Empindia

HOUSE MAGAZINE OF THE

EMPIRE OF INDIA LIFE ASSURANCE COMPANY, LTD

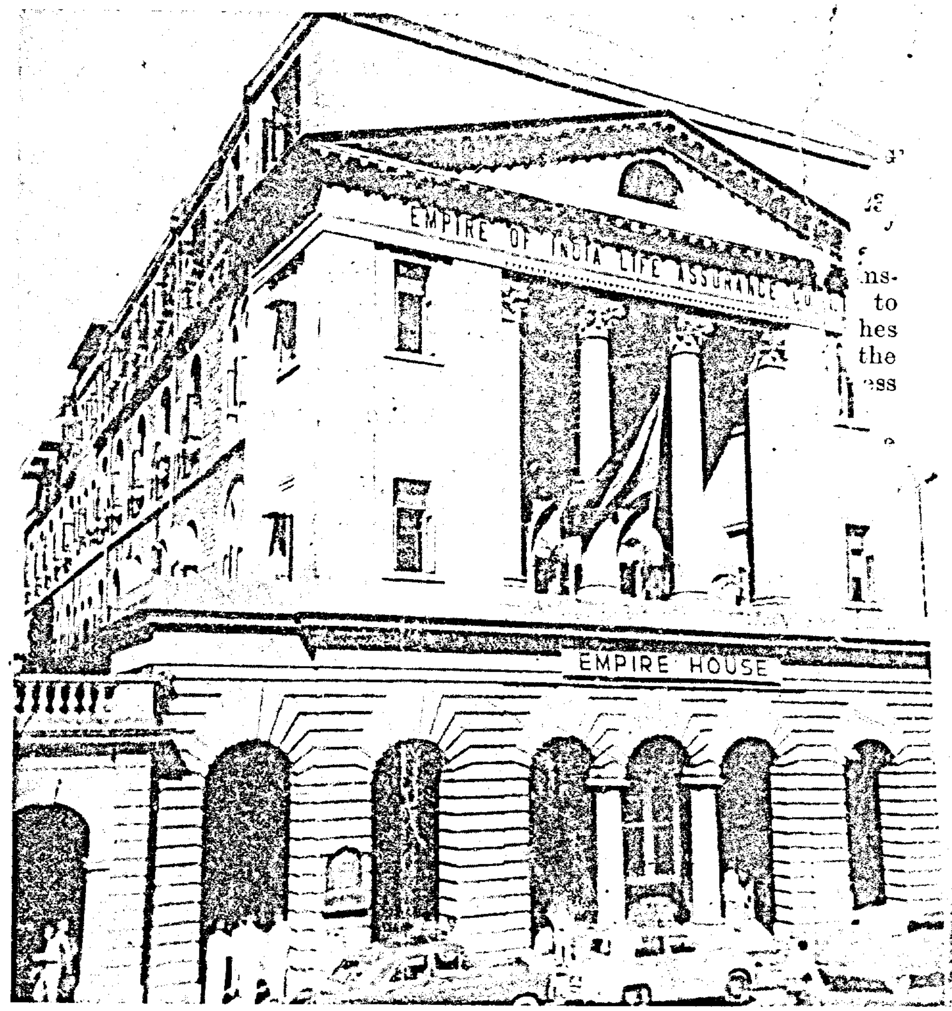
Vol. 1

No. 2

★

JULY - SEPT.

1952



PUBLISHED AT:

EMPIRE OF INDIA LIFE OFFICE, COIMBATORE

THE EMPIRE OF INDIA LIFE ASSURANCE COMPANY, LTD.

Administrator:
DEWAN BAHADUR R. VARADACHARI.

Deputy Administrator:
SRI M. J. RAO, B. Com., F. C. I. I.

Manager:
SRI D. D. MARKAN, B. Sc., A. I. A. (Lond.).

Ag. Agency Manager:
SRI K. R. MEHAN.

Secretary:
SRI R. B. PRADHAN, B. Com., F. I. A.

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Accountant:
SRI K. J. MACHHLIWALLA.

Empindia

(QUARTERLY HOUSE MAGAZINE OF THE EMPIRE OF INDIA LIFE ASSURANCE CO., LTD.)

Published at:	*Editor:*	*Subscription:*
EMPIRE OF INDIA LIFE OFFICE COIMBATORE	A. I. IPE, B. A.	YEARLY ... Rs. 2 SINGLE COPY ... As. 8

Vol. 1 ★ July—September 1952 ★ No. 2

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QUIPS FOR AGENTS

(J. N.)

"One step won't take you very far
You've got to keep on walking
One word won't tell folks who you are;
You've got to keep on talking
One inch won't make you very tall
You've got to keep on growing
ONE LITTLE CALL WON'T DO IT ALL
YOU'VE GOT TO KEEP ON GOING".

* * *

"If you think you are beaten, you are
If you think you dare not, you don't,
If you'd like to win, but think you can't,
It's almost a clinch you won't.
Life's battles don't always go
To the stronger or faster man;
But soon or late the man who wins,
Is the one who THINKS HE CAN".

Empindia

Vol 1 ★ July—September 1952 ★ No. 2

EDITORIAL NOTES

We are happy that the first issue of the "Empindia" has met with alround appreciation. Several of our readers who have made a critical study of the contents of the first issue have acknowledged its usefulness and the lead which the "Empire" has taken in bringing out this house-magazine. "Quite timely", "Extremely useful", "Educative and most interesting", have been but a few of the epithets used in this connection by our esteemed readers. Extracts from a few of the reviews made by some Newspapers and Insurance Journals are published elsewhere in this issue.

We wish our readers to know that the "Empindia" is not intended to be just another insurance periodical purveying articles of the sort which one finds in other journals. It is not our intention to trespass on their legitimate functions. If at all we do so, it will be to a very limited extent. As, the Administrator has stated in the concluding para of his Foreword to the first issue, the idea underlying this publication is to bring the members of the "Empire" spread all over the country "into a closely-knit family organization spurred with the sole idea of service to the institution which in the ultimate analysis means the policy-holders".

The "Empindia" hereafter will have a definite impress. The first issue got up in a hurry covered some unfeatured matter. In the future issues the featuring is proposed to be done on the following lines more or less:

(i) Company News.

(ii) Organisational and Personnel News.

(iii) Agents' Pages: Here, besides training and guiding the Company's workers, we hope to have other features, e.g., "Test yourself" or "Self-Quiz", raising questions on the Company's policies, practices, tables of rates, privileges of policy-holders etc., and the provisions of the Insurance Act as they apply to Agents.

(iv) Personal Honour Roll: Circumstances permitting, we hope to publish photos and short sketches of the Company's workers on the basis of their New Business production.

(v) The general economic trends in the country as they affect our business: Its utility would be in pointing out new avenues for insurance business in the developing economy of our country under the Five-Year Plan, the proposed Death Duty etc., etc.

This issue of the "Empindia" will be reaching our readers during the most busy part of the year in so far as our business is concerned. The Company's agents will be very busy now with their New Business programme. We wish them godspeed. No day should be allowed to pass by an agent during the remaining few weeks before close of books without some worthwhile effort being made to pull up the business.

We realise that the average agent needs to be better "sold" on the career possibilities in Life Insurance under-writing. The "Empindia" has dedicated itself to serve the "Empire's" policy-holders and workers who are the real assets of the Company.

Mr. E. F. ALLUM

(A SHORT SKETCH)

Mr. E. F. Allum, who came out to India in the service of an English firm who were agents for an English Life Assurance Company, was quick to visualise the great possibilities of life assurance in India and in co-operation with the late Mr. Rustomji E. Barucha, who was also connected with insurance, drew up plans for the formation of the "EMPIRE OF INDIA". Jointly they bore the brunt of the work involved in the establishment of the Company and due to their active thought and unceasing labour, the Company was soon on a very firm foundation and met with continued success. As is well known, the partnership flourished for several years, the sons of both these pioneers taking their places in due course.

MR. E. F. ALLUM

EXTRACTS FROM THE REPORT OF THE ADMINISTRATOR

Dewan Bahadur R. VARADACHARI

FOR THE YEAR 1951

This is the 54th year of the working of this old and well-established Company. I was called upon to take charge of the management of the affairs of the Company from the 11th July 1951. The circumstances which compelled the Government to take action under the new Section 52-A of the Insurance Act, 1938 have been given in my Report for 1950.

2. This is the first time that the Government of India permitted an Administrator appointed under the provisions of the new Section 52-A of the Insurance Act, 1938, in the case of a big Life Office to continue the normal working of the Company and to issue policies as usual under the direction and control of the Controller of Insurance. A scrutiny of the Accounts will show that the working of the Company must be considered quite satisfactory, particularly in view of the circumstances of the year, that its financial position has been brought to a safe and sound condition and that the action of the Government of India taken solely in the interests of the policyholders was thoroughly justified by the results. The policyholders and their families have every reason to be gratefull to the Government for coming to their rescue at the crucial time.

