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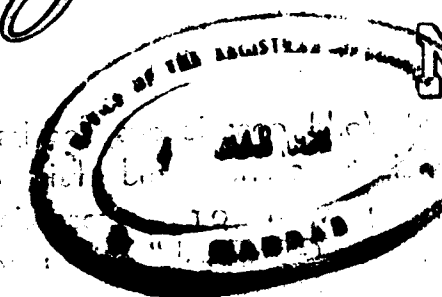
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CONTENTS

	Page
Editorial: What for the Insurers' Associations?	3
"Prestige Counts" By Mr. J. A. BROADBENT, Branch Manager, Manufacturers Life Insurance Company Vancouver.	5
N. Rama Rau's Analysis of Insurance Business	11
A Practical Formula to Determine The Normal Blood Pressure in Females By Mr. B. B. DOTTO, Chief Medical Officers, The Police Co-operative Life Insurance Society, Limited, Calcutta.	17
Economic Factors Affecting the Insurance Industry in India. ... By SHRI DALMIA, Chairman, Board Directors, Bharat Insurance Co., Ltd.,	21
News	24

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What for the Insurers' Associations?

NO one in India will be surprised if, after hearing the Presidential Address delivered at the Annual Conferences of Insurers and Annual Meetings of their Associations, every year, one is tempted to question straight away "What for these Associations and Conferences?" Surely, Insurers have not joined together into an Association just for the purpose of holding Conferences and publicising that the Insurers in general do not care to strictly adhere to sound business principles and that therefore the Government of India thought fit to enforce punitive legislative measures, but that such a procedure would not suit them. The avowed objects of Insurance Associations, no one will contradict, we are sure, are for the purpose of affording an opportunity to understand each other better, to exchange views, to draw up healthy business rules and regulations, and thus set up amongst themselves a high standard of business honesty and integrity which will in turn help them to win easily public confidence and build up their business on solid foundations. Annual Conferences will afford an opportunity to take stock of the existing conditions and modify or improve the rules and regulations after mutual consultations. The best course so decided will be for the Insurers to follow thereafter. In other advanced Countries Associations have been set up only for such purposes and those Associations have served and even today serve to achieve such high ideals. As a result, the Insurers in those countries have been able to enjoy public confidence in abundant measure and prosper from success to success, to a degree, perhaps never to be equalled by Indian Insurers even after decades. None of our Indian Insurers are oblivious to this fact. On the other hand we should say that they have all joined together and formed Associations, professing at the outset that they all have been animated only with such laudable objectives, but in actual practice what we find is quite the reverse. It is something like the oft-repeated story that the entire population in a town decided to donate a cup of milk for a sacred purpose, but lo! when the tub was full, it was found to contain only water, but not milk! Everyone donated only a cup of water and not milk. Individually everyone thought that his donation of a cup of water in a huge quantity of milk will make no difference and no one would be able to find it out. And when everyone donated a cup of water only and not milk, how anybody can expect the tub to contain anything else but water. Such is the pitiable position of our Associations and the activities of their members. Every Insurer has the pious wish that all others should subject themselves to all sorts of vexations or otherwise rules and regulations, but that it alone should be free to transact business at its whims and fancies and score a march

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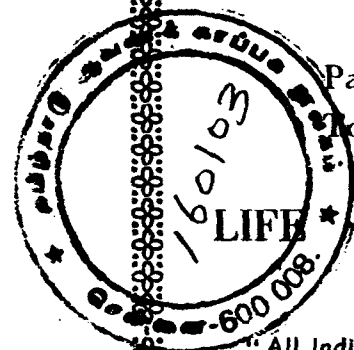


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over others. If that is the mentality to prevail among insurers in general, one will be at a loss to know as to when all Insurers are going to establish healthy conventions and transact business on sound lines

In India Insurers joined together and formed Associations some 25 years ago (only recently Indian Life Offices' Association and the Indian Insurance Companies' Association held their Silver Jubilee Celebrations with great eclat) and all these 25 years the burden of the song of Presidential Addresses has been nothing but an appeal for co-operation just to free the business from all kinds of un-practices. But the response has not been encouraging. The Insurance Act with all its innumerable amendments is also there and the Department with a plethora of technically qualified staff is also trying its best to effectively enforce the provisions of the Act with a view to check the evils rampant. But with what success, we can have an idea from the recent address of Mr. N. Rama Rao, delivered at the Fifth Annual Conference of the South India Insurance Association, held recently. In the course of his address Mr. Rao observes "It is to be regretted that the passing of the law has not produced the desired result although I think the evil has been checked to a certain extent. With a view to giving further aid to the operation of the law, a Code of Conduct has latterly been framed on a voluntary basis, but with the active concurrence of the authorities. The Machinery needed for the enforcement of the Code has just been set up and it is sincerely hoped that before long, the evil which has so long persisted and which we all so much deplore, will cease to disfigure our business. . . . Perhaps the Code of Conduct may become superfluous altogether if companies cultivate the qualities of friendliness and co-operation among themselves and carry on their business in a spirit of harmony". Thus we see that the necessity for an appeal of this kind to Managements of Insurance Institutions in India, is still there. It is a pity that in the recent years there has been a race between the Government of India, Department of Insurance, and the managements of Insurers. While the Department make an earnest endeavour to somehow or other free the business from the clutches of undesirable managements and evil practices by enacting suitable legislation and effecting all possible supervision, some of the Insurers try to find out ways and means as to how to circumvent the provisions of the Law. In such a state of affairs, it is no wonder that an Act passed with a view to check all sorts of vagaries, bristles with so many imperfections and its provisions giving room for more than one interpretation. It is natural, such an enactment proves to be a hindrance to the smooth progress of Institutions managed by able men with a clear conscience to do service first and service last. That which cannot be effectively tackled by Government through an Act, can be easily achieved by mutual consent and the Associations are the proper bodies to take the initiative and bring about a cordial relationship among its members. We wish Mr. Rama Rao's address to the Insurance Managements is taken by them in the true spirit in which it was given, so that Insurance Business may prosper well, and occupy a prominent place in the economic regeneration of our country.

"Prestige Counts"

By J. A. BROADBENT

Branch Manager, Manufacturers Life Insurance Company Vancouver.

JAMES BROWN had been a fairly good underwriter—always qualified for his company's production club, and was looked upon as a reasonably good workman.

One of the features of his job was that he tried to get in touch with the people in his community who were doing well. He was constantly on the alert for people who were making money.

By a curious circumstance, every time he found one such person, he was overwhelmed with envy that he himself was not in a position to be making as much money as his client. Always it looked so easy in the other fellow's business, so difficult in his own. On several occasions he was so disturbed that it entered his mind to forego life insurance.

During one of these periods when the intensity of his desire was at its peak, he dreamed a dream. In his dream he had left this earthly sphere and stood at the Gates of Paradise. The keeper of the gates was the husbandman who had given the talents to his servants prior to his departure on a journey to a far country. And as James stood before the keeper of the gates, these words were said to him: "Have you invested your talents with diligence and wisdom? Have you taken that which has been given unto you, and used it to the utmost?"

As so often happens in life, a chance word, a phrase, changes the entire course of a career. One sentence will burn itself into one's consciousness, and crystallize all the thoughts that have been drifting aimlessly around in one's subconscious mind.

"Have you used your talents with diligence and wisdom? Have you used them to the utmost?"

These words were indelibly engraved on James' mind. They influenced every thought his mind produced from that time on. He realized that he did not have to go elsewhere in search of success. He realized that if he performed in his business as effectively as his successful clients performed in theirs, his fondest desires would be gratified.

The business of life underwriting had all the scope he needed to take him to the top—to enable him to be one of the leading citizens in his community—to raise him to a position of prestige and affluence unsurpassed by the leading lawyers, doctors, industrialists and businessmen in his city. The business offered him the perfect vehicle. The only question was—Could he invest his talents with diligence and wisdom? Could he use them to the utmost?

It has been well said that the greatest motivating force known to man, is an

idea dropped into a man's consciousness. Greater than trinitrotoluene—greater than atomic energy, is the force generated by dropping an idea into a man's consciousness. Such proved to be the case with James Brown.

The motivating force of the idea that he must use his talents—that which had been given to him—to the utmost was so great that it carried him to the top. He became one of his company's leading producers. He became one of the leading businessmen in his city. He was a good and a public spirited citizen, widely known, and admired and respected by a large group of his fellow citizens. He had prestige.

Now you may be wondering how he acquired his prestige. What methods did he use to produce this astonishing result? What did he do day by day to become so outstanding? Granted that he was greatly motivated. What did he do? How did he do it? The eternal question **HOW???** How did he lift himself from mediocrity to outstanding success?

If you would really like to know come with me to James Brown's home on a certain Tuesday evening. A conversation is in progress between James Brown and a young man in his early twenties, who has come to see James Brown seeking advice. Let us listen in on the conversation.

"Mr. Brown, I want to be a salesman. I am strongly attracted to life insurance selling. You have such a fine reputation as a successful life insurance man that I have come to you to find out what are the important things one must do to achieve the prestige and success you have achieved."

James Brown answered: "There are many things one must do in order to use his talents to the utmost. But I think I can answer the question in your mind by putting before you three pictures in which you will find the three keys to success.

"In the first of these pictures let me show you how I work: I am a salesman. But I am a great deal more than a salesman. I am a businessman. As I sit across the desk from a client what does he see? He sees a man who talks of his problems and their solutions. He discusses life insurance expertly. And he is persuasive in making the client do something about his problems.

"But how much of my job does that client see? What proportion of the underwriter's job is visible to the eye of the client? Let me answer that with an analogy.

"Suppose you are sailing from New York to London aboard one of the large ocean liners. On the third day out of New York you go on deck in the early morning, and there on the horizon you see one of the most majestic of the works of nature—a huge iceberg shimmering in the brilliance of the morning sunlight. As you gaze in awe and wonder at the tremendous mass of the iceberg, you realize that only one-ninth of it is visible to your eye. Eight-ninths are submerged below the surface of the ocean.

"In the same way, one-ninth of my job is visible to the eye of the client. The other eight-ninths consist of businesslike things which I must do in order to put myself in the presence of that client or prospective client, equipped to do business with him."

And James Brown went on to tell about the previous eight-ninths. He said, "I will now give you my success formula. Every life underwriter knows this formula but only the successful ones adhere to it. Each week I do a certain amount of work—I make 45 calls, secure 30 contacts, 12 interviews and 20 new prospects. This is not easy work, but I always feel that if a man isn't prepared to work hard he isn't prepared to take the first step toward success.

"In my formula the one factor more important than any of the others is the one requiring me to secure a certain number of new prospects each week. Until I became a good prospector, I was doomed to be a mediocre life insurance man.

"This is the first of the keys of success—become a good prospector. Learn and use a good prospecting talk, and spend an hour a day working at prospecting. In no other way can you learn to prospect with dignity and intelligence in a way that will attract prestige."

And when they had finished talking of the first picture—of the way he works—and the first key to success—James Brown said, "And now let me give you a second picture—What I must know!

"When I came into the life insurance business all I had to know was something of the sales features of the 20 payment life policy. Now I have to know life insurance plans, and also wills, trusts, taxes, pension plans, business organizations and a host of other things. There is today a tremendous body of knowledge which the life underwriter is required to master.

Knowledge To Master

"This one fact brings our business as close to being a profession as any other. In fact, the time will come when a man will be required to have a college degree before he can practise life insurance, in the same way a doctor and lawyer are required to do today. The point that will interest you is that there is today so great a body of knowledge to master that it will always challenge the best that is in you.

"You won't learn life insurance by wishful thinking. You can only become a competent underwriter by hard and intensive work. It may not be easy for you to work hard at becoming a student—it was difficult for me. The only way I could achieve it was to get into a regular study habit.

"And this is the second of the keys to success. Study your business for one hour each day, and at a regular, stated time. Only thus can you master this great body of knowledge which modern life underwriting encompasses." And the young man nodded his head in understanding.

"Now the third picture I want to give you will show the opportunity I have to influence people by means of forthright salesmanship. Salesmanship means motivating people to buy now. To motivate a man I must make him think, and think seriously along proper channels. To produce this result I must sometimes speak forthrightly. And right here let me give you the third and last key. Always be sure that your prospect takes his life insurance—and his life underwriter—seriously. Let me give you two or three examples.

"I used to find a great deal of difficulty in making definite appointments. My prospects seemed to be forever saying:-- 'I am busy today—call me tomorrow and we'll see how things stand.' When I would call tomorrow, he'd be busy again, and would I call next week. I soon learned to be forthright.

"Now I say: 'John, you and I both know that that will be a waste of your time and mine. You are busy today— but then, you are always busy. Let's set a definite time for an appointment and then you build your schedule around it. I'll do the same and it will save endless time for both of us. How about tomorrow morning at 10.00?' Make him take his life insurance—and you— seriously.

"Another type of situation calling for forthrightness is where the prospect is stalling his decision. I was talking to a motor car salesman recently and he had almost decided not to buy any insurance at this time and I said to him: 'Stan, if you are talking to a prospect about a car and he decided not to buy, it isn't important. He's just going to do without your car—that's all. My business is different. I am talking to you about additional insurance. If you decide not to buy, and if anything happens to you the result would be tragic to your wife. The consequences would be too horrible to think about. Don't you agree?'"

"He did agree and bought. He bought because he was made to realize what **NO** meant. Forthright? Yes. Sensible? Yes. Why? Because he was made to take his life insurance and his life underwriter seriously.

"I was talking with a friend recently and he was labouring away with a number of reasons for not buying life insurance. I laughed and said: 'John, you're pretty good, but your sales resistance isn't any better than average. You should hear some of the excuses people give for not taking decisive action. Sometimes they get plain ridiculous. They can think up a million reasons for not buying and so can you. But you only need one reason for buying—a compelling one at that. You have no other way of solving your problem and your problem must be solved. You've got to take your life insurance seriously and if you do you must buy.'

"I am forthright in my salesmanship. My clients know they have put their trust in an aggressive salesman who doesn't take no for an answer without an exceptionally strong reason. There is an advantage to my clients in this. Let me illustrate by telling you a true story of one of my closest friends.

"Henry and I had grown up together, been school mates, and had maintained a close friendship through the years. Some few years ago he moved away, had prospered, going to the top in his profession.

"A little over two years ago he returned home and we had a nice visit together. During the course of the visit I asked him what he had been able to do about his life insurance, for I realized that stomach ulcers had been a serious health problem some years previously. He had had a sub total gastrectomy and I knew that his insurance program had been seriously impeded due to this illness.

"He told me that he had been able to do nothing whatsoever about his insurance for the past 15 or more years because of his ulcer history. After enquiring as to the present condition of his health I told him I thought perhaps we might be able to do something about insurance for him, and asked him if he would be interested in additional insurance if something could be done.

"A day or two later I was in the head office of our company and made certain enquiries there concerning this case. What I learned led me to believe that insurance could be procured for him at a moderate rating.

"I communicated this to him by a letter and had a reply saying that he would be back in town again in a few months time and we could pursue the matter further at that time. That fall he returned and we did, during the course of our visits, have an opportunity to discuss his life insurance further.

"He told me that he had given a great deal of thought to the life insurance program I had worked out for him and had discussed it at some length with his wife. He did feel that now was not a good time for him to do anything about it. He was a substantial man and his reasons for not purchasing now were consequently of a substantial nature.

"In the first place he was able to put additional funds in his company pension account and this he felt to be a wise thing to do, because there was such a good return on that pension. In addition he was an economist and had a great and abiding belief in Canada's future and he felt that proper investment in the common stocks

of the great corporations of this country would produce a remarkable return over a period of years.

"In addition he was contemplating the purchase of a new home which required an unusually large saving from income. Fourth, his children were arriving at university age, an expensive period in their development, and one which would look after any surplus there might be in their income for the next five or six years. We discussed these reasons back and forth.

"Finally, I said to him: 'Henry, what you have outlined is sound as a bell if you live. Your only problem arises if you don't live, and you must make provision for that. I admit that you have heavy drains upon your income. You have now and likely always will have.

"But to see your decision in its proper light let me suggest that you do this: Take a sheet of paper and put today's date at the top of it. As a heading put 'reasons I am not going to buy life insurance today,' and then list as many reasons as you possibly can: you believe in Canada and want to buy Canada's common stocks, you are putting money in your pension fund, you are contemplating and saving up for the purchase of a new home, you are preparing for the university education of your children.

"Add as many additional reasons as you can and then put that paper with your valuable papers for safekeeping. And then suppose something should happen to you. Suppose that after it was all over, Jean came across the piece of paper — 'reasons I am not going to buy life insurance today.' How sound do you think she would think your judgment had been?

"At that point I stopped. There was silence for two full minutes, Henry broke the silence by saying. 'I guess I could be examined right here and now, couldn't I?'"

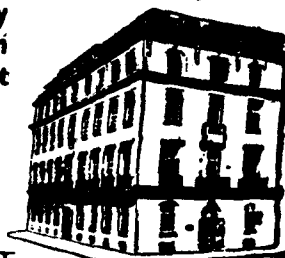
"Fifteen months later in an aeroplane crash over Elizabeth, New Jersey; Henry lost his life."

"I went to the memorial service. I was with his wife and family during that very trying period. His wife's brother and I had a long talk. He asked me something of Henry's insurance. I told him what I knew including the steps leading up to the purchase of his last policy. I told him of Henry having purchased \$15,000 ordinary life with a fifteen year family income benefit on it a mere fifteen months ago and how, for the next 165 months, Jean would receive \$150 a month and at the end of that time she would receive \$15,000 which she could have in cash or in the form of an income."

"Her brother, a mature business man, understood the economic significance of what I was telling him, and when I finished he reached out for my hand and shook it, and he said, 'My friend, God bless you'."

I think you will agree that James Brown had great stature as well as prestige in his community. I think you will agree that he earned his prestige, and that he built it soundly. Before we leave James Brown, let us return to his dream. Let us listen to the voice he heard as he stood at the Gates of paradise. "Have you invested your talents with diligence and wisdom? Have you used to the utmost that which has been given unto you?"

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N. Rama Rau's Analysis of Insurance Business

(Extracts from the author's welcome address delivered at the Fifth Annual Conference of the South India Insurance Association on 25th July 1953)

INSURANCE has an assured place in a well-regulated social economy and along with banking, plays an important role in the economic life of the people. Industrial expansion and trade development on any large scale must necessarily depend on the size and efficiency of these two services and it is not surprising, therefore, that insurance is classified under nation-building activities. By assuring pecuniary compensation for unforeseen but fairly frequent casualties and losses suffered, it strives to bring about and maintain a sort of equilibrium in the economic conditions of the people. It does more. It acts as an incentive to greater effort in the field of industry and commerce. Having regard to the very substantial benefits to be derived from insurance, it requires no argument to say that this activity should be carefully nursed and made to grow into a potential force for the economic well-being of the nation. In India, where the value of insurance has been only slowly coming to be appreciated, we find that the people have not yet been fully educated with regard to its advantages. Nor have they acquired the insurance habit to any satisfactory extent. This circumstance presents a vast field for insurancemen for exploration and for the direction of their efforts.

Until recently, Indian enterprise did not turn serious attention to the development of insurance business. That explains why a large share of the business

available, was being handled by foreign companies. Although some Indian companies had been transacting life insurance business previously, it was not until after the close of World War I that Indian companies came into being in a real sense for the purpose of carrying on general insurance business in this country. The number of such companies has considerably increased within the past decade, so much so that we occasionally hear doubts expressed whether there are not more Indian companies transacting business in India, than are perhaps needed to serve our existing requirements. Due to this cause, but much more on account of the substantial increase in the volume of business controlled by Indian Insurance companies, the necessity was felt for making laws to regulate the working of insurance companies. The provisions of the Indian Insurance Act of 1938 supplemented from time to time by amendments made thereto, now govern the transaction of insurance business in this country. You are all familiar with these provisions. They deal with every aspect of the business and the question is sometimes asked whether the present Act, with its many ramifications is not a hindrance, instead of being a help to the growth of the industry on right lines. Without pausing to consider that aspect of the matter, I should like to say that in my opinion the Insurance Act of 1938 as modified upto date is a clumsy piece of legislation and that it is high time that a revision is

undertaken both with regard to the arrangement of its sections and their contents. Even at the time the Act of 1938 was passed, the Law Member who piloted the Bill did not claim perfection for the scheme of the legislation. He was dealing with a subject new to him and the Government of which he was member and was frank enough to state that we must make a start and amendments might be made later to suit requirements. His concern at the time was to see that the Bill speedily became law, and he was not therefore too particular about the structural arrangement of its various provisions. The Act regulates all classes of insurance but many of the provisions are intended to apply exclusively to life insurance business and the mixing up without sufficient distinctness of provisions relating to general insurance business with those relating to life insurance business has sometimes led to confusion and anomalous interpretation of certain sections. This defect should be rectified, when a revision of the Act is undertaken.

