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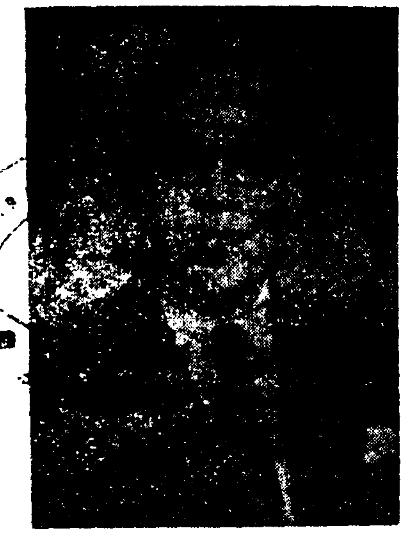
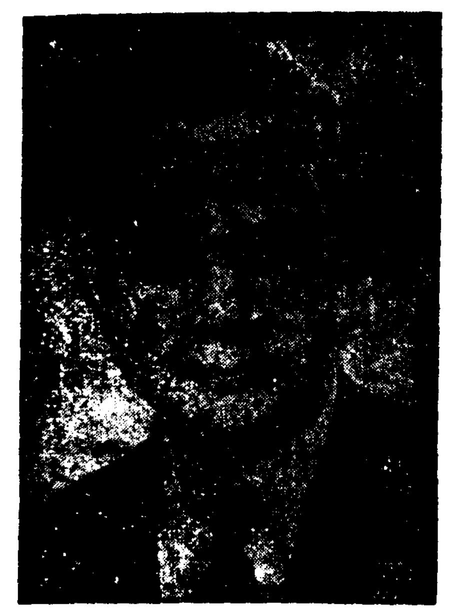
General Manager, Andhra Insurance



Mr. S. D. Srinivasan, M.A., F.I.A.
Manager, National Insurance Co., Ltd. & (President, Indian Life Assurance office Association.)

Mr. N. V. Nayudu, M.A., F.I.A.
Manager, "United India"



Mr. K. Balasubramaniam, A.I.A.
Manager, "Bombay Life"

(304)

Mr. A. Rajagopalan, F.I.A
the present Controller of Insurance Govt. of India.

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Chairman, United India Life.

Mr. H. D. Rajah, *Chairman, Vanguard Insurance Co.,*

Mr. C. M. Srinivasan,
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L. N. Gupta, I.A.S.,
Chairman, Hyderabad United Insurance

Mr. P. Ramaswamy, B.A.,
Branch Manager, Industrial & Prudential Assurance Company, Ltd., Madras.

Mr. G. L. Iyer, B.A., A.C.I.I.
Secretary, Indian Insurance Companies Association Pool, Madras.

Mr. G. L. Iyer has joined the Indian Insurance Companies Association Pool from 1-9-1953 as the Secretary of the Madras Regional Committee.

Mr. Iyer had his training in Insurance with the New India Assurance Co., Ltd., at Karachi and Bombay. He was in service with them for 16 years from 1933 to 1949 during the fag end of which period he was sent on deputation to Patiala Insurance Corporation, Patiala.

He joined the "United India Fire & General Insurance Co., Ltd., Madras" in 1949 as the Superintendent at their Head Office and he continued in that capacity till he took up duties with the Pool.

Mr. Iyer has got over 20 years' experience in the Insurance line and is very well conversant with all classes of insurance. He is of a quiet and amiable disposition and we have no doubt he will prove to be an asset to the Pool.

We wish him all success in his future career.

THE INDIAN POLICY-HOLDER

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CONTENTS

Reviews of Companies

Publisher's Note

With the completion of April, 1953, the Journal enters on its nineteenth year of existence. In its ideal of service to the cause of Insurance, the "Indian Policy-holder" has been steadfast during the last eighteen years. We avail of this opportunity, with pleasure, to convey our thanks to all our subscribers, advertisers and sympathisers for their moral and material contribution towards the success of the Journal. We once again dedicate ourselves to the task we have cheerfully undertaken, and hope to succeed in our endeavour, with the hearty co-operation of the insurance companies, the policy-holders, and the general public.

THE INDIAN POLICY-HOLDER

ANNUAL 1953

Are Indian Insurers Blind to Realities?

IS Indian Life Assurance Business progressing on sound economic lines is the question often raised even by responsible Insurance men. The Controller of Insurance, Government of India, seems to have no doubt about it, as will be evidenced from his reports in the Indian Insurance Year Books of the recent years. Almost from the date the Indian Insurance Act, 1938, came into force, the successive officers in charge of the Insurance Department, Government of India, one after another, have not only exercised the powers vested in them judiciously with a view to improve the unsatisfactory lines on which Indian Life Assurance Business has been drifting, but also have sounded a note of warning that such state of affairs do not augur well for the future of the business. It is rather depressing to note that Indian Insurers have been not benefitted from any such caution. Particularly the business records for the last six or seven years betray a sense of responsibility on the part of managements to an alarming degree. The year 1945 commenced for Indian Insurers with a Life Assurance Business in force of 366.15 crores. In the course of 7 years, i.e. from 1st January, 1945 to 31st December, 1951, Indian Insurers issued policies to the total value of Rs. 833.92 crores. During the same period they have paid by way of death claims, maturity claims and surrenders to the extent of Rs 65 crores. In the ordinary course of things, if policies issued by the insurers during these years have continued to be in force, the Indian Insurers jointly would have held a total business in force of nearly Rs. 1,130 crores with an annual premium of about Rs. 60 crores. But the actual business in force on 31st December, 1951 (including policies issued during the year 1951 to the extent of Rs. 116 crores) was only Rs. 677 crores with an annual premium of Rs. 33.32 crores. The business in force increased during the seven years only by 311 crores as against a new business completion of Rs. 833 crores. If the business done in 1951 is excluded, as we cannot judge the fate of those policies in the absence of the Government of India year Book, 1953, which is not yet published, the increase has been only Rs. 195 crores as against a new business of Rs. 717 crores, completed. These figures, though approximate they are, serve enough to have an idea of the trend and draw conclusions. In the course of six years, a business to the extent of over Rs. 520 crores has gone out of the books. The Companies would have received on this business, if kept in force, to the extent of Rs. 200 crores as premiums, so far. One interested in the development of life insurance business in the country, will be shocked to know that on an average of Rs. 120 crores of business completed every year, a business of Rs. 87 crores was lapsed and only Rs. 33 crores was continued. The policyholders of these lapsed policies jointly have lost Rs. 25 crores, without any benefit even if it is assumed that only one year premium was paid on the policies. It is something like a revelation. Leaving alone the policyholders who had not the prudence to continue the policies, it will be some consolation if such wholesale lapses occur without affecting the companies concerned. But, early lapses of policies undermine the financial stability of life assurance companies. Indian Life Assurance Companies spend on procuration of new business as much as 100 per cent. and even more of Annual premium. If in addition to incurring so much of expenses on new business that is not certain to continue in the second year, a few claims by death were also to be reported, unfortunately, the financial position of companies will be greatly affected to the detriment of the members who continue to pay the premiums on their policies. Nowhere in the world a state of affairs to such a deteriorating degree, seem to have ever existed at all.

In India, it is now nearly a century since Insurance Business was commenced. At least from the early 20th Century Indian Companies, quite a large number, are functioning actively. Now there are about 225 Indian Insurers besides foreign ones, that transact business But only about 50 Indian Companies have developed in size and strength, worth mentioning, and even among these many are yet to attain a commendable standard of economy and efficiency in management. The rest of the companies struggle hard to secure any decent business, not to speak of the uneconomic cost at which they do business.

We wish the Indian Insurers as a whole to be more practical and realistic. It would do well for them to discontinue the present practice of trying to impress the public of their satisfactory progress by swollen new business figures. They must realise that their present field force is of very poor calibre. No organised attempt has ever been made to draw from the public persons who are well-fitted for the job of canvassing insurance business and train them. If we may say so, even many of the present Branch Managers of Indian Insurers are unsuitable for the responsibilities they are expected to shoulder. The first and foremost qualification of an Insurance man is the possession of an unshakable conviction in him that he is doing a service to the public in the real sense and that he is connected with an Institution whose integrity, honesty and financial stability is unquestionable. Unless the Branch Manager and his fieldmen

are men of such strong faith, it would be a very difficult job for them to carry conviction in the public and expect their sincere support. We have had occasions to meet hundreds of fieldworkers and a large number of Branch Managers and Chief Agents, in the course of our long association with this business, and to our utter disappointment, we have been able to find only a small percentage of them with such strong faith. On the other hand what we have actually found to our horror was scores of Insurance men who complained bitterly and disparagingly about Insurance Companies and their Managements, their way of spending public money in a most callous manner. Yet they stick on to their profession and go about for canvassing proposals.