3. The subscribed capital of the Company consists of 5,150 shares of Rs. 100/- each, fully paid-up. Out of this, a controlling block of 2,883 shares was held by one group in recent years. Out of the remaining shares, another block of about 1,000 shares is held by the members of one family. This leaves a balance of roughly 1,250 shares which at the moment stands registered in the names of 187 persons. The total of the number of policies issued by the Company and in force as on 31st December 1951 comes to 1,36,606 and the Sums Assured under these policies amount to Rs. 30 crores. The Life Fund of the Company as on 31st December 1951 amounts to over Rs. 9¼ crores and the total assets of the Company to nearly Rs. 11 crores. Under normal conditions the control and management of these huge funds (and *ipso facto* of the fortunes of the policyholders and their families) are under the law, as it stands at present, in the hands of a Board of Directors elected (mostly by proxies) by about 180 to 190 shareholders whose financial stake in the Company is microscopic when compared to the total assets. The last Board (which was divested of its powers on the 11th July 1951) consisted of only four persons against three of whom the Police have taken action. The amended Section 6A of the Insurance Act passed in 1950 restricting the voting rights is practically a dead letter. Section 48 regarding the election of a certain number of Policyholders' Directors has failed in its objective and is not working in the manner in which it was intended. An infinitesimal percentage of the policyholders take part in the actual elections and as a matter of fact, it is quite well-known that a few persons connected with the Head Office stage-manage these elections in all companies. I have given the facts and figures about the 'Empire' from the records, but I gather that more or less the same state of affairs prevail in many other companies, big and small.

4. INVESTMENTS: The prosperity or otherwise of any Life Office is governed to a very large extent by its Investment position over a series of years. In the past the 'Empire' has

been noted for its safe investments and a low rate of expenditure which enabled the management to sell its policies at competitive rates of premium. Every endeavour has been made by me to retrieve the lost reputation and with that end in view I have played for "safety first." The ratio of Investments in Government Securities and in Call Loans with Bankers of the highest standing and reputation comes to nearly 70% in the year. In regard to the rest of the investments, they are under constant scrutiny and I have taken the appropriate steps after taking the best legal advice to protect the interests of the policyholders in all possible ways. To provide for possible losses under bad and doubtful debts and the fall in the value of assets, I set up a total reserve of a little over Rs. 108 lakhs in the last year's Accounts. Through the Revenue Account of this year, I have added to the reserve a further sum of Rs. 11 lakhs so that the total reserves available to the Company are of the order of Rs. 120 lakhs. There is no doubt whatever that the present financial position of the Company is satisfactory in every respect.

The most noteworthy event for Life Insurance Companies during the year was the increase in the Bank Rate from 3 to 3½% in November 1951 which has naturally resulted in a fall in security values, but I am one of those who consider that the change in the value of the assets consequent upon the increase in the general level of interest rate is not in itself a matter for alarm to any Life Office. On the other hand the increase in the interest income in the future will be of advantage to policyholders.

5. ACTUARIAL VALUATION: The success and popularity of any Life Office is usually measured by its Bonus record and judged by that standard the record of 'Empire' continues to be good. The statutory Valuation of the Company's assets and liabilities as on 31st December 1951 has now been practically completed by the Actuary and I expect that the Valuation Report will be ready in a short time. It must be gratifying to policyholders to hear that the results of the Valuation show quite a satisfactory position even after setting up adequate reserves for all foreseeable contingencies. In accordance with the past traditions of the Company, the basis used for the Valuation is a stringent one. In spite of this I am glad to be able to say that the size of the present surplus is such as would perhaps enable me to declare bonus even at an enhanced rate than that declared in 1946. I am applying for a direction from the Controller of Insurance on the point and I will lose no time in publishing the Valuation Report.

The size of the actuarial surplus depends upon three factors, viz., (a) Mortality, (b) Interest and (c) Expenses of Management. In regard to (a), the experience of the Company is very favourable; factor (b) depends to a very large extent on the Bank Rate and the Government's borrowing programme over which Insurance Companies have no control whatsoever, but there is a good margin between the interest earned and the rate used for the purpose of Valuation by the Company's Actuary. I have, therefore, confined my attention largely to factor (c). The ratio of the expenses of management to the premium income during the year works out to 26·9% as against 29·7% in the previous year. The reduction of 2·8% has been arrived at by practising the strictest economy consistent with efficiency. In fact the expenses under salaries alone have been reduced by nearly Rs. 2 lakhs during the year. When it is remembered that the ratio of expenses was 33·8% in the year 1948, the extent of the reduction effected this year can be conceived. The renewal expense ratio calculated in accordance with Rule 25 (b) of the Insurance Rules comes to 18·5%. This also shows a reduction over the last year's figure by nearly 1% and it has been achieved in spite of the fall in the New Business during the year.

6. INCOME-TAX: Nobody likes income-tax and Insurance Companies are no exceptions to this rule. The companies have been agitating from year to year for various reliefs from the burden of income-tax, some of which at least are perfectly legitimate and justified. Perhaps I can claim to see the point of view of both the Income-tax Department and the Insurance Companies. Before the amended Income-tax Act, 1939 came into force, the assessment of Insurance Companies was governed by certain executive rules and in actual practice the work was done in a rather haphazard manner, each Province having its own traditional method and procedure. The point was the subject of discussion during the years 1937 and 1938 and for the first time a separate schedule to govern the assessment of Insurance Companies was put into the Amendment Act of 1939. I can say from personal knowledge that this schedule was drafted in consultation with and close collaboration of Insurance Executives. One of the most important changes made therein was that one-half of the actuarial surplus allocated as belonging to the policyholders was treated as an allowable deduction before arriving at the taxable income of Life Insurance Companies. No special treatment was accorded to Mutual Insurance Companies in this respect because it was held that in actual working there was practically no difference between proprietary insurers and mutual insurers. There have been various representations to Government from time to time for further concessions in favour of Life Insurance Companies but the chief bone of contention at present is in regard to the percentage of the acturial surplus allocated to policyholders which should be allowed as a deduction. In the Income-tax Amendment Bill it was first proposed to increase this percentage to 66-2/3 and now to 80. The view of the Income-tax Department is that the surplus out of which the bonus to policyholders is declared consists of not only a return of the capital but also partly a return on the capital. My examination of the records and the bonus loading in the tariff of the 'Empire' shows that this meticulous differentiation is more theoretical than practical. The bonus loading is Rs. 10 per thousand in the case of Whole Life assurance and Rs. 8 per thousand in the case of Endowment assurance. But the bonus declared during the last Valuation in 1946 was much below this load, viz., Rs 6½ and Rs. 5 respectively. In the 1941 Valuation no bonus was declared. There is the possibility that in the case of big composite companies, a certain portion of the profits of the General business might be camouflaged to provide increased bonuses to Life policyholders, but this is only a theoretical possibility and not a probability. No company has been able to keep up its bonus record of pre-war years for obvious reasons and in fact the number of companies which are unable to declare any bonus whatever is larger than the number of companies which do declare a bonus. The only argument that I can see in favour of still continuing to levy tax on a small portion of the surplus is that of expediency, viz., that as admittedly a portion of the surplus — it may be a very small portion-contains an element of 'income', an estimate of 20% for this is as good as any other estimate in the absence of proper data, and that, therefore, the Government should not lose the right to levy tax on this 'income' element. Against this I would point out that the fact that the English Income-tax authorities have treated the entire portion of the policyholders' surplus as exempt from taxation is evidence to show that the 'income' element should be ignored. As a matter of fact, I find that the vast majority of persons seeking insurance policies prefer the 'with-profits' policies and their preference is due to the fact that such policies cover two aspects, viz., (a) the life insurance cover and (b) the savings aspect. At the present moment when Governments all over the world want to encourage the voluntary savings movement coupled with restraint on

immediate spending, it seems to me all the more essential to give a special fillip to such policies. Any inducement to pay the higher premium on the with-profits policies during a period of inflation as that which we are now witnessing will be a real contribution to the community in general, while it will enable the policyholder himself to get a better value for his money at a later period when the inflationary forces subside, as we all hope, they will. On a review of all the factors, I am of the opinion that it would be just and wise to exempt the entire surplus allocated to policyholders. Of course, that portion of the surplus which eventually goes to the shareholders must pay tax.

The next point of grievance to Insurance Companies is the increase in the rate of income-tax and super-tax to 65·4 pies in the rupee as against 54 pies in the rupee in the previous year. The Government has to distribute the burden of tax on the shoulders that are best able to bear it and we cannot say that insurance companies are unable to bear this burden; but the point of the grievance is that the incidence of increase in the tax in their case was over 20%, while in other cases it was very much less. In any event, there seems to be, in my opinion, little justification for the discrimination between policyholders of proprietary companies and those of mutual companies in the levy of super-tax, and in fact this principle was accepted by Government in 1939.

7. PROGRESS OF BUSINESS IN THE YEAR 1951:—

NEW BUSINESS: During the year 10,253 policies were issued assuring a sum of Rs. 3,02,11,850 as against 13,302 policies assuring a sum of Rs. 3,94,14,850 during the previous year. The annual premium income from the New Business of the year was Rs. 16,55,900 as against Rs. 21,07,730 in the previous year. The fall in the New Business is due to the disturbed conditions in the management of the Company since October, 1950. A steady flow of New Business constitutes the life-blood of every well-run Life Office, but it should represent the normal expansion which the organisation is capable of procuring at a reasonably economical cost. This consideration was practically ignored by this Company since 1947 and 'New Business at any cost' seems to have been the key-note for some years. As a matter of fact the New Business figures did make an impressive reading on paper; for instance in 1948 a record New Business of Rs. 6 crores was written but the expenses of management increased to the high figure of 33·8% of the total premium income. In the year 1945 when the New Business was done to the extent of Rs. 2·3 crores, the expense ratio was only 23·5% and an increase of over 10% on this was most uneconomical and extravagant, the more so as most of such 'forced' business has lapsed soon after. So far as the year 1951 is concerned, the percentage of lapses to the total business in force at the beginning of the year was 6, as against 9·68 in the previous year. This is some improvement, but to a man like me, who has newly come into the Insurance field, the most striking feature is that in no other business in India at present is there competition of the cut-throat type as in Insurance: and it is this unhealthy and unfortunate feature that is responsible for the heavy lapses in almost all companies. Such lapses constitute a drain on the national income benefiting nobody in the long run.