Whatever may be the Law, its true purpose can best be served only when it is administered with knowledge, understanding and sympathy. Emphasis should be laid on the spirit of the law rather than on its letter for the proper enforcement of any legal enactment. In the case of a law which aims at bringing about better working conditions in regard to an economic activity, it is all the more necessary that special care should be taken to see that the administration of the law does not in any way tend to cripple or handicap the growth of the industry. Men entrusted with the enforcement of the law have a two-fold responsibility laid upon them. Fault-

finding and punitive work have a definite but only a limited place in the scheme of their functions. What is to be greatly sought is, to my mind, the ability of these persons to discriminate between the essential and non-essential and to use their opportunities to give wise guidance and friendly advice to those who stand in need of the same. It is in the performance of such good service that we have to look for satisfactory fulfilment of the objects for which the law has been framed.

The Act of 1950 gave a new colour to the law of insurance in this country. In relation to life insurance business, the law laid down various conditions regarding ownership of shares and voting rights of members. It has besides prescribed the manner in which the funds of a life company should be invested and has imposed a limitation in regard to expenses that could be incurred in connection with this type of business. There are other provisions which have reference to insurance officials and insurance agents. My purpose today is, however, to draw attention to some problems which have become prominent as a result of the changes made in the law relating to general insurance business. The Act has laid down that the over-all expenses in respect of each class of business — fire, marine and miscellaneous — should conform to the limits prescribed by the Rules framed under the Act. The formula devised by the rules is based upon the gross premium income in each class of business and insists that the Revenue Account for that business should take into account all expenses, for whatever purpose incurred, although a particular expense may have no reference to that or any other class of business. This has led to the necessity

for an arbitrary division of the expenses of management in order to see whether a company has exceeded or is within the limits prescribed by the Rules. According to the tenor of the present rules, it so happens that a company whose total expenses are far below the aggregate of the amounts which it is permitted to spend, may nevertheless be unable to satisfy the requirements of the Rules, if its expenses of management are to be allocated on any rational basis. Expenses of management which are common to the entire business of the company and not attributable to any particular class of business transacted, cannot be divided in the arbitrary manner contemplated by the Rules, if the picture is to become realistic. Another complaint that has been made in regard to the rules relating to expenses arises out of the fact that the income taken into account is the gross premium on direct business leaving out the premiums pertaining to business accepted or ceded by way of reinsurance. On the other hand, the expenditure side should provide for all expenses whether incurred in respect of direct business or in connection with reinsurance business. It is, therefore, urged on behalf of some companies which transact a large volume of reinsurance business that the present rules are unfair and that a reasonable allowance should be made on account of expenses incurred in connection with reinsurance business.

Yet another consideration in regard to the quantum of expenses is with reference to the amounts spent in connection with business transacted in foreign countries. Indian companies carrying on business overseas have to attend at their head offices to various matters connected with

business transacted abroad and it is only proper that consistently with the volume of such business and the amount of work involved, a reasonable provision should be made for expenses on foreign business account. All this shows that the present formula for determining expenses does not work well and that we have to search for a new formula or seek for a suitable modification of the present one in order to meet the requirements.

The question of limitation of expenses leads us to a consideration of another question, viz., whether the true interests of insurance business demand or justify statutory control in regard to expenses incurred by a company in its day-to-day business. The necessity for such control became apparent, when it was found that unhealthy practices had crept into the trade and that companies in their anxiety to secure or retain a good portfolio were tempted to spend large sums of money by way of rebates or high commissions. Competition between companies in this respect made the situation gradually worse. This evil had to be stopped in order to allow insurance business to grow into a good national industry and become a national asset. It was hoped that by placing a limitation on overall expenses, the evil could be overcome. It is to be regretted that the passing of the law has not produced the desired result although I think the evil has been checked to a certain extent. With a view to giving further aid to the operation of the law, a Code of Conduct has latterly been framed on a voluntary basis, but with the active concurrence of the authorities. The Machinery needed for the enforcement of the Code has just been set up and it is sincerely hoped that before long,

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the evil which has so long persisted and which we all so much deplore, will cease to disfigure our business.

The Code has been criticised by various interests and has therefore been modified from time to time in the light of suggestions made. Its provisions can be further modified according to circumstances. Perhaps it may become superfluous altogether if companies cultivate the qualities of friendliness and co-operation among themselves and carry on their business in a spirit of harmony.

There is one another aspect of the legislation of 1950 to which I should like to make a brief reference. Tariffs have always formed an integral feature of general insurance business in all countries. Hitherto, the regulation and control of these tariffs were the concern of voluntary associations in different regions. For the first time, the law recognised in the Act of 1950 the importance of this feature and made provision for the regulation and enforcement of tariffs. A Tariff Committee has been constituted on an All India basis; and working under its super-

vision and directions, there are Regional Councils with separate Sectional Committees attached to each Council. With such an elaborate machinery for the control and regulation of tariffs, one would have thought that tariffs and their regulations were meant to apply to all companies alike. But, curiously enough, it is not so. There are provisions in the Act according to which the Central Government may in appropriate cases exempt companies from the operation of certain section of the Act dealing with tariffs. In exercise of this power, but without consideration of the merits of each case, the Government granted exemption to all companies which applied for this favour. The Government has not so far formulated their policy in this regard; but I trust they will be able to do so without further delay. Meanwhile, we have to witness the strange spectacle of two sets of companies carrying the same class of business and working side by side - one under compulsion to observe and be governed by tariffs and another left free to arrange their premium rates according to their own ideas. To my mind, this is an anomaly which should not be allowed to continue.

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A Practical Formula to Determine The Normal Blood Pressure in Females

By B. B. DOTTO, Chief Medical Officers,

The Police Co-operative Life Insurance Society, Limited, Calcutta.

"Trifle makes Perfection—
and Perfection is no trifle"

Micheal Angele.

DURING the past one decade, a large number of women are taking life assurance protection in India and the volume of business on females, both in number of policies and sum assured, has increased at a much faster rate than ever before. This is a healthy sign and should be encouraged greatly.

In February, 1948 issue of the Indian Medical Gazette the writer published the results of his first investigation on the normal Blood Pressure in Indian Females, aged from 18 to 50 years and based on 1,664 readings. Incidentally this was also the first attempt in India to prepare a Blood Pressure Table for Indian Females. According to this investigation the average Systolic, Diastolic and Pulse Pressures were 119.2, 78.2 and 41.0 mm. Hg. respectively. The results of the second investigation was published in November, 1951 issue of the Medical Digest, based on 3,000 female recordings. According to the second investigation the average Systolic, Diastolic and Pulse Pressures were 118.5, 78.0 and 40.5 mm. Hg. respectively. The figures of the second investigation have been accepted as the standards for India and published in all the leading books of reference on

Insurance. It may be stated that this investigation covers the largest number of female entrants worked out in India. The table is reproduced below:

TABLE No. 1
Showing Average Arterial Pressure in
3,000 Indian Females.

Age Group Years.	Number of Ent- rants.	Average Systolic Pres- sure.	Average Diasto- lic Pres- sure.	Average Pulse Pres- sure.
17-19	190	108.5	72.3	36.2
20-24	1,063	111.6	74.6	37.0
25-29	564	114.0	75.3	38.8
30-34	475	117.9	77.4	40.5
35-39	380	120.5	79.2	41.3
40-44	175	122.8	80.0	42.8
45-49	90	124.9	82.0	42.9
50	63	128.0	83.5	44.5

Total Entrants: 3,000

Standard Blood Pressure Tables, though very useful for references, are hard to memorize. Hence whenever one comes across a case in which the Blood Pressure is other than normal, it is highly desirable to apply some easy formula to determine what is approximately the normal Blood Pressure for a given age. In America and England there are several such formulae in vogue, but in India and Pakistan there was no such rough and ready formula. Indian and Pakistani Medical practitioners and life assessors used to follow the much quoted formula of Sir Humphry Rolleston, Bart, G.C.V.O., D. Sc., M. D., F.R.C.P., i.e.

the maximum systolic pressure of a person may be obtained by adding 100 to the age, and Diastolic Pressure may be taken as 2/3rd of the Systolic Pressure. This was published in the well-known British Journal, the *Lancet* of 10th March, 1923. This formula was published three decades back, when only a few medical men possessed Sphygmomanometers and the perfect Blood Pressure recording technique was not widely known or practised. The Sphygmomanometers of early days were also not perfect.

It is known to the students of medical history that the Sphygmomanometer was first introduced to the medical profession in 1896 by the Italian Physician, RIVA ROCCI, who used the palpatory method of determining the Blood Pressure. It is interesting to note the Sphygmomanometer invented by RIVA ROCCI had a column of mercury. Later on aneroid types of Sphygmomanometers were introduced as they are less brittle. The drawbacks of the aneroid manometers were gradually discovered with the invention of perfect Mercurial Sphygmomanometers, like Baummanometers in 1916. Even today, the life-time Baummanometer is the leader among mercurial Sphygmomanometers, due to its rigid construction, extreme portability, simplicity and effectiveness. Due to its extensive popularity all the world over, the Baummanometers have been widely copied in Germany, England and Japan. But none of these imitations have succeeded in attaining the supreme qualities for which they have become known for.

During the period of the introduction of Sir Humphry's formula many medical men had difficulties in accurately record-

ing the Diastolic Pressure even in England and as a result thereof greater importance was attached to Systolic Pressure only. Many popular Blood Pressure Tables have been prepared in England with Systolic Pressure only. Gradually with the increase of knowledge on Sphygmomanometers gained at the hard school of experience, it was established that Diastolic Pressure was more stable and important than Systolic Pressure. Unfortunately the formula of Sir Humphry is erroneous and greatly inapplicable to Indians and Pakistanis. In fact the figures of this formula are too high for the Europeans and Americans as well, the average Systolic and Diastolic Pressures being 140 and 90 mm. respectively, for ages from 20 to 60 years.

Appreciating the difficulties of the practitioners and life assessors, and the liberality shown to subjects with High Blood Pressure, in the matter of life assurance acceptance, the writer made prolonged painstaking researches and studies and tried to invent an easy workable but accurate formula. He in 1941 with much diffidence suggested through the medium of different insurance journals and periodicals, to the members of the medical and actuarial profession that a close approximation to the systolic pressure can be had by taking for each instance (age 20 to 60 years) the basic figure of 108 and adding half the age of the party, fractions being ignored. Diastolic pressure can be obtained by taking the basic figure of 76 for each instance (age 20 to 60 years) and adding one-fifth of age. The Pulse pressures thus obtained very closely approximate the standard Pulse Pressures. These theoretical figures of the writer compare very favourably

with his Standard Blood Pressure Tables and with those of the Oriental Life Assurance Company. Drs. Brandreth Symonds, John W. Fisher, F. A. Faught, L. F. Mackenzie, Oscar H. Rogers, Arthur Hunter, J. F. Halls-Dally, Harry P. Woley and Mr. Lewis P. Orr. American experience also collaborates the theoretical figures of the writer. The above formula of the writer has attained extreme popularity during the last decade and is extensively used by the medical practitioners and life assurance companies in India and Pakistan. The formula by the writer has been appreciated by all the leading Medical Directors and Actuaries in India and abroad. A very close approximation to the standard Systolic, Diastolic and Pulse Pressures is chief attraction of this formula, which cannot be had in any other formulae in vogue in any part of the globe. Mr. J. R. Rana, M.A., F.I.A., (Lond.), the well-known actuary of the United India Life Assurance Company of Madras describes the formula of the writer as "the neat formula which gives closest fit of all the formulae I have come across". This is the best tribute that can be paid by an Actuary of highest standing and progressive outlook.

With the increase of life assurance on females frequent requests have been made to the writer to invent an easy formula to determine the normal Blood Pressure in females. So far the humble studies of the writer go, there is no such formula in vogue in America or England to determine the approximate female Blood Pressure at a moment. In obedience to the requests mentioned above, the writer after extensive painstaking researches extending over a decade has experienced that a very close approximation to the female Systolic

pressure can be taken for each instance (age 20 to 50 years) the basic figure of 102, and adding half the age of party, fraction being ignored. Likewise the female Diastolic pressure can be obtained by taking for each instance the basic figure of 72 and adding one-fifth of the age of the party, fraction being ignored. It is worthy of note that the Pulse Pressures thus obtained also very closely approximate standard female Pulse pressures.

The writer would humbly submit his new formula to the members of medical and actuarial profession for their acceptance. It will be seen that the Theoretical figures obtained by the formula compare very favourably with the standard female Blood Pressure Tables, published in the beginning of this article. These figures also tally with some American and English female Blood Pressure Tables. The Theoretical Female Blood Pressure Table of writer is reproduced below.

Average Theoretical Systolic, Diastolic and Pulse Pressures in Indian Females aged 20 to 50 years are 119, 79 and 40 mm. respectively. It may be recalled that according to practical experience based on 3,000 female lives hereinbefore mentioned, the average Systolic, Diastolic and Pulse Pressure in Indian Females aged 18 to 50 years are 118.5, 78.0 and 40.5 mm. Hg. respectively. In this respect also the theoretical figures of the writer compare very closely with his practical figures. It is reasonably expected that this simple new formula of the writer for determining female Blood Pressure will receive the same welcome from the medical and actuarial profession, as was extended to the formula for determining Blood Pressure in

Male Adults, twelve years hence. It should also be remembered that this is the first formula in the world to determine female Blood Pressure and as such it can naturally claim the patronage of all connected with medical profession and life Assurance Industry.

Ibid. *Medical Digest*, Volume XIX, No. 11, November, 1950.

Ibid. Hints on the Assessment of Substandard Risks in Life Assurance: 1953.

TABLE No. II

B. B. Dotto's Theoretical Table showing Average Blood Pressure in Indian Females at Various Ages.

Age: Years	Average Systolic Pressure	Average Diastolic Pressure	Average Pulse Pressure
20	112	76	36
25	114	77	37
30	117	78	39
35	119	79	40
40	122	80	42
45	124	81	43
50	127	82	45

References

DOTTO, B.B., *Indian Medical Gazette*, Volume LXXXIII, No. 2, February, 1948.

Ibid. An Investigation on Blood Pressure, Physique and Medical Impairments of 5,000 members of the Calcutta and West Bengal Police Forces: 1950.

Reprinted from *Punjab Medical Journal* Vol. III, No. 2, Sept. 1953. pages 61 to 64

Economic Factors Affecting the Insurance Industry in India.

By SHRI R. DALMIA,

Chairman, Board of Directors, Bharat Insurance Company, Ltd.,

ALMOST from the very beginning of 1952, a slump began to develop in wholesale prices which gathered momentum with the passage of time and reached its peak in May by which time the wholesale price index had dropped down to 367 as compared to 433 in December 1951. There was not much improvement even thereafter and the economic atmosphere remained charged with uncertainty. While naturally, the mercantile community suffered great losses by the drastic fall in wholesale prices, hardly any relief was secured to the middle & lower middle classes, as contrary to expectations, the cost of living did not come down and the financial position of the average person remained as precarious as in the previous years. In view of the progressive deterioration in the purchasing power of the public, it is hardly surprising that the total life insurance business being written in the country from year to year has not shown any improvement during the last few years. In fact but for the increasing insurance consciousness in the cities and big towns from which the bulk of the business still continues to be drawn, the position might have been worse.

For any noteworthy expansion of our business, as I had already suggested on a similar occasion in 1951, we can only look to the rural areas, where only a

fringe of the insurable population has yet realised the need for and usefulness of insurance protection. Organisation of business in rural areas, however, has its own peculiar problems, most important of which are distance, lack of suitable communications and facilities for remittance of premiums. For successful working in these places, it is essential, therefore, that organisation must be intensive and that our representatives must be persons who are self-reliant, capable of consistent hard work, honest and dependable in money matters, besides of course being good canvassers. Moreover, business written in the villages can be sustained in the books only if our field officers can be trusted with collection of premiums. But there is no ready made method to find out such men. Experience has shown beyond all doubt that it is only through the process of extensive trials that one can hope to secure the services of persons of the desired type. The provisions of the Insurance Act relating to the remunerations of the supervisory staff are not, however, very helpful for such trials on a large scale. It is extremely difficult to get any person of the right type, who may want to adopt insurance as a wholetime business career, to work for us at the rate of overriding commission fixed by the Act and it is equally difficult, nay impossible, for any

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BY

K. BALASUBRAMANYAM, M. A.,

Author of "Jiviya Pathukappu" a publication on Life Assurance in Tamil, dealing with the philanthropic, economic, scientific and legal aspects of the subject.

PUBLISHER:

R. RAGHUPATHY,

Editor:

"THE INDIAN POLICY-HOLDER"

49, SARANGAPANI SANNATHI STREET, KUMBakonam.

Insurance Company to try on a fixed salary basis from the very beginning a large number of persons out of whom ultimately only a handful will be found suitable and successful. Such experiments are bound to land insurers into a very unenviable financial situation. Even the modest attempts to maintain or slightly increase the present business figures seem to have resulted in several cases in increased expense ratios during the year 1952, as compared to those of the previous year. It seems to me to be in the fitness of things that subject to the overall limitation of expenses fixed by the Act, Insurance Companies should be allowed greater freedom in organisational matters, if they are to fulfil within a reasonable time their obligation of carrying the message of thrift and organised saving to all sections of the country's population.

I feel seriously concerned at the extremely high rates of lapsation of insurance business in our country. As much as 35% to 40% of the business written in any year goes off the books on account of lapses during the first 3 years and if reduction in sum assured due to conversion into paid up policies or surrenders or forfeiture under non-forfeiture clause in subsequent years is also taken into account more than half the business is lost. These are alarming figures. Wastage of business of this magnitude evidently means a colossal loss of energy, time and money. A number of diverse factors are responsible for this unhappy position, but the most important single factor appears to be the dearth of professional agents. Most of the business, in every company is secured through casual workers who have only a temporary and/or

secondary interest in their calling. We should expect that in a country like ours where in the present stage of economic development there is not sufficient work to go round, quite a large number of educated persons should be coming forward to take up insurance salesmanship as a wholetime occupation. It should be remembered in this connection that insurance career offers reasonably good financial prospects to those who are keen about their work. The apathy of the educated persons to insurance field work should be a matter of concern to all insurance companies and the industry as a whole should strive to devise ways and means which would attract such persons to our work.

Now, I would like to say a few words regarding Estate Duty Bill. The provisions of the bill as finally passed exempt from payment of estate duty insurance policies to the extent of:—

(a) moneys payable under one or more policies of insurance effected by the deceased on his life for the purpose of paying Estate Duty or assigned to the Government for the said purpose, to the extent of the amount of duty payable but not exceeding Rs. 50,000/-.

(b) moneys payable under one or more policies of insurance effected by the deceased on his life to the extent of Rs. 5,000/- and

(c) moneys earmarked under policies of insurance by a deceased parent or natural guardian for the marriage of any of his female relatives dependent upon him, for the necessities of life, to the extent of Rs. 5,000/- in respect of marriage of each of such relatives.

People whose assets are liable to estate duty could, by purchasing whole life Limited payment policies during their lifetime, provide a ready, convenient and trouble-free means of its payment. After such a policy or policies for the expected amount of the duty are taken out and maintained, the policy holder would be assured that he would be leaving his estate intact and at full value for the benefit of his heirs. He would also have complete mental peace that his beneficiaries would not have to resort to forced sales of the estate or business in an unfavourable market to arrange for the payment of duty. As the proceeds of the policy would almost immediately be available for payment of duty to the Estate Duty authorities, the beneficiaries would be able to have complete and full control over the estate, on the death of the policy holder.

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News

Premier Life & General Insurance Co. Ltd.

We are informed that a Conference of Insurance Workers of the Premier Life & General Insurance Co., Ltd., was held on 8th October '53 in Kakinada and Sri M. Gurunadhaiyya, the General Secretary of the Company presided. Various interesting topics were discussed on the occasion and Sri M. Gurunadhaiyya with his vast experience in Motor Insurance business answered all the controversial points raised by those present, in a masterly manner to the satisfaction of the Workers, more particularly on the question of Tariff and Non-Tariff insurers.

Bombay Mutual Life Assce. Society, Ltd.

Mr. M. V. Sohoni, Manager, Bombay Mutual Life Assurance Society Ltd., Bombay visited the Delhi Branch for the first time on the 4th October 1953.

A Tea Party was arranged in his honour at the Wengers on the 7th October 1953 at 5p.m. when Mr. G. H. Roy, of the Delhi Branch welcomed him on behalf of the entire field workers who presented the Manager with a business of six lakhs twentythree thousands.

Mr. B. Guha, donated 3 prizes which were presented by the Manager to the Inspectors, Mr. M. L. Basaweka, M.Com., Mr. P.M. Malhotra and Mr. B. P. Agarwal, B.Sc., who gave maximum business during the "Manager's week Business Drive" to the Branch.