It is high time that Indian Insurers realise this weakest link in their business organisation. If Life Insurance Business should thrive in India as it has done in other civilised countries, Indian Insurers should first conduct themselves in such an exemplary manner that fieldworkers have no room to suspect maladministration. The men at the top of Head Office managements should be such who are capable of appreciating the sacred character of the funds of those dumb millions, the policyholders, who cannot effectively raise any protest even if they wish to do so. The majority of the policyholders come chiefly from the smaller income group, who have at great personal sacrifices decided to provide for future essential needs. The Head of the management should be one by temperament, training and experience capable of exercising calm, judicious, sound and conservative control over all affairs connected with the administration. If the managing authorities of Insurers are misfits, they cannot command high regard and whole-hearted co-operation from the field workers. Next comes the problem of field organisation. This can be tackled by a joint effort of all Insurers. Training centres should be maintained in all important cities throughout the Country and suitable candidates who have an aptitude for social service must be picked up and developed mentally and morally so that they can go in the field with full confidence. The present set up of the field organisation is unsatisfactory in every way. Most of the agents have not entered the profession of their own choice. Further, majority of the insurance agents are only part-timers. They have a poor idea of their service to the policyholders and the institutions they represent. A good number of them are not only illiterates but also totally ignorant of even the rudiments of Insurance. In their anxiety to do more business, the field officers of Insurers get hold of them and in the race for business, they bestow no attention either to the quality of the business or the capacity of the people to save. This sort of misguided effort to do new business easily and quickly without bothering about any spade work, prove in course of time like structures erected on loose sand. But for this indiscriminate recruiting of men for field-work, many of the present evils such as "Rebating" "unhealthy competition", "Poor quality of business", etc., would not have cropped up. Particularly the evil of "rebating" has done much harm to the Insurance business. The Insuring public now-a-days expect straight away from the canvassers a substantial concession on the first year premium. To most of the potential buyers of insurance, today the agent who offers the highest rebate is the person worthy of entrusting their business, no matter whatever be the financial position of the company he represents. Even the days when people judged the insurers by the bonuses they declared and the new business completed have now gone. But still, all Insurers, big and small, attempt to continue to progress on the show of their new business figures. In their anxiety to increase their new business year after year the Head Office managements wip up their field workers, who, finding it difficult te come up to the estimation of their principals adopt easy methods to snatch business. In actual experience they have found out that the method of "Rebating" pays them immediate dividends, never mind, what happens the next day. Practically, all fieldworkers, irrespective of the Institutions to which they are connected, employ all methods. Thus the degradation has set in gradually in a vicious circle. It is no use expecting the field workers alone to behave better when still the pressure from the head of the managements for increased new business is tight. There is therefore an immediate necessity for mutual readjustment from top to bottom in the administration of Insurance Companies if Indian Insurance should develop on more sound lines.

In the India of the future, Insurers have a greater responsibility and a bigger part to play. Our country cannot continue to be in the same state as it was under the British domination. Great transformations are taking place and definitely the changes are for the better. India, under the able leadership of pandit Jawaharlal Nehru will so shape herself as to be looked upon with great respect and regard. She will not have to depend upon for anything and everything on foreign countries. Independent India will be made to be independent in all directions, economically, socially. culturally and politically. In a resurgent India, people will find a new life instilled in them. Every effort is being made vigorously to banish poverty from the land, to produce more, more than what is necessary for home consumption, and to reverse from the present position of an importing country to that of an exporting country. As the per capita earnings of the people increase, Life Insurance companies will find a richer field for their business and they must be in a position to deserve such confidence.

With Profit Endowment Assurance Premium

Some experiments in fitting a certain type of formula and basis.

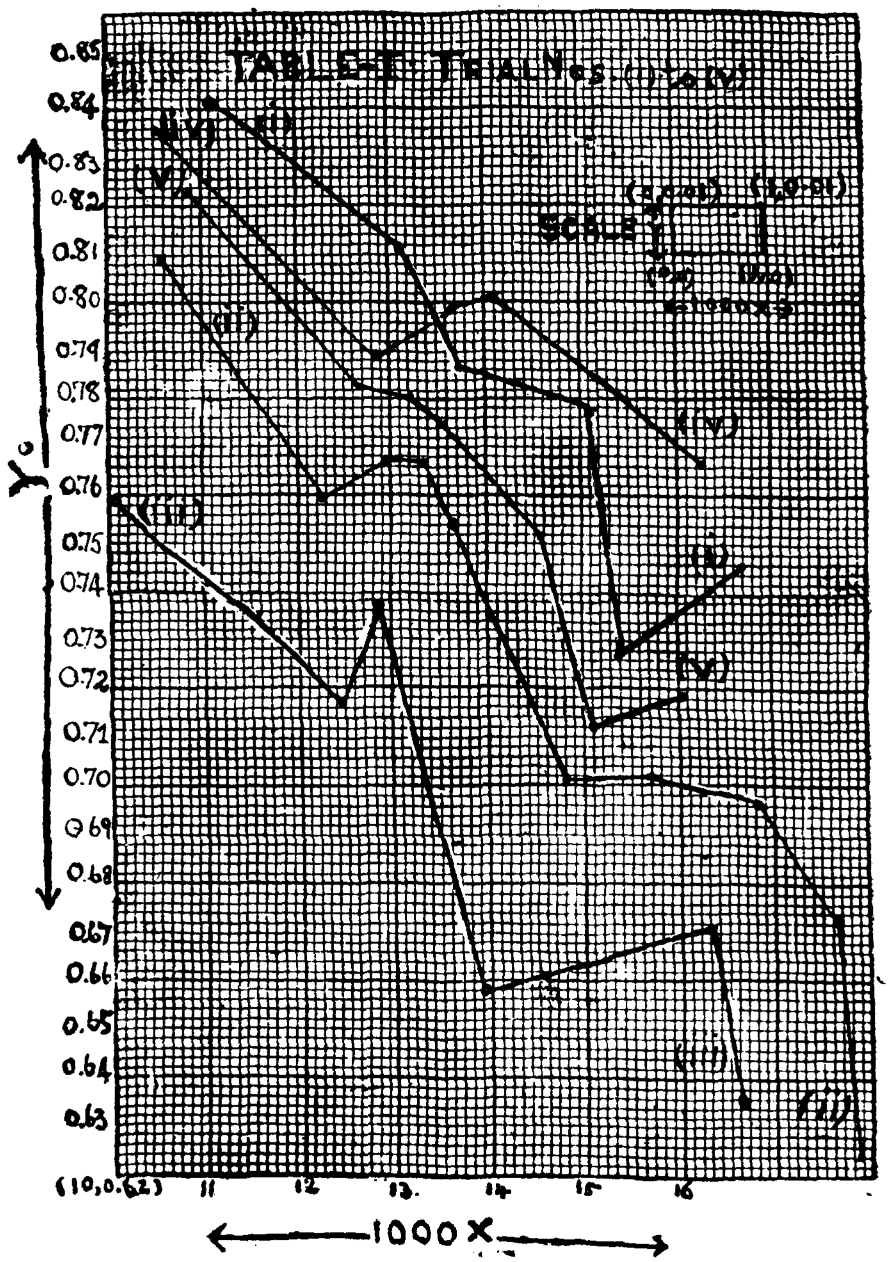
By S. C. Damle, M Sc., (Allahabad), F.I.A., (London),
Consulting Actuary, Bombay.

IN India it appears that the office premium is generally considered in a life-office valuation only in two ways: The First Year's Premium and The Renewal Premium. But a scrutiny of the methods and bases on which the premium rates are usually calculated would appear to indicate a somewhat different system than the simple division: the First Year's Premium and the Renewal Premium. There are no doubt strong historical reasons for the methods in actual use both in the calculation of premium rates as well as in the valuation and it is not intended to go into these details in this note.

The desirability of maintaining consistency or, so to say, unity between the premiums in use, the basis and methods of valuation and the valuation of assets has now been well recognized. In fact the equity in the release and distribution of surplus is closely linked with the consistency in the above three factors. The Market value in the aggregate has already been laid down by law as the maximum value in the aggregate to be placed upon the value of assets at the time of a valuation for distribution of surplus. This point is, therefore, rigidly fixed. Turning our attention to the valuation of policy liabilities, the methods in general use in India are to reserve a certain percentage of the renewal premiums as a provision for future expenses and profits and to adopt a suitable basis of mortality and interest. But the question of how the premiums in use fit into the valuation basis seems to have received little, if any, attention so far. It is presumed here that the first year's premium is to be spent entirely in meeting first year's expenses, claim and interim bonuses, if any.

S. C. Damle, M.Sc., (Allahabad), F.I.A., (London)

To avoid all controversy I have chosen for my experiments the premium rates quoted some more than 10 or 12 years ago. Terms less than 15 years have not been considered. Only in Table I one value for a term of 40 years and two values for a term of 35 years have been considered.



In all other cases the terms range from 15 to 30 years inclusive. I do not remember to have seen anywhere in print the method of testing the goodness fit of the particular basis of mortality and interest adopted in the valuation to the premium rates in use and I have, therefore, agreed to give here for publication the method I have used of testing the goodness of fit of a particular basis to the current premium rates and I also present here the results obtained by the application of the method to a few cases.