BUSINESS IN FORCE: The total number of Policies in force as at 31st December 1951 was 1,36,606 assuring a sum of Rs. 29,60,63,382 inclusive of bonuses, of which Rs. 30,87,041 inclusive of bonuses is reassured. The total number of Annuity contracts in force is 48 under which Rs. 62,725 is payable annually.

CLAIMS: The claims for the year, inclusive of Bonus additions, amounted to Rs. 61,49,263 of which Rs. 18,31,830 were claims by Death and Rs. 43,17,433 by Maturity.

INCOME AND OUTGO: The Income for the year amounted to Rs. 1,49,26,775 (after deduction of tax at source) of which Rs. 1,20,40,683 was derived from premiums. The Outgo amounted to Rs. 1,11,05,831. The excess of the Income over the Outgo is Rs. 38,20,944.

RATE OF INTEREST: The rate of interest earned during the year, after deducting Income-tax at source, was 3·22 per cent as compared with 3·53 per cent during the previous year. The fall is attributable to the trouble and confusion in the affairs of the Company during the first half of the year.

8. Lastly, I wish to record my appreciation of the good work done during this difficult year by all the Officers and the staff both in the Head Office as well as in the Branches and the field force of Inspecters, Special Agents and ordinary agents. The relations between the management and the staff were harmonious.

"In your business, you can create a lot of good will and start a lot of active centres of influence by doing favours for people without asking them to buy insurance. Why not try it?

* * *

"Don't spend all while you live; your family must live after you die.

Some wives and all widows believe in Life Insurance".

EXTRACT FROM ASSETS AS AT 30—9—1952

			Face Value.		Book Value.
1.	Indian Govt. Securities	Rs.	4,46,47,500	Rs.	4,36,83,550-10—6
2.	State Govt. Securities	,,	1,86,10,400	,,	1,69,25,079—5—0
3.	Indian Municipal, Port and Improvement Trust Securities	,,	1,31,46,500	,,	1,27,01,029-14—0
4.	Indian Municipal and Port Trust Sterling Securities	£	108,800	,,	14,32,575—9—0
5.	British Govt. Securities	£	89,500	,,	10,60,560—0—0
6.	Foreign Municipal and Port Trust Sterling Securities	£	23,000	,,	3,06,667—0—0
7.	Debentures of Companies incorporated in India	Rs.	1,08,45,000	,,	1,00,38,984—2—0
8.	Land and House Property	,,	8,58,959	,,	8,58,959—0—0
9.	Deposits at Call with Banks	,,	10,00,000	,,	10,00,000—0—0
10.	Fixed Deposits with Banks	,,	5,00,000	,,	5,00,000—0—0
				Rs.	8,85,07,405—8—6

CLAIMS PAID

Claims Paid from 1—4—52 to 30—9—52	...	Rs.	30,84,680
Total claims paid up to 30—9—52	...	Rs.	13,05,73,778

FIGURES OF CLAIMS PAID

Claims Paid from	1—4—1952 to 30—9—1952	Rs.	30,84,680
Total Claims Paid up to 30—9—1952		Rs.	13,05,73,778

* * *

COPIES OF A FEW LETTERS OF APPRECIATION FROM CLAIMANTS

Harnandan Prasad Bhatnagar,
Advocate,
Katchery Road,
Moradabad.
1—9—1952.

The Administrator,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Bombay.

Dear Sir,

Re: Policy No. 334695: Late Krishna Kumari (wife) for Rs. 5,000/-

In the fairness and fitness of things I must pay my thanks to the management of Empire Life Assurance Company Ltd., for their sympathetic and prompt way of settling the claim of my wife who unfortunately died within 17 days of covering the risk. The claim has been settled very promptly and I send my highest appreciation and thanks, once again to the management. I also appreciate the services and help rendered to me by the local Branch Secretary by his sympathetic behaviour.

I strongly recommend to the insuring public to extend their patronage to Insurance Company like "EMPIRE".

Yours faithfully,
(Sd.) HARNANDAN PRASAD BHATNAGAR.

* * *

A. M. E. II,
Northern Railway,
Ferozepore Cantt.
18—8—1952.

The Manager,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Bombay 1.

Dear Sir,

Reg: Policy No. 169401: S. C. Advani—Decd.

I have to acknowledge receipt of your letter of 7th instant enclosing cheque No. 29608 for Rs. 1,520—14—0 on the National Bank of India Ltd., Bombay. Please accept my personal thanks for the promptness with which you have dealt with my case.

Yours faithfully,
(Sd.) K. K. MALKANI.

* * *

Captain Dr. Sudhir Kumar Chakraborti,
M. B., I. M. S., (Retd.),
79-1-B, Pathuriaghata Street,
Calcutta 6.
22—8—1952.

The Manager,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Bombay.

Dear Sir,

Mtd. Policy No. 205551: Own life
(Lieut. Sudhir Kumar Chakraborti)

Herewith I acknowledge receipt of a cheque for Rs. 2,050/- in settlement of my claim regarding above policy.

I take pleasure in asserting that the payment has been surprisingly prompt.

Thanking you,

Yours faithfully,
(Sd.) SUDHIR KUMAR CHAKRABORTI.

* * *

Mrs. Mary George,
Wife of late Mr. V. J. George,
Vengamoolil House,
Thadyoor P. O., T. C. S.
4—6—1952.

The Manager,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Bombay.

Dear Sir,

Pol. No. 318858: V. J. George (Decd), Police Constable,
Vengamoolil House, Thellyoor, Thadyoor P. O., T. C. S.

I am in receipt of your letter dated 29th May 1952 enclosing a draft for Rs. 947—8—0 on Imperial Bank of India, Alleppey, in full settlement of the above claim after deducting the unpaid premia due to you.

I thank you for the very keen interest shown in the prompt settlement of this claim. My husband died on 23—11—1951 by a bus accident and I appreciate the promptness and courtesy with which you have handled this claim.

The above draft was given to me in a public meeting at Thadyoor by Mr. P. C. Cherian, Superintendent of Agencies, at my request to give more popularity to your Company. Praying for the prosperity of your Company and thanking you,

Yours faithfully,
(Sd.) MRS. MARY GEORGE.

* * *

Office of the Registrar of
Co-op. Writers' Buildings,
Calcutta.
28—8—1952.

The Manager,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Bombay.

Dear Sir,

Matured Pol. No. 116262: Own life.

I beg to acknowledge receipt with very many thanks of your letter dated 20/26—8—1952 with the cheque for Rs. 2,095/- in settlement of the claim under the above policy.

Thanking you again for such prompt settlement of the claim which has been highly appreciated.

Yours faithfully,
(Sd.) MANINDRANATH MUKERJEE

* * *

EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Bombay.

Pollachi,
15—3—1952.

Dear Sir,

Pol. No. 309400: Mr. N. Periasami (Decd.)

I thank you for Demand Draft for Rs. 9,993—12—0 on the Imperial Bank of India, Pollachi, in settlement of the claim under my late husband's above policy in respect of which he had paid only the first year's premium. He died suddenly and your Company paid me the full amount which helped me and my children considerably at our time of supreme need. I recommend your Company which is popular in the South to all people.

Yours faithfully,
(Sd.) P. AMBUJAMMAL.

* * *

7, Dupleix Lane,
New Delhi.
23—8—1952.

The Manager,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Hornby Road,
Bombay.

Dear Sir,

Mtd. Pol. No. 173990: Ranjit Kumar Sen.

I acknowledge with thanks the receipt of your letter dated the 16th August 1952, enclosing a cheque for Rs. 4,000/- in settlement of the claim under the above mentioned policy.

I should like to express my appreciation of the promptness in making this settlement.

Yours faithfully,
(Sd.) CECIL NALINI KUMAR SEN.

* * *

Mrs. Sridevi Nayak,
C/o Sri R. D. Kamath,
Gangadhar Mandir,
Hubli.
4th August 1952.

The Manager,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Empire House, Hornby Road,
Bombay No. 1.

Dear Sir,

Subject: Claim in respect of Pol. No. 103464 of
Sri P. S. Nayak (Decd.)

I beg to acknowledge receipt of your cheque for Rs. 956—2—0, in discharge of the claim on above policy. I am indebted to you and your Company for the prompt discharge of the claim.

I wish your Company all success and prosperity.

Yours faithfully,
(Sd.) MRS. SRIDEVI NAYAK.

* * *

M. Mohamed Oosman,
Prop:
Sri Krishna Rice Mill
and Landlord,
100 Feet Road, Mysore.

Policy No. 302929.

I hereby appreciate the prompt disposal of the insured amount of Rs. 50,000/- by Empire of India Life Assurance Co., Ltd. The insured was my wife, Mrs. Rahmath Unnisa who died recently. The quick and prompt action taken by the Company in paying the insured amount is very highly appreciable.

(Sd.) M. MOHAMED OOSMAN.

* * *

Near Parimal Society,
Ellis Bridge:
Ahmedabad 6.
15th Dec. 1951.

The Branch Secretary,
EMPIRE OF INDIA LIFE
ASSURANCE CO., LTD.,
Ahmedabad.

Dear Sir,

Pol. No. 153212: N. G. Kharod.

I beg to acknowledge your Cheque for Rs. 1,032/- in respect of the claim under the policy quoted above. I thank the Management for the promptitude in the settlement of the claim. As I desire to continue my connections with the Society, I will personally call at your Office sometime in February 1952.

Thanking you,

Yours faithfully,
(Sd.) N. G. KHAROD.

