prepare and send to the Registrar all returns required by him.

(3) He shall have charge of the documents and other papers of the Society and shall keep the accounts of the Society in such manner as the Board may direct.

(4) He shall keep the registers of members and policies, and all the books relating to loans or deposits required to be kept under the bye-laws of the Society, and shall receive all premiums, contributions, fines, and other payments due from the members of the Society and make disbursements, under orders of the Board, and keep the accounts thereof.

(5) He shall carry on the correspondence of the Society.

(6) He shall have custody of the Common Seal of the Society.

(7) He shall, in all things, act in the discharge of his duties under the direction and control of the Board.

40. All receipts shall be signed by the Secretary. All policies and share certificates on behalf of the Society shall be signed by the Secretary, and by one of the members of the Board empowered in this behalf by the Board.

41. In the absence of the Secretary, the Board may authorise any other person to perform his duties and exercise his powers.

SECTION VII.—FUNDS.

42. The funds of the Society may be raised by any or all of the following means: *viz.*,

(1) Shares, (2) Deposits, or Loans, (3) Premia, (4) Entrance fees, and (5) Donations.

Shares.

43. The capital of the Society shall be Rs. 10 lakhs made up of ten lakhs of shares of Re. 1 each.

44. No individual member shall hold more than 1000 shares.

45. Every member shall pay an entrance fee of two annas per share with the application, subject to a maximum of Rs. 5.

46. The shares subscribed for shall be fully paid up and there shall be no reserve liability on such shares.

47. The entire amount of share capital subscribed for may either be tendered with the application for membership or shall be paid within 14 days of the acceptance of the application.

48. Every member shall, on payment of his share capital, be entitled, free of charge, to a certificate under the common seal of the Society signed by a member of the Board and the Secretary.

49. If such certificate be defaced or lost or destroyed, it may be renewed on payment of a fee not exceeding four annas and on production of such proof as the Board may require of the defacement, loss or destruction.

50. (1) Shares shall not be withdrawable except on the termination of the policy under bye-law 11(7). But a member may transfer his share or shares to another member, with the approval of, and in the manner prescribed by, the Board.

(2) The Board may refuse to approve any transfer without assigning reasons therefor and their decision shall be final.

(3) The transferor shall be deemed to remain the holder of the share or shares, until the name of the transferee is entered in the Register of Shareholders.

51. It shall be competent for the Society to determine after the first actuarial valuation and from time to time thereafter, the total amount of share capital that the Society shall retain at any time, and to return to the share-holding members such portion of the share capital held by them as the Board may from time to time decide, and in such manner as the Board may prescribe.

52. The Society may on the death of a member pay a sum representing the value of his share or shares and all rights, claims and interests therein, to the person nominated in accordance with the rules made in this behalf, or, if there is no person so nominated, to such person as may appear to the Board to be the heir or legal representative of the deceased member.

53. In the case of dissolution of a member society, the net value of the shares held by it after deduction of the moneys due to the Society shall be made over to the liquidator of the member society. In the case of cessation of membership of a member society, on any grounds other than forfeiture of shares or dissolution, the net value of its shares after deduction of the moneys due to the Society shall be paid to the member society.

Deposits.

54. The Board shall not receive deposits, exceeding Rs. 50,000 in the aggregate, without the previous approval of the Registrar.

SECTION VIII.—INVESTMENTS.

55. The Society may invest or deposit its funds :—

(1) in Government Post Office Savings Banks, or

(2) in any of the securities specified in Section 20 of the Indian Trusts Act, or

(3) in the shares or in the securities of any other registered co-operative society on limited liability basis, or

(4) with any bank or person carrying on the business of banking, approved for this purpose by the Registrar, or

(5) in any other manner as may be prescribed from time to time by the Board.

SECTION IX—LIFE ASSURANCE FUND, PROFITS AND RESERVE FUND.

Life Assurance Fund.

56. Such portion of the receipts arising out of Life Assurance business and amounting in the aggregate to not less than 35 per cent of the first year premiums on policies and not less than 75 per cent on renewals thereof, as recommended by the Actuary, shall be carried to a Fund, to be called the Life Assurance Fund, out of which shall be paid all claims in respect of Life Assurance contracts and risks outstanding. No part of this fund shall be utilised for the purpose of distribution as profits or otherwise except as bonus to policy-holders out of the surplus disclosed by an actuarial valuation as provided for hereinafter. The balance together with other receipts shall form the working fund to meet all expenses deemed necessary by the Board for the purpose of carrying on the activities of the Society under its Life Assurance transactions.

Profits.