In reply to the welcome address the Manager assured that he had collected a good deal of information regarding the difficulties of the field workers and improvement in the organisation and he will give his treatment to the subject from early next year. He also wished the Branch to complete a target of one crore.

The special feature of the occasion was that the Manager met every field worker personally and greeted him.

Western India House, Poona. opened.

Dr. S. Radhakrishnan, Vice-President, Indian Republic, opened the Western India Life Insurance Co., Ltd., Building at poona, before a large and distinguished gathering on Tuesday the 27th October, 1953, at 3-30 P.M. The President and the Board of Directors of the Company, welcomed the guests and gave them a splendid reception, and the function was a grand success.

Estate Duty Rates Bill

A Bill to fix the rates of estate duty for the purposes of the Estate Duty Act 1953, was introduced in the House of the People on 24th August 1953. As per the Schedule therein, the rates in the case of property other than that which consists of an interest in the joint family property of a Hindu family governed by the Mitakshara, Marumakkattayam or Aliyasantana law, are as under.

	Rate of duty
On the first Rs. 75,000	Nil
On the next Rs. 25,600	5 %
" " " Rs. 50,000	7 ½ %
" " " Rs. 50,000	10 %
" " " Rs. 1 lakh	12 ½ %
" " " Rs. 2 lakhs	15 %
" " " Rs. 5 lakhs	20 %
" " " Rs. 10 lakhs	25 %
" " " Rs. 10 lakhs	30 %
" " " Rs. 20 lakhs	35 %
On the balance of the principal value of the estate	40 %

In the case of property of a joint Hindu family governed by Mitakshara, Marumakkattayam or Aliya-santana Law, only the first Rs. 50,000 is exempted from duty, the next Rs. 50,000 is charged 5 %. The slabs and rates for such property above Rs. 1 lakh are the same as in the above schedule.

In the case of shares held by a deceased member in any such Company as is referred to in sub-section (1) of section 80 of the Estate Duty Act, 1953,—if the principal value of the shares does not exceed Rs. 5,000 the rate of duty is nil and if it exceeds Rs. 5,000, the rate is 7 ½ %.

In order to prevent fragmentation of small holdings of agricultural land, a reduction of 25 % of the duty appropriate to agricultural land included in the estate where the principal value of the estate does not exceed Rs. 2 lakhs will be allowed.

C. I. I. Examination Results.

The following candidates from India have completed the Fellowship Examinations of the Chartered Insurance Institute, London, held in 1953.

BOMBAY: Munshi, Ramesh T. (New Great).

CALCUTTA: Bhandari, Vasant K. (Ruby General); Gupta, Santi B. (General Accident); Ransome, Ivan G. (Northern); Ray, Kalyan K. (Alliance).

DELHI: Zaroo, Prithvi N. (New Asiatic).

MADRAS: Mahadevan, R. (National Employers'); Raju, Nadimpelli T. (National); Shelvankar, Vittal S. (Oriental Life).

SIMLA: Jain, Chamon L. (Government of India); Kumrai, Sant R. (Government of India); Srinivasan, Muniswami (Government of India)

The following candidates from India have completed the Associateship Examinations:

General Branch

BOMBAY: Choksi, Navnit G. (New Great); Currimbhoy, Asif (New India); Desai, Vimalchandra V. (New India); Mehta, Natwarlal M. (New India); Mehta, Ramakant S. (Concord of India); Mody, Vipinchandra K. (General Assurance); Panday, Kamta P. (Vulcan); Sheth, Rushikesh A. (New India); Thakore, Dilip M. (Royal); Variava, Noshir D. (Oriental Government Life).

CALCUTTA: Balakrishna, Simili R. (Indian Oxygen); Basak, Sudhansu (National); Das Gupta, Anil K. (National); Williams, David J. (Northern)

DELHI: Gupta, Harish C. (Premier Life); Malhotra, Ram P. (Hindusthan General).

MADRAS: Ramakrishnan M. (United India); Ramamoorthy, Guruswamy (Ruby General).

PATIALA: Malhotra, Gian C. (Patiala)

Fire Branch

BOMBAY: Krishnan, Sekanipuram S. (New Great); Mehta, Chhabildas C. (New India); Nayak, Udipt R. (New India); Palekar, Madhav B. (New India); Thacker, Jayantilal K. (Vulcan).

CALCUTTA: Roy, Raj M. (Scottish Union & National); Smith, George C. (North British & Mercantile).

PATIALA: Gupta, Satya P. (Patiala); Singh, Kuldip (Patiala).

Ordinary Life Branch

BOMBAY: Balaraman, Ramachandra (Bombay Life); Billimoria, Jamshedji F. (Depositors' Benefit); Cooper, Piroj F. (Bombay Mutual Life); Jayaraman, R. (Bombay Life); Khambatta, Jehangir, M. (Gresham Life); Nadkarni, Subrao N. (Gresham Life); Shroff, Pushpakant C. (Zenith).

CALCUTTA: Bandyopadhyay, Anil C. (Prudential); Biswas, Ajit K.; Rahman, Md. Mujibur (Muslim).

DELHI: Kaul, Kashi N. (New Asiatic); Sharma, Laxmi N. (Prudential).

MADRAS: Murali Manohar, Mareti (United India); Venkataramani, Palani R. (Prudential); Vijayaraghavan, D. (United India); Vydyanatha Sarma, A. R. (Travancore Cochin State Government).

TRIVANDRUM: Krishna Iyer, S. (Travancore Cochin State Govt.); Natarajan, C. (Travancore Cochin State Govt.)

Accident Branch

BOMBAY: Char, K. S. Lakshmi (New India); Dhurandhar, Ramrao Y. (Commercial Union); Dighe, Dattatraya R. (New India); Hudd, Harold W. F. (Legal and General); Jhuremalani, Lal K. (New India); Kapadia, Arun V. (New India); Pereira, Jadintho A. (New India).

CALCUTTA: Banerjee, Ramendra K. (Atlas); Venkateswaran, Nilakantan (Western).

MADRAS: Krishnamurti, Melaiyur S. (Commercial Union); Srinivasa Raghavan, R. (Prithvi).

PATIALA: Hari, Sukhdev S. (Patiala).

Marine Branch

BOMBAY: Buhariwala, Jehangir S. (New India); D'Souza, Terence E. (Northern); Gaitonde, Jayawant S. (New India); Katrak, Kavas K. (New India); Majumdar, Parash R. (New India); Pandit, Jaykant A. (New India); Rai, M. Mahabala (New India); Shamdasani, Lachman P. (New India).

CALCUTTA: Guha, Niranjan (National Fire & General); Seal, Rameswar (National).

National Branch

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CONTENTS

	Page
Editorial:	3
Annual Accounts and Directors' Report of Indian Insurers	
Unbridled Expenses — A Drag	5
By MR. M. RAMACHANDRAN, M.A., Dip. P.P.A.	
Raising Your Sights	13
By MR. H. K. GUTMANN, C.L.U.	
Mutual Life of New York, New York, N.Y.	
Employee's State Insurance — Madras Regional Board Formed ...	19
News	29



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Annual Accounts and Directors' Reports of Indian Insurers

INDIAN Insurers are often heard to complain that Government Control of their business has, of late, taken the form of a sort of inconvenient and unwarranted interference in their day to day working. A considerable number of Insurers are totally against all the important provisions of the present Insurance Act. They wish that the Insurance Act, as it now stands, be scrapped and in its place a new Act is placed exactly on the lines that obtain in the United Kingdom. In their opinion, it is enough if the business is allowed to develop in its own way and that freedom and publicity would automatically open the eyes of the public who will exercise proper judgment in selecting the Companies to safeguard their interests. It all sounds well when the growth of Insurance Business in the United Kingdom and the comparatively little control exercised by the Government of that Country, are cited as examples to justify their demand. But, at the same time, it is overlooked how Indian Insurers generally are loath to publicity of their real position. Many of them are inherently weak and they dread publicity. While Institutions in the United Kingdom are proud of advertising their vast resources, financial strength, popularity and influence over the public by giving details of the relative figures, through all possible channels, our Indian Insurers would not pick up courage to give details even in their Annual Accounts and Directors' Reports. Out of two hundred and odd Indian Insurers working in the Country, as many as 150 do not furnish in their Annual Reports their total business in force, the total of Management Expenses as per rule 25(b) of the Insurance Rules, the Renewal Expense Ratio, the exact total of their Investments in Government and Approved Securities, etc.

They know pretty well that in our Country illiterates form nearly 90% of the population and even of the remaining 10% of the literates, people interested to know something of the progress of Insurance Companies are quite a small number and that there may be only a few who would care to study their progress from any objective point of view. In spite of such a deplorable lack of public opinion, Indian Insurers would not give details of their progress and grow on merits. If the total Business in force is supplied regularly in every year's Annual Report, one will be able to easily find out the real progress they have made by taking into account the total business that was in force at the beginning of the year, the new business completed, and the business in force at the end of the year. If the exact total of the "Management Expenses" as defined in Rule 25(b) of the Insurance Rules is furnished in the Annual Accounts, they will be revealing their real efficiency in managing the affairs economically or otherwise. Even when the Government of India are closely watching the working of these insurers and exercising the various provisions of the Insurance Act effectively, the Companies are not prepared to follow sound methods of business procurement and economic management. New devices are found to evade compliance with the provisions of the Insurance Act. Most of the Insurers are bent upon trading on the ignorance of the public. This sort of attitude on the part of companies that depend for their very existence on public confidence, does not augur well for the future. So long the Companies continue to hold the belief that their existence is possible only by withholding details of their real working from public gaze, the responsibility of the Government to control the business by all possible legalistic methods and safeguard the interests of the mass public from exploitation, will be all the greater. On the other hand the department of Insurance, Government of India, should insist on every Insurer furnishing all details of progress in the Annual Reports, though not in the same set of forms as are necessary for submission to them.

Unbridled Expenses — A Drag

By M. RAMACHANDRAN, M.A., Dip. P.R.A.

STATUTES are enacted for sanity in administration in the interest of ultimate welfare of all. Statutory limitation of expenses is meant to promote the life insurance industry on sound lines. The very term 'Limitation' suggests regulation into a given order. Even otherwise, nothing deters the life insurance companies to cut down their expenses by avoiding all pernicious wastes. If they are really interested in the progress of life insurance industry, they should not have as their aim to scale down their expenses upto the statutory ceiling. Rather, they should attempt at rationalising the expenses to a reasonable level, even much below the ceiling.

to speak of in favour of insurers. The insurers know this and that this is one of the causes for a lower expense ratio. When every insurer knows this, then publicity to a lower expense ratio is an insult to the public for their credulity and ignorance of the intricacies of insurance industry. If the public are gulled into a belief that is not worth the pains, then such publicity is a caprice calculated to tantalize them. This holds a deleterious effect on the industry. On the other hand, there are many things which require publicity; but they are pigeon-holed for want of insight into their worth.

Useless 'Ads'.

It serves no good advertising that the renewal expense ratio has been brought down to a lower level. The public cannot comprehend the true significance of this 'ad'. This is also not a convincing proof that economy has been ordered into administration. The only class who views this 'ad' with much avidity is sister companies. But the sister-companies know the trick of the trade.

With the inactivity and failure to procure minimum new business for their eligibility to draw renewal commission, the agents lose the benefit of earning renewal commission. There are many agents who fall in this list. The loss of renewal commission to these agents has something

The Field and the Executives.

Like the hungry waves lapping the shore, like the recurrent ebb and flow of tides, the indefatigable agents forge their endless efforts to procure life business without the least mind about the service to humanity innate in their homage to the scheme of saving by life insurance. In their zeal to canvass business, they forget they owe something everlasting to their constituents. Much of their pursuits is ephemeral and evanescent. But they hardly stand to be blameworthy.

In a non-profit making industry as Insurance, the insurance agents are profit-minded. In that, they run their vocation in a thriftless manner. It would have been at least complacent if

they are earning their bread as professionals: but in the light of public apathy to the thought of saving through life insurance, it is easily discernible that there is no corner even for such a complacency as more often than not many agents turn out to be mere mercenaries.

Many of the policyholders, even among the educated classes, have not imbibed the significance of life insurance. Such ignorance proves costly to every one connected with the insurance industry. It is enjoined on the agents to acquaint their policyholders of the value of life insurance; not merely that, they should also propagate to every one that they harbinger hopes to humanity in the midst of Calamity. But from the high rate of lapsation of life policies, it is undoubtedly evidenced that the agents are not serving the purpose of life insurance. This state unnecessarily puts up the expenses of life insurance industry. The companies should be indignant to this, but they are indulgent on the complacency of inflated new business production.

If the industry is to work at a less cost, this sort of lapsation has to be remedied. This then requires tackling at the root of the cause. At the root it blares that it is one of educating the agents into the rudiments of the science of insurance. The agents have to be made to feel that it is their sacred duty to help the policyholders in all their requirements in keeping the policy in force. The companies have to launch into a campaign to maintain the business in force in the same gumption they would in writing new business. Besides, the companies should devise means that would restrain the re-

lease of renewal commission unless the lapses are revived. Perhaps, the Insurance Act is not helpful here. If it is worth the while legislation to amend the Act could be sought for. If the industry is to be saved and much waste is to be reduced legislation is welcome. This will in its wake prevent forced cases from swelling the new business figures that are very painfully whipped up to stagger the stare and outrage the modesty of the public.

The present policy of taking the beaten track should change. Life is dynamic and everything in this world is dynamic. With the march of time, everything must adapt to the new pattern of life.

Limitation of expenses require a greater attention on the re-organisation of the field force. If the field is organised with intelligent people who have a heart to feel, eyes to see and the mind to understand the problems that are required to be tackled with great care, the business that is written will be worth the pains spared.

The present tendency to organise the field on guarantee of the new business and first year premium incomes to the negligence of renewal side of life business leads to a hocus-pocus of platitudes and forced business. Concentration on first year business results in much laxity in attention to renewal business. The renewal business, if at all it is a headache of any one, it is that of the agents. But the goading that they get from their Inspectors is only to devote attention on new business. With this, they do not at any time find it possible to meet their policyholders whom they would have vamped for their proposals erstwhile. If renewal business is maintained in force, much credit goes to

the wisdom of the policyholders only. But it is only a handful of the renewal business that remains on the books. It is, therefore, necessary that the agents should be taught to serve their policyholders fully. This service would reduce much lapses.

Organisation of the field into Inspectorate, Chief Agency and Special Agency demands a very great attention. An Inspector is a glorified and paid agent. In that regard, to justify the fixed remuneration hinged to the business turnover under guarantee system, an Inspector has to go on all fours to canvass business expected of him.

In many instances, the Inspectors have special agents to serve them. This entails a higher working cost. Instead, special agents and Inspectors should be tried as alternates and independent of each other. If it is possible to organise the field under special agency, it would be better from the cost point. Here, the agents should be enlightened and the special agents themselves must be more enlightened than the agents. But, many of the agents are addicts to soft living and easy reward, without expending their energy to learn the intricacies of life insurance problems. Consequently, they concentrate on new business and with the proposals resulting into policies, they drop off all their contacts with the policyholders. In these cases, the panacea would lie in putting them under a well-trained Inspector. In no case, should a special agent be given to an Inspector.

In certain cases, circumstances are so conducive that the field could be organised with special agents. In these cases, the special agents should be given proper

guidance and training needed that will enable them to work their units efficiently.

These apart, Chief Agents require treatment in comparison with sub-branches. A sub-branch is an establishment, the cost of running of which is borne by the insurers. Opening of a sub-branch is not a trivial and trifling matter. It has got all the odium of running any big office. If an office is opened, it should pay. Unless there are possibilities that the office could successfully function, it should not be opened. If it is a failure, then the inevitable is to close it down. Closure brings in its wake many problems and may even cast doubts on the efficiency of the parent office and its business turnover. It, therefore, behoves a careful measure of the ground before entering upon the venture of opening of a sub-branch. Even if it is a matter of self-sufficiency for the time being, it has to be viewed in the long-run perspective. For once when an office is opened, it should be run successfully and efficiently.

There is no good but more harm if an office is closed down because of run on business. The remedy to set right a run on business does not lie in the closure, but in the investigation of the causes and supplying the suitable curatives. Opening and closing of small offices not only reflects on the thoughtlessness and inefficiency of the parent office, but to a great extent incurs a lot of expenditure which could be saved by a shrewd estimate of the possibility of success in running them, beforehand.

In many cases, where chief agents could be worked successfully, small branches are opened and unnecessarily establishment charges are incurred. Chief agents

are always preferable to small branches in view of the less cost. There are very few of chief agents but more of sub-offices not because chief agents are not available or they cannot be found but the insurers have no mind to organise the field under chief agents. This view must yield to the test of prudence and insight into efficiency and saving in expenditure.

In cases where it becomes one of absolute necessity of appointing Inspectors, the vogue of appointing them on guarantee should be given up. Non-fulfilment of guarantee means a sack to them. Hence, they are constrained to work under stress and strain. They buffet in the bazaar smarting under travail and tribulations and land at the end of their tether only to conclude that they have to prevaricate the means. Invariably, they procure forced business. This inflates the business turnover. If they slacken a bit they are jabbed and nagged. They are chased and driven. Unable to bear with the over-pourings of the official missiles, they stoop to do those things that are abhorred and have been the cause for the public to consider life insurance as an anathema. When annual stock taking is done, it is apparent that much that has been done earlier is laid waste before the year runs out.

The high rate of lapsation bears enough testimony that much of new business is forced to inflate the turnover. Inflation of anything is dreaded and detested. In life insurance industry, inflated new business spells enormous waste of money and energy. Labour spent in procuring those cases that lapse is a misdirected labour. Nobody brooks misdirected labour. It should not be allowed even to slink

around. In an age of atomic fusion and scientific management of labour, it is an anachronism to allow labour to be misdirected. Strangely enough in insurance industry misdirected labour is a daily feature. The cause that lies at the bottom is the business writing under guarantee evil.

Dispensation with the guarantee system does not, however, mean that the Inspector has no programme for his work. But this system of guarantee is like fixing the sky as the limit to be reached every year. In case the guarantee is fulfilled by chance, even if there is scope for over-reaching the guaranteed limit, the scope is not made the best use of. If more business could be procured than his allotment in a year, it is always reserved for the succeeding year. This postponement of what could be done in excess now is not due to any preconceived programme. If it is under scientific plan, it is a matter to be exhorted and exulted. Far from this, the fear for the morrow embowelled in the worker forces him to restrict his turnover to the limit set for him. Why should he fear for the morrow if his employers had made him feel secure in his profession? But the security offered is skin-deep and mockery. With the insecurity staring full in his face that he might be thrown out if his business turnover goes awry even beyond his powers, he does not stretch his hands fully. He is suspicious of his employers and stores the surplus wares in silent corners.

Usually, it is a convention for the executives to wallow in slumber for the first two quarters, get preened up in the next quarter and flip and flap in the last quarter of the year. In the last quarter too the

last month is the time when all are hypersensitive. This only portrays that no one has ever seen the pigment of programme. As if it is by the sleight of hand, the business booms all of a sudden every December. It is like the Grocer's business which is very active in the first week of every month when the customers buy their stores in bulk soon after their pay day. It is only when the time is up for the books to be closed that every one is keyed up to full vigour. What a helter-skelter at the time books are to be closed! This is really meaningless. Every one should plan out one's activities and regulate one's work. This could come only with proper selection of personnel and security of service.

Selling in insurance profession requires 'extravert' type of individual. In any industry, selling requires only 'extraverts'. But insurance industry knows no such distinction in personalities. Personality has a great significance in insurance selling. It has been defined as 'an integrated summation of mental qualities and physical characteristics'. It is an 'expression of functional anatomy'. The personality that is required for selling insurance business has therefore to be made a careful choice of. But this choice is thrown to winds. We find, on the other hand, a medley of personalities in insurance selling. Both 'extraverts' and 'introverts' wobble in the field. It is the 'extravert' who shines. The 'introvert' mooches around costly corners and is always a near failure.

The insurers bring 'introverts' also without being aware of their mettle into the organisation and experiment. Invariably the experiment proves costly and much is wasted on their account. Instead,

if proper selection is made and 'extraverts' are put in the paid job of insurance selling, they could do marvelously well. With selection of proper men for the proper job goes the fixation of the quantum of business that is to be procured.

When the Inspectors are given their programmes and the business expected of them, they should be allotted different areas to work out the campaign. It would be in the best interest of business if the Inspectors are given specified regions without overlapping. Inspectors should then be made responsible for everything in their regions. This will afford opportunity for them to acquaint themselves with their regions thoroughly well. This will also engender a sense of security in them.

The most essential requisite for a man to do his job cheerfully is security. With security offered in profundity, he should be set to work with a target figure to be reached. This target should not be an ideal to be reached, for never in the history of mankind, it is reported that an ideal has ever been attained. The fixing up of the quantum of business should be done taking into consideration the potentialities of the workers, money market conditions and the area to be exploited. Even after fixing the quantum, the Inspector should be encouraged to work up to the fulfilment of the expectation. The present tendency is to drive the workers, in the bovine sense and this should be expunged.