* * *

IN THE WHIRL OF THE CYCLONE

MR. K. R. MEHAN, Branch Secretary, Ahmedabad
(Now Ag. Agency Manager, Bombay)

It was most probably the closing days of the month of January, 1951, if my memory does not fail me, that I felt reflexively stunned for a while when I read on the front page of the weekly Insurance Herald of Calcutta that the Police had raided our Company's Head office on 23-1-51 and taken in their custody the account books etc. The very next moment, however, like a seasoned warrior, I decided to take strategic positions to confront all sorts of attacks on us by the rival companies which in the present day take pride in jeering at others whenever they find the slightest occasion to do so. It was also most essential to keep the morale of the fighting army very high so that it may not feel depressed when confronted with an awkward situation in the volley of remarks hurled on them. I also knew that whatever be the momentum of the first reaction, the time would amply help us in smoothening our way since I felt that our company's intrinsic position was very sound and safe. I immediately, therefore, engaged myself in sorting out the best defensive points to equip myself, the Inspectors and the field force in general, with them. The result has been very marvellous in our successfully wading through the crisis period and we have come out with a few feathers added to our caps. As asked by my worthy friend, colleague and the Editor this House Magazine, Mr. A. I. Ipe, I mention below some of the points for general information which helped us a lot in tiding over the situation:—

1. Company's Report and Accounts for the year 1949 showing the aggregate market value of our investments as compared with their aggregate book value disclosed an appreciation (Secret Reserve) of Rs. 108 lacs which was more than enough to meet any untoward contingencies. As against this favourable aspect of ours, we pointed out to all concerned that there were many other companies of good standing whose Book Value of investments as compared with their Market Value showed depreciation.

2. Our Company's past record in Insuring selected lives and establishing brilliant funds was another factor which inspired confidence in the public.

3. The figure of total claims paid to the tune of Rs. 12 crores explained by itself that the company was very prompt and fair in the settlement of dues of the claimants. We also added that the crisis was only the temporary phase and it was not improbable to occur in the big institutions when unfortunately the Management of their affairs happened to fall in the hands of unscrupulously undesirable persons, but such a phase had not the strength of shaking the firmness and colossal inherent integrity of such companies. We invited public's attention to the fact that our Company had not only paid claims promptly in the past but had even accelerated the promptness in doing so in these days.

4. We strongly impressed on all interested persons that the Government of India's action in empowering the Administrator to conduct company's affairs in normal way including continuance of payments of claims and issuance of new policies for assurance bore sufficient testimony to the un-shaken strength of our company and its abilities to meet the liabilities to the last pie.

5. We brought to their notice that soon after the appointment of the Administrator the share market of Bombay which is the barometer for the financial health of the business institutions of our country reported favourably for our company in-as-much as the market value of the Company's Fully paid-up share of the face value of Rs. 100/- had gone up from Rs. 477-8-0 to Rs. 500/-

6. We utilised to the fullest possible extent the copies of the Administrator's letters to policyholders and proponents and also confidential circulars to agents in removing doubts about the company's capacity to meet its liabilities in full as also the bright future lying ahead since the Administrator assured of strictest economy in the company's expenses on Management etc. We invited pointed attention of all concerned to the fact that only by reinvestment of company's funds a huge profit to the tune of Rs. 50/- lacs had been made.

7. Low expense ratio of our company as compared to the total business in force was another healthy aspect of our company. We pointed out that unlike most of the Indian Life offices of good standing our company's percentage of total assets towards its total business in force worked out as high as 35% and that our company not only met in full its total expenses from its total income derived from interest, dividend and rent but sets apart a substantial surplus every year.

There is no gain saying the fact that the rival companies tried their utmost in spreading malicious lies against our company and thus making capital out of the situation that we were temporarily placed in but our determined efforts to encounter all of them successfully placed us in a good stead. I and the Inspectors increased the frequency of contacts with the high class gentry at the headquarters and outside by taking tours. The salutary results in their wake were that most of our Ahmedabad branch agents continued working normally as a result of which we could write satisfactory amount of new business and preserve old business also.

Now the times are very different and the sky has become quite clear of the dark clouds as a result of the skilful handling of Company's affairs by our worthy Administrator and his Lieutenants working in a team and the future is full of potential hopes for all connected with the company in one way or the other.

"If the widow could sue the life insurance agent for the amount of her late husband's lapsed policy, fewer policies would lapse through the agent's neglect".

MY EXPERIENCES AS A MEDICAL EXAMINER

DR. K. V. SUBRAHMANYAM, L. M. & S., B. S. SC.

I desire to narrate my personal experience gained in the course of a quarter century as a medical examiner for various Life Insurance Companies and I am sure it would be both instructive and interesting to the field workers and to the other medical examiners also.

In the beginning of my career as a medical examiner, I was first called in to medically examine a proponent in the office of a Life Insurance Company at Madras in 1927. To my surprise I found that there were no paraphernalia such as weighing machine, urine test apparatus etc., and I had to take the proponent in my car back to my dispensary and examine and send him back again. So all Life Insurance Companies should have a well equipped medical examination room so that examinations can be conducted correctly and expeditiously. Sometimes when we are asked to examine parties in their houses or elsewhere we must go well equipped to examine and conduct further tests in our clinic later on. Any neglect or delay will entail defective examination and finally land all in trouble. I know the instances where parties who have either been rejected by other Companies or who have some other bodily defect which will involve their lives being rejected, quietly persuade the agent to arrange for medical examination at a most inconvenient hour and place so that the doctor in his hurry might overlook their defects. So it is better one is never haphazard in the examination at all. Some parties who have either sugar in the urine or high blood pressure or signs of V. D. H. etc., take some initial treatment and then appear before the doctor for medical examination. One has to be very vigilant to beware of such a fraud, and when doubtful it is better to insist on a second medical examination at a later period. I remember a case in which a party "X" aged 50 had paid his premiums for about 17 years and had lapsed it. When he came for revival, though my fee for it was only Rs. 5/- he offered me Rs. 25/- as consultation fees. In addition to my usual vigilance this made me alert and I found that the party's urine was loaded with sugar and so I had to reject him outright. Sometimes influence is brought to bear either directly or indirectly for passing cases which are sub-standard or in the margin. I would earnestly advise all to follow the famous proverb: "When in doubt leave out". That is to say, when you are doubtful of any case it is better to postpone for about 6 months and then examine again which will be safe to all concerned.

In examination of female proponents it is best to have them examined by lady doctors if they are available; failing which, male doctors should always examine only with the help and assistance of a suitable nurse or midwife; failing which the husband or a female relation can be called in for assistance. But the entire responsibility for the examination always rests on the medical examiner alone. Some women who just missed their periods for a month may not be aware they are pregnant, in which case they cannot be insured and so when in doubt it is better to wait and see for some months.

Many proponents in their narration of the family history will give ages of their parents and brothers and sisters in such an incongruous and incompatible way that one will laugh at their stupidity. But the doctor should have the patience and tact to persuade the party to give out relevant facts from which he should have a cogent family history written up. Sometimes in the family history of the proponent very important diseases are overlooked by the proponent not mentioning or emphasising the same. For example, a man in middle age may be getting up two or three times to pass urine. This by itself should warrant careful examination of his urine for any suspicion of sugar or albumen. Also in the course of the examination should a proponent exhibit frequent cough, gasping on slight exertion or mild tremors, the doctor should be vigilant for a thorough examination according to the suspected ailment.

Many Companies do not have a regular panel of doctors in various places and as such some of the agents who are out to secure business at all costs exploit the weakness of some of the medical examiners and solicit favours from them for their patronage. It is a serious matter which should be brought to the notice of the management forthwith for early mending or ending. It is better that medical reports are carefully written up and revised well before submission to the office, as otherwise great delay is caused by references and cross references, by which time the party may change his mind causing non-completion of business which is a tragedy to all concerned. It is better to scrupulously follow all the instructions given by the office now and then and follow them up punctiliously. Cases of impersonation have occured with or without the knowledge of the agent and one has to guard always against it.

I would like to offer some suggestions to the agents who are really the backbone of the Company's business. It is desirable that parties who are obviously and at first sight not in good heath are not booked at all for it involves loss of time, money and business to all, though the doctor may stand to gain his fees. But it is rather unethical. So it is better that the family history, the personal history and further details of the proponent are well collected and assessed by the agent and after thoroughly satisfying only he should be presented for medical examination. Though it is not in my province I would suggest that invariably a handsome advance of, say Rs. 15/- or Rs. 20/- is collected from the party and remitted to the office before offering for medical examination, lest the party should turn back and not complete the proposal after the examination is over and is accepted. It is also always desirable that a previous engagement is fixed both with the party and the doctor to suit the convenience of all concerned and then the examination is arranged, as otherwise unnecessary delay and inconvenience are caused, which is embarrassing to all concerned. As far as possible I would seriously advise the field workers to have the Medical examination done either at the doctor's clinic or at the Branch Office only and as a last resort at the party's residence. Besides there should be no one present during the medical examination in any of the places.

In case of some obvious over or under weight the agent should caution the parties concerned that they may be accepted by the Companies only with some extra or lien and he should pave the way for their acceptance later on, as otherwise non-completion of business like abortions gives satisfaction to nobody.