Let the entire amount of the first year's premium be assumed to be applied to meet the first year's expenses, claims and the liability for interim bonuses paid, if any. The contract may, therefore, be assumed to begin at the end of the first year since entry and be for a term one year less than the original term. The liability for simple reversionary bonus in respect of the first year since entry is assumed to be met out of premium payable after the first year. A system of uniform simple reversionary bonuses is assumed.

Let the uniform renewal expense ratio assumed be $(1-f)$ per unit renewal premium per annum. Let b be the uniform rate of simple reversionary bonus per 1000 sum assured per annum. Let x be the true age at entry and n the true term in years. Assuming ultimate or aggregate tables of mortality to be applicable after the first year, the equation of payment at the end of the first year would be, ignoring all refinements,

$$f\,P'_{x\,\overline{n}|}\,\ddot{a}_{x+1:\overline{n-1}|}$$

$$= (1000+b)\,A_{x+1:\overline{n-1}|} + b\left\{\frac{R_{x+1} - R_{x+n} + (n-1)\left\{D_{x+n} - M_{x+n}\right\}}{D_{x+1}}\right\},$$

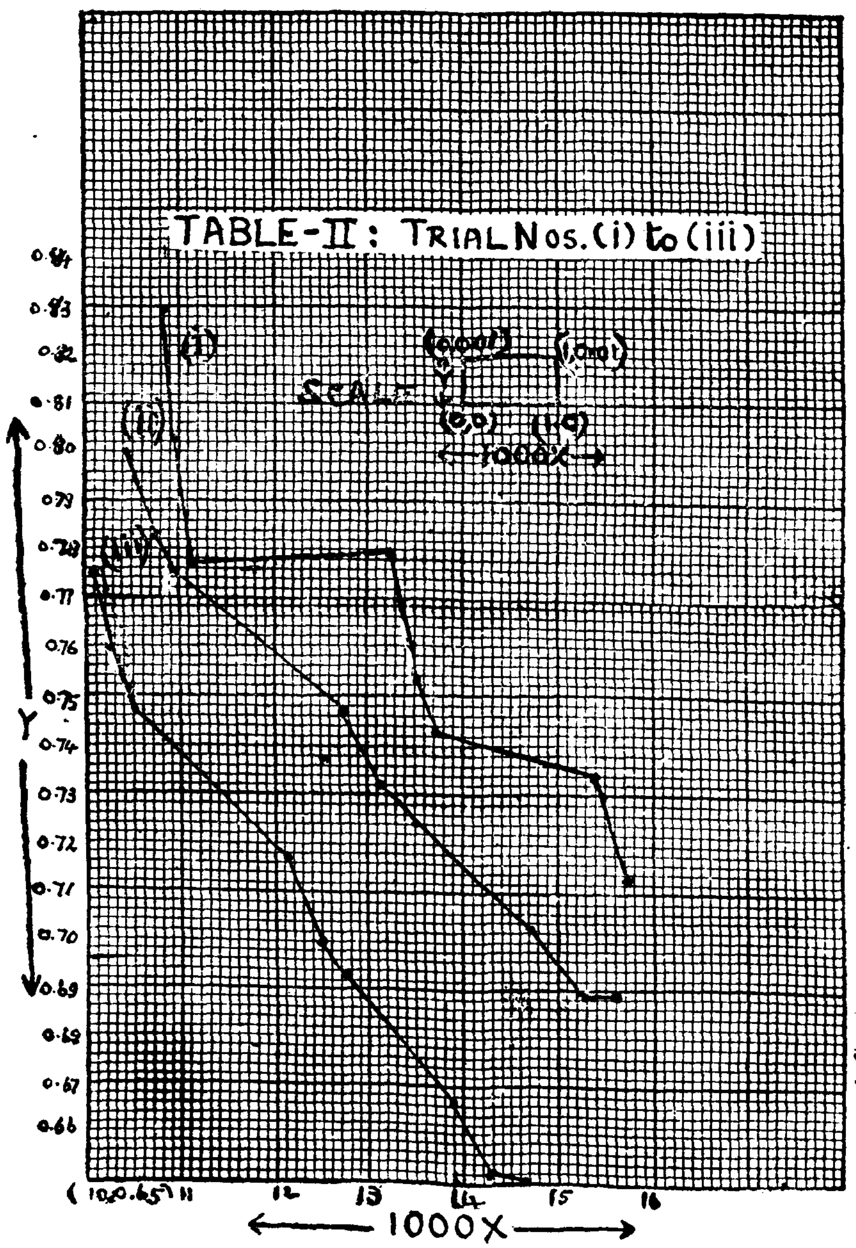
where $P'_{x\,\overline{n}|}$ is the rate of office annual premium charged for 1000 sum assured per annum and the other symbols used are the usual actuarial symbols requiring no special explanation.

Hence,

$$f\,P'_{x\,\overline{n}|} = 1000\,P_{x+1:\overline{n-1}|} + b\left\{P_{x+1:\overline{n-1}|} + I\,P_{x+1:\overline{n-1}|}\right\},$$

where $I\,P_{x+1:\overline{n-1}|}$ denotes $\left\{\frac{R_{x+1} - R_{x+n} + (n-1)\left\{D_{x+n} - M_{x+n}\right\}}{D_{x+1}\,\ddot{a}_{x+1:\overline{n-1}|}}\right\}$

and $P_{x+1:\overline{n-1}|}$ is the true net premium for an endowment assurance of unity for the age at entry x+1 and for a term of n-1 years and the table of mortality is an ultimate or an aggregate one.



We thus obtain,

$$f = \frac{1000\,P_{x+1:\overline{n-1|}}}{P'_{x\overline{n|}}} + b\left\{\frac{P_{x+1:\overline{n-1|}} + I\,P_{x+1:\overline{n-1|}}}{P'_{x\overline{n|}}}\right\}.$$

Writing, $\dfrac{P_{x+1:\overline{n-1|}} + I\,P_{x+1:\overline{n-1|}}}{P'_{x\overline{n|}}} = X$

and $\dfrac{1000\,P_{x+1:\overline{n-1|}}}{P'_{x\overline{n|}}} = Y$,

we have, $f = Y + bX$, i.e. $Y = -bX + f$; showing that there is a linear regression between X and Y.

The equation of the regression line of Y over X would be :—

$$Y = \bar{Y} + r\frac{\sigma Y}{\sigma X}(X - \bar{X}) = \frac{p}{\sigma^2_X}X + \bar{Y} - \frac{p}{\sigma^2_X}\bar{X},$$

where r is the co-efficient of correlation,

σX is the standard deviation of X,

σY ,, ,, ,, ,, ,, Y,

$\bar{Y}$,, ,, arithmetic mean of the values of Y,

$\bar{X}$,, ,, ,, ,, ,, ,, ,, ,, X

and p ,, ,, product function $\dfrac{\Sigma\,[(X-\bar{X})\,(Y-\bar{Y})]}{\text{The number of points}}$.

Hence, $b = -\dfrac{p}{\sigma^2_X} = -r\dfrac{\sigma Y}{\sigma X}$

and $f = \bar{Y} - \dfrac{p}{\sigma^2_X}\bar{X} = \bar{Y} - r\dfrac{\sigma Y}{\sigma X}\bar{X} = \bar{Y} + b\bar{X}.$

Examples of the application of the above method are illustrated below in the case of three tables of premium rates. The points in the graph in the case of each trial are indicated in the appropriate graph.