In case the workers are not able to work as per the programme the reason should be studied. Now it is a case of summary termination of services. This has adverse effects on the set up of the organisation.

But, if the reason is analysed, the slack in working the programme could be handled deftly and this will give greater fillip to the workers to do their job conscientiously. Problems of similar nature elsewhere could be also tackled easily. The business that is written will be of sterling worth and the insurance industry will definitely improve.

Another aspect of organising the field for insurers who carry on life business as well as general business lies in the co-ordination of the interests of the workers in both classes of business. The present set up deals with the organisation in water-tight compartments. Workers for general business do not interest themselves in life business. As a result, we find two types of workers in the same field for an insurer, one devoting on general business and the other on life business. This is often costly for a composite insurer. The same paid worker should be made to bestow equal attention to general as well as life business. This will reduce superfluity and the working cost of the field. Both the departments could share the expenses. After all, it is not difficult for workers in general business or life business to work for the other. All that is required is to make everyone to co-ordinate one's interests and work for both classes of businesses. This will really reduce the field expenses.

Medical Examination.

Let us now turn to the medical examination of the proponents. The practice of conducting medical examination for a category of proponents who are in Government service or in recognised private employment for sums upto Rs. 2,000/- should be discontinued. Many of these persons

are medically found fit for employment before or soon after they are employed. If they are to be examined again for the purpose of life insurance for a small sum assured, in view of their sedentary profession, this spells waste. A few of the life insurers are now experimenting with the new scheme of entertaining proposals without medical examination for a class of employees as envisaged above. This should be extended by all insurers. A little could be saved up from the medical fee expenses. In fact, this brings fresh hopes of writing some good life business with the trouble of taking the proponents to doctors being saved.

Adverting to a subsequent life proposal with the same insurer within six months from the date of last medical examination, the insurer accepts the subsequent proposal on the strength of the declaration of good health and dispenses with the medical examination again. But if the proposal is with a different insurer, then the new insurer demands medical examination. In the former, if there is reinsurance, reinsurance is accepted on the strength of a copy of the first medical report from the ceding company. When reinsurance is possible on the strength of the copy of the first medical report, this procedure could be adopted in the case of fresh insurance proposals also with different companies within six months of the previous proposal. Instead of asking the proponent to get himself examined the company could refer to the previous insurer and obtain a copy of the previous medical report on paying a nominal fee.

When the insurers could consider proposals on the same life within six months on the basis of the previous medical report with them, it stands to reason that

medical report of any other company could also be based as evidence for acceptance of the proposals on the same life if the period is within six months, no matter to which company the subsequent proposals are made. The nominal fee for a copy of the report is sure to be less than the medical fee for a fresh examination. This will not only save medical fee expenses for some insurers but also be a source of earning for some other insurers.

Now every insurance company has got a list of medical examiners. In certain instances, it is found that there is one examiner for many companies and many examiners for one company in some localities. It is also found that the medical examiners in certain cases are not very helpful in apprising the insurers of the latent causes that may have been noticed by them and which may have adverse effects on the longevity of the lives proposed. The medical examiners are expected to be impartial. Just as there are fastidious doctors, there are doctors who are easy-going. This easy-going trait in them is very unhelpful to life insurance business. This has to be checked. Often if it comes to the question of penalising the doctor for his negligence, it stops with the termination of his services for that company. Nonetheless, he continues to be the examiner for other companies.

After all in many cases the doctors' easy-going trait could be ascribed to a sense of generosity. But this generosity is at the cost of insurers who are the trustees of the savings of the insuring public. Hence, the appointment of the medical examiners must be controlled by the Insurance Association. With one organisation controlling the appointment

it is possible to enforce a code of conduct with them. The appointments may be made known to all insurers and they should utilise the services of these doctors only. Any laxity could be reported to the Association for their attention. If the Association terminates the services of a doctor, he automatically ceases to be the examiner for all insurers. Besides, in view of the appointing powers vested in the Association, the Association could take some action against a doctor for his negligence.

Premium Rates.

If we turn to the premium rates that rattle in the insurance market we could see as many as there are insurers in the industry. But in general insurance business, there is uniformity in premium rates. It is perhaps of the Association that is saddled with this task. Uniform premium rates even in life insurance business will have much to say in the economy of administration. When companies charge high rates and collect higher premiums for with-profits policies they are bound to show a lower renewal expense ratio and declare a higher rate of bonus than some smaller companies whose rates are lower. In spite of their higher premium rates, their bonus declaration is not catching up with the pre-war level. If there is uniform rate for all insurers, the keenness in competition will be real and this will try to attract business dependent upon the efficiency of service and the cost.

It is not difficult to have uniform rates for all companies to follow. The pleasure of giving uniform rates should be given to the Insurance Association. Perhaps this suggests a novel proposition

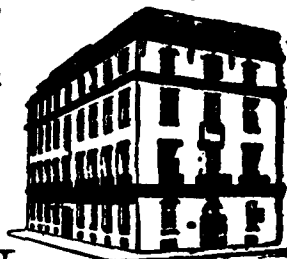
to be dealt with. If it is considered as a responsibility that the Association owes to Society in giving uniform rates, then the picture of novelty will yield to be an article of faith. The Association should also go beyond giving uniform rates. A research section should be conducted and the scope of insurance in India extended. If the scope is extended, the benefit of life insurance will pulsate in reality in the hearts of every village.

If the insurers are genuine in their intents to reduce their expenses, there is no difficulty in exploring the ways and means. If the industry is to progress, unbridled expenses which are a 'bon noitre' and a drag on efficient administration should be controlled. Controlling of expenses would mean integration of the field to the dictates of sanity. The industry will never pay with mounting expenses. If it does not pay, then it is the policyholders who stand to suffer and get muffled up. This industry is a non-profit making industry. If this does not pay, then the public whose interests are the main concern will lose even the little confidence they repose in it.

It requires no proclamation from house-tops that life insurance agents are considered as social pests. It will be no surprise if many of them have not realised that they are really so. On top, the organisation into whose fold they lie, takes no responsibility to imbue them with zeal of service to humanity. The organisation itself requires thoughtful attention. As things move at present, it is a wasteful organisation that is entrusted with the task of procuring business, that is responsible if the industry has not progressed. So long the disease of waste is allowed to crib the organisation, the industry will limp. It will remain limping till the morbidity of waste is mitigated if not liquidated.

Paper read on Fifth Annual Conference of the South India Insurance Association recently.

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Raising Your Sights

By H. K. GUTMANN, C.L.U.

Mutual Life of New York, New York, N.Y.

LIFE insurance is no business for weaklings and wastrels. The high turnover rate among life insurance men is due to the severe demands that life insurance selling makes on those who would rise above the average. What separates the men from the boys? What are the basic factors that are common to most, if not all, successful life insurance men and to which you must adhere if you, too, would raise your sights to the pinnacle of an insurance sales career?

Because our work does require that we continue to take the initiative constantly and untiringly, I would suggest four factors to you that are directly responsible for the relative mediocrity or superiority of your life insurance achievements:

1. Self-defeating fears;
2. The dimensions of your prospecting methods;
3. The orderliness of your business life;
4. Your sense of dedication to a life insurance career.

Our business is unique in many ways but it is very much like any other field of endeavor in its requirements for success. Success means hard work, not laziness; ambition, not self-satisfaction; concentrated effort, not shilly-shally performance; knowing, not guessing.

What then is peculiar about the life insurance business that requires attributes beyond those? I think you will find part of the answer in the old saying: "Build a better mousetrap and the world will beat a path to your door." In most businesses and professions it is relatively true that success diminishes the need for aggressive tactics, whereas in the life insurance business the public has not yet come to the point where it will beat a path even to the door of a life member of the M.D.R.T. or a C.L.U. Ours remains a business that requires a beating of a path to our prospect's door.

Of these, the first and the last are respectively a psychological barrier and a psychological aid to your success, whereas your prospecting techniques and your ability to organize your business routines are mechanical methods and disciplines. All four are peculiar to our work in that they are directly related to the necessity of seeking business, since rarely does new business seek us.

Self-Defeating Fears

What are these self-defeating fears that obsess the life insurance man who must go forth and seek his market daily, who must aggressively and intelligently prospect for new business and new clients?

1. The fear of public attitude toward the life insurance business and the life insurance salesman.

This fear is still very real despite increasing acceptance of the life under-

writer as a professional adviser, and it is especially prevalent among lower class prospects who are contacted in the main by the beginner. It is a lag, a hangover of recent decades when the companies made little or no attempt to select scientifically, and handed out licenses indiscriminately. Those grab-bag methods are on the wane, if not entirely eliminated. In addition, training procedures within the companies, supplemented by C.L.U., are strengthening the position of today's field underwriter. There is no sound justification for this fear. Time overcomes it. Experience belittles it. Each of us must combat it by self-improvement, sincere and objective selling and counselling, and by improving our knowledge of home office operations.

2. The fear of self

This is a fear of one's adequacy. We know it as an inferiority complex. It is heightened by the feeling that the soliciting of life insurance puts us in an inferior position and by the vague general feeling that there is a stigma attached to selling life insurance, to asking a friend to buy from you. It is reflected by a reticence to make calls, a hesitancy to say, "I'm in the life insurance business" when you are asked, for example, at a social gathering what business you are in. It is further evidenced by a fear of non-acceptance and by a fear of competition. Part of this fear of self is the fear of failure, that we will not make the sale and that, as a result, there will not be sufficient commissions at the end of the week or month to meet the bills. We fear the resigned and questioning faces of our wives as the days and weeks go by without a decent sale. We fear this dependence upon day-to-day success, this

constant pressure to get an application. In all of this there is a lack of confidence in one's self, in one's ability to tell the life insurance story effectively and conclusively.

How is this fear of self overcome? The most effective antidote is to look yourself squarely in the eye and say to yourself: "If I fear myself, I am licked, and I will be a failure in anything else I try to do. I must take a positive attitude toward life insurance and a life insurance career."

This fear is overcome by doing the very tasks the fear would keep you from: enjoyable tasks by the way, the task of meeting new and different people in all walks of life, in varying occupations, all of them potential friends and helpers.

It is a fear, this fear of self, that time will likewise dispel and you must resolve to give yourself the benefit of that time. Time, objective selling, responsible service, self-development through study will conquer this fear of self and build you steadily and inevitably the self-confidence and prestige that comes to the career life underwriter.

3. The fear of the prospect

This fear is not necessarily a fear of people. Many a candidate for this business who gave evidence in his tests of an extrovert, out-going personality and a liking for people, turns out to have a fear of these same people when they take on the cloak of a prospect. This fear, like the others, is overcome through the realization that when you actually get out and talk to people many of them are willing and even anxious to discuss their life insurance problems intelligently,

that many people welcome the coming of a well-informed positive thinking underwriter who will counsel in their interests.

There are other fears that beset life insurance men and prevent them from realizing their full potentiality, but these are the basic fears. Real or imaginary, they can be destructive; therefore they must be overcome. You must fight them daily, tooth and nail, you must do a day's work in the face of these fears, for a full day's work will convince you that they are more imaginary than real, that they are without substance in fact, and easily dissipated with each new client and each new reference. As the months and years roll by you suddenly find out that a few hundred people have bought from you and consider you their life insurance adviser. The time will come before you realize it, even before you are willing to accept the passage of that time, that you have prestige as a career life underwriter in your community, that you have a reputation for impartial and balanced counselling, for objectivity, for honesty and for being well-informed and well rounded. Once in a while your telephone rings and a friend of a client says he has heard about you and would you favor him by reviewing his insurance with him. It will happen to you, I promise you, if it hasn't already. No, it doesn't come easily and it doesn't come overnight. It takes fight and heartache, and tears, but then why should the life insurance business be different from life itself?

Dimensional Prospecting

We have analyzed our fears and found them wispy, ephemeral ghosts. Now we are armed with self-confidence; we are

strengthened by a positive attitude toward a life insurance career as a way of business life. We are ready and equipped to tell the life insurance story to a prospect who is more afraid of us than we are of him. What is a prospect? Simple—a person who can pay—has a need—and is accessible to you! Very good so far. But not quite far enough. What kind of person? Pay how much? Has how many needs? Can he make others accessible to you?

These questions I raise are designed to make you reflect on the qualitative aspects of your prospecting, as well as the quantitative. I would suggest that you give thought to the range and scope of your prospecting, and that you prospect not only horizontally, but also vertically and in depth. Horizontal prospecting would be prospecting for numbers of prospects and our earliest efforts should be directed to building a substantial number of clients as a wide base for the future. Vertical prospecting would be prospecting upward to higher levels of prospects who have a greater capacity to pay. Prospecting in depth would be prospecting for those men and women who have a variety of needs for life insurance for personal and business reasons and for estate conservation. This three-dimensional prospecting gives perspective to your work and builds toward a growing acceptance as a career life underwriter.

It is not enough merely to see a lot of people. More important than knowing and seeing a large number of prospects is how much you know about them. There are many important qualifying facts that you can find out before you make a call. There are many occasions when your

center of influence—a satisfied client, a friend, can give you valuable information about a third party prospect. In business situations the business associates of a prospect or one of your clients in a similar business, a Dun and Bradstreet report, or even your banker, particularly in smaller communities, can be adroitly questioned. Nor is it difficult to estimate a businessman's income from his residence or his apparent scale of living. Frequently it is relatively simple to learn a prospect's family status, even the names and approximate ages of his wife and children. Proper qualification of a prospect takes time, but it is time well spent, aiding you as it does in raising the quality of the people you call upon, helping you determine his apparent capacity to pay and even giving you a clue to the possible variety of his needs.

You will find, too, that in your reading or studying or while listening to a speaker you will frequently get an idea that strikes you as applying to a specific prospect. The more you know about more people the wider application you can give to this new idea and it should lead you to several sales, instead of only one. After all, what you and I actually sell is not life insurance, but rather an idea that fits a prospect. The idea solves the problem of a prospect; the life insurance policy is actually the vehicle that finances the solution. Thus, by prospecting not only horizontally for numbers, but vertically and in depth for prospects with varied personal and business needs and a greater capacity to pay, you will step up the quality of your clientele and with it your earning power. By thus raising your sights you move up the rungs of the ladder. You don't pole vault, you climb

rung by rung, and I would caution you out of my own experience that it is wise not to take your foot off a lower rung until you are sure of your footing above. It is possible, and sensible, to operate on more than one level at the same time, until you have sufficient background, ample knowledge, and the necessary experience to withdraw your foot from the lower rung completely.

Orderliness

Many successful producers and those who specialize in the training of new men will insist that SELF-ORGANIZATION, the ability to control and channel your time and work, is the true and most important single factor in a successful life insurance career. Be that as it may, it is sufficient that we all recognize that without this capacity to order our business life we are doomed to mediocrity if not absolute failure. Here one should be reminded of Albert Gray's "lowest common denominator" for success in life insurance work. He said that "successful men form the habit of doing those things that failures will not do."

The life insurance career requires the ability to do many things and to do them well and at the right time. We are running a one-man business and except for some agency clerical and part-time secretarial help in the early years, we have to do most of the work ourselves. It is true that the best investment a life insurance man can make is to employ a competent secretary, but that comes later. In the early years it is an excessive and impossible luxury and as a result most of the things that must be done, we must do ourselves. There is the day's work to be planned each night taken from your

monthly and weekly plan sheets, there are letters to write, illustrations to be planned, color charts to be drawn, policy analyses and work sheets for compilation, new prospects to record, birth-day and change of birthday cards to be arranged and followed, "apps" to fill out, policies to record, policies to deliver, commissions to enter, lapses to follow, service calls to make, new business to seek, new people to meet socially, old ones to keep in contact with, agency and association meetings, magazines to read, services to study, community activity to return to your fellow citizens some of what they give you, time for just thinking and planning, and time to be a husband and father. It is all frightening and confusing; it is fear-creating. And confusion and fear can drive you out of the business. Confusion is dispelled by planning and by rigid adherence to the planning. First things are first, and you must know where you are going and have a charted route to your destination. I learned from one of my company's leading producers very early in my career, the importance of sitting down by yourself and thinking—just thinking and planning.

To come to your office of a morning without knowing what you are going to do that day is suicidal. Before you take care of a few routine matters and some correspondence, and get around to playing solitaire with your prospect cards, a good part of the morning is lost. And even assuming you do get a few names together, you have not given yourself time to think about that prospect nor have an idea with respect to him that will form the basis of your approach and sale. And so your approach is a variation of a self-bellitting "Do you want to buy any insu-

rance today?" This is what is called asking the prospect the "fatal alternative" and 99 out of 100 times you'll get the discouraging "NO" answer. You've got to know where you are going, what you are going to say, and what he is going to say. This takes planning, self-organization; it requires thought on your part and then.....planned action. You should work toward the time when you make fewer and fewer calls without a definite appointment, so that your call is prepared by you and expected by the prospect. It is a courtesy shown to him which he appreciates and which raises you in his estimate and contributes to your prestige.

Dedication to Insurance Calling

One could quarrel with me in that I have placed the second of the two psychological factors in the last place among the four factors which are basic to a successful life insurance career. But no one will quarrel with me when I say that a sense of dedication to the calling of life insurance selling and servicing is a prime and necessary factor. Unless you sincerely feel that the contract of life insurance and the institution of life insurance are infallible agents of social and economic betterment, there can be no secure position for you in this work. You will find that successful insurance men may disagree on methods of operation, on their prospecting formulas, on their various techniques, but I can assure you that you will find they have one thing on which they are in complete unanimity: that the life insurance contract is the surest instrument for the achievement of the protection and investment goals toward which most men strive. I have not said that it is the only instrument, but

only that it is the surest, the safest, the most unerring. If you have qualified for this honor club without the conviction which motivates every successful top flight man, then you have only to arm yourself sincerely and honestly with this faith in your work to achieve even greater success in every year of your life insurance career. With it you can vanquish the fears that can beset you; with it prospecting becomes not a chore but an exciting experience; with it self-organization is not a restraint on freedom but rather a channeling of natural enthusiasm. This sense of dedication to life insurance work and the living benefits that flow from it is a lubricant for the mechanics of success.

George Bernard Shaw with typical pointed humor, once remarked that "youth is such a wonderful thing. It's a shame it's wasted on young people." I have a paraphrase applicable to life insurance selling; experience is such a wonderful thing. It's a shame it's wasted on the old-timers! If only you who are relatively new to our wonderful business could return to your communities armed with the convictions I feel for the varied blessings of two decades of service there would be no question but that your sights would be raised. Sight is a mechanical and physical thing, but vision comes from within, from dedication from inspiration.

YOU NEED MONEY
when you grow old



NATIONAL INDIAN LIFE INSURANCE CO., LTD.
MERCANTILE BUILDINGS
9, LALLBAZAR, CALCUTTA

Madras Office: 334, Thambu Chetty Street, MADRAS
Mathurai Branch: Post Box No. 121, 271, Goods Shed St., MATHURAI.

Employee's State Insurance Madras Regional Board Formed.

The Madras Regional Board of the Employees' State Insurance Corporation, constituted by the Ministry of Labour, Government of India, as an ad hoc body, was inaugurated by Mr. V. V. Giri, Union Minister for Labour, on the 12th November, 1953, at the Committee Room of the Madras Secretariat. The Scheme is to be implemented in Coimbatore District in the first instance.

THE function was attended by Messrs. C. Subramaniam, A. B. Shetty, K. P. Kuttikrishnan Nair and K. Rajaram and Srimathi Jothi Venkatachellum, Ministers of Madras State, Mr. P. Govinda Menon, Minister for Labour, Travancore-Cochin, official members of the Board representing the Madras, Hyderabad, Mysore, Travancore-Cochin and Coorg Governments and representatives of employers and employees. Dr. U. Krishna Rao, Madras Minister for Labour, is the ex-officio Chairman of the Board.

Mr. Rajagopalachari said that he had not expected to be called upon to take any vocal part in the meeting. He would tender his best wishes to them. "All new adventures," the Chief Minister said, "meet with difficulties. We plan *a priori* and we have to acquire experience in the first few years. So, we should not have too much criticism, but must, so to say, tolerate defects, imperfections and disappointments. While I give my best wishes, let me also add that I hope these welfare schemes under Government patronage will not choke the far more important springs of compassion which, I trust, will be kept up among those who can afford to help in this matter. It would be a bad

bargain if we have ill-managed public institutions and on that account all private charity is closed down"

The Chief Minister emphasised that employers, especially those who were prosperous among them, should not imagine that, because of the welfare schemes, they should stop their own private, voluntary efforts. "The best work from your workmen," he said, "can be got only when there is an exhibition, and continuous exhibition, of private charity and helpfulness. This is what I would like to say to those who are assembled here and to those who have influence with employers and industrial establishments."