I would make this earnest appeal to the Life Insurance Companies that having selected the best of the medical examiners available you should not restrict either the limits or the movements of the doctors but should utilise the more experienced among them to the best advantage of the Companies. Also cases of lapse on the part of the field workers that may be brought to notice by the doctors must be dealt with fairly and squarely. The offices must realise that the doctors are not their servants but independent professional consultants who in their capacity as medical examiners give them a true picture of the examined person as an independent auditor would give report about the firm he is auditing. Of course I am glad many Companies have cordial and excellent relations with their medical examiners and in spite of petty

mutual jealousies among the doctors themselves the morale and tone of the medical examination is always maintained. I would suggest periodical, i. e. half-yearly or annual, meetings of all the medical examiners, agents and officials of the Company for any talks across the tables and know each other's difficulties and problems that arise from day to day which may be solved easily and with advantage to all concerned. For this I must congratulate the lead taken by the Empire of India Life Assurance Co., Ltd., Bombay, for having permitted the starting of the Empire Life Club at Coimbatore more than a year back by the energetic Branch Secretary Mr. A. I. Ipe who has resuscitated the Branch to its original glory in these parts. In this he has been ably assisted by the staff and blessed by Dewan Bahadur R. Varadachari, the Administrator, and his Deputy Administrator Mr. M. J. Rao and others and I dare say in spite of the vicissitudes that the Company had to pass through in recent times it will emerge unscathed in the future and ere long stand among the leading Life Insurance Companies in India. I can say without fear of contradiction that the excellent and prompt service given by the Company to its policy-holders and to all who come in contact with them will be a great incentive to all the agents and inject enthusiasm in them for creating record business in the future.

I thank you, Sir, for having given me an opportunity to contribute my small article herewith.

"A Bank takes your capital and pays you interest. An Insurance Company takes your interest and turns it into capital which becomes available to you when you need it most".

LIFE ASSURANCE SALESMANSHIP

(Mr. A. I. Ipe)

Lesson II

THE ART OF PRESENTATION

In the first lesson we tried to learn how a "prospect list" could be made and also about the importance of planning our work well in advance.

Even the most perfect planning would not be of much avail to us if we are lacking in the capacity, the strength of will and the technique (i. e., the method of performance) to put our plans into action. So in this lesson we shall try to learn how best our plans could be executed.

A capable Insurance Salesman should know everything about the policies he is trying to sell, what their functions are and how they will help the solution of his prospects' financial problems. The public in our country is becoming more and more insurance-minded and inquisitive about the purport and functions of the different classes of insurance policies. Therefore it will not pay the insurance agent hereafter to continue to remain ignorant of his own profession.

How many of our Agents have mastered the contents of our own Prospectus and the Policy conditions? Let there be a honest-to-God heart-searching before each one of us attempts to answer this simple question. It is but a fact that only very few of the agents care to go through the Prospectus, the instructions and hints to Agents and the policy conditions. We must not only read them over and over again but also so digest their contents that we shall be in a position to explain the various functions of a policy contract in the most lucid language possible. If we know our subject through and through, we shall be able to explain it in the simplest language possible. Too much use of technical jargon by an agent must be considered to be a sign of his immaturity in the profession.

Study good books on the subject and read at least one good Insurance magazine regularly. The more the professional knowledge we have, the more will be our self-confidence to face our prospects boldly. When I was a beginner in the profession, I used to be terribly nervous of approaching elderly prospects for business. Every step that I took in mastering my subject gave me more and more self-confidence. On a careful analysis, we will find that our nervousness in approaching prospects is, to a large extent, due to our ignorance of the subject of insurance and its selling principles.

We cannot, however, expect to transform ourselves, over-night, and acquire an encyclopaedic knowledge of our profession. A thorough mastery of the subject takes time. But we need not sit quiet, doing no canvassing, in the meantime. If a prospect puts you a question which you are unable to answer, honestly admit your inability, promise a speedy reply and promptly write to your Branch or the Head Office for the necessary clarification. If you do this the prospect will only appreciate your straightforwardness. The temptation to give a vague and evasive reply in such circumstances should be resisted at all costs.

As for the strength of will to carry out our plans, if we have the burning desire to accomplish what we want (our target must be fixed higher and higher from year to year) and if we are

prepared to sacrifice or over-ride anything that comes in the way, no power on earth can prevent us from achieving the object of our desire. The simple secret about this is to interview the required number of prospects every day and all the days of the year.

Business comes, as if attracted by a magnet and sometimes even from quite unexpected quarters, to the salesman who works himself up to a high pitch of efficiency coupled with an intense desire. When we are attuned in every respect to getting big business we are bound to get it from some quarter or the other.

Recently I had an interesting experience. One of our agents and I interviewed a party, from whom we expected a fairly big proposal, and convinced him that he could save a big amount as income-tax rebate if he went in for an additional policy for a large amount. He seemed to agree with us and asked us to meet him again the next morning at his house in the village nearby. But when we met him again he definitely told us that he could fix the amount of the proposed additional insurance only after the stock-taking of his business was over. On our way back from the village I told my friend, the agent, that as I had the feeling of being "attuned" to securing some big business that day I was sure of getting it, that very day itself, from some other source. Curiously enough, within three-quarters of an hour of our return to the town I could book a fairly big proposal from quite an unexpected source.

There are certain mysterious forces which will work to our advantage in the fulfilment of our legitimate ambition, if such ambition is backed by an intense desire within us.

In presenting an insurance proposition to a prospect, we have to use all our knowledge and other talents in getting him interested in the proposition and ultimately making him to agree with our views. When, as is very often the case, the prospect is not inclined to give us a patient hearing or seems to be disinterested in the proposition we wish to discuss with him, this process involves, in a sense, a "clash" between two opposing personalities. If we have the conviction, ourselves, that our proposition is in the best interests of the prospect whom we are tackling and if we use proper selling methods, we shall meet with success in the vast majority of cases, whatever be the initial difficulties.

There is however a danger which we have to guard against. A good many of the agents lend themselves to believe that the proposition which is to the best advantage for them should necessarily be the best for their prospects as well. Now, this is a very serious defect and is the direct result of our selffishness. Mind you, agents who are plagued by this serious disease of extreme selfishness are not going to succeed in the long run. The prospect may not know the A, B, C of the different life insurance schemes. Still we have to think, first to last, of his interest only and not of the scheme or schemes which will fetch us the maximum commission. Such "unselfish" agents, once they establish their reputation, will be much sought after by the discriminating insuring public.

Years back in my early career as an organising official, an agent once took me to interview one of his prospects. During the course of the interview the prospect, who had sufficient insurance cover on his own life, agreed to purchase an educational annuity for his son. Much to my surprise and chagrin, the Agent blurted out, in the very presence of the prospect: "Sir, I get only 10% commission on that class of policies. You must somehow persuade him to take out an ordinary endowment policy itself as otherwise all our efforts would be in vain". Result? We lost the case. Several agents express the opinion (privately of course) that from their point of view this and similar classes of policies with a lower rate of commission are no good, but the above instance was unique in that open expression with extremely selfish outlook was responsible for his losing an almost sure business. This sort of attitude can never help us to become real professional guides to our present and future policy-holders; and moreover, our selfishness brings discredit to ourselves as well as to our profession.

In insurance selling, and for that matter in any other profession too, only people with character can succeed in the long run. Temporary success, sometimes of a spectacular nature even, may seem to attend the efforts of certain so-called "clever", but unscrupulous, workers. But it cannot and never will last. In my twenty years' experience in the field, I have seen the rise, fall and total eclipse of several of such unscrupulous workers.

Never attempt to sell anything in which we do not have faith ourselves. We cannot be a real success at such a game. The touchstone of our faith in the policy we are offering to sell is our willingness to purchase a similar policy for ourselves as early as possible after we take up the agency.

I know an agent of long standing who has absolutely no faith in life insurance. He boasts often with considerable pride that even though he has sold many policies to others he himself is not insured. From his talk one gets the impression that he considers insurance selling as if it is some sort of difficult acrobatic feat! If sincerity and the spirit of service are lacking in our work, we will have to lose our self-respect although we might succeed in earning our bare livelihood from this profession.

Coming back to the main theme of the lesson, namely presentation, if we know the art of presenting our ideas or telling a story, in simple language and in an interesting manner, as salesmen it will be a good asset to us. This art can be quite well cultivated. Put our ideas into words and into writing. Correct, improve and choose the most apt words to catch the immediate attention of the prospect. We can tackle a prospect very effectively if even before the interview we get information regarding his personal, social and economic interests. The more the time we spend usefully in pre-interview preparation, the more will be our chances of success for booking the proposal in the first interview itself. For "cold" canvassing such pre-interview preparations would be of special advantage.

As stated earlier in the present lesson itself, the knowledge which we gather from books, magazines etc., will stand us in good stead inasmuch as such knowledge gives us self-confidence. Much valuable practical experience can also be gained from the demonstrations given by the organising officials of the Company we serve.

But we must never, never, imitate anybody else in our work. Never lose our individuality as salesmen. Develop our strong points; eliminate our shortcomings; but always be natural.

Is it not nauseating to see a fellow salesman imitating an accent quite foreign to him and repeating, parrot-like, what he has learned from books and from his seniors? Make sure, we ourselves steer clear of this path. Once again I say, be natural.

We saw in the first lesson that in life insurance selling there should be a judicious blending of the "heart" appeal and the "head" appeal. The art of presentation pre-supposes the most careful pre-interview preparation. I have attempted to give in this lesson only the barest analysis of this most interesting art.

About meeting the prospects' objections, which are far too many, we shall discuss in the next lesson.

IT WILL PAY YOU TO KNOW!

(S. M. G.)

The first essential for any Salesman is to "know his goods". Without this basic knowledge, he will never be able to carry conviction to the prospect that the goods, in our case a Life Insurance Policy, are worth having and paying for. He should also master the "know-how" of Selling. Check your knowledge of "Knowing the goods" and "know-how of Selling" by answering the following questions by ticking in the boxes for Right or Wrong opposite each question. Answers are given overleaf.