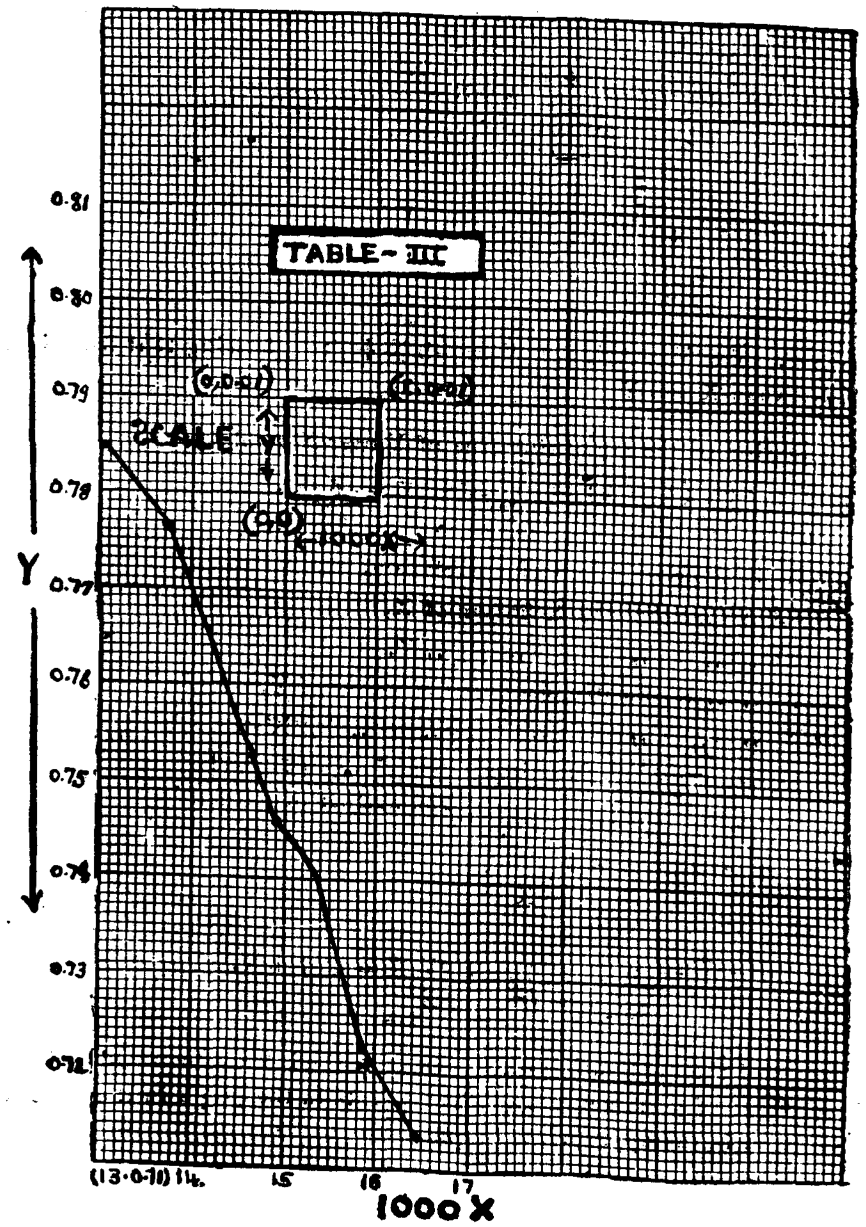


Table I: Rates of premium : $P'_{\overline{x\,n|}}$

x	n: 15	20	25	30	35	40
20	—	—	—	34.13	29.75	26.94
25	—	52.19	41.88	35.44	31.50	—
28	—	52.81	42.69	36.68	—	—
30	—	53.38	43.44	37.56	—	—
33	—	54.56	44.94	—	—	—
35	72.63	55.50	46.25	—	—	—
38	74.25	57.56	—	—	—	—
40	75.56	59.31	—	—	—	—
45	80.44	—	—	—	—	—

Following trials were made :—

(i) OM(5) + 10 years at 4 %: Does not give a good fit;

(ii) OM(5) + 5 years at 4 %: Gives a fair fit; and $r = -0{\cdot}95589$ and $Y = -21{\cdot}53\,X + 1.038$

(iii) OM(5) at 4 % : Does not give a good fit;

(iv) OM(5) at 3½ %. Does not give a good fit;

(v) OM(5) + 7 years at 4 %: Gives a good fit; and $r = -0.96876$ and $Y = -21.76\,X + 1.06$

Table I. Values of 1000 X and Y for each trial

Trial No. (i) 1000X	(i) Y	(ii) 1000X	(ii) Y	(iii) 1000X	(iii) Y	(iv) 1000X	(iv) Y	(v) 1000X	(v) Y
11.12	.8419	10.60	.8093	10.04	.7602	10.59	.8355	10.88	.8236
13.12	.8119	12.27	.7597	12.34	.7176	12.87	.7893	12-65	.7828
13.48	.7973	12.97	.7669	12.87	.7380	13.62	.7989	13.19	.7801
13.69	.7848	13.39	.7674	13.93	.6584	14.07	.8012	13.53	.7756
15.07	.7772	14.16	.7299	16.22	.6713	16.27	.7669	14.57	.7512
15.38	.7271	14.85	.7010	16.63	.6359	—		15.09	.7133
16.67	.7444	15.73	.7023	—		—		16.10	.7192
—		16 84	.6971	—		—		—	
—		17.31	.6732	—		—		—	
—		17.94	6242	—		—		—	

Table II: Rates of premium $P'_{x\overline{n|}}$

	n			
x	15	20	25	30
20	—	56.88	45.75	—
25	77.25	58.25	47.38	—
30	78.75	60.00	49.50	—
35	80.75	62.63	—	—
40	83.75	—	—	—

Following trials were made :—

(i) O (1925-35) + 10 years at 3 %:
Does not give a good fit;

(ii) O (1925-35) + 5 years at 3 %:
Gives a very good fit;
and $r = -0\ 9936$
and $Y = -20.45\ X + 1.004$

(iii) O (1925-35) + 5 years at 3½ %:
Gives a good fit;
and $r = -0.9675$
and $Y = -24.85\ X + 1.024$

Table II: Values of 1000 X and Y for each trial

Trial No.					
(i)		(ii)		(iii)	
1000 X	Y	1000 X	Y	1000 X	Y
10.81	.8295	10.42	.800	10.06	.7755
10.99	.8031	10.72	.783	10.33	.7573
11.14	.7768	10.93	.775	10.53	.7479
13.28	.7787	12.72	.747	12.12	.7171
13.55	.7538	13.14	.732	12.50	.7000
13.77	.7437	13.45	.726	12.78	.6929
15.44	.7341	14.78	.703	13.90	.6673
15.78	.7132	15.25	.689	14.32	.6520
	—	15.69	.689	14.64	.6503

Table III

Serial No.	x	n	P'xn	1000 X	Y
1	25	20	51.93	13.71	.7761
2	25	25	41.80	15.32	.7400
3	25	30	35.54	16.44	.7135
4	30	20	53.27	13.45	.7794
5	30	25	43.50	14.91	.7461
6	30	30	37.66	15.82	.7233
7	35	20	55.36	13.05	.7844

Basis: OM(5) + 7 years at 4 %:
Gives a very good fit;
and $r = -0.99672$
and $Y = -22.008X + 1.0747$

In the first two tables above the basis used in the calculation of premium rates is assumed to be unknown. Some other trials on different bases and from some other published tables of rates of premium were also made of which no details are given here.

Finally it was decided that some table of premium rates should be considered of which the basis has also been published. It was no doubt difficult to trace out such tables. But I have with me a copy of an old paper by Shri N. V. Nayudu, M.A., B.L., F.I.A: "A Note on Indian Life Office Premiums" by N. V Nayudu, M.A., B.L., F.I.A. Accordingly the premiums given in Table II in that paper by Shri Nayudu as having been obtained by the formula and on the basis given therein were investigated by the above method of analysis and are given in Table III above. It was thought that it would be interesting to try to fit the basis of mortality-cum-interest on which the premiums were calculated i.e. OM(5) + 7 years at 4 %. The results obtained are given above with Table III.

Thus in all the cases Table I: (ii) and (v), Table II: (ii) and (iii) and Table III in the above, provision for renewal expenses per unit renewal premium per annum represented by $(1 - f)$ turns out to be negative in sign in all cases and less than 7.5 % in amount in all cases and is as low as 0.4 % and 2.4 % in cases represented in Table II: *(ii)* and *(iii)* respectively. On the other hand the value of b the rate of the uniform simple reversionary bonus per 1000 sum assured per annum turns out to be high in all cases: 20.45 in Table II (ii), 21.53 in Table I (ii), 21.76 in Table I (v), 22.008 in Table III and 24.85 in Table II (iii).

It is very interesting to compare the known basis used in the calculation of rates of premium shown in Table III above. Shri N. V. Nayudu has given that basis to be as follows.—

The rate of office annual premium for the sum assured of 1000

$$= \frac{1}{\cdot 915}\left(1000\,\overline{||} + \frac{22.5}{\ddot{a}} + 1.25 + B\,\frac{IA}{\ddot{a}}\right)$$

where $\overline{||}$ = the actuarial true net premium per annum per unit sum assured,

B = 10 25 for Endowment Assurances and the mortality and interest are OM(5) + 7 years and 4 % respectively.

The basis of mortality-cum-interest used in fitting the rates of premium given in Table III is the same as the one used originally in the calculation of those premium rates and, therefore, the distortion in the rates of simple reversionary bonus and the expense ratio as compared to the original basis may have to be entirely attributed to the treatment meted out to the office premium. The formulae and basis generally in use at the time when Shri Nayudu's paper was brought out were not very different from those given by Shri N. V. Nayudu as applicable to the rates of premium given by him. Similar conclusions may, therefore, be presumed to apply to the other premium rates also then in use.

It would, no doubt, be interesting to apply the above method of analysis to premium rates in use at the present time. I prefer not to make at this stage any further comments and have only presented the results as I obtained them in a spirit of enquiry for what they are worth in the hope that their publication may stimulate further research.

Certain Trends in Life Insurance

By K. A. Pandit, B.Sc., F.I.A.,
Consulting Actuary, Bombay.

SINCE past three years, New Life Business of all companies taken together is not progressing. It may be seen by reference to the Insurance Year Book 1952 that New Business recorded by Indian Insurance Companies actually fell from Rs. 123.1 crores of the year 1949 to Rs. 116·5 crores in the year 1951. Perhaps the 1952 year might show a further fall. Thus, life business is either feeling the effects of depression or that its popularity is getting diminished.

It is true that general depression in the economic conditions of the country which is getting reflected at present in increasing unemployment does have certain effects on the New Business. It surely increases lapsation of the existing business and this is being experienced by companies.

However, this is not the only factor that confronts companies at present. The general public is getting apathetic to Life Insurance for various other reasons.