57. The net profits of the Society as declared by the Registrar shall be disposed of as shown below :—

(1) 25 per cent. shall be carried to the reserve fund.

(2) From the remainder a dividend shall be paid at a rate not exceeding 9 per cent. on the paid up value of shares.

(3) Such percentage not exceeding 15 as may be deemed reasonable. shall be credited to a Bonus Equalisation Fund which may be drawn upon, if necessary, at the time of any future distribution of surplus under bye-law 61 (2).

(4) Such percentage not exceeding 5 as shall be deemed reasonable, shall be credited towards a Common Good Fund to be utilised for any of the purposes mentioned in section (2) of the Charitable Endowments Act IV of 1890.

(5) Any balance remaining may be allotted, in such proportions as the General Body may direct, to any or all of the following :—

(*a*) Depreciation Fund,

(*b*) Dividend Equalisation Fund,

(*c*) Propaganda Fund,

(*d*) Building Fund.

(6) Unappropriated balance, if any, shall be carried forward or added to the Life Assurance Fund.

Reserve Fund.

58. (1) The reserve fund shall belong to the Society as a whole and is intended to meet unforeseen losses. No member can claim a share in it. It shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

(2) On the dissolution of the Society, the reserve fund and other funds contributed by it under provisions of its bye-laws shall be applied :—

(*a*) to discharging such liabilities of the Society as may remain undischarged after enforcement in full of the liability of the members of the Society ;

(*b*) to the repayment of the share capital paid-up ; and

(*c*) to the repayment of dividend upon such share capital at a rate not exceeding 9 per cent per annum for any period or periods for which no dividend has been paid.

(3) Such portion of these funds as shall remain after payments mentioned in sub clause (2) shall be applied to such local objects of public utility as may be selected by the general body and approved of by the Registrar. If within three months of the final closing up of the Society, the general body fails to make any selection that is approved of by the Registrar, the latter may use the abovementioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative bank, until a new co-operative society with similar objects is registered in which event the funds shall be credited to the reserve fund of such society.

SECTION X.—ACCOUNTS.

59. Accounts may be opened by the Society with the Madras Provincial Co-operative Bank, Ltd., the Madras District Co operative Central Bank, Ltd., or such other bank as the Registrar may approve. The Secretary may retain in his personal custody a sum not exceeding Rs. 100 for contingent expenses. All payments above Rs. 100 shall be made by cheques signed by the Secretary and one member of the Board.

SECTION XI.—THE ACTUARY.

60. The Actuary shall hold office for such period as the Board may fix. He shall give such advice, and perform such actuarial work as may be required in the course of the business of the Society.

Registrar or of the arbitrator or arbitrators, as the case may be, shall be final and may be enforced in either of the following ways:—

(1) by an application made to the Collector of the district through the Registrar of Co-operative Societies requesting that the amount due under the decision or award may be recovered in the same manner as arrears of land revenue; or

(2) by an application to the Civil Court having jurisdiction over the subject matter of the decision or award requesting that the court may enforce the decision or award as if it were a decree of the Court;

provided that nothing in this bye-law shall prevent any person who is dissatisfied with the decision of the Registrar in respect of any claim or claims arising out of a policy to have recourse to a Civil Court for the determination of such claim or claims.

Membership in other co-operative institutions.

71. The Society shall become a member of the Provincial Co-operative Union, Madras, and pay the sum from time time payable to that Union under the rules thereof and may become a member of or subscribe to any other co-operative organisation with the approval of the Registrar.

Interpretation.

72. Should any doubt arise either in the construction of India Act II of 1912 or of these by-laws, it shall be the duty of the Board or of the General Body to obtain the advice of the Registrar and to abide by it.

SECTION XIV -TRANSITORY BY-LAW.

73. (1) Notwithstanding anything contained in these by-laws, the affairs of the Society shall be carried on till 30th June, 1933 by an Interim Board of seven Directors constituted as follows:—

(*a*) Three representatives of the original members elected by them from amongst themselves.

(*b*) One representative of the Madras Provincial Co-operative Bank Ltd.

(*c*) One representative of the Madras Provincial Co-operative Union

(*d*) One nominee of the Registrar.

(*e*) One to be co-opted by the above six.

(2) The Interim Board shall have power to elect its President, who shall also be the President of the Society, holding office for the life-time of the Interim Board. The Interim Board shall have all the powers vested in the General Body and the Board under these bye-laws. The quorum for the Interim Board shall be four.

(3) The Interim Board shall arrange for the constitution of the Board to succeed them in accordance with these bye-laws.

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