		RIGHT	WRONG
1.	The cause for delay in settlement of many claims is due to the Company's desire to earn as much interest as possible on the moneys and it is wrong to blame Agents on the ground of poor "service" to policy-holders.	[ ]	[ ]
2.	The minimum amount of Rs. 100/- for which a With Profits Policy can be made paid-up *includes* Bonus attached to the Policy.	[ ]	[ ]
3.	The minimum period after which policies under "Family Security" and "Full Family Protection" Schemes become entitled to surrender value is 2 years.	[ ]	[ ]
4.	It is wrong to say that existing Policy-holders are a good source of New Business, because inflation has affected the saving capacity of the general population and one finds it difficult to maintain his existing insurance.	[ ]	[ ]
5.	The guaranteed yearly income is taken into account to arrive at the minimum paid-up assurance of Rs. 100/- under the "Full Family Protection" Policy.	[ ]	[ ]
6.	Double Indemnity Benefit is available under all classes of assurance.	[ ]	[ ]
7.	The rates given in the Prospectus for Retirement Income Plan apply to males as well as females.	[ ]	[ ]
8.	The period within which a policy can be revived without a Medical Examination is six months.	[ ]	[ ]
9.	There are only two important conditions of eligibility of a proponent for assurance under Non-Medical Scheme, viz. (a) the total sum assured under this Scheme should not exceed Rs. 2,000 and (b) he should be an employee of an approved institution.	[ ]	[ ]

ANSWERS

1. Wrong. Mr. Easwar discusses this point in some detail in his article (published in this issue) and shows the "why" of delays. It may be added that where age is admitted and the nomination or assignment completed genuine claims take practically little time for settlement.

2. Right.

3. Wrong. It is *three* years.

4. Wrong. Mr. P. S. S. Easwar in his article thinks that old Policy-holders are a good source for New Business. This is the experience of a large number of successful salesmen.

5. Wrong.

6. Wrong. It is available only under Whole Life and Endowment Assurances.

7. Wrong. They apply to males only. Rates for female lives will be quoted on application.

8. Wrong. Revivals can be effected within 12 months from the due date of the first unpaid premium. Example: If a policy lapsed by non-payment of premium due 8—9—1951, it can be revived without medical examination upto 7—9—1952 inclusive.

9. No. Two further conditions are to be fulfilled in addition to the two given. (c) The proponent should be a male; (d) He should not be over 40 years nearer birthday.

The W W W H Formula

("What, When, Why and How")

"Know what you want, when you want it, why you want it and how you intend to get it".

THESE INSURANCE VICES!

MR. P. K. SEN, Ag. Branch Secretary, Calcutta

BUSINESS morality is much more needed to-day than ever before, because in Free India without moral values we cannot expect to develop our trade and commerce, either internally or internationally. The British ruled in India for over two hundred years. But not even the most anti-British among us, I suppose, would dispute the fact that in business they developed a more admirable quality of honest and straight-forward dealings, which, in fact, endeared themselves to our countrymen despite their political differences. It is, therefore, time that we should make an introspection of ourselves and see whether we are not 'cheating' ourselves by not following a good moral code in business. As I am particularly interested in insurance, I feel that in this business the standard of morality should be high, for insurance is a science in which any lack of ethical code would be dangerous.

The Vice of Rebating:

The number one vice in insurance is rebating. In spite of Section 41 of the Insurance Act, this evil persists and during the last ten years not a single case has been brought to book, proving thereby that it cannot be eradicated by legislation alone. One remedy is imposition of heavy penalties, but Governmental action is not possible without proof of offence and this is not easy to obtain. Another way of attacking the evil is to increase the rate of commission. Illegal rebates can be stopped if insurance companies organise a band of trained and active agents who will not buy business at any cost, and if our insuring public refuse "bribes". It is a pity in this process the agent is deprived of his share of remuneration.

Other Frauds:

There are various types of fraud practised in insurance—sometimes with the connivance of agents and medical examiners. Unfortunately, in India the agency profession has yet to improve a lot. Most of the workers are "part-timers", and naturally they are more anxious to do business—good, bad or indifferent. A good agent is an asset to any company because he helps the company by selecting good lives. An experienced and reliable agent knows full well that the family history of a life and also his height, weight, and chest measurements have much to do in assessing the risk. On the other hand, the medical examiner plays an important part in recommending to the Company either acceptance or rejection of a life. Here, both the agent and the doctor can also play an equally mischievous part. Instances are not rare where agents have persuaded medical examiners to suppress certain information about the family history, personal history or some other material information. The assessment of a life risk becomes easier if the agent obtains correctly full personal history of the proposer, and at the same time the doctor too conducts medical examination in a proper manner. I am aware of cases where doctors conveniently increased or decreased the weight of sub-standard lives. For this reason, the assessment of life risk in India has not yet reached the stage of scientific precision as it obtains in the United States and Canada. To assess a life correctly it is very necessary to have complete information about personal and family history, present condition of health, occupation, moral hazard, social status, etc. Agents should not be afraid of disclosures. I know of a case where a proposer suffered from some disease over which there were conflicting opinions among the attending doctors. Ultimately, however, the gentleman was cured. Instead of concealing these facts, he made a full disclosure of the details, and the Company accepted the case at ordinary rates of premium and the policy matured during the life-time of the assured.

Risks are generally divided into two classes: viz., first class and second class. Such lives are classed as first class whose family and personal history, physical condition and habits are good, and whose financial position is free from serious embarrassment, and whose occupation, residence and environment involve no extra risk. A second class life is called a "sub-standard life" whose health and general conditions are fairly good, but who suffers from some disabling factor or "weak spot" in his personal or family history, or occupation, residence etc., which exposes him to a certain amount of risk tending to shorten his probable expectation of life. Such sub-standard life can be accepted with a small or large addition to his premium as the nature and character of the risk may demand. Therefore, the medical examiner has to be careful in passing a life. If a sub-standard life is passed as first class, the insurance company is not only cheated, but this means a positive harm also to the existing "first-class" policy-holders.

A Real Story:

I may relate here a very interesting case of a fraud, which took place not long ago. One day, a young businessman called upon an Agent. He was a picture of health. The gentleman asked the Agent to arrange for a policy of Rs. 1 lac. The annual premium calculated was Rs. 4,500. The proponent asked the agent to pay Rs. 2,000 on his behalf. He himself paid Rs. 2,500 in cash and the balance was paid by the agent. Now, the company concerned issued a full receipt for Rs. 4,500 to the party, being the first premium. The medical examination was conducted by two doctors, both of whom passed the life as first class. Now, this businessman simultaneously applied for three policies of one lac each to different companies and played the same trick. The net result was that by paying Rs. 6,000/- he had in his possession receipts for Rs. 12,000. Now, it so happened that when the insuring companies were negotiating for re-insurance, it was discovered that conflicting statements were made in the personal history recorded by the medical examiners. It was also revealed that this man had submitted another proposal for one lac with a certain company which was pending on medical grounds. All the companies made confidential enquiries which revealed that the party was most undesirable, and his plan was to cheat insurance companies and their agents. These companies at once cancelled his proposals and refunded him the money in full. Now, in the game the party actually earned Rs. 6,000, while the agents concerned lost an equal amount!

It is apparent that the party gave conflicting statements to different companies deliberately, for he knew and wanted that the proposals would be rejected and thus his purpose would be served. This is certainly an extraordinary way of cheating agents and insurance companies.

False proof of age is another crime often committed by proponents in order to get benefit of lower age.

Malpractices in General Insurance:

Just as in life business, malpractices are also prevalent widely in motor insurance. It is common experience that sometimes car owners create "artificial accidents" to get their cars overhauled at the cost of insurance companies. Even respectable persons of the society who otherwise have no dishonesty about them in terms of human affairs, are often anxious to take unfair advantage. Instances are not rare when fictitious claims have been made in respect of other types of

business such as Burglary and All Risks. I have heard of a case in which a certain company had to pay Rs. 15,000/- to a cheat who took an All-Risks policy posing as a big businessman. It was alleged that while travelling in a first class compartment he "lost" all his valuables insured under the policy and lodged a complaint with the police. Although the insurance company could understand that the claim was not genuine, the payment had to be made because of certain difficulties in terms of policy conditions.

At one time in Northern India, false fire claims were very often made. We are told that after insured articles were removed, fire was set on to the buildings and godowns and, later on, claims were submitted to the insurance Companies!

Morality in Insurance:

One may ask why there is no high degree of morality in insurance business? Perhaps we cannot absolve ourselves of the responsibilities. Companies are also to be blamed because in their craze for new business, they indirectly help the evil forces already in the field, namely, the evil of rebating and rate-cutting in life insurance. We cannot expect morality in business unless we tone up the atmosphere with moral outlook. If we are strict in the real sense and make it a point not to buy business at any cost, and at the same time the insuring public are taught the ethics of honest business, we can perhaps very well look forward to a better atmosphere and an all-round improvement in the socio-economic service that is insurance.

Father: "Johnny, why are you not going to the class?"

Johnny: "Our teacher does not know even as much as I do. He was asking me, how many legs has a cow".

A SOFT CORNER

Mr. H. C. CHARAIPOTRA, Branch Secretary, Moradabad

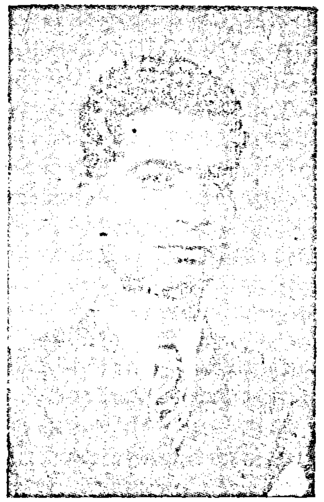
It is general knowledge, as is also my experience of 20 years insurance life, that every family man has some soft corner somewhere within him. An intelligent life insurance salesman, apart from impressing the undeniable necessity of insurance, should patiently listen to the prospect's objections and, without undue expedition, analyse the situation within him and try to find out that corner and strike there hard. It is my experience as detailed below about one such instance that otherwise tough cases yield when tapped there. This is how it happened on 3rd August, 1952.