The first and important reason that must be considered is the gradual loss of confidence engendered in the common man by certain defalcations in the Insurance Managements observed in the past few years. It will be clear to any observer of the working of life companies that an increasing number is either coming out for transfers of business or is being wound up. A company which was advertising the previous day for New Business on attractive terms declares the next day that it has closed its business either voluntarily or under pressure from the Controller of Insurance. This naturally shakes the confidence of the public and it is no wonder if the repetition of such failures should lead to the formation of anti-insurance feeling.

The failures of certain companies or amalgamation of others is not going to popularise business. It is shaking the foundation of insurance and all the good work done in the past in the direction of spreading business would be undermined if this state of affairs is continued. Thus what is necessary is to find out ways and means by which companies, both big and small, can stand on their legs and would work on sound lines. A certain digression from the statutory requirements either in the expense ratio or investment is not going to lead a company to insolvency.

It is alright if a dishonest management is properly handled and the policyholders' interests safeguarded by prompt Government action. But for small variations in the working a sympathetic handling is necessary.

It is a matter of satisfaction that bigger units are faring well from the stability point of view. But their attitude towards smaller units needs a radical change. They cannot prosper at the cost of smaller units. If they want to expand their business they may do so but certainly not by competing with the smaller companies at the lowest level. It is not a healthy sign that bigger units should grow and smaller units get eliminated. There should be enough scope for the smaller companies to compete and this would naturally be possible if the bigger ones had their commission terms restricted at lower levels. The statutory limitations are not satisfactory. The small margins kept between the bigger and smaller units are bridged by other methods of remunerations. Thus the smaller units need fuller safeguards against unhealthy competition.

Secondly, the premium rates which were revised a few years back in the light of falling interest yields are sufficiently high. Considering the current market conditions the premium rates have lost their investment value. Even the bonus returns of companies are insufficient to justify the higher rates. With the continued improvement in mortality and higher interest yields obtainable on new investments, I think the time is getting ripe for a revision in the premium Tables. They should be scaled down with a view to making them attractive from the investment stand-point.

Lastly, the ever-banging sword of Nationalisation has practically removed incentives for expansion of business. Nationalisation of Banking and Insurance is often talked about as a remedy to the current economic conditions of the country.

It is not understood, what benefits Nationalisation of insurance is going to bring to the country. If it is put forward from the standpoint of controlling insurance companies' funds in the interests of Government, the present position even without Nationalisation is favourable. And it can be made more favourable by further legislation. More than 50 per cent of the Insurance Funds are statutorily required to be invested in Government and Approved Securities. Out of the balance leaving out certain assets forming part and parcel of the business, there is very little left for re-investment on Government Securities.

If Nationalisation is put forward as a means to expanding business perhaps the argument is baseless. Nationalisation is surely not going to popularise insurance. In this country life insurance is mostly sold. It is therefore a healthy competition among companies offering differing rates and promising attractive bonuses that can attract business. A Government sponsored industry may introduce compulsory insurance among Government or Semi-Government Institutions. But it will fail to attract the common people whose needs should be uppermost.

If Nationalisation is supposed to serve as a remedy by which the working conditions of companies some of which are not functioning properly are sought to be rectified, I would say this remedy should be the last one. There is enough power vested in the hands of the Controller of Insurance under the Act to deal with bad companies. A larger number of well-established companies are quite sound and sufficient to safeguard the interests of the policy-holders. A smaller number which is passing through a stage of transition is sure to emerge out strong. The rest would be eliminated.

Thus Nationalisation is not needed from this standpoint also.

In conclusion, I would mention here that life business in this country needs further expansion at an increasing rate. It has to reach the common man who is poorly insured against risks of death and other contingencies of life. With the expansion in the co-operative field, life insurance on a co-operative basis can be expanded. This field needs proper handling by the companies. Even by offering specially reduced premiums, co-operative Societies should be persuaded to introduce insurance schemes. It would be also quite necessary that attitude of the Government towards Nationalisation of Insurance be properly defined. Government and semi-Government Institutions may be insured under schemes which can be regulated by Government. But the private Sector to be operated by Insurance Companies should be kept fully open so as to widen the field of Insurance in this country.

Non-Insurance of Government Property

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1. IT has been the traditional policy of Government not to insure its property. Of late there have probably been exceptions to this policy. Recently Government has taken over certain functions, involving manufacture of goods or provision of services on commercial lines, which in old times were outside the sphere of Governmental activities. The administrative machinery in charge of such functions was perhaps not perfectly conversant with the basic principles of traditional Government policy on account of its being newly set up; and it was naturally influenced to a great extent by the commercial practices of private enterprise, which had a greater experience in the field of such functions than the State. One of these commercial practices of private enterprise was insurance of its property; and the State in taking over functions which were till then regarded exclusively as part of the private sector followed also the practice of private enterprise of insuring its property in the course of discharging these functions. In spite of the few exceptions that have thus arisen to the traditional policy of Government of non-insurance of its property, this policy still remains a basic principle of Government administration. It is proposed in this article to examine the *rationale* of this policy.

2. Insurance is a device of consolidating a large number of individual risks into a group, so that the statistical law of large numbers, when applied to the group so constituted, may give a fairly reliable estimate of the proportion of the risks in the group which may actually materialise. Whether an individual risk will materialise or not is uncertain and cannot be predicted; but how many out of a large number of similar risks will materialise can be estimated sufficiently accurately. The consolidation of risks, referred to above, is consolidation in ownership, only however to the extent of bearing the loss in respect of the group. The necessity for such consolidation arises because the individual risks constituting the group are a liability of different persons. The mechanism of insurance spreads the financial liability resulting from the estimated number of risks likely to materialise over all the risks in the group, so that each individual risk of the group bears only a small financial burden in comparison with what may result, in the absence of the insurance machinery, if that risk itself were to materialise. A large, though uncertain, loss in respect of an individual risk is thus replaced by a comparatively far smaller, though certain, loss. This is the essence of the working of the insurance machinery. It is clear that if all the risks of the group were a liability of the same person, they would be fully consolidated in respect of ownership, and therefore automatically in respect of that aspect of ownership which

consists in bearing the loss arising out of the group, and hence it would not become necessary in respect of these risks to resort to the machinery of insurance. The risks which a Government has to bear in respect of its property are, on account of the vastness of Government property, already sufficiently numerous, to form a group, adequately large for the statistical law of large numbers to be applied to it; and therefore their common ownership by Government is the principal reason why it has been held that insurance of Government property is not necessary.

3. The degree of reliability attached to the statistical law of large numbers mentioned above increases with the largeness of the number involved. For instance, if it is said that out of a large number of similar risks 2% materialise in a year on an average, it does not mean that out of every 10,000 risks, even though selected at random, just 200 will materialise in a year, but that the proportion of the risks materialising in a year to the total number of risks will be 2% *ultimately when the total number is infinitely large*. As in practice a group of an infinitely large number of risks cannot be had, the statistical law of large numbers when applied to a practicable group gives only an approximate result, from which fluctuations are as a matter of course to be expected. In other words, in passing from an individual risk to a group of similar risks, the uncertainty about the result is reduced but not eliminated, the extent of reduction increasing on an average with the largeness of the number in the group. It may therefore be argued that the vastness of Government property being in any case not infinite vastness, it may still be desirable to aggregate it with non-Government property for insurance purposes, or in other words to insure Government property with private insurers. As against this it can be said that even the biggest private insurer holds only *some* of the total number of risks in connection with non-Government property; and many sound private insurers may be holding a fewer number of risks than are included in the property of the Government of, for instance, a Part A State in the Indian Union. It is therefore not the case that the entire non-Government property is already aggregated for insurance purposes. If that were to happen, which would probably be the case only if insurance is nationalised, then there would be some point in the above argument in favour of aggregating for insurance purposes the entire insurable property — non-Government as well as Government. Further it is not quite necessary for the successful working of the insurance machinery that the entire insurable property should be so aggregated. It would be enough if the different insurers were to hold each a sufficiently large number of risks. For, if something approaching infinite vastness in the number of risks held at one and the same time cannot be secured, yet, if a sufficiently large number of risks is held from year to year over a long period of years, that gives rise to a substantially larger number of risks, each for a year, for which there is a far greater reliability of the proportion of the risks materialising becoming approximately equal to the assumed proportion, which for purposes of illustration, is assumed herein as 2% per annum. For instance, if 1000 risks are held from year to year over a period of, say, 50 years, then though the number of risks materialising from year to year may vary

considerably from 20, which is the expected number according to the above assumption, yet over the whole period of 50 years there is a far greater likelihood of the total number of risks materialising becoming equal to 1000. If, therefore, the institution consolidating in itself the sufficiently large number of individual risks for insurance purposes is a permanent institution, it is in a much better position to secure an average experience in the long run. A Government is such a permanent institution; and though the number of units of its property at any one time may not be so large as can be compared with astronomical magnitudes, it can nevertheless function successfully as an insurer of its property just as any well managed private insurance Company, which has every chance of being a permanent institution, can do.