Welcome Speech

Mr. K. K. Bhargava, Director-General of the Corporation, welcoming the gathering earlier, said it was his proud privilege and pleasure to welcome them all at the inauguration of the ad hoc Regional Board to be set up in Madras under the Employees' State Insurance Act. As they were all aware, he said, the Act was passed in 1948, but unfortunately it had not been possible so far to extend the benefits of the scheme all over the country. The scheme was confined at present to

three areas, namely, Delhi, Kanpur and the Punjab, while its implementation in Calcutta City and Howrah District was expected very shortly. In order to expedite the implementation of the scheme in the remaining areas, he said, it was very essential to associate the State Governments, employees and employers in each region more closely with its working. Regional Boards were, therefore, to be set up under the Act. The ad hoc Regional Board for Madras, which will hold its first meeting that day, he said, was one of those Boards and would look after the administration of the scheme in the States of Madras, Andhra, Hyderabad, Mysore, Travancore-Cochin and Coorg.

The Employees' State Insurance scheme, the Director-General said, was a venture with which many parties were associated. In the central Corporation there were representatives of the Central Government, the State Governments, employers and employees, the medical profession and Parliament. At the regional level also, the State Government, employers and employees were associated with the scheme.

Contributions

Under the scheme, Mr. Bhargava said, contributions were mainly made by employers and employees in accordance with provisions in the Act. Low-paid employees, namely, those earning less than one rupee a day, were exempted from payment of contributions. Others paid a small contribution. The Central Government would meet two-thirds of the administrative expenses for the first five years. The State Governments would be responsible for making arrangements for medical care and would share in the cost of such care.

The benefits under the scheme, the Director-General explained, consisted of medical care which was in kind and cash benefits in the event of sickness, maternity and injury in the course of employment. The sickness benefit consisted approximately of 7/12ths of the wages of the employees and was payable for a maximum period of 56 days in any continuous period of 365 days. The maternity benefit was payable at a similar rate, but with a minimum of 12 annas a day for a period of 12 weeks in all, preceding and following confinement. Both the benefits were subject to certain conditions regarding contribution and, would, therefore, begin to be payable after about nine months from the date on which the relevant provisions of the Act were applied to any area.

The benefits in the case of employment injury had no contribution conditions at all, he said. They were payable right from the day the scheme was applied in full to any area. They consisted of temporary disablement benefit, which was approximately at the same rate as sickness benefit, but was payable for as long as temporary disablement continued. In the event of total permanent disablement, a pension for the whole of life, at the same rate was granted. For permanent partial disablement, a proportionate amount depending upon the extent of loss of earning capacity was payable, in the form of periodical pensions.

In the event of the death of an employee, on account of employment injury, his widow and children would also receive periodical pensions. The pension for the widow was payable until death or re-marriage, and that for children until the age

of 15, or, if education continued, up to the age of 18. If no widow or children were left, pensions might be paid to other dependants also.

Medical Aid

Mr. Bhargava said medical benefit was available to an insured person from the very first day of his coverage under the Act. At present, medical care and treatment was being provided in Delhi and Kanpur through State Insurance dispensaries which had been set up for the purpose. In the Punjab, however, the panel system of providing medical care had been adopted, under which an insured person was free to choose his own doctor out of the panel of selected doctors. The West Bengal Government also intended to adopt the panel system. Medical care included free supply of all necessary drugs and appliances as well as in-patient treatment in hospital in serious and emergent cases. If the sick person was not able to come to the dispensary he was also entitled to free visits by the doctor at his residence. The State Governments, in consultation with the Corporation, would decide whether the service system or the panel system would be adopted by them.

The regional administration of the scheme, the Director-General said, was done through regional offices which had been set up at Delhi, Kanpur, Calcutta, Bombay and Madras. The regional office in Madras had been working for about two years now. Cash benefits were to be paid at local offices which were to be set up by the Corporation in various labour areas so that workers might conveniently put in their claims and receive payment. It was intended to delegate to the Regional Boards certain executive powers so that

the day-to-day work might be done more expeditiously. It was hoped that a more intimate association of local interests with the detailed running of the scheme would enable it to function with much greater efficiency and smoothness. The advice of the Regional Boards would be very helpful to the Corporation and the Standing Committee in formulating general policies about the scheme.

A New Venture

The Director-General, concluding, said that the Employees' State Insurance scheme was a new venture, being the first of its kind in this part of the world. Its success depended very largely on the co-operation and goodwill of all the interests concerned. Employers, employees, the medical profession and the Government had all to play their role. There was no doubt that the benefits granted at present under the Act would be improved if honest and economic working could be ensured. But any tendency to increase the benefits or the expenditure without assessing their financial resources in the light of experience might prove disastrous. On behalf of the officers and staff he assured their best efforts and unstinted loyalty to make the scheme serve the interests of the people for whose benefit it had been introduced so that the benefits could be increased sooner rather than later. They were grateful, he said, to the Union Labour Minister for having agreed to inaugurate the first *ad hoc* Regional Board in Madras. His personal interest in such welfare measures were so well known and they in the Corporation had every hope that with his blessings, the scheme would make great strides.

Mr. V. V. Giri's Address

Mr. Giri, before inaugurating the meeting, said that it was their good fortune that they had amidst them Mr. Rajagopalachari one of the greatest and important leaders of the country. He was one on whom they could always rely for advice, guidance and even dictation.

The Union Minister said he had been associated with the trade union movement for a long time and it was but natural that every new endeavour to improve the lot of labour was for him the realisation of yet another of the many dreams which he had cherished all these years. A new venture of such magnitude, affecting nearly 25 lakhs of workers and benefiting sooner or later at least three times that number of dependants, he said, required a great deal of preparation and planning in the early stages, but even so he would not conceal from them the fact that the scheme had encountered many difficulties, both from within and from without, which had considerably slowed down its progress.

Phased Implementation

Mr. Giri said it was obvious from the beginning that the scheme could be implemented only in stages, and all their efforts were directed towards evolving a properly planned and phased programme of implementation. They chose Delhi and Kanpur for a start and were on the point of putting the scheme into force when employers pleaded that the burden of implementation of the scheme would place the industry in those places under a competitive handicap. A solution was ultimately found which was to distribute the burden of the employers' contribution among all employers in the country. The Act was accordingly

amended to provide for the collection of an employers' special contribution during the period required for completing the process of implementation throughout the country.

The scheme which was introduced in Delhi and Kanpur in February 1952, Mr. Giri said, was extended to the Punjab in May 1953. They had been anxiously working for the rapid extension of the scheme to the rest of the country, but there had been many unexpected difficulties. Besides employers and employees, who were the main contributors to the scheme, and the Central Government, which was entrusted with overall control, there were two other parties whose active co-operation was necessary. These were the State Governments and, under the panel system, the panel of doctors. The provision of medical care for insured persons under the scheme was the responsibility of the State Governments. They had also to bear a part of the cost of providing medical care. Sometimes State Governments felt that one-third share of the cost of medical care, which they were called upon to bear, was too much for them and that an effort should be made to pass on a part of the burden to the Corporation. The Corporation and the Central Government had then to embark on the prolonged process of convincing the State Government concerned through facts, figures, persuasion and entreaties. After the State Government's co-operation was assured, there were many arrangements to be made and details to be worked out. The State Government had to make reasonably satisfactory arrangements for the actual rendering of medical care. In some States, it was not immediately

possible, for lack of facilities to introduce the service system. In those States, the possibility of resorting to what was called the panel system had to be explored, which was not an easy matter either. Panel doctors, who were not fully aware of the use to which contributions were being put or were proposed to be put, or of the additional burdens which were steadily being placed on the Corporation, were inclined to feel, and often to express themselves quite strongly, that the payment proposed to be made to them was meagre. Thus, he said, there were numerous difficulties to be overcome before the scheme could be introduced in all States. All this would take time.

"It will be one of the main duties of the Regional Board," Mr. Giri said, "to ensure that better progress is made in the implementation of the scheme throughout the country and that a better standard of service and satisfaction is rendered to workers." A considerable measure of decentralisation had been envisaged and it was earnestly hoped that the activities of the Regional Board would lead to more expeditious handling of the many details that arose in the day-to-day administration of the scheme. He hoped that, with the co-operation of all the interests represented on the Regional Board, there would be rapid progress in the implementation of the scheme in this State. This, he said, was particularly important as employers in this region, as elsewhere, were paying the employers' special contribution without at present getting any direct return, and it was only fair that the period of payment without benefits should be as brief as possible.

Panel System

Many of them were no doubt aware,

the Union Minister said, that the treatment now provided under the Employees' State Insurance scheme was on what was called the service system. State Governments had opened special dispensaries and had employed full-time doctors, with no right of private practice, to provide treatment to insured workers. Such an arrangement might not always be possible, at any rate, in the early stages of the implementation of the scheme in places where existing medical facilities were inadequate and there were large concentrations of workers. In those places, the possibilities of what was called the panel system, had to be explored. Under the system, private medical practitioners were selected to provide treatment to insured persons. An insured person was entitled to select his doctor and to that extent derived a satisfaction which was denied to him under the service system. Payment to doctors was made on the basis of a capitation fee per insured person per annum.

It was unnecessary for him, Mr. Giri said, to go into the comparative merits or otherwise of the two systems. Each had its advantages and disadvantages. If the tendency to save on medicines was, up to a point, inevitable under the panel system, there might be greater scope for sympathy and understanding under it than under the service system. Apart from arguments based on the intrinsic merits of the two systems, the choice of the system might depend, in the early stages of the implementation of the scheme, largely on the medical facilities available in a State and the speed with which arrangements could be made to set up the service system. All these were complicated matters requiring careful study and organisation. He was sure the Regional

Board would render valuable advice to the State Government and the Corporation in this and other matters.

The Union Minister, proceeding said that a number of progressive employers had been providing medical care and treatment of a high standard to their employees and sometimes even to their families. On the introduction of the scheme, the State Government would take over the responsibility of providing medical care to insured persons. In order that the existing arrangements made by employers might be fully utilised even under the scheme, the Corporation had been considering the question of utilising the facilities provided by employers on the basis of suitable financial arrangements. They had come to certain tentative decisions which were under discussion between the Corporation and the various State Governments. Any suggestions which the Regional Board might make on the subject, he said, would no doubt be found extremely useful.

Mr. Giri said they now had the experience of the working of the scheme in Delhi and Kanpur for a period of over one and a half years and in the Punjab for a period of about six months. The principal cash benefits under the scheme, namely, sickness benefit and maternity benefit, became payable in Delhi and Kanpur from November 23, 1952, and would become payable in the Punjab from the middle of February next. Their experience of cash benefits so far was thus very limited both in respect of time and area. On the whole, however, such experience as they had in respect of cash benefits had been favourable. The payment of cash benefits had generally given satisfac-

tion to insured persons. The claims made had not been unduly high.

In regard to medical care, however, complaints had been more numerous, the Union Minister said, presumably because medical care was comparatively a subjective matter. It was not always possible for a doctor, whether he be a service-doctor or a panel-doctor, to prescribe the course of treatment which the patient considered was necessary for him. It was here that the building up of mutual trust and confidence between the doctor and the patient would go a long way towards ensuring contentment and satisfaction. This necessarily took time, but he was sure that as time went on, doctors serving industrial labour would develop the necessary sympathetic outlook efforts were also being made to improve medical care in those respects in which it had been found wanting. For example, in Delhi, he said, proposals were under consideration to provide part-time specialists for the purpose of looking after insured persons.

Hospitalisation

There had been demands that hospitalisation should be provided under the scheme to a greater extent than hitherto, Mr. Giri said. The Corporation considered the matter last year and decided that efforts should be made to provide hospitalisation on the scale of one bed for every 1,000 insured persons. It also considered the question of provision of medical care for families which under the Act could be provided at the request of the State Government. The Corporation intended to provide medical care for families also, but in order that the cost might remain within the resources available, it might

be necessary to prescribe some qualifying conditions and to restrict medical care mainly to out-door treatment.

ed on speedy and adequate implementation of the scheme".

Misgivings must be allayed

In view of the hitherto slow pace of implementation of the scheme, Mr. Giri said, the Corporation had found it possible to effect appreciable savings, which had, for the time being, been invested in Government of India securities. He had a strong feeling, however, that the proper way of utilising those surplus funds would be to divert them for the construction of hospitals or annexes to existing hospitals for insured persons as early as possible. The Corporation was already examining how this could be done. In order that the limited funds available might be utilised to the best advantage, he felt that where possible annexes might be added to existing hospitals and that separate hospitals should be set up only where there was a very large concentration of industrial workers.

Mr. Giri said it was highly comforting to him to see that the Chairman and members of the Board had willingly come forward to shoulder a portion of the burden which had hitherto rested, he must confess, somewhat too heavily, if not uneasily, on the Centre. "I feel, however", he added, "a world of caution seems more than necessary from what I have seen and heard of the scheme ever since I joined the Central Government. There have been many internal weaknesses in the Corporation itself which we are striving to remedy. The Central Government themselves cannot deny their share of responsibility for the slow progress made by the scheme so far, but perhaps it is no use trying to apportion blame. All our efforts from now on should be concentrat-

The Union Minister said he knew that employers who had been paying the special contribution all these months had reason to be restive and added, "It is our duty to allay their misgivings by giving concrete evidence of our ability to implement the scheme and thus to give due return for the contributions they are now making. If we allow legitimate discontent to simmer too long, or attempt to ignore or smother it, we shall certainly not be serving the cause of social security in the country. If we do not pull ourselves together and rise to the occasion, I am sure that the social security scheme will receive a serious setback, from which recovery may be difficult for a long time to come".

Mr. Giri stated he knew that workers, and more often interested groups purporting to act on behalf of workers, had complained of the unsatisfactory standard of medical care provided by the Corporation. "I shall not deny this charge", he said, "for it is possible that the administration of medical care has not always come up to expectations; but while the Central Government as well as the Corporation will be quite prepared to receive and consider every constructive criticism, workers will not be serving their own cause by allowing themselves to be made tools of for criticism which is either destructive or made with an ulterior purpose.

"Let us remember", he urged, "that every mighty accomplishment has had its humble beginnings and that it is for every one of us to nurse, rather than choke, the new-born if we intend it to achieve some-



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thing big and worthwhile in the years to come. I wish the Regional Board god-speed in its work".

Dr. U. Krishna Rao, proposing a vote of thanks, said that it was planned to implement the scheme in Coimbatore district. "In the whole of our State," he added, we have 1,441 employers with a total number of 2,22,283 employees. At the present moment, we propose to implement the scheme in Coimbatore which has 100 employers and 36,000 employees. The medical benefits would consist of out-patient treatment in dispensaries, specially to be set up, free domiciliary visits where house visitations are warranted and in emergent cases free hospitalisation in recognised hospitals. All medicines would be given free of cost to the workers. In the case of maternity, ante- and post-natal care would be provided. The entire medical benefit is to be organised and provided by the State Government, although a major portion of the cost thereof would be borne by the Corporation. Cash benefits would be paid by the Corporation by establishing small local offices in the various localities and places where the scheme is implemented.

Referring to the question whether the panel system or the service system would be better, Dr. Krishna Rao pointed out that in Kanpur and Delhi the service system had been found to be more advantageous. Perhaps it would be better to associate private practitioners with the scheme for the full utilisation of existing medical personnel.

Payment to doctors.

There had been some difference of opinion between the Indian Medical Association

and the Corporation with regard to the amount payable to doctors for each insured person. The Indian Medical Association had held that the fee proposed to be paid was quite inadequate for covering the expenses which a doctor would have to incur and the time he would have to spend on cases that would come up to him. There had been a difference of opinion with regard to the sickness rate. But this would have to be worked out amicably. "Having for many years worked as the President of the Indian Medical Association" Dr. Krishna Rao said. "I find myself in a rather embarrassing position to-day as I have been called upon as Minister of Labour to administer the Employees' State Insurance Act in this area. I am, however, sure that, for the successful working of this Act, the goodwill and co-operation of all is necessary, and I hope that I will have that in an abundant measure."

Doubts had been expressed, the Minister said, as to the provision for hospitalisation of serious cases and the administration of costly medicines. But trust begot trust and it was in that spirit he proposed to answer these difficulties. These are problems," he added, "which the Regional Board will have to consider and give their recommendations. I have necessarily a dual role to perform, one as Chairman of the Regional Board giving advice to the State Governments and another as the Minister of Labour with the duty to implement these recommendations. I hope I shall not find them inconsistent or contradictory. I do not at the present moment propose to commit the Madras Government in any manner whatever. But I can assure those present here that with the help of my colleagues, I shall do my

best to see that this Act is worked in a spirit of co-operation and harmony. That is the essence for its success."

Mr. S. C. C. Anthony Pillai, speaking on behalf of employees, referred to the special contributions already made by employers without any benefits to employees so far and urged that the scheme should be implemented by the State Government without delay. While assuring the co-operation of employees in the implementation of the scheme, he felt that the Central Government should put pressure on the State Government to take it up early.

Mr. C. S. Ratnasabapathi Mudaliar said that he did not think there would be much difficulty about the system of medical service to be adopted under the scheme. They had already honorary medical men in hospitals and he did not understand why medical men should demand a higher rate of payment. He hoped that medical men would co-operate in the working of the scheme and assured Mr. Giri of the co-operation of employers.

Meeting of Board

The Board, after a brief interval, held its first meeting to discuss the scheme to be inaugurated in the Madras region.

The Regional Board reviewed the progress towards the implementation of the employees State insurance scheme in Madras region and passed a resolution recommending to the State Governments to take steps to implement the scheme at least in one centre in each State before the end of 1954.

The Board also approved the outlines of a scheme by which medical facilities provided by progressive employers can be utilised by agreement between the State Governments and the employers for the purposes of the scheme.

As regards the system of medical treatment, the Board felt that the State Governments should take the decision taking into consideration any views which organisations of employers or workers may like to express on the subject. It is intended to implement the scheme in Coimbatore and suburbs as early as possible. It is likely that the scheme may be implemented in Coimbatore by April 1954.

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News

Endowment for award of prize

Mr. T. V. Raghaviah, General Superintendent of Branches and Agencies of the National Indian Life Insurance Company, Ltd., has granted a sum to the Andhra University, the interest on which amount will be awarded in the shape of Prize Books to any successful candidate appearing in the B.Com. Final Examination of that University taking Insurance as optional subject under part III. The terms and conditions of the Award are:

The Prize shall be called the Sri T. V. Raghaviah Insurance Prize: the Prize shall be awarded in the shape of books annually at the Convocation to the candidates, who, in passing at the first appearance, obtain the highest number of marks in Insurance taking as optional subject under part III at the B.Com. Degree Final examination; the Syndicate shall have the discretion not to award the prize in any year, if, in its opinion, none of the candidates deserves the prize; in the event of the prize not being awarded in any year, the unexpended interest shall be added to the corpus of the fund: the Senate shall have power, consistent with the intention of the donor, to make such changes in the conditions of award as new circumstances may render necessary.

Calcutta Insurance Limited

We note with pleasure that the Delhi Branch of Calcutta Insurance Limited is now housed in its own new premises at B19, Delhi Ajmeri Gate, New Delhi.

Ideally situated between Old and New Delhi as would suit the convenience of the dwellers of both the old and the new city, it has attracted such good tenants as Reserve Bank of India, Blackwoods India Ltd., Karamchand Thappar & Bros., Ltd. etc. Besides accommodating its own offices as would enable the Company to render efficient service to its policyholders and other constituents, it will also earn a fair return on its investment. We congratulate the company and particularly its Director-in-charge Mr. K. C. Das for the judicious selection of the site and its venture in constructing a modern Building at the capital city of India.

Indian Insurance Institute

On the occasion of exchanging Bejoya Greetings, Sri. H. K. Sen, M.Sc., F.F.A., President, Indian Insurance Institute arranged a Tea party at the Committee, Room of the Bengal National Chamber of Commerce, Calcutta on Wednesday, the 11th November, 1953. A large number of prominent Insurance men of the City were assembled. Sri B. N. Showdhury and Sri S. Carkhel were all attention to the guests.

"Buy Indian Insurance"

Insurance is one among those very few trades and industries in this country which can claim the privilege of serving the nation well. This is truly the trade of the nation for the nation and run by the nationals of the country.

Insurance in India has really achieved much though it has not as yet touched more than the fringe of the country. It is the one trade which is throbbing with a remarkable vitality. It has fought, survived and thrived against tremendous odds. The trade itself is about seventy years old and that itself should seem to be rather significant when it is considered that it might have died at birth. It may now be a matter of history but the fact remains that even as a baby in the cradle, insurance in India had to fight the competition of the gigantic strength of the foreign insurers.

The most distinctive feature in fact of our insurance is that it never had a free run in the country while its counterpart in the foreign countries had a long initial period when there was no intrusion in their domestic market. The growth of insurance in those places was free; ours had to fight for life and to live. Even now the fight continued and even now when Indian insurance is gaining ground it is losing a good slice of the business to outside competition.