A trunk call from my Inspector at Rampur hastened me there. On arrival he explained to me in a nutshell the facts about a case who had been avoiding insurance for the last 5 years.

On our approach and opening the subject, he remarked:

"As I could not frankly say 'No', I had been postponing it to the indefinite future. I have no faith whatever in insurance and am not going to purchase any".

"I will not sell you a policy unless you feel satisfied and give your whole-hearted consent but you must give me a patient hearing to what I have to say. You appear to be unduly afraid of the word 'Insurance'. It is a sort of an association of persons, each contributing to help the other or his family in time of need. I do not understand what objection can you possibly have against a proposal which not only inculcates a habit of thrift but also provides for the future needs of the family. If a member survives, he has ready cash for unknown contingencies of the future and if he



dies, his family will have it, thus curtailing the loss to the family by his death. Besides, as you pay Income-Tax, you get a rebate therein as allowed by the Government, this being an extra advantage not to be brushed aside."

"Insurance profit is nothing as compared to our business returns. We do not get even full interest yield on our investments in insurance. It is, therefore, not a profitable bargain. It is my experience that a few well dressed persons come and try to play a hoax on simple and honest persons."

"It is sad that you should think like that, but it is not peculiar to insurance. There are blacksheep in all business. But here neither you nor we can be placed in that category which you will endorse. It is not only in the interests of the individual concerned but of the community at large and the country as a whole. Profits in business depend upon the man's experience, honesty, his business acumen and the ability to

grasp favourable trends of the market. In the absence of any of these qualities or after death when the successor does not always possess them to the same extent, losses are often incurred, and it is to cover such losses that insurance is needed so that the money thus kept apart may be utilised. It is on such occasions that a life policy proves a veritable boon and comes to the rescue of the family. May I know what alternative arrangement have you made to meet such unfavourable circumstances?"

"My business, in addition to my property, is enough for such occasions and I can as well invest my savings in banking and earn a very good rate of interest. I do not understand why I should put my money in the coffers of others and jeopardize it."

"But there are investments which you should have made but which do not yield any interest or profit. Your household jewellery is a blocked investment; rather it is a losing bargain. Why should you then invest your money there? The reason is obvious that a man's investments are not always guided by the profit motive. Moreover, you have known all that happened in the Punjab and Bengal on partition where even biggest businessmen were ruined and millionaires became paupers. But no harm came to their savings made through insurance; rather, it were these savings which came to their rescue like a true friend, thus saving them from penury and enabling them to start life anew. To-day a common question at a man's death is if he had any life-insurance policy and if so, for what amount? What is your provision for such contingencies in life?"

"The Creator will then help. When man fails, He helps."

"He helps but only those who help themselves. A far-sighted man is he who keeps prepared for all contingencies of the future, come what may, and leaves the rest to God. A wise man invests his money at different places and I know you have that wisdom. More-over, you must be just and sincere to your life-partner and keep apart some cash for her specially in case some mishap, God forbid, comes to your life now."

This evidently impressed him most and I observed a favourable sign on his face. I breathed a sigh of relief but having found the soft corner proceeded with the greatest vehemence to drive home my point.

"In India the son inherits the property of the father at his death and the widow without ready cash is left to the mercy of her sons who, such are the times, very often forsake her and she bemons her lot in a lonely world. *Your wife may not need any money but your widow certainly will.*"

Here all opposition melted and he expressed his desire how if he got his wife insured.

"Do you want that the profits of insurance should go to her or do you want to derive them from her? If you purchase the policy, she will be the beneficiary and if she purchases, you will be. Clearly you would like that the profits should go to her."

"Alright, you may fill in for Rs. 4,000/-"

"No, Lalaji, I will not, unless you are fully convinced of the imperative necessity of insurance. Your proposal for the meagre sum of Rs. 4,000/- shows you do not realise fully your responsibilities and position in life. My object is to give you the maximum advantage of insurance Income-tax rebate. Do you really feel that the meagre sum of Rs. 4,000/- will be sufficient enough to meet the needs of a possible long widowed life with younger children left uneducated and unmarried? You spend a thousand rupees a month on your family while you are living and desire to leave only Rs. 4,000/- to your wife for the future. The value of the rupee is terribly low and the savings must be in accordance with one's income so that the wife, used to a certain standard of life, should not feel the pinch for money. Widowhood in itself is a terrible ordeal for an Indian woman but its pangs are relieved a little if there are sufficient finances. Like a true husband you should be generous to your wife."

This completed the submission and we closed for Rs. 15,000/- with promise to increase it to Rs. 50,000/- in near future.

> "He lived a life of going-to-do,
> And died with nothing done".
>
> * * *
>
> "Tomorrow's falser than the former day".

AGENTS—COMPANY'S AMBASSADORS

MR. P. S. S. EASWAR, P. A. to Manager, Bombay

It is a sad but a true fact that while in advanced countries like the United States of America and the United Kingdom life insurance business has made enormous strides, the progress made by Indian Life Offices is insignificant. This state of affairs, however, cannot be attributed solely to the comparative backwardness and poverty of the general masses of our country. In U. S. A. and the United Kingdom the public has developed a great respect for the insurance companies and hold them in high esteem. This is largely the result of their prudent management and ordered progress over a century. To some extent this is also due to the co-ordinated educative campaign carried on by the various Life Assurance Associations. But more than any of these, the edifice of public confidence is built upon the bedrock of the labours of individual agents who carry the message of Life Insurance to individnal homes and demonstrate it in practice. There an insurance agent's profession is an honoured one. In India, on the contrary, the insurance agent is generally considered to be a pest and and an unwelcome visitor. In my opinion it is the general lack of training of agents which is responsible for this state of affairs. Most of them do not possess the necessary qualifications to advise about the right type of policy which would suit the particular needs of a prospect nor do they make a sincere effort to equip themselves with such knowledge and ability as would help in tendering such advice and service to the prospects either at the time of effecting or after the sale of a policy.

The agent's one and only aim seems to be to see that the prospect is somehow persuaded to take out a policy. His attention is fixed on the amount of the premium which determines the amount of commission he is going to get in the first year. Thereafter he rarely, if ever, takes any trouble to keep in touch with the prospect and to see that he is quite satisfied with the policy he has purchased and find out whether he needs any further help in matters like age admission, assignment and/or nominations etc. These matters which an agent alone is best fitted to attend to remain neglected with the result that when a claim arises the claimants find that they have to comply with various legal requirements before the Company can settle the same. This is quite naturally irksome and inconvenient, especially when all along nobody has given the matter any thought and treated it as if it were of no consequence. As a matter of fact the policyholder and his family would by then be looking forward to almost automatic settlement of the policymoneys. The claimant in these circumstances is forced to believe that the Company is trying to evade payment of the claim amount. Although the delay in settlement of the claim is because of the time taken in complying with legal requirements claimants attribute it to the Company's unwillingness to fulfil its contractual obligations and they complain about this to everyone they come across. This probably is the reason why most of the prospects on being contacted the first time complain about the delay in the payment of the claim amount by insurance companies and wonder whether the Company which the agent represents would also be one of that type. In their own interests insurance companies cannot and would not adopt dilatory tactics in the matter of payment of genuine claims where all legal requirements have been complied with. It is only the poor service rendered by our Agents that is primarily to be blamed for this erroneous public impression.

The remedy for removing such doubts among the public and creating confidence in the honest and straightforward manner in which insurance business is being conducted by Indian Companies lies in the hands of the agents themselves. They should take up their work more seriously than is being done at present and become well conversant with the various schemes of their offices and other facts and figures of their own and other companies. They should at all stages remember that only a policy sold to meet the exact needs of the proponent and under which all the requirements for early settlement have been completed can remain on the books of the Company for the whole term and lead to the ultimate satisfaction of all concerned, increase their own and the Company's prestige and pave the way for further business for themselves.

Once a Life Policy is sold the agent should make it a routine part of his work to see the policyholder once in a month *personally* or, if at any time this is not possible, post him a card—or preferably a letter since cards are sometimes resented by people—enquiring whether he or his friends need any help or guidance in connection with their insurance. Such a contact costs almost next to nothing yet it brings rich dividends. Firstly it carries with it a businesslike air and creates a favourable impression about the agent. Secondly it keeps the agent's name in the policyholder's mind so that if ever he or someone he knows is in need for insurance, the agent's name would be the first to occur to him. Thirdly, both these objectives are achieved at little cost and a few minutes, whereas a personal call may require more time which the agent may profitably employ on some other cases. This sort of constant touch between the agent and the policyholder confirms and strengthens the confidence the latter had reposed in the Company and the agent at the time of taking out his policy. Nothing will be more natural than for such a policyholder to help the agent whenever possible. If any enquiry is received by the policyholder for the purchase of a policy he would only prefer to pass it on to *his* agent. It is a general experience that a large proportion of business completed by successful and consistent producers comes through the influence of his old policyholders.

Let our Agents Motto be "SERVICE AFTER SALES."

SOME INSURANCE TERMS EXPLAINED

There are several technical terms appearing in Life Assurance Policies and some of them are explained below for the benefit of our readers:

Accident Cover:

An arrangement whereby the Company undertakes to pay under the policy an additional amount equal to the sum assured if the Assured dies of any bodily injury, the death resulting solely from Accident caused by outward and violent means. For this a small extra premium is charged. The cover is granted under certain policies only and is generally not available to the Assured after the age of 60 years. The "Empire" grants the cover under certain tables only to male lives at an extra premium of Rs. 1—8—0 per thousand and it is condition for payment that death must have taken place within three months of the occurrence of and solely as a result of the accident.