4. It can thus be seen that a permanent insurance institution can make a two dimensional effort as it were with a view to securing the average experience; firstly by holding a sufficiently large number of risks at any one time and secondly by setting off bad years against good years. The effort in the latter of these two dimensions may depend upon the supplementary resources of the institution for being successful. It may happen that the first series of bad years may precede the first series of good years; or that before a succession of good years has enabled the insurer to pile up an adequate reserve for meeting a succession of bad years, the latter may set in. The financial impact of bad years intervening before a sufficient reserve is built up has to be met from the supplementary resources of the insurer. In the case of a private insurance Company, its paid-up capital forms these supplementary resources. A Government also has normally such resources at its command on account of its power to tax, the extent to which these resources can be mobilised in an emergency depending upon their elasticity. It can therefore be broadly said that the rationale underlying the traditional policy of Government not to insure its property is that Government's property is vast and Government is a permanent institution, normally with large resources.

5. It has sometimes been argued that any policy of self-insurance such as is implied in the traditional policy of Government of non-insurance of its property is incapable of reducing the inequalities between the values of the different risks held by it, which in the case of a private insurance company is done by the mechanism of what is called reinsurance; and yet this reduction in these inequalities is essential for the statistical law of large numbers to be applied to the business of insurance. The statistical assumption about the proportion of risks materialising in a year, viz. 2%, may turn out to be exactly true from year to year; yet, if the various risks held from year to year, say 1000 in number, have widely different values and if the twenty risks annually materialising happen to be exactly those which have the largest values, the experiment of self-insurance will prove costlier than the other alternative of insuring with a private concern. The latter will charge an annual premium sufficient to cover a claim experience of 2% of the *insured amount* with the usual customary additions. The private company thus applies the proportion about the *number* of risks to the *total value* of the risks, which can be a correct process only if all the risks

have equal values. It, however, guards itself against the possibility of the risks materialising being only those with the largest values by resorting to reinsurance. If any individual risk is of too large a value, then the private insurer may retain with himself only just the normal amount, out of the value of that risk, which he feels he can safely carry, and reinsure the excess with another private insurer. Not only the wide disparities between the values of the different risks held by him are thus reduced but he is also able to increase the number of risks held by him, by receiving similarly some reinsurances from other companies, thus securing a more stable foundation for his statistical assumption to come true. By ceding reinsurances to others he immunises himself from the financial consequences of the risks materialising being only those of the largest values, and by accepting reinsurances from others he is able to increase the total number of the risks held by him so that the number of risks materialising will normally now fluctuate less widely from the average expected number from year to year. Reinsurance thus enables a private company to replace a group of risks with widely different values by a larger group with approximately equal values, and thus contributes in no small measure to the successful working of the insurance machinery. This great advantage which a private insurer has in the mechanism of reinsurance is naturally not available to Government when it acts as an insurer of its own property by not insuring it with a private insurer. This feature of the Government's policy of self-insurance is considered to be its great drawback; but it can be seen from the following paragraph that the circumstances necessitating reinsurance do not normally exist in the case of Government property.

6. If a risk of an unusually large value is insured with a Company, the policyholders of that company bear the burden arising out of the risk materialising. Broadly it is ultimately according to the insured amounts of these different policyholders of the Company, after deducting from them the respective amounts, if any, reinsured with other companies, that the burden of the risk in question, if it eventuates, falls on them. If the value of the risk is too large in comparison with these adjusted insured amounts, the Company, by reinsuring the unusual excess in this value with another company, in effect ropes in another group of policyholders for the purpose of sharing the loss in respect of the original risk of the too large value. A risk of a too large value requires a comparatively larger number of policyholders for sharing the burden in respect of it; and it is to secure this sharing over a larger group of persons that reinsurance is resorted to. If however the risk of too large a value were already held in common ownership by this larger group of persons, over whom its burden can be spread after reinsurance, there would then be no necessity for reinsurance; for its purpose would already have been served. If the larger group of persons own jointly the risk in question, they automatically share the burden of the loss in respect of it, and this sharing is all that, for which reinsurance is considered necessary. Government property is held in common ownership by the taxpayers of the Government; and if the number of these taxpayers can be assumed to be not less than that of the larger group of persons over whom the burden

of the risk is spread after reinsurance, it would not be necessary to insure even such units of Government property, as have individually too large values, with private insurers. It is of course possible that for a particularly small Government and a risk of a particularly large value, the number of taxpayers of the former is smaller than the number of persons over whom the burden of the risk in question can ultimately be spread by insuring it with a private company, which in its turn may reinsure a portion of the risk with other companies; and in such cases it is necessary that even a unit of Government property should be insured. Barring such cases, however, it can be said in general terms that it is not necessary to insure Government property even for securing the facility of reinsurance; for, the circumstances of a comparatively smaller group like the policyholders of a single company having to bear the burden in connection with a risk of too large a value do not ordinarily exist in respect of Government property. Just as common ownership by Government of all the different units of its property renders their insurance unnecessary, so also the fact that this common ownership by Government represents, in the final analysis, really the common ownership of all this property by its vast number of taxpayers renders even their reinsurance normally unnecessary.

7. It must again be emphasised that the arguments in the preceding paragraphs do not automatically apply to any Government howsoever small or to every local administration or public corporation. The extent of the properties of an institution of this type, both according to their number and their values, and its resources and particularly the elasticity of its resources, a measurement of which will have to take due note of the number and capacity of its tax-payers, are all factors which are required to be properly considered in arriving at a decision in any given case. While therefore there is no room for any dogmatic opinion on the matter, it is yet true that ordinarily it is not necessary to insure Government property. The emergence of a modern Government as an executive of a Welfare State is already enlarging the sphere of Governmental activities at a rapid pace; and often a Government will be required in future to hold risks of a type which did not arise when Government confined its activities in old days to little more than its most elementary functions. The question whether a particular unit of Government property should or should not be insured is therefore not infrequently likely to arise as a matter for administrative decision. Further even though the traditional policy of Government of non-insurance of its property is adhered to, there is still the further question that arises whether it is better for a Government to meet risks as and when they actually materialise and do nothing more about them, or to build up an insurance fund of its own by crediting regular contributions to it. This latter question is not discussed in this article which deals only with the rationale of the traditional policy of non-insurance of Government property. It is, however, hoped that the article will in some small measure stimulate interest in a consideration of the validity of this rationale and of the allied question about the creation of an insurance fund in respect of Government Property.

Lapsation Problems

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(Paper read at the 8th Indian Insurance Conference)

THIS paper does not set out to show any definite solution to the Problem of Lapsation, its chief aim being to focuss the attention of the Trade on this most vital and urgent problem. It is imperative that all persons concerned with the running of Life insurance institutions should make serious efforts to minimise the causes that are responsible for heavy lapses to which Indian Life Insurance is subject. It is, therefore, hoped that others who have made investigations into any aspect of this problem will come forward to tell us about their findings.

Nature of the Problem

We are mainly concerned with policies which lapse before they acquire a cash surrender value, i.e., within the first three years of the duration of the policy, since most insurers grant cash surrender values only after three annual premiums have been paid. The number of policies which lapse after they have acquired a cash surrender value and after being kept in force under some form of non-forfeiture, is probably small. Besides being fewer in number, these policies are not usually revivable, as in most cases the financial condition of the Assured has deteriorated considerably since the policy was taken out and / or the terms on which such policies could be revived are too difficult to be complied with by most policy-holders.

The problem of lapsation affects big and small insurers alike. The problem seems to be growing more and more acute year by year. The statistics of pre-surrender lapses of each insurer are given in the Insurance Year - Book. In the Indian Insurance Year Book of 1952, we get a complete picture of the lapses out of the new business of the year 1948. It is found that out of 171 insurers whose figures appear in the year Book, 74 insurers have a lapse ratio of 50 % and over and 108 insurers have a lapse ratio of 30 % and over (the 42 insurers who did not submit returns in time probably had a lapse ratio of near about 50 %).

Corresponding figures for the new business of 1948, 1947, 1946, 1945 and 1944 are given in the following table;

Lapse ratio.	Number of insurers having the lapse ratio shown in the previous column for the new business of the year.				
	1948	1947	1946	1945	1944
50% and over	74	79	63	47	27
30% and over	108	114	114	114	74
Total No. of insurers (whose data are considered).	129	137	144	146	139
No. of insurers* (whose data was not available).	42	41	36	38	53

*The lapse ratio of these insurers would be near about 50 per cent.

I have calculated from these ratios, the amount of sum Assured which goes off the books for the 17 leading insurers whose lapse ratios are available for the four years 1945-48 and who write over 60 % of the total new business in the country.

Year.	Total New Business of 17 Insurers. (in lacs.)	Total Lapses during the next 3 years from this business. (in lacs)	Lapse as % of New Business.
	Rs.	Rs.	
1948	60,74	23,69	39.0
1947	71,40	28 30	39.6
1946	82.30	29,70	36.1
1945	72,40	18,30	25.3

These tables bring out the magnitude of the problem as well as the gradual deterioration in the quality of business the insurers are writing during the last few years.

Lapsation in Other Countries

Comparison with other countries is rather difficult since the statistics are not available in similar forms. The various ways in which lapse ratios are presented are considered in Appendix I. It is well known that the British Companies have a very low lapse ratio so far as their business in U. K. is concerned. The percentage of business lapsing before completion of two years is not likely to exceed 5 %. Even those British Companies which are operating in India have about 15% of their Indian business lapsing before completion of 3 years. In America, the percentage of business lapsing before completion of 2 years, was about 25 % in the early thirties and is now about 16 % (vide Transactions of Society of Actuaries, 1951 Annual Number).

I had so far the impression that the lapses in India were heavier than those in any of the progressive countries of the world. It was, therefore, with surprise that recently I read in the Insurance Year Book, 1950, published by the Banking Bureau of Ministry of Finance, Japan, that the lapses of the insurers in Japan during the year 1950 were as high as 77 % of the New Business of that year.

I have not been able to obtain complete details of lapse experience in any other country and hence I have not attempted to draw comparisons.

Financial Effect of Lapse

The high rate of lapse experienced by the insurers comes as a surprise when we come to consider the financial effect of lapses on the three parties which are involved, viz., the Assured, the Agent and the Company. Consider the Assured first. His seems to be the heaviest loss. All that he has got in return for the premiums paid by him, is the insurance protection for a short period. The cost of this insurance protection will not normally exceed 10 % of the premiums paid by him so that 90 % of the amount is a total loss to him. Even if he may have obtained a rebate from the agent, he will lose a large portion of the amount he himself has paid. He is going to realise at some stage that he has lost this money. The amount of bitterness and ill-will this will create against the insurer cannot easily be measured. It is certain that the progress of insurance is considerably hampered, and all the propaganda we may do to spread the insurance habit will, to a great extent, be neutralised unless we succeed in reducing the lapses.

This loss of goodwill, however, is not the only loss the insurers suffer. Considering the heavy expense involved in placing the new business on the books of a company, it cannot be denied that lapses of short duration involve the insurer in a loss. This duration in which a lapsed policy means a loss, will vary from company to company according to the expenses they incur in putting the policy on their books and will depend partly on the size of the average sum insured per policy. Where the average sum assured is large, possibly a lapse before completion of the first policy year only will involve a loss. In other cases, where the average sum assured is just over Rs. 1,000 only, a loss may continue until at least one and a half years' premiums are paid. Lapses after this duration will generally mean some profit to the insurer. But the lapses decrease with duration and, besides, such lapsed policies are more likely to be revived. Therefore, it is unlikely that profits on lapses of longer duration will fully compensate the insurer for the losses incurred on earlier lapses In the case of most insurers, there will be a net loss to the insurer when all his lapses are taken into account. In Appendix II, calculations made for a fictitious company are shown.

There is another problem, which is usually lost sight of while considering the loss to an insurer. The magnitude of efforts involved in placing the policies on the books as mentioned above, keeping them under watch for, say, 3 years and sending lapse notices and reminders to the Assured, the Agent, etc., does put considerable strain on the finance of the insurer and it can be assumed that if most of the insurers did not have to contend against the problem of heavy lapses the expense ratios would be far lower than what they are today.

The Agent, on the other hand, seems to be the only party in the transaction who does not suffer a financial loss from a lapsed policy unless he has been unwise enough to offer a rebate in advance in excess of the commission he would get on the first premium. But in another sense he does suffer a loss because he will lose the renewal commission which he would have otherwise earned, as the proper reward for all the efforts he had put in to effect the sale initially. Only if the agents total up the loss in commission they would incur over the entire duration of the policies they allow to lapse due to bad servicing, they would realise that they have lost a sizeable income. However, most agents do not put in sufficient effort initially in selling or later in servicing, and consequently they do not feel that they have suffered any loss at all. They do not also seem conscious at all of the loss of good-will of their clients. Not only are the agents losing the immediate income from the policy which is lapsing but they also lose potential income which they could have earned through the connection and good offices of a satisfied client.

When this problem is considered from a wider point of view, the lapses seem a colossal waste of national wealth. All the efforts put in by the insurer and the agent and the money paid by the insured have not contributed an iota to the national economy. How long is this wastage on such a vast scale to continue? When no one is benefitting and two of the parties involved in the transactions are making a loss, it must seem strange indeed to anybody that we allow lapses to continue on such a scale.

Causes of Lapsation

Before we can consider the active steps we can take to counteract the lapsation, we must know the various causes which lead to lapsation. All of us have our own ideas about the causes. I am not, however, aware of any large scale investigation by any insurer in India into the causes, or relative importance of each cause, of lapsation. Some such investigations are necessary if we are to proceed to tackle this problem on the right lines. In the 'New India', small scale sample investigations were made among the lapses in Bombay City and Delhi The results cannot have general application because of the smallness of the sample. They are, however, mentioned below. In America, such investigations have been made by individual insurers for their own lapses as well as by the Agency Management Association for the lapses of all the insurers. These are mentioned later on in this paper.

I have enumerated below the causes in order of what I feel are their relative importance. Others may put these causes in a different order. These causes are:

1. Financial Difficulty:

This is given as a cause in many cases, and is an umbrella term covering many causes. It may cover complete loss of income, e.g., loss of job, failure of business or crops or partial loss of income, e.g., reduction in bonus received or recession in business activity, or increase in household expenses due to illness, increase in cost of living, etc. This accounted for about 50 % of the lapses in 'New India' investigation.

In a way, lapses occurring on account of these factors are beyond the control of the insurers and a large portion of such business is lost for ever. However, if the insurers keep track of such policies, it may be possible to salvage a small part with the help of special revival scheme, etc.

2. Lack of Service by the Agent or the Insurer:

The insurer's job is to remind the policyholder about the premiums due and to provide facilities for remittance of premia by having collecting agencies spread out over the whole country. The agent's job is to service his policyholders by giving them timely reminders about premiums due, finding out their difficulties and changed insurance needs and suggesting remedies. Quite a large proportion of lapses (20 % in 'New India' investigation) are due to this lack of service. This service is expected by the insured and is absolutely necessary in a country where people are not insurance-minded and do not appreciate the importance of insurance for themselves. Unfortunately, majority of the agents lacks in the elementary knowledge of the subject and for that state of affairs, who could be blamed but the insurers themselves.

3. Bad Selling:

It is apparent in many cases of lapsation that the policy sold to the insured was not a suitable one. This is in a way true of a large proportion of policies sold in India. The terms of 15 years and 20 years seem to have a magic about them. Endowment assurances for 20 years and

15 years are the most common types of policies sold. A 15 year Endowment Assurance to a young man of 20 is certainly not the proper type of policy. Besides the fact that he gets a smaller amount of insurance cover for his outlay, he will have the insurance cover ceasing at age 35 when he still needs it and when he may either be uninsurable or not in a position to pay an increased rate of premium. There are other types of bad selling with which every one of us have come across, e.g., a policy on the life of a child when father is not insured, a policy for large sum assured on quarterly basis when the Assured has not the means to pay that amount of premium every quarter, and so on.

4. Competition Between Agents:

This takes the form of an agent of one insurer persuading the insured to make the policy of another company paid-up or allow it to lapse, and to take a fresh policy through his agency. This is more often done to secure commission for himself than for any real benefits offered by the second insurer which are not given by the first. Such things can be done only because of the ignorance of policyholders about insurance. Instead of exploring new fields for canvassing business, many agents adopt the questionable method of twisting away the business secured by agents of other companies. In almost all cases the policyholder is definitely a loser.

5. Craze for Increased Business:

The insurer's desire to write larger new business year by year leads them to write business of doubtful stability. The desire is a natural and healthy one, since it must be the aim of every insurer to spread the benefits of insurance to wider and wider public every year. But the growth in the underwriting capacity has to be a healthy growth and the increased new business should be of good quality so that it remains on the books of the company. In the United Kingdom for instance, increased new business is being written by almost every insurer since 1945 without any marked increase in the percentage of business lapsing. This, however, has not been the case in India. The increase in New Business written annually since 1943 has been accompanied by progressive increase in the rate of lapses. The pressure exercised by an insurer on its field organisation for increased business many a time is so heavy as to force that organisation to write business which it knows in advance will lapse soon. This trend is further accentuated by the method of remuneration of the field force adopted by some insurers, which is based purely on the new business and is such as to induce the field worker to write business with the sole aim to fulfil the quota allotted to him for earning the higher remuneration. The lack of persistency of such business is, I believe, not taken into account by most insurers. This has led in many cases to the curious result that an agent sells a new policy to a client whose earlier policy is in lapsed condition.

I think these 5 broad groups cover all the possible causes of lapsation. These causes can be broadly divided into two groups—'avoidable' causes and 'unavoidable' causes. It is difficult to draw a sharp line between these two, and, therefore, some may like to have a third group 'partly avoidable' causes.

A total loss of income is an unavoidable cause of lapse. A partial loss may fall in the intermediate group. Lack of service or ignorance of the policyholder would be an avoidable cause. The main efforts at conservation of business will be concentrated on the 'avoidable' group of causes.

It is clear that the Agent appears prominently in all except the first, but even in the first group an agent can play a considerable part in reducing lapses by helping the Assured to give insurance premium its proper place in the order of claims on his purse. In times of financial difficulty, everyone has to discard the luxuries and spend only on necessities. An agent could persuade the Assured to put insurance premiums before the expenditure on a car, or a cinema, or cigarettes. The Agent is the man who sold the insurance in the first place, and who is personally known to, and is the nearest representative of the Company to the Assured. The agent thus seems to be the kingpin on which must hinge any effort to reduce the lapses to an appreciable extent.

We must, therefore, consider what kind of a man the insurance agent is. In 1950, 1,72,936 licences were issued to agents. During the same year they secured a total new business of 132 crores of rupees, giving per agent a new business of Rs. 7,700 approximately. It is however, clear that a large number of these agents are inactive so far as production of new business is concerned and a vast majority gives only a small volume of new business. Such agents have no stake in the insurance business in general nor are they mindful of the prosperity of the insurer they are serving. These agents have other sources of income, and work only part-time or do no canvassing work at all except casually to introduce their friend or relative to the Company for an odd case or two. It is, therefore, not surprising that 43.9 % of agents who were licensed in 1949 did not renew their licence in 1950. This is approximately the experience of earlier years also. These agents are not interested in servicing their clients or in learning about insurance — at least at present. Perhaps, some of them are capable of turning into good agents if properly trained and induced.

Remedies

The first step then seems to be to eliminate the casual or part-time agent. This will go hand in hand with the second step which is to train the agent so that he sells well and to the needs of the clients. This sounds admirable and simple in theory. But who is to take the first step! There is the danger that in discarding the part-time or casual agent, an insurer is giving up quite a substantial amount of new business which annually comes through them. Will the trained agent make up for this loss, especially if other insurers do not simultaneously take the same step? Besides, there is the danger that the Agent may leave after training and join another insurer, if there is no restriction in taking away the agent trained by the first insurer. In the absence of any understanding between the insurers on these points, a recourse to any legal provisions will not be practicable as it will be impossible to draw up any legal restrictions which would have effect of curtailing the freedom of an agent. It is, however, possible to make a start with the second step which is the training of an agent. The Insurance Act provides for licensing of agents by examination, if the Central Government so decided. This could form the basis of a united effort by all insurers. But even if this is not forthcoming individual insurers can take this step on their own though they will be running the risk that the agent may leave them for better remuneration elsewhere, after he is fully trained.

The training of the agent is only the beginning. He must be supported and strengthened by the insurer himself. This assumes that all field workers from the Inspector/Organizer upto Branch Secretary are trained men. The need for training at these higher levels in the field organisation becomes all the greater since on them will depend the selection and training of the agent. At present the qualification for these higher posts seems to be merely a success in writing a large amount of new business irrespective of its quality. Naturally these people tend to offer an agency to each and every person who may have even one policy to offer. The future of these agents or of the policies they bring does not seem to worry them at all. Until these people on higher rungs of the ladder of field organization are also properly trained, much of the training given to agents will not bear fruit. The agents need not only a theoretical training but also somebody who will set them an example in proper selling.

After imparting the technical knowledge, the insurer must insist on better servicing and better selling by the agent as well as by the Inspector and other field officials. A certain minimum performance both in selling and conserving business must be insisted upon. Here the insurer can help by watching the kind of new business that is being introduced by the agent. Even at the source the insurer can take steps to reduce future lapses. This is necessary in the interest of the insurer himself since, as it was observed earlier, an early lapse means a financial loss to the insurer. It is also possible because besides unsuitability of plan, etc., there are certain prominent features which are usually associated with lapsed policies. These are considered later on. If agents are warned about these factors, lapses could to some extent be controlled.

These factors which have been found to be associated more with lapses than with policies which do not lapse, are:

(a) **Mode of payment of premium:** Greater the frequency, greater is the chance of lapsation. This is so not merely because there are four dates in a year when a lapse can occur instead of one or two, but also because a man who decides to pay quarterly has either not been fully convinced of the insurance (unless there are very good reasons why he should pay quarterly) or has no margin left from which to meet any untoward expenses that may arise. This applies with even greater force to the business which is written in December of any year on quarterly or monthly basis. Such policies must have been sold in most cases to complete the quota of new business fixed for each unit. This remark applies with even greater force to policies of large sums assured on quarterly and monthly basis. Every insurer will know that such policies will lapse soon.

(b) **Certain areas have higher lapse rates:** There are various causes for this. The area may be an agricultural area subject to frequent famines due to failure of monsoon. It may be an industrial area where the industry is subject to many ups and downs. The people in the area may not be deriving their income regularly, and so on.

(c) **Larger the sum assured, lower is the lapse ratio:** This should generally be true except when the large sum assured policy is taken to complete the quota as mentioned previously. It may be expected that men who insure for large sums have got behind them greater resources on which they can fall back in times of temporary set backs. Where, however, there is a severe trade depression, the lapse ratio of such policies may go even higher than that for policies of small sums assured.

(d) **Professional people have a lower lapse ratio than farmers, labourers, etc.:** This will be due to the professional people having generally a steady and sure income whereas the income of farmers, labourers, etc., is dependent on many factors beyond their control. The professional class is also more conscious of the need of insurance for themselves and their families. Such consciousness would certainly reduce the lapse ratio.

These factors are, however, such that there is very little positive action which can be taken. It is not possible to refuse to accept premiums on quarterly, or not to write insurance business in a particular area and so on. But knowing that this is the general experience of insurers the agents can benefit and persuade the insured to pay premium on yearly basis, or contact his small policyholders more often. The insurer on the other hand can watch the business of an agent and, if most of it is on quarterly basis, warn him of the dangers and the need to sell on yearly basis. In U.S.A. such investigations have been made in great detail. One such investigation is described in detail in a paper called 'Lapse Rates' appearing in the 1951 annual number of the Transactions of the Society of Actuaries of America. As the result of such investigations in America, they have produced a "Chart of persistency" from which a "persistency factor" for each new policy can be calculated by allowing due weight to each of the factors like occupation, age, income, locality, plan, mode, etc. Before we can come to that stage, there is a considerable reduction we have to make in the lapses by better selection and training of the agent.

The method of remuneration of field workers can play an important part in reducing or increasing lapses. At present the remuneration is usually related to the procuration of the new business only. The agent's commission depends only on the business introduced. If the policy lapses he does not get renewal commission, but there is no other penalty for him. It would, however, be possible to pay commission only on the net increase in business so that the agent is forced to conserve his old business. It will be recalled that this practice was introduced in U.K. for Industrial Insurance policies. This method of remuneration will remove the temptation felt by the agent in selling a new policy instead of getting the old policy revived. The same effect could also be achieved if each insurer were to refuse to issue a new policy if a previous policy issued to the same

party is in lapsed condition. But the method of remunerating agent on net increase in business will help the insurer reduce lapses which may be due from other causes like lack of service, ignorance of the policyholder, etc., It may be too drastic perhaps to debit an agent fully for the lapses, but some step in the direction can be taken by debiting half the lapses or say those in excess of 10 % of the average annual new business introduced by the agent. This principle of payment on net increase in business can be extended to the remuneration of higher field officials also. In their case, the net lapses in the organisation under their control would be taken into consideration in deciding the remuneration, and not merely the total new business written by that organisation. This will encourage a healthy growth of that organisation.

Revival Schemes

The steps described above are prophylactic in nature -- they are meant to avoid lapsation by overcoming the "avoidable" causes. Change in the financial condition of the Assured is, however, something which is not avoidable. The assured who cannot afford to pay the instalment premium because it is too large has to be helped. There would be two ways of helping him. One would be to reduce the Sum Assured to bring the premium within the limit the life assured can afford to pay regularly. His loss will then be restricted to the excess premium he had paid in the past. Very few policyholders are aware of such a way out of their difficulty. It must be left to the insurer to show this way out. Another way would be to ask him to pay only the minimum amount which is required to cover the risk of death. That part of the premium which is the savings element in insurance premium can be paid later on when the assured's financial condition has improved. For the time-being the insurance cover is continued and policy does not lapse. It is true that the whole problem has to be squarely faced again after a short period as the cover for death risk only cannot be continued indefinitely, unless the insurer desires to write Term Assurance business. But it is quite possible that the financial condition will improve again — the assured may find a new job or the trade conditions will improve or the illness in the family will be over — and the Assured will reinstate his original benefits. The habit of premium payment is not discontinued, and the insurer has managed to keep in touch with the insured. The 'New India' has introduced such a scheme a few months back. It is described in Appendix III. It is too early yet to assess its utility and to decide to what extent it will solve the lapse problem.

Once a policy has lapsed, the insurer's efforts have to be directed to bring home to the insured the loss he is suffering and the need for revival at the earliest moment. Here the difficulty is to get over the apathy of the policyholder. Most companies send notices to the policyholders about their lapsed policies, and follow them up with regular reminders for a short period. Most of these notices are printed forms, and have no personal appeal or touch. They go straight to the waste paper basket in most cases. The trouble is further increased by such notices being printed in English with which many policyholders are not familiar. Many insurers now