The conditions have thus been difficult. But the progress of our insurance has nevertheless been delightful. The trade has fought and flourished as would be evident from the following year to year figures of increasing new business done by the Indian Companies:

Year	New business of Indian Companies	New business of Non-Indian Companies
1928	15.51 Crores.	12.25 Crores.
1933	24.00 ..	9.00 ..
1939	42.51 ..	4.09 ..
1940	32.32 ..	3.79 ..
1941	43.14 ..	5.37 ..

Year	New business of Indian Companies	New business of Non-Indian Companies
1942	37.89 Crores.	6.36 Crores.
1943	65.24 ..	9.18 ..
1944	95.20 ..	11.10 ..
1945	122.78 ..	12.60 ..
1946	131.43 ..	12.84 ..
1947	114.1 ..	12.3 ..
1948	107.7 ..	12.0 ..
1949	123.1 ..	12.2 ..
1950	118.4 ..	13.7 ..
1951	126.12 ..	16.46 ..

There is satisfaction in these figures. More than that, there is hope in them.

Insurance, however, being international in character, it is quite likely that these figures will be compared with those of foreign insurance and found wanting. But that should not and need not be a criticism of Indian insurance. Progress of insurance depends on individual prosperity and if the figures of the foreign insurance companies appear to be so incomparably bigger, it is because the *per capita* incomes in those countries are so incomparably higher than ours.

But, all the same, nothing can prevent Indian Insurance from attaining the same or a greater stature than that of its foreign counterpart. With "effort, expectation, and desire." Indian Insurance is well on the way of "something evermore about to be." It has pleasing possibilities and its to-morrow's are bound to be brighter than the to-days. ONLY IT NEEDS SUPPORT OF THE COUNTRYMEN. With their support, insurance can easily challenge the might of insurance in other places.

Ours may be a poor country but this to a great extent is offset by the vastness

of its size. Our income per head may be low but there is no dearth of heads in our country. If little drops of water can make the ocean, even the smallest purchases on an extensive scale can give our insurance a stately stature. If only a fair percentage of our people would take insurance, the size of our trade would be as big or bigger than that of others.

The service of Indian insurance is yours just for your support. So far, insurance in the country has received the support of the upper and middle classes of the society. Not that the support could not be more generous in measure. Still, it has been there to sustain Indian insurance in its forward march. But unfortunately our village folks have so far been rather slow in accepting the benefits of insurance. They are no less patriotic than the city dwellers. But somehow they have not been persuaded to purchase the security which insurance can offer.

They are exactly the people who need insurance most. They also have purchasing power at the present moment. If they only could be initiated to the benefits of insurance it would give them stability and the trades an undreamt of prosperity. So far trade is concerned, it has been doing its best to carry the message of insurance to the far corners of the country, and it is to be hoped that it will meet with a response. The common men and women of India are gaining a new sense of dignity. That dignity must have a solid foundation. Insurance can alone provide it by giving them freedom from want.

"Insurance is the Anchor of Home. The Death-Blow to Poverty and The Back-Bone of Prosperity."
[Reprint - Indian Insurance Institute Bulletin]

Canara Mutual Assurance Co., Ltd.

Mr. Henry E. Niles, Vice President, Baltimore Life Insurance Company of U.S.A., before leaving India for U.S.A., flew from Delhi to Bajpe (Mangalore) and reached Udupi, the holy place of pilgrimage, on 21st November, 1953 accompanied by Mrs. Niles. They spent about three days in Udupi as the guests of Sri T. R. A. Pai, Managing Director of The Canara Mutual Assurance Company, Ltd. During his stay Mr. Niles showed a motion picture depicting the operations of various Home Office Departments of the Baltimore Life Insurance Company, to the Directors and Head Office staff members and friends of the Canara Mutual Assurance Company, Ltd., Udupi.

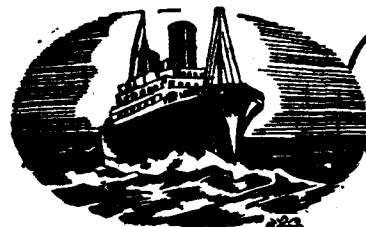
Lakshmi Insurance Co., Ltd.,

Mr. A. M. Khosla on tour.

Mr. A. M. Khosla, the Development Officer of the Lakshmi Insurance Co., Ltd., made an extensive tour during November and he arrived at Madras on the 12th. He visited in the course of his trip, many important organisation centres of the Company in the South; the places visited by him included Bangalore, Trichy, Madurai, Trivandrum, Quilon, Trichur, and Coimbatore. During the month end, he left Madras for Calcutta from where he will reach the Head Office during the last week of December.

Kanpur Insurance Institute.

The inauguration ceremony of the Kanpur Insurance Institute was performed by Sri S. D. Srinivasan, M.A., F.I.A., President of the Indian Life Assurance Offices Association on 20-10-1953. In the course of his address, he gave a lucid exposition of the present day insurance problems. He was entertained by the Members of the Institute at a Tea Party.



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Book Reviews

ORIENTAL NEWS—ANNUAL REVIEW SUPPLEMENT, September, 1953.

Edited and published by Mr. P. A. S. Mani for the Oriental Government Security Life Assurance Co., Ltd., Oriental Buildings, Bombay. 1.

The Oriental Government Security Life Assurance Company, Limited, Bombay, is publishing a quarterly Journal, "Oriental News" from October, 1952, mainly for the information of and circulation amongst its members and that of its Subsidiary, Oriental Fire and General Insurance Co., Ltd. The particular issue now under review, true to the title it bears, contains much material about the progress the Institution has made particularly in 1952 with details of its growth since inception. The opening page of the issue contains a small article on "Insurance in a welfare State" which is worth reading by every citizen of a responsible State. The first sentence of the article reading, "The dignity and the financial strength of a nation must be measured by the dignity and the individual finances of the people who make up that nation" is itself enough to lay stress on the importance of "Life Assurance" through which alone such a dignified status can be achieved. Next, Sir Purshotamdas Thakurdas's address delivered at the Seventy-eighth Ordinary General Meeting of the Shareholders and Policyholders of the "Oriental" on the 29th July, 1953, is reproduced in full. In the following pages, Oriental's history—the circumstances that led to its formation, its growth, its organisation, its service, its present stature, financial position, its leading producers of business etc., is presented in such an excellent

manner that it may very well serve as a model publication. The descriptions, statistics, charts, graphs, and photographs listed here in a profusion is so characteristically simple, direct and informative that it will produce a lasting impression on the mind. The cover is attractive, combining art and utility, and the Journal as a whole is well printed and neatly got up. In fine, the issue bears ample testimony to the achievements of the Institution and the services it can render towards building and maintaining the economic well-being of our countrymen. Our congratulations to Mr. L. S. Vaidyanathan, M.A., F.I.A., F.S.S., J.P., Manager of the "Oriental" and the Editor Mr. P. A. S. Mani, who have brought to bear on this issue their mature all-round scholarship and experience.

Mr. B. B. Dotto

Mr. B. B. Dotto, Secretary, Police Co-operative Life Insurance Society Ltd., went to Patna on the 29th October last and returned to Calcutta on the 14th November after an extensive tour in the State of Bihar.

While at Patna Mr. Dotto interviewed the Inspector-General of Police, Mr. M. K. Sinha, B.A.I.P. and the Asst. Inspector-General of Police, Mr. A. K. Ghosh, M.A., I.P., and discussed with them in connection with the betterment of the business of the Society. He also interviewed Mr. T. Ghosh, B.A., I.P., Principal, Police Training College, Hazirabagh in connection with the Life Insurance of the cadets.

On the 10th November, 1953, night a Dinner Party was arranged in honour of Mr. Dotto by Mr. Digamber Saran Sinha, Inspector of Police, C.I.D., S.B., Patna which was largely attended.

16/10/53

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CONTENTS

	Page
Editorial:	3
Estate Duty Act—will help life insurance progress	
Prospecting	5
DANIEL B. BUSCH, C.L.U. Massachusetts Mutual Life Ins. Co. New York, N.Y.	
Insurers' Views on Indian Insurance	9
The Right Approach	15
BY MR. M. GURUMURTHI, Branch Manager, Empire of India Life Assce. Co., Ltd., Madras.	
Life Insurance Legislation in Canada	17
R. MR. LEIGHTON FOSTER, Q.C. General Counsel, Canadian Life Insurance Officers Association.	
Reviews:—	
Ruby General Insurance Company, Ltd.	20
National Indian Life Insurance Company, Limited,	21
News	22

Act has fallen too short of the expectations. All Governmental activities at the present stage of our country's progress should be to encourage thrift and saving and any Act or measure that directly or indirectly puts a premium on such an all important virtue will only prove as a clog in the wheel of progress of the Nation. Life Assurance is considered to be the best mode of saving and a wonderful device to capitalise human values without a parallel. Especially in the present machine age, there is no other alternative which can be thought of equal to that of Life Assurance to play the same role. Even to meet the Estate Duty payable on the death of a person without disrupting the traditional social ties and obligations of Hindu Joint Families, Life Assurance can be resorted to. Such a course will not only save the Estates concerned from ruin but will also enable the Government to collect the Estate Duty easily and quickly. These points do not seem to have weighed with the legislators to any great extent as the conditions laid down limiting the exemptions applicable to life assurance policies are so rigid and inadequate. Though the Bill originally introduced in Parliament completely overlooked the necessity of incorporating any specific provisions with regard to life assurance policy moneys, it is some consolation that amendments have been made at least during the Select Committee stage. It is now provided that Life Assurance Policy moneys of a deceased person under one or more policies of insurance effected for the specific purpose of paying Estate Duty will be exempt to the extent of duty payable, but that such exemption will not exceed Rs. 50,000. But, Life Assurance carried by a person for any other purpose will be exempt only up to a maximum of Rs. 5000/-. Policies of Insurance effected for the specific purpose of marriage of each of the female relatives of a person will be exempt from Estate Duty only up to Rs. 5000. These limits are too narrow and the Parliament in fixing them have not taken a realistic point of view. In the matter of gifts, exemption from Estate Duty will be applicable only if such gifts were made at least two years prior to the death of a person. This particular provision will nullify the specific purpose with which it was introduced at least in a good number of cases, unless it is applied judiciously and recognise bona fide gifts made within two years under circumstances beyond the control of a deceased. We propose to deal with this and a few other points in a separate editorial shortly, but for the present we satisfy ourselves by pointing out that the Estate Duty Act, on the whole, will give an added stimulus to Life Assurance Business progress in India. Further, the business is likely to experience in the future a reduced number of lapsed policies as the policies taken out by persons either to pay Estate Duty or to meet marriage expenses, or to make gifts, would not be allowed to lapse. To that extent Life Assurance Business will stand to gain.

PROSPECTING

DANIEL B. BUSCH, C.L.U.

Massachusetts Mutual Life Ins. Co. New York, N.Y.

AS I think of the really successful men in this business it occurs to me that no matter how different their selling techniques are, the one thing they *do* have in common is that they have solved the prospecting problem.

When I returned to the life insurance business after an absence of 14 years, needless to say, the number of my prospects was about zero.

At the start, I made cold calls, used direct mail and telephone approaches. I grasped any orphaned policyholder leads that came my way. I gladly took care of any change of address, change of beneficiary, death claims—anything—no matter how small, that would put me in front of people that I could talk to about insurance. I found that calls which were made on a cold or semi-cold basis were not very productive although, fortunately, I did sell a few cases.

It soon became apparent that my best interviews were those to which I was able to bring a little prestige. With orphan policyholder leads, the company's name helped and I was somewhat successful. However, the best source of prestige for me has proven to be my own, satisfied policyholders and they are my main source of prospects today. I know that though a great many successful salesmen are able to use lists of names but I've never been able to it. The names of one or two people

my policyholder knows well mean real money in my pocket, while a mere list of names is worthless to me.

My method of getting references is simple. After I complete my sale and make the necessary policy alterations, I return the policy in a handsome leather insurance book and review my client's entire program with him. Naturally, he is pleased with the book, and his improved insurance picture, and usually we are on pretty cordial terms by then. That is when I ask for references, or what we call in our office, "a friendly act."

Regarding "friendly acts," I have learned that to put my request for a name on a "do-me-a-favour-basis," or to indicate in any way that I need people to call on, is fatal. Nobody wants to send a prospect-hungry insurance man to call on his friends.

Therefore, after I review the insurance book with my man and get him to agree, usually, that my service has been valuable to him and would undoubtedly be of great value to someone he knows, I try to get the name of a man in his own income bracket.

It is surprising how well this technique works. The secret seems to be that it leaves the policyholder with the feeling of doing a favour for any friend he might recommend. It is the sort of thing that

seems to appeal to a reasonable, successful man. The technique is particularly effective if I know in advance to whom I would like to be introduced.

I have been lucky enough to work my way into three, large, nationally-known companies who have enough highly paid executives to keep me in prospects for many years to come. My only problem is to meet them with a good introduction and with sufficient prestige. Let's assume that I sell an executive in one of these companies. Before returning his policies and insurance book, I try to find out from other sources who he knows socially, who he works with and who are his subordinates. Then, when I bring up the subject of references, I ask for introductions to specific people. Usually I obtain not only an introduction but also a good deal of valuable information about the new prospect.

I find this a relatively painless method of getting introductions to people I want to meet just by doing a little planning in advance and making it difficult for my policyholder to say no.

We all know that getting prospects is one thing—making policy holders out of them is something else again. In my first interview with a prospect, the first minute or two often will determine whether I am in or out. Therefore, in making my approach, I try to reach my subject immediately and to arouse the prospect's interest as quickly as possible. I ask him questions about his existing policies. All my questions are aimed at disturbing his complacency and making him wonder whether his policies are in proper order and whether he is taking advantage of all the benefits and privileges he is entitled to.

I arrange to pick up his policies on my next call and at that time ask him for all pertinent information about himself, his family and his property. I believe, that to do a good job, it requires the coordination of his insurance with his probate estate and the other property passing through his will, and I go on the assumption that he expects me to get a well rounded view of his affairs before offering any advice. Information about a mortgage, a loan, a business interest, a wife with an independent income—all of these things are the details out of which sales are made and I don't want to miss any opportunities.

I remember calling on a prospect some months ago who lost no time in telling me that his wife and her sister had just inherited an estate of \$300,000 the week before, and if he was going to do anything about his insurance, it would be to drop the policies he already had. As we talked, it developed that the money was actually held in trust and that for the next 20 years all his wife could get was the interest on \$150,000. He finally realized that his wife and two children couldn't live comfortably on the interest alone. When we were through, \$40,000 insurance had been issued on his life, paid for by his wife's income. An additional \$40,000 was issued to his brother-in-law and also paid for by his wife's income. I think this is a good example of how important it is to get all the facts before offering advice.

A good many men I see buy bonds regularly and they have made plans to retire on these accumulated funds. I have had several unfortunate experiences in interviews with these men that involved argu-

ments over the relative merits of government bonds vs. retirement insurance. These interviews usually ended in the prospect refusing to have his mind changed and needless to say, I didn't make a sale. That kind of interview is now a thing of the past for me. My solution to this problem is to congratulate the prospect on his thrift and foresight, and to urge him to continue to invest in bonds. I then show him that by diverting a small part of his yearly investment to pay the premium on an ordinary life policy he can improve his retirement plan in two important respects. First, he provides for his family if he doesn't live to retirement age. In fact, not only does his family get the insurance, but they also get a good portion of his bonds. Second, if he lives to retirement age, he is then in a position to surrender his bonds and put their value into the policy by changing it to an endowment. In that way, what he is actually doing is adding a life income option to his bonds. The flexibility of this plan is what makes it so attractive to many people. Incidentally, I sold such a plan to one man last year who died four months later. In that case, it resulted in the prospect buying a retirement plan which now is taking care of his widow for the rest of her life. I might add that his widow wrote me a letter a few weeks and suggested that I call on two friends of hers.

In planning my selling interview, the first ideas I try to present are those on which I know I can get an agreement. No man objects to correcting misspelled names or adding contingent beneficiaries where they are indicated, or including the automatic premium loan, and so forth. I try to get my man to come along with

me by agreeing to such suggestions. In addition, I can usually get him to agree on suggestions which involve small additional outlays such as adding the premium waiver clause and the accidental death benefit.

I attempt to build my presentation by moving from one point on which we can agree to the next point and thereby create an affirmative attitude in my prospect. Each and every time my man agrees with a suggestion I've made whether it be an educational fund for his children, a readjustment income for his family or a change of beneficiary, he's moving one step closer to being closed.

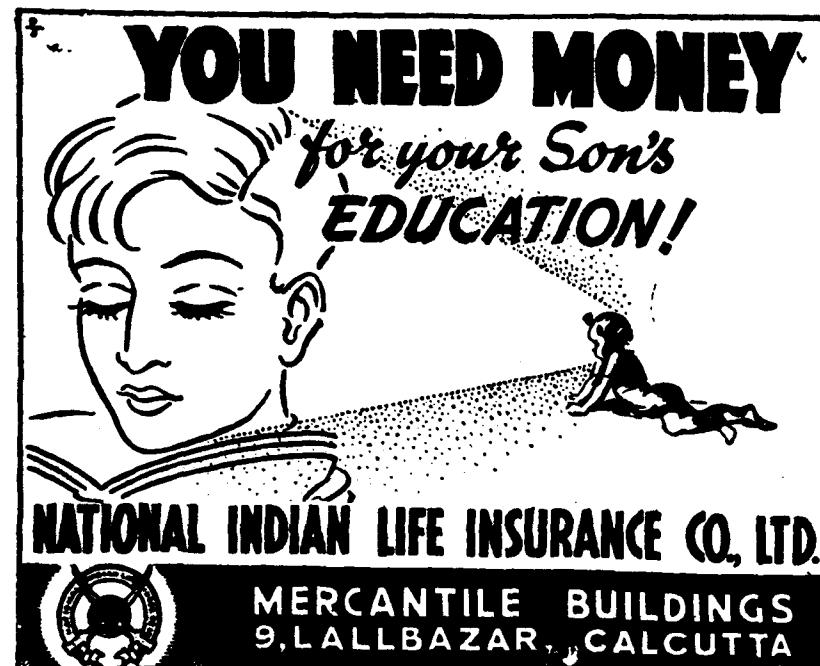
I never argue because an argument will kill my sale. If my prospect objects to a suggestion of mine I will say, "Mr. Prospect, you're quite right. I should have realized that. However, I think you will agree that this other matter should be taken care of." In that way, I lead him back to a point on which we did agree.

I try to sense from the prospect's facial expressions whether or not he likes an idea and if he *does* like it, I drive it home for all it's worth. I try to sell by means of painting an attractive word picture. We all know that people buy what they like rather than what they need. And although my man needs it, I also want him to like it. I keep away from technical terms and I use as few figures as possible. What figures I must have are pencilled on a small sheet of paper. I do not use a typed illustration because I find that it is an open invitation to procrastinate. It's so easy for him to ask me to leave the illustration with him so that he can study the figures and think it over.

In closing my cases I find that the medical examination is the finest tool I have. I never ask a man to commit himself before he's examined. All I ask for in my closing interview is his agreement to be examined. If I get his consent on that, he has taken a long step towards closing himself because I've found from my experience that the average man won't submit to an exam unless he plans to take some kind of positive action. My records show that I close between 85 and 90 per cent of all cases where such an exam was made.

Therefore, in developing my reason for an examination, and one means of doing this, I lead him into a discussion about his health. Then I point out that there is no need to give further thought to the plan we've discussed unless he's eligible and we'd better find out if he is.

That sort on logic not only makes sense to the prospect but is devoid of high pressure and usually gets results. And results are what we are all looking for.



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Insurers' Views on Indian Insurance (Extracts from the 1952 Annual Reports)

By SRI LAKSHMIPAT SINGHANIA, *Chairman, "National"*

ANYTHING that goes to make a change in the economic pattern of the country and living standards of the people is of the utmost importance to the insurance companies. Such a one is the First Five Year Plan which hopes to raise capital formation by about 20 % of the additional income each year. The internal resources thus generated by the process of development would be supplemented to some extent by external resources. By 1955-56 national income will have gone up to about Rs. 10,000 crores that is by about 11 to 12 % above the estimated level of Rs. 9,000 crores in 1950-51. The plan which came formally into operation as from April, 1951, has already spent Rs. 585 crores during the first two years, that is, up to March, 1953, and proposes to spend another Rs. 1,484 crores during the next three years, that is, up to March, 1956. Although the first two years have mainly been a period of preparation, they have shown signs of improvement in domestic output. Production of raw materials as well as of manufactured goods has registered significant increases and acreage under cultivation has also gone up and production of cereals, which is the highest since Independence, is up by 12 % over last year's figures. But the increases in production did not reflect corresponding increases in incomes available for consumption. Purchasing power in the hands of the people has gone down considerably with the result that the increase

in production has resulted in piling of stocks in mills and factories which has created a glut in the market. It would therefore, appear to be essential that in the implementation of the Five Year Plan emphasis should be on a close relationship between production and purchasing power.

While there may be some amount of satisfaction in contemplating the progress so far under the Plan, it is more than offset by the growing volume of unemployment prevailing in the country. Even though educated unemployment represents a comparatively smaller number, the situation in respect of white-collar employment is most serious. This is not because the number of those employed has gone down but because the rate of expansion has not kept pace with the growth in unemployment. The net result of this is that even though employment in absolute terms has gone up during post-independence period, it has gone down in relative terms. And there are three reasons for this. Firstly, an unrestricted increase of 1.25 % every year in our population which means approximately 2.8 millions people every year to be provided with new jobs. Secondly, there is the unsuitable system of education in India which is of very little practical value. The young men and women of the country should give up the craze for the degrees and try to equip themselves in a practical way for the struggle for existence. The

Government also should overhaul the entire system of education. It should not aim only at academic qualification, but it should be such as to enable one to earn his livelihood with the help of such education. They should tackle this important matter of education through a special Five Year Plan which may be drawn up specifically for this purpose.

Thirdly, there is the gradual encroachment by the public on the private sector of economy which lessens the scope of indirect employment which is about four times as much as in direct employment. Therefore the Government should leave a greater part of the economy to the care of the private, rather than the public, sector. Here, it may not be out of place to make a reference to the recent loan policy of the Government which instead of drawing surplus fund has actually created a scarcity in the market. The floating of too frequent loans has left very little to be utilised by the private sector. I do not want to suggest that the loans raised by the various Governments are unwise. As a matter of fact they are sometimes very essential and bring stability in the market and insurance companies have never lagged behind in responding to the call of the time. But at the same time it must be said that the funds of the insurance companies should be allowed a greater mobility of movement so that, if the interest of national economy so demand, they may be diverted from the public to the private sector of the industry. It may interest you to know that when going through the latest balance sheet of one of the biggest and the most popular insurance companies in U.S.A. I found that out of its total assets of 11,593 million dollars, it had invested

in 1952 only 2,054 millions in Government and semi-government bonds while the balance of 9,539 million was in industrials and other securities. But in 1945 when the exigencies of the war demanded it in the interest of the country, the same company had invested about 4,000 millions out of its total assets of 7,562 millions in Government and semi-government bonds leaving only about 3,500 millions in other securities. This is an illuminating illustration and lends an additional weight to my argument that when necessary our Government too should leave a greater part of the economy to the care of the private rather than of the public sector.

I should also make here a reference to the Estate Duty Bill which is now about to be placed on the Statute Book and which is going to play an important part in the socio-economic conditions of the country. During the course of the debate many people had expressed the opinion that this measure might disintegrate the long standing economic structure of our society. In this context we must also consider if the small revenue of Rs. 10 to 15 crores which the Government estimates to get out of this is at all going to be helpful considering the other repercussions of the measure on the social and economic structure of the country.

I must also say that the Bill has given but scanty relief to insurance. It imposes severe hardships on life policies as moneys payable under one or more policies of insurance effected by a deceased on his life for the purpose of paying Estate Duty or assigned to Government for the said purpose, are exempted from Estate Duty only to the extent of Rs.

50,000. So far as the insurance companies are concerned, the amendment fixing this ceiling is definitely detrimental to their interests. Similarly the relief given under Clauses 32 (1) (g) and 32 (1) (j) is very meagre. I am afraid that the limit prescribed is so low in these cases that it may act as a deterrent on insurance and may even neutralise the incentive to insurance provided by the income-tax rebate. It will certainly kill the incentive for taking bigger policies by the higher income group and it is extremely doubtful if anyone among them will now be interested in taking life policies for more than the minimum. Even it may prompt many people to surrender their existing policies as well. However, it is to be hoped that the Taxation Inquiry Commission would suggest some palliative changes and that the Government would then respond by introducing suitable amendments. The Commission may also be advised to alter the tax burden of the country so as to help speedy capital formation and leave sufficient funds in private hands to assist production as well as consumption.

I may also refer in this connection to my repeated cry for making the policyholders' surplus wholly tax-free. I am glad that the percentage of exemption has been raised to 80 %, but the surplus should be wholly tax-free as in the U.K. Besides, there should not be any unfair discrimination between the policyholders of proprietary companies and the policyholders of mutual companies in the matter of income-tax and super-tax. The rate now is 65.4 pies for policyholders of proprietary companies and 59.4 pies for policyholders of mutual companies. Not only should these two rates be

brought on the same level but the rate should be substantially reduced.

It should be realised that conditions of working for insurance under the present Act are so difficult that many smaller units find it very hard to maintain even an anaemic existence within the limitation imposed by the Statute. Real vindication of insurance lies in making the policyholders sure about the security it offers. The policyholders should not, under any circumstances, be deprived of the benefit of their policy moneys. If it happens, it is bound to affect the prestige of Indian Insurance as a whole. But, conditions being what they are even the bigger companies find it hard to work within the limited liberty allowed to them and one can easily appreciate how difficult it will be for the smaller units to manage their affairs. Here it should be the duty of the bigger and the stronger companies to come forward as sustaining props. Amalgamation of the uneconomic with the economically stronger units would seem to be the only answer to this problem, and I hope the bigger companies will realise their responsibility in this connection.

The Deputy Finance Minister had recently stated in the Parliament that the Government was considering a proposal to extend the scope of Postal Life Insurance Scheme to the employees of Government and Quasi-Government, Commercial and Industrial undertakings. A proposal to raise the maximum limit under the scheme was also under consideration. Postal Insurance so long had been run as a sort of appendage of the Posts and Telegraph Department of the Government of India. So far as I am aware the expenses incurred in the running of Postal

Insurance have been a load on the Posts and Telegraph Department. Such expenses could, therefore, be really characterised as an indirect taxation on the taxpayers. Postal insurance should be made to bear all the expenses incurred by it for running its business, asked to pay income-tax on its income as every other insurer has to and to otherwise comply with the Act as any other private insurer. It should be all fair play and no favour if the benefit of the Postal Insurance scheme should be extended to include other people as well. Their business and position of accounts should also appear in the Year Book. It should be clearly understood that the private sector of insurance is not afraid of any intrusion. But if Postal Insurance is allowed to enter the field free from all the irksome restrictions, it is sure to be regarded as unfair protection and the conclusion will become irresistible that the Government is definitely coming out in the role of a competitor with the sanction of not playing the game according to the rules.

I may also refer here to another inequity prevailing now in the field of Indian insurance. It may be remembered that a few years ago some of the foreign companies doing Life business in India were quoting special rates of premium to Indians in good positions. They were, as a matter of fact, attracting the cream of Indian business through this device and naturally some of the Indian companies as well were compelled to start operating on special schemes with special rates. Obviously this led to so much of misuse that it was felt that these special rates were nothing better than offering a rebate and as such when the Code of Conduct came it was made illegal for any company to quote such reduced rates of premium. Thus all the companies

operating in India were obliged to withdraw all their special schemes. But some of the foreign companies whose Indian business is a very small percentage of their total business are persisting with their special rates. They, however, took good care not to offend against the Code by making what used to be their special rates the general rate under the changed circumstances. But it should be realised that these special rates used to be quoted for special reasons and cannot be adequate for all people and thus it can be truthfully said that, if it was rebate to quote special rates, it is under-selling to make the special rate the general one for all concerned. I, therefore, appeal to such foreign companies operating in India in the name of national interest and international integrity to discontinue this practice.

I should draw your attention to the recent discussion in the Council of States about the formation of a Reinsurance Corporation being under the active consideration of the Government. I am really happy about it and I may be excused for reminding you that I have been continuously hammering about the necessity of such a Corporation for the last few years. Such a Corporation is a must for conservation of premium income inside the country and for the conservation of our foreign exchange. At the same time I sincerely hope that the Government would appreciate that if such a Reinsurance Corporation must fulfil its purpose it should be managed by private enterprise. Insurance in India is in the hands of private enterprise and nobody will deny that they have done a wonderful job of it. Reinsurance Corporation too when it comes should be under their fostering care so that the two may work in the closest co-operation.

Insurers' Views on Indian Insurance (Continued)

By MR. B. M. BIRLA, Chairman. "Ruby General"

THE provision for expense limitations of the Life Department as laid down in Rule 17 (D) of the Insurance Rules is grossly unfair. The same expense ratio is provided for the Companies having business in force of just over Rs. 10 Crores and those having a business in force of Rs. 200 Crores. It is unjust to expect younger and middle-sized Companies to work within the same expense ratio as provided for big Companies. I am not pleading for allowing a higher expense ratio for Companies such as ours, but I would like to point out that the older and bigger Companies should not be permitted to spend the same percentage of the premium as medium-sized Companies. When the Rules were framed it was pointed out that the limits were the ceilings and older and bigger Companies will be actually working at much lower expense ratio. The experience of the last few years has shown a tendency amongst the bigger Companies to increase their expenses and to pursue an unhealthy and aggressive policy of new business procurement to the severe detriment of others.

The Estate Duty Bill which has now taken the final shape does not contain satisfactory provisions to give sufficient impetus to the people to invest their savings in Insurance Policies. The Life Insurance has played a great role in the Country. The exemption of Rs. 5,000/- on Insurance Policies is too meagre. It should be remembered that nothing is more conducive to the accumulation of the Community's savings than Life Insurance Policies and an impetus through the Estate Duty Act would have increased the national savings considerably. Every possible

encouragement should have been given to increase the Per Capita Life Insurance in India which is very small as compared to other progressive countries in the World.

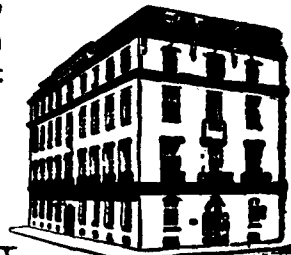
The far reaching Amendments to the Insurance Act which came into force in the year 1950 though have helped the Insurance Companies to a certain extent, have also created new problems. The linking of Expense Ratio to the Direct Premium Income of the General Insurance business is not a healthy principle. The Expense Ratio was fixed in the year 1950 on the prices and values ruling at that time. While the premium income is going down the expenses have remained practically the same and in some cases even higher. This has increased the scramble for business because every Insurance Company has to try its utmost to obtain that quantum of business which is necessary to keep its expenses within the limit and this ultimately leads to malpractices and unprofitable underwriting. The Companies who try to work strictly in accordance with the Code of Conduct always suffer. If it is desired that the Insurance Trade should run on healthy lines, this problem should receive serious attention. Reasonable expenses should be allowed for the working of the Reinsurance Department because the loss in the direct business can be compensated by the development of Reinsurance Section without fear of violation of Expense Regulations.

The Commerce Minister's advice to the foreign Business-houses and Banks to patronise Indian Insurance Companies also is welcome and I hope it will bear fruits.

The Taxation Enquiry Commission under the able Chairmanship of Dr. John Mathai, I hope, will remove the serious defects in the present taxation structure and will make it more equitable and balanced. The claim of the Insurance Companies for much needed relief should also receive due attention.

Now coming to the general situation in the Country I will draw your attention to the problem of growing unemployment. It is gratifying to note that this question is receiving the attention of the Government at the highest level. The five-year plan may partially improve the position but it is not a total remedy. The excessive pressure of increasing population is one of the main reasons of unemployment but this is a question which can be tackled on a long term basis. The prime need is to find out some immediate solution. The Government should create conditions under which there could be rapid industrial expansion which would provide wider opportunities for employment. A correct fiscal, industrial and labour policy would give impetus for capital formation and would enable private enterprise to work more confidently and effectively. It is only by the combined efforts of the Government, Industry and the Labour that this national problem can be solved.

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The Right Approach.

By M. GURUMURTHI,

Branch Manager, Empire of India Life Assce. Co., Ltd., Madras.

WHEN I think of writing the problems of a new Agent I have in my mind the numerous difficulties of an experienced agent also. It is a fact beyond any doubt that the greatest problem with which an Insurance Organising official is confronted in procuration of quality business through a proper well trained Agent. It is very unfortunate that whole-time workers in this line are few and far between.

Recruitment of proper force involves good skill and tact. Sometimes our pre-suppositions about the capacity of persons, suitable to this line might result in meagre business or no business. If all the Agents recruited by field officers could produce a good business of even Rs. 1000/- month per Agent continuously and systematically the business of the Branch Office is bound to go upto 30 to 35 Lakhs per year provided the Agency force strength is maintained at about 300. I feel that the fundamental defect of keeping the recruited agent sleeping at his post is mainly due to want of proper training and initiative in the initial stage of his appointment as an agent in the Company. A dormant agent proves a costly burden in the Company's registers, waste of stationery and postage etc. The field officers should therefore make it their first and foremost task to enthuse the new agent to work by affording an opportunity for a practical training in the field.

I shall now mention here the experience

gained recently at a particular centre I visited during the course of my tour. An young man of a brief academic qualification of a respectable family was offered an agency. But very much against his wishes he accepted to sign the licence form and agency application form at the instance of his father. An immediate business of about Rs. 25,000/- was secured and till my subsequent visit to that centre, he has not done any business. It was a matter of surprise to me to hear from him about the poor chances of securing any further business from that area where draught was prevailing. Casual enquiries caught the eye of a young man making huge profits from a small business concern; to my astonishment a dark picture was painted that he was against Insurance and most of the Insurance executives who made earnest efforts left him with a copy of prospectus to his care. As he is found to be a man of peculiar temperament, I applied that "nothing succeeds like success". Therefore I have injected in the vein of the new recruit some enthusiasm and zeal which has resulted in fixing up an appointment with the prospect. The prospect has agreed to the appointment provided insurance topic was avoided and that unnecessary pressure is not applied in that direction. I have readily consented to this proposition. In our evening chat, the subject of Insurance was brought entirely in a different shape. It was suggested that a business man after attaining age 55 cannot

expect to get any pension while a person in State service draws a pension proportionate to his salary till the time of death. But Empire of India Retirement Income plan gives every business man a monthly pension for life commencing at his age 55. I acquainted him that if a person of 30 years desires to have a life pension from 55th year, he should pay so much per day. Mr. Prospect was very curious to know the full particulars of the scheme. Then I slowly started that the retirement age in India starts at 55 and so the "Empire" pensions also starts at 55th year and paid every month at the rate of Rs. 100/- for 20 years certain and thereafter as long as the assured lives. The pension is thus guaranteed every month for 20 years certain. If in the event of death even after payment of the very first premium an immediate cash payment of Rs. 12,000/- besides payment of monthly pension at the rate of Rs. 50/- every month for 20 years commencing from the death of the assured is assured. I was afraid that he would start calculating interest and then compound interest of the premium payable to the Insurance Company. Quite contrary to my expectations the scheme attracted him and created a very agreeable surprise by his putting a question as to how the company is profited by this scheme. On being convinced after elaborate discussion on the benefits of life pension scheme he readily signed the proposal together with advance deposit. Consequently the agent started with greater enthusiasm and zeal in his work.

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Life Insurance Legislation in Canada

R. LEIGHTON FOSTER, Q.C.

General Counsel, Canadian Life Insurance Officers Association.

This is the first in a series of four articles by R. Leighton Foster, Q.C., on Life Insurance Legislation in Canada. The other articles will discuss Federal Legislation, Provincial Legislation and The Development of the Association of Superintendents of Insurance. The series is based on an address given by Mr. Foster at the 60th Annual Meeting of the Canadian Life Insurance Officers Association in Montebello, Quebec, in May 1953.

WE who are privileged to be associated with the life insurance business in Canada never miss an opportunity to remind our fellow citizens:

- That more than 5,000,000 Canadians own life insurance.
- That life insurance is today the major source of personal and family security for most Canadians.
- That the ratio of life insurance in force to national income is higher (about 110%) in Canada than in any other country of the world.
- That Canadians buy their life insurance from more than 50 different Canadian, British and United States companies in the most competitive international market in the world.
- That the life insurance business is the greatest co-operative enterprise in Canada and participating policyholders in Canadian companies get all or at least 90% of the "profits."
- That no policyholder in a Canadian legal reserve life insurance company

has ever lost a dollar though non-payment of the amount guaranteed under his policy at death or on maturity since the first Canadian company was established more than 100 years ago.

- That Canadian policyholder in licensed British and United States companies insured since 1878 have been equally well-served.
- That more than 40% of the total premium income of Canadian companies comes from policyholders resident in the United States, in Great Britain and numerous other countries.
- That life insurance companies doing business in Canada must be good — their premium rates reasonable and the terms of their contracts fair and equitable — else they could not have won ever-increasing public confidence at home and abroad.

On the occasion of the sixtieth Annual Meeting of the C.L.I.O.A., it seemed wholly appropriate that we should take time to remind ourselves of the debt that the sound and progressive development of

the business owes to the federal and provincial insurance legislation that has existed in Canada since before Confederation.

It is just thirty years since I first became acquainted with insurance except as a policyholder. In 1922 I was employed as legal Secretary to a Select Committee of the Legislature named to revise and consolidate the insurance laws of Ontario. Two years later I was appointed Superintendent of Insurance and for the ensuing twelve years was responsible for the administration and enforcement of these new laws. Since 1936 my principal responsibilities as General Counsel of the Canadian Life Insurance Officers Association have been concerned with insurance legislation and related government regulations here at home and in the United States.

A few years ago the Superintendent of Insurance in one of the Canadian provinces where there is presently no head office of a life insurance company asked me to assist him in endeavouring to persuade a wealthy citizen in his province to incorporate a new life insurance company, or by the controlling interest in one of the smaller Canadian companies located in another province, and establish a life insurance head office in his province. When we ultimately met the gentleman in question, and I answered a few of his enquiries about the life insurance business and what profits the shareholder received, he almost laughed us out of his office, saying, "You cannot interest me in any business which offers so little prospect of a decent profit on my investment..." My suggestion that he might like to leave a

shape of a fine financial institution domiciled in his native province (and be content with a reasonable return on his investment commensurate with the risk involved) apparently had no appeal for him. He just couldn't be interested in a business where at least 90% of the earnings are required by law to be paid or credited to the customer (the policyholder) and where every move the management make is open to scrutiny by public officials. Experiences of this kind down through the years persuaded me that insurance legislation and government regulation have played most important roles in the development of sound life insurance practice in Canada, particularly during the past sixty years.

While insurance legislation and government regulation of the business as we know it in Canada today has developed with in the past century, the nature of the insurance contract is such that it demanded statutory recognition at a very early date in all civilized countries. In a strictly legal sense, a contract of insurance between private parties is a wagering contract. However, more than 350 years ago legislation was passed in Great Britain to recognize the inherent distinction between a wagering contract and a contract of insurance. As early as 1601 the British Parliament passed "an Act Concerning Matters of Assurances Used Among Merchants," and from that time forward a large number of Imperial statutes dealing with insurance have been enacted.

The insurance contract, particularly the life insurance contract, is different from almost any other type of contract because the benefits are usually projected

years or longer intervene between the purchase of a policy and the time the insurance money is paid. The individual policyholder is seldom in a position to determine the standing of any particular company, the reliability of a particular representative or the fairness of the terms and conditions of different forms of policies. In these circumstances, the public interest demands some insurance legislation and government regulation and they are usually found in one form or another wherever life insurance is known.

It is accordingly, not surprising to find that insurance legislation in Canada is at least two score years older than Confederation. In 1836 an Act was passed to authorize the establishment of mutual fire insurance companies in the several Districts of Upper Canada and to

regulate their affairs. The CANADIAN LIFE ASSURANCE COMPANY was incorporated in 1847. The first Act respecting friendly societies was passed by the Province of Canada in 1850. In 1860 an Act was passed requiring fire insurance companies not incorporated by any statute of Upper or Lower Canada to obtain a license from the Finance Minister; and in 1865 there was enacted legislation to secure for wives and children the benefits of assurances on the lives of their husbands and parents.

These references will serve to indicate that our insurance legislation has its roots in the era of the first Elizabeth and that, when Canada was constituted in 1867, there were already in existence insurance corporations and insurance laws in some of the provinces.

ALL INDIA GENERAL INSURANCE CO., LTD.,

Head Office: BOMBAY.

Paid-Up Capital: Rs 31,25,000/-

Total Assets (Exceed) Rs. 1,04,35,000/-

TRANSACTS:

LIFE • FIRE • MARINE • MOTOR Etc.

For particulars:—

"All India General Building,"
COIMBATORE.

P. V. K. Shanmugam, B. A.,

Divisional Manager for South India.

Madras City office: 29, Linghi Chetty St., Madras.

Other Offices at:

BANGALORE, MATHURAI, MANGALORE, PALAI, RAJAHMUNDRY,
TANJORE, TUTICORIN, ETC.

Reviews

Ruby General Insurance Company, Ltd., Delhi

STARTED in 1936 by one of India's outstanding industrial magnate, Mr. B. M. Birla, the Ruby General Insurance Company, Limited, commands a country-wide organisation and a substantial business, in all departments. It has a very decent paid-up capital of Rs. 32,00,000. Its financial position on 31st December, 1952 stood as under:

Capital paid-up	...	Rs.	32,00,000
General Reserve	...	"	8,00,000
Exceptional loss reserve	..	"	6,15,000
Fire Insurance Fund	..	"	10,37,542
Miscellaneous Insce. Fund	..	"	13,87,722
Marine Insurance Fund	..	"	4,14,231
Life Insurance Fund	..	"	2,02,78,420
Investment Reserve	..	"	1,86,000
Bad debts Reserve	..	"	91,000
Profit and Loss Appropriation Account	..	"	1,12,157
Total			2,81,22,072

The Company transacts all classes of business. The General Manager of the Institution is Mr. J. P. Kanoria, and Mr. P. R. Gupta is the Life Department Manager.

The Board of Directors of the Institution under the Chairmanship of Mr. B. M. Birla consists of Messrs. Mahaliram Sonthalia, Mohanlal Laloochand Shah, Surajmal Mohta, Ananta Churn Law, Rameshwar Lal Nopany and Radha Krssen Kanoria. The last two are on the directorate on behalf of the policyholders.

During the year 1952, the company received a net premium of Rs. 25,93,856 in the Fire Department. In the Miscellaneous and Marine departments, the net premiums amounted to Rs. 34,69,304 and Rs. 9,74,660 respectively. While the premium income in the Fire and Miscellaneous departments records a substantial increase, it has fallen by about Rs. 3 lakhs in the Marine Department. The Company maintains 40 % of the net premium in the Fire and Miscellaneous departments as Fund and 42½ % in the Marine department.

In the Life Department, a new business of Rs. 2,49,06,444 was completed. The total premium income amounted to Rs. 56,07,162. The total business that was in force on 31-12-1952 amounted to over Rs. 12.74 crores and the Life Assurance Fund over Rs. 2.02 crores.

A valuation of the Life Department Business was made as on 31st December, 1952 on the following basis. Mortality: Oriental 1925-35 Ultimate Mortality Table; Interest:— 3½ %; Expenses:— for ordinary tables for with-profit policies, 19.25 %, for ordinary tables for without-profit policies, 15 %. The Valuation disclosed that the Life Department is now working very satisfactorily. A surplus of Rs. 11,32,098 was disclosed after providing for estimated amount of income-tax. Bonus at the rate of Rs. 7/- per

— 20 —

thousand per annum on Endowment Assurances and at Rs. 9/- per thousand per annum on Whole Life Assurances was declared. Indeed, it is a creditable record especially when the company's rates of premium are comparatively low.

The management of the Life Department

particularly deserves all praise for maintaining a steady progress in the matter of new business even when there has been a substantial reduction in the expenses incurred.

We wish the Institution every success.

National Indian Life Insurance Company, Ltd., Calcutta

THIS Institution, established in the year 1906, is noted almost from its inception for low premium rates, good treatment to its policyholders and liberal interpretation of the privileges and conditions attached to its policies. All throughout its career of nearly half a century, The National Indian Life Insurance Company has made steady and continuous progress and its financial position has been always quite satisfactory. At the end of the year, 1952, it had on its books 57,344 policies in force, assuring in all Rs. 11,58,85,442 including bonuses.

During 1952, the company completed a new business of nearly Rs. 2.4 crores. The average sum assured per policy amounted to Rs. 2,277. Income as premiums alone accounted for Rs. 66,54,071. Interest, dividends and rents amounted to Rs. 10,41,058. On the mean fund, interest income worked out at 3.74 %. Despite high cost of living, stationery, rent, etc., the Management has been very careful to see that the management expenses bear quite a reasonable proportion of the premium income. For 1952, the Renewal Expense Ratio was only 16.6 %. The Life Assurance Fund increased by Rs. 31,80,157 in 1952 and the total fund stood at Rs. 2,99,33,516 at the end of the year.

The Report of the Actuary on the working of the Company for the triennium from 1st January 1950 to 31st December, 1952, is all praise for the management for

the splendid way in which the institution is administered and for the very satisfactory financial position it is now maintaining.

The Valuation was conducted on the basis of;—

Mortality:— Oriental Mortality Experience (1925-35) ultimate. Interest:— Three per cent per annum; Expenses: 25 % of Office premiums in case of with-profit policies and 20 % of Office premiums in case of without-profit policies. These details of the basis adopted in the valuation are quite stringent when we compare them with the actual experience of the Company during the intervalation period. Yet, the results of the valuation are a great tribute to the gentlemen who are responsible for the Institution's administration. There was a surplus of about Rs. 14 lakhs and the policyholders holding policies under with-profit schemes received a bonus of Rs. 10/- per thousand per annum.

We are sure, the institution will continue to progress in the years to come especially when its field organisation is ably handled by that veteran Insurance Man, Mr. T. V. Raghaviah, the Superintendent of Agencies. By himself, Mr. Raghaviah is an outstanding business-getter and the field-workers under him will draw inspiration for sustained effort. We wish the Institution every success.

News

LEGAL

In an interesting insurance case reported in *Company Cases*, an insurer sued the assured for certain sums of money on account of premia due on various policies issued to the latter. The assured contended that as prepayment of the premia was a condition precedent to the policies taking effect no suit could be maintained to recover them. The assured had been doing insurance business with the insurer for a number of years and the practice was that the policies were issued at his request even before the payment of premia, they being subsequently paid. The facts clearly showed that notwithstanding that the premia were not paid before the policies were issued, the parties throughout acted on the footing that there was a concluded contract of insurance subsisting between them.

The trial court judgment which held that the claim of the insurer was maintainable was confirmed on appeal by the Madras High Court. Extracts from the High Court judgment are given below:

The learned advocate for the appellant, contends that as the prepayment of the premium was a condition precedent to the contract of insurance coming into force and as that condition had not been complied with, there was in law no basis of that contract. He relied on the decisions in *Equitable Fire and Accident Office Ltd. v. Ching Wo Hong* and *South British Insurance Co. v. Sienson* in support of his position. In *Equitable Fire*

and *Accident Office Ltd. v. Ching Wo Hong*, the facts were that one Ching Wo Hong had taken a policy of fire insurance with the appellant company. One of the terms of the policy was that it would become null and void if the insured omitted to give notice of any additional insurance effected on the same goods with another company without the consent of the insurers. In an action to recover the amount mentioned in the policy the appellant company pleaded that the plaintiff had subsequently effected an insurance with the Western Company without their consent and that accordingly the policy issued had become null and void. This contention was rejected. It was found that in fact there was no subsisting policy with the Western Company in favour of the plaintiff because the premium had not been paid as provided in the policy. A contention was raised that as the policy had been delivered to the plaintiff it must be taken that the condition as to prepayment had been waived and that therefore the policy was effective. In rejecting this contention LORD DAVEY observed:

"Their Lordships cannot treat the fact of the executed policy having been handed to the respondents as a waiver of the condition or attach any importance to the circumstances. What was handed to the respondents was the instrument with this clause in it, and that was notice to them, and made it a part of the contract that there would be no liability until the premium was paid."

This clearly is as authority for the position that by the mere fact of the delivery of the policy the company cannot be held to have waived the condition that it should come into force only on payment of the premium. In that case it must be mentioned that the Western Company itself had repudiated its liability. It is this fact that distinguishes that case from the present. It might further be observed that there was a finding in that case that both the parties had treated the contract as non-existent. With reference to this LORD DAVEY observed:

"Whether under these circumstances the appellant company can resuscitate an instrument which the parties to it agree in treating as void for the purpose of avoiding its own liability, is open to question"

This observation shows that where the parties themselves agree to treat the contract as effective different considerations might arise.

In *South British Insurance Company v. Stenson*, the suit was by the insurance company for recovering premium on a policy which provided that no insurance shall be held to be effected until the premium due thereon shall be paid and accepted in full. It was established that the policy had been issued and that demands were also made by the company for payment of premium. PATKAR and BAKER JJ. held that these facts were insufficient to establish waiver, that the policy did not come into effect and that the suit was not maintainable. It may be mentioned that the terms of the policy in the above case are different from those of the policies with which we are concerned. There is a later judgment of the Bombay

High Court reported in *Ocean Accident Corporation v. Patkar*. There also the suit was by the insurance company for payment of premium. The defence was that there was no concluded contract between the parties and that was based on the fact that there had been no prepayment of the premium as provided in the policy. RANGNEKAR J. states the law on the subject thus:

"A contract of insurance like any other contract is completed by an offer made by one party to the other and accepted by the latter, and secondly, prepayment of the premium is not in law a condition precedent to the contract of insurance. But it is also a common practice of all insurers, except marine, to stipulate that the contract shall not begin to take effect until the premium has been paid. It is well established that the court will not enforce a contract of insurance where there is such a stipulation in the policy until the premium has been paid. This is clear from *Equitable Fire and Accident Office Ltd. Ching Wo Hong*. But even in cases where there is such a stipulation, it is competent for an insurer to waive the condition and the court will readily infer such a waiver."

Then the learned Judge refers to the cases reported in *Armstrong v. Turquand* and *General Accident Insurance Corporation v. Crank*, and finally comes to the conclusion on the facts that the condition had been waived and that the suit was maintainable.

The law on the subject is stated in Halsbury's Laws of England. Hailsham Edition, Vol. 18, paragraphs 650 and 651 at page 449 thus.

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

(Established: 1897)

Head Office:- Empire House, Hornby Road, BOMBAY.

HIGH LIGHTS FROM 1952 Annual Report

Total Business in force	...	29,60,56,165.
Total Assets	...	11,52,70,583.
Total Claims paid	...	13,24 80,080.

VALUATION REPORT AS AT 31-12-1951

Bonus per 1000 per Annum

Rs. 10 Whole Life Assurance

Rs. 8 Endowment Assurance

Administrator:

Dewan Bahadur R. VARADACHARI.

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Shows steady march on path of progress

1951 - Rs. 9.55 Crores

President: Lala Lakshmipat Singhania.

National Insurance Co., Ltd.
7, Council House St., Calcutta.



Madras Branch:

362, Netaji Subhas Chandra Bose Road,
Esplanade, MADRAS.



A J. K. UNDERTAKING

"As soon as the contract is signed, the assured becomes liable to pay the premium, but his failure to pay it does not in itself absolve the insurers from the liability which they in turn have undertaken under the contract. In the event of a loss, therefore, happening before payment, they must pay the amount due under the contract, unless the contract otherwise provides.

In practice, prepayment of the premium is usually made a condition precedent to liability, in the case not only of the first premium, but also of the renewal premiums. The assured is then precluded from recovering for a loss which happens before the premium is paid. Any such condition, however, may be waived."

In Porter on the Law of Insurance the position is thus stated:

"But where it is a condition in the policy that the policy shall not be binding until the premium is paid, it is competent for the insurer to waive the condition, and the court will readily infer a waiver."

The law, therefore, is well settled that a contract of insurance, like other contracts, is concluded by offer and acceptance. If there is a stipulation that the liability will attach itself under the contract only if premium is paid that will be a condition precedent to the policy taking effect. But that is a condition inserted for the benefit of the insurer and that can be waived. On this statement of the law we have no doubt that the learned Judge has come to the correct conclusion on the facts that there has been a waiver of the condition. It was the defendant who offered to take the policies. When repeat-

ed demands were made on him for payment of premia, he did not repudiate his liability to pay them. On the other hand, he expressly agreed in Exhibit P. 6 to pay them. He also renewed those very policies. These facts lead to the irresistible conclusion that the condition had been waived and that there was a concluded contract of insurance between the parties.

On this finding the appeal fails and is dismissed with costs.

Burmese Insurance Mission Entertained:

Insurance Mission of the Government of the Union of Burma consisting of Mr. Maung Maung, Leader and Messrs. Bya Maung, Pe Thin, Khin Sein and Than Hla, members arrived in Calcutta on the 18th December to discuss various Insurance problems with Mr. B. B. Dotto, Secretary, Police Co-operative Life Insurance Society Ltd. The Leader and members of the Mission were entertained to a Coffee Party by Mr. Dotto at his Office 4, Saklat Place, Calcutta on the 21st December evening which was largely attended. Amongst the gentlemen present prominent were His Excellency U. Nyunt, Consul General for Burma, His Excellency U. Tun Shein, Vice-Consul General for Burma; Mr. Manindra Narayan Roy, President, Indian Journalists Association; Mr. Bankim Chandra Roy, M.A., A.C.I.I., Secretary, Hindusthan Co-operative Insurance Society; Mr. S. Srinivasan, M.A., F.I.A., (Lond), President, Indian Life Assurance Offices Association and General Manager, National Insurance Co., Ltd., Colonel J. I. M.B., M.C., I.M.S., Chief Medical Officer, Hindusthan Co-operative Insurance Society; Colonel S.D.S. Greval, B.Sc., M.D., B., D.P.H., F.N.I., I.M.S., Editor, L

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Last Valuation Bonus Rs 9/- per Rs. 1000 per year.

Total Business in force exceeds	Rs. 10 Crores
Total Funds exceed	" 2
Total Annual Income exceeds	" 60 Lacs

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OVER Rs. 4.26 CRORES.

BONUS.

per thousand

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Endowment	" 36/-

(On current premium rates for
quadrennium ending 1951)

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Medical Gazette; Mr. S. S. Ali of the Sun Life Assurance Co., of Canada; Mr. H. K. Sen, M.Sc., F.F.A., A.I.A., A.C.I.I., President, Indian Insurance Institute; Mr. A. B. Chatterjee, M.A., F.R.E.S., Secretary, Metropolitan Insurance Co., Ltd.; Mr. P. K. Sen, Manager, Calcutta Insurance Ltd.; Mr. P. K. Chowdhury, Managing Director, Sodepur Cotton Mills; Dr. A. C. Nag, M.Sc., D.Phil., A.C.I.I., National Indian Life Insurance Co.; Mr. Provataswar Roy, B.A., A.M.I.F.E. (Lond.), Equipment Officer, West Bengal Fire Services; Mr. H. C. Naug, Managing Director, Palladium Assurance Co.; Mr. S. K. Mazumdar, B.A., LL.B., Chairman, New Bengal Provident Insurance Co., Ltd.; Mr. R. Krishna, Divisional Manager, Adrema Ltd; Mr. J. Banerjee, M.Sc., Econ. (Lond.), Senior Asstt. Secretary, Hindusthan Co-operative Insurance; Mr. Ashoke R. Sen, M.Sc., A.C.I.I., Junior Asstt. Secretary, Hindusthan Co-operative Insurance; Dr. Samanendra Narayan Sen, M.Sc., D. Phil. of the Indian Association for the Cultivation of Science; Mr. Anupom Ghattak, Music Director; Prof. Subodh Chandra Chowdhury, M.A., LL.B., F.C.I.I. of the University of Calcutta; Dr. R. K. Dutta Chowdhury, B.Sc., M.B.B.S., Chief Pathologist, Chittaranjan Cancer Hospital; Mr. Ashutosh Banerjee, Editor, Insurance Herald; Mr. Amulya Charan Niyogi, M.A., Secretary, East India Insurance Co., Ltd; Ft. Lt. S. P. Chatterjee, M.B.B.S., D.T.M. of the Indian Air Forces; Dr. Arun Kumar Ghosal, M.B.B.S., Pathologist; Mr. Amalendu Roy, Manager, Insurance World; Mr. Benoy Bhushan Bose, Editor, Jeebon Beema; Mr. H. Mukherjee, Sergeant, Traffic Police, Calcutta; Mr. A. C. Nandi, Secretary, Thacker's Press and Directory.

The guests were entertained by the well-known Magician, Mr. H. M. Vakil, which was very greatly appreciated. The catering was done by Messrs. India Coffee House of Albert Hall, Calcutta. Messrs. A. K. Bhattacharjee and M. N. Ghattak were all attention to guests.

Burmese Insurance Mission Visit different Life Offices in Calcutta.

Insurance Mission of the Government of the Union of Burma consisting of Mr. Maung Maung, Leader and Messrs. Bya Maung, Pe Thin, Khin Sein and Than Hla members accompanied by Mr. B. B. Dotto, Secretary, Police Co-operative Life Insurance Society Ltd. went to the Metropolitan Insurance Co. on the 22nd December morning. The guests were received by Mr. S. N. Sen, B.Com., Accounts Officer, who took them round the various departments of the Company. They were introduced to Mr. D. N. Bhattacharjee, Managing Director who entertained them with Tea. Later on the guests were introduced to the Secretary, Mr. A. B. Chatterjee, M.A., F.R.E.S. and Actuary, Mr. P. K. Ghosh, M.Sc., F.I.A. (Lond) and the Assistant Secretary, Mr. J. N. Chowdhury, B.A.

In the afternoon of the 22nd December the Leader and members of the Insurance Mission accompanied by Mr. B. B. Dotto went to the office of the Hindusthan Co-operative Insurance Society. They were received by Mr. J. Banerjee, M.A., Econ. (Lond.), Senior Assistant Secretary and Mr. Ashoke R. Sen, M.Sc., A.C.I.I., Junior Assistant Secretary. They were taken round all the departments of the Society and were particularly interested in seeing the mechanical department's working. At this stage Mr. B. C. Roy, M.A., A.C.I.I.,

Secretary joined the party, who were later introduced to Sir D. N. Mitra, Kt. C. B. E., Chief Adviser of the Society who were graciously pleased to entertain them to Tea. Sir Dhiren also gave an opportunity to the members to attend the Board Meeting of the Society which was in session. The members were greatly impressed by the extreme courtesy extended to them by Sir Dhiren who gave them some helpful advice.

On the 23rd December morning the Leader and members of the Burma Insurance Mission accompanied by Mr. Dotto went to the Office of the National Insurance Co., Ltd. and were received by Mr. S. D. Srinivasan, M.A., F.I.A., the General Manager. Mr. Srinivasan personally took the guests round the various departments of the Company, who were very much impressed. Later on Mr. Srinivasan entertained the guests to Tea.

Association of Mutual Life Offices in India

"A pampered child does not grow well. On the other hand such pampering will only create annoyance to the other children and create unhealthy living conditions". In these words Mr. T. R. A. Pai, President of the Association of Mutual Life Offices in India, characterised the effects of the move by the Central and the Mysore State Governments to give more concessions and/or expand the activities of the Postal and the Mysore State Government Insurance Departments.

Continuing the remarks he said, "When well managed Indian insurers offer efficient services to the public and give more than what the Govts. expect of them, viz., when they invest more than 70 % of their assets in Govt. securities instead of

the statutory limit of 50 % only, we fail to understand why Govts. should pamper their Postal and Mysore State Insurance Depts. by giving more concessions to them and thus try to compete with the Indian Insurers.

"Already the Indian Insurers are having competition from foreign insurers and by the Governments allowing their own departments also to have unfair competition with the Indian insurers it would be creating unhealthy conditions. Well advanced European countries who too were formerly thinking in terms of Nationalisation of insurance have recently decided to mutualise or to encourage mutualisation. We appeal to the Central and the Mysore State Govts. to take a correct perspective of the situation and desist from their extremely unwise move."

Obituary

We record with deep regret the sudden death of Mr. R. C. Prabhakar, Divisional Manager of the Eastern Life Assurance Company Limited at Jullundur, which occurred on 8th December, 1953 under tragic circumstances due to haemorrhage caused by a fall from the stairs.

Mr. Prabhakar who was 40 at the time of death, was a very successful insurance man. Having started from an ordinary position, he made his mark and was holding the present position, of divisional manager almost since the inception of the company. He was an asset to the Institution which he served to the last with devotion and singleness of purpose. Mr. Prabhakar's death is a profound loss to the Company and has created a vacuum which will be difficult to fill. He has left a large circle of friends to mourn his loss.

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Registered & Life Principal Office: 21, Daryaganj, DELHI.

Bonus declaration in valuation as on 31-12-52

Whole Life Assurances	... Rs. 9/-	per thousand
Endowment Assurances	— Rs. 7/-	per year

Interim Bonus at the same rates.

Life Business in force as on 31-12-52	... Rs. 12,74,76,283.
Life Assurance Fund as on 31-12-52	... Rs. 2,02,78,420.
Total Assets as on 31-12-52	... Rs. 3,31,78,924.

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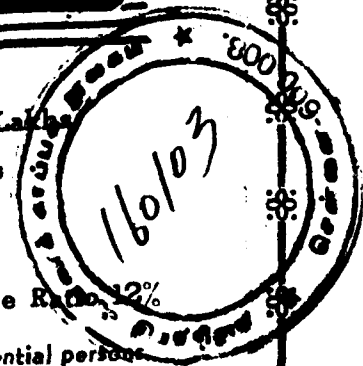
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Income ...	Rs. 40,00,000
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Claims Paid ...	Rs. 55,00,000

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Sir Phirozshah Mehta Road, Fort, Bombay.

[illegible]