Admission of Age:

Acceptance by the Company of the assured's age as stated in the proposal form on the necessary proof being furnished by the assured. This is necessary before the contract can be enforced. If the age proved is different from the one stated in the proposal, usually the premium and/or the term of assurance will be modified by the Company.

Assignment:

A declaration by which a policyholder assigns the benefits under his policy in any manner he likes provided the policy is not governed by Section 6 of the Married Women's Property Act. The rights under the policy then belong to the person or persons designated in the assignment. It is advisable to get the assignment registered by the Company, but the mere registration by the Company is no admission that the Company accepts the validity of the same.

Beneficiary:

The person to whom the proceeds of a Life Assurance policy are payable at the death of the assured.

Cash Value:

The amount available to the policyholder when the policy is surrendered to the Company before it has run its full course.

Contract:

It is an agreement between parties. The agreement may be oral or in writing. The Insurance Policy is only an evidence of contract between the Insurance Company and the assured.

Days of Grace:

Life Assurance Companies generally allow a period from the due date for the payment of instalments of premiums. Such a period is known as Days of Grace. Where the premiums are payable monthly, usually only 15 days of grace and in other cases 30 days of grace from the due date are allowed.

Death Claim:

The amount due under a policy on the death of the life assured if the policy is then in force.

Face Value:

This is the term commonly used when referring to the sum assured under the policy.

Forfeiture:

If the premium on a policy is not paid even during the days of grace, the policy lapses and the assured forfeits his rights under the policy. If the policy lapses before premiums for three full years (sometimes two, as, for example, is the case with "Empire") have been paid, the policy terminates without any value. But, after three years (two in the case of the "Empire"), the benefit is not fully lost; the assured however is entitled to the cash surrender value or paid-up assurance as on the date on which the last unpaid premium became due.

Indisputability of Policies:

This is very important from the point of view of the policyholder. The law now provides that after the policy has been in force for two years, it will not be called in question on the ground that a statement made in the proposal or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the Company shows that such statement was on a material matter or suppressed facts which it was material to disclose and that it was fraudulently made by the policyholder and that the policyholder knew at the time of making it that the statement was false or that it suppressed facts which it was material to disclose.

Insurable Interest:

This is the interest which the beneficiary must have in the life of the assured as on the date of insurance. The criterion is whether on the death of the insured the beneficiary is prejudicially affected in respect of some substantial right of property recognisable at law or equity. It is also necessary that the interest is of pecuniary nature and merely some moral obligation or considerations of love or affection do not constitute insurable interest.

Lapse:

If the premium on a policy is not paid within the days of grace, the policy lapses and no benefit is payable unless the policy has acquired a surrender or paid-up value.

Maturity:

The date on survival to which by the assured, the face value of the policy becomes receivable.

Mortality Table:

The table by means of which the probabilities of life and death are measured.

Nomination:

In terms of Section 39 of the Indian Insurance Act, 1938, a policyholder can nominate any person, by making an endorsement on the policy, to receive the policy moneys after his death. If the request for nomination is made in the propasal itself or before the issue of the policy, the nomination will be incorporated in the poliey itself. A nomination to be effectual must be communicated to and registered by the Company.

Premium:

The payment made by the assured to the Company by way of consideration for his contract of life insurance.

Premium Notice:

A reminder sent to the assured by the Company, notifying the amount of the premium and the due date.

Proposal:

The form on which the proponent applies for insurance. It must be completed and signed by the proponent and witnessed. It forms the basis for the insurance contract.

Reinstatement of a Lapsed Policy:

This is the process whereby a lapsed policy is put back in force by the payment of premiums in arrears and/or by proving medical fitness of the life assured to the satisfaction of the Company.

Surrender Value:

The amount which the assured will receive in cash after his policy has been in force for a certain period of time, should he desire to give it up.

WHAT OTHERS SAY ABOUT "EMPINDIA"

I

"We have received a copy of the first issue of the "Empindia"—a house magazine of the Empire of India Life Office. It is a well edited journal, and contains such facts and figures as would prove educative to the large army of "Empire" workers. The importance of the first issue has been heightened by an enlightening Foreword contributed to it by the Company's Administrator, Dewan Bahadur R. Varadachari. We feel tempted to reproduce a very apt quotation from this Foreword. It reads:

"When business is good,
It pays to advertise;
And when business is bad,
You have got to advertise."

Our best wishes to the Editor, Mr. A. I. Ipe, Company's Coimbatore Branch Secretary, for his laudable enterprise."

July 1952. —*Insurance Underwriter, Calcutta.*

* * *

II

"Though claimed to be a house organ it is an ably-edited top-class illustrated magazine containing many such articles which are interesting alike to Insurance Workers and to those who are not. The article on Life Assurance Salesmanship is worth reading by those who are in the field."

3rd August 1952. —*Hindustan Standard, Calcutta.*

* * *

III

"Empindia" is a quarterly house magazine of the Empire of India Life Assurance Co., Ltd. Its principal object is to acquaint the members of the field force of Empire with the position and developments of the Company. The articles and statistics published in the present issue show unmistakably that the position of the Empire continues to be as strong and sound as ever before. This is particularly clear from the Administrator's Foreword to this issue, his report for the year 1950 and the classified analysis of the investments of the Company. There are other articles one on Life Assurance Salesmanship by the Editor himself which will be found interesting not only by the staff of employer but also the insurance people of other companies. We extend our heartiest congratulations to the Editor and wish the Empire a long lease of life."

September 1952. —*Insurance World, Calcutta.*

* * *

IV

"This nicely edited journal though published for the use of the workers of the said Company, contains various interesting subjects for general readers. This journal has compiled various useful informations relating to Insurance workers."

10th Aug. 1952. —*Ananda Bazar Patrika, Calcutta.*

* * *

V

"We have received a copy of the first issue of the "Empindia", the House-Magazine of the Empire of India Life Assurance Company Limited, published by Mr. A. I. Ipe, the Company's Branch Secretary at Coimbatore. The idea of a house-magazine for the training of an Insurance Company's workers is quite a grand one and we congratulate the promoters of this novel venture.

In his illuminating and thought-provoking foreword, the Administrator of the Company, Dewan Bahadur R. Varadachari has referred to the serious problem that is plaguing the Indian Insurance business, viz. the suicidal effects of unhealthy competition. We trust that this timely advice from a person of the eminence of Sri Varadachari will not fall on deaf ears. The growth of the "Empire" from small beginnings to the mighty edifice which it is today is described in the article on the inception and growth of the Company. The table of progress of the Company's operations during half a century is quite impressive. The Editor Mr. Ipe's articles on Insurance Salesmanship and Empire clubs are both interesting and instructive. We once again congratulate the Company on its novel idea for promoting the interests of its workers and policyholders and especially Dewan Bahadur Varadachari who although comparatively new to insurance administration has given convincing evidence of his masterly brain and administrative capacity in tackling the problems of a leading Indian Insurance Company."

Insurance Special dated 2—8—'52. —*Malayala Manorama, Kottayam.*

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NEWSY NOTES

Our New Agency Manager:

We have pleasure to inform our readers that consequent upon the resignation of Mr. B. D. Kapur, the Company's erstwhile Agency Manager, the Administrator has selected and appointed Mr. K. R. Mehan as the Ag. Agency Manager. Mr. Mehan, who has been till recently the Branch Secretary of the Company at Ahmedabad, has considerable knowledge and experience behind him in Life Insurance Salesmanship and Organization. For nearly two decades he was connected with the "Oriental" in varying capacities such as Agent, Inspector, etc. When our Company began to implant a new Organization in 1946—1947 Mr. Mehan was invited to take charge of the Company's Ahmedabad Branch and it is in the fitness of things that he has now been promoted as the Ag. Agency Manager in which capacity he is sure to give an inspiring lead to the Field Workers of the Company.

* * *

Social Gathering:

We are informed that on 4—10—1952 a pleasant Social Gathering was held in the office premises of the Company's Branch Office at Calcutta to celebrate the Bijoya Meeting and the function was attended by all the Members of the Staff, Inspectors, Agents and a few Medical Examiners. The function was presided over by Mr. P. K. Sen, the Branch Secretary, and nice and interesting talks were delivered by a few Members of the Staff, followed by songs. The function ended with light refreshments.

FIGURES WHICH SPEAK.

Table showing progress in New Business, Total Business, Premium Income, Life Fund and Claims Paid.

Year ending	New Business Rs.	Total Business Rs.	Premium Income Rs.	Life Fund Rs.	Claims Paid Rs.
February 1910	50,23,940	2,16,76,940	11,41,827	33,95,096	2,20,512
February 1920	67,56,500	4,91,01,900	24,10,274	1,37,42,452	10,34,213
February 1930	1,40,02,135	10,08,85,169	47,10,523	3,23,97.855	29,21,882
February 1935	1,47,57,880	11,56,12,828	51,65,257	3,95,39,424	38,82,506
December 1940	1,31,80,030	14,65,62,541	63,70,220	5,02,30,339	45,45,422
December 1945	2,33,42,340	19,13,61,776	88,66,553	6,48,68,146	46,84,188
December 1950	3,94,14,850	29,97,02,903	1,18,88,595	8,88,00,848	52,76,595

Claims paid from 1—4—1952 to 30—9—1952 ... Rs. 30,84,680

Total Claims paid upto 30—9—1952 ... Rs. 13,05,73,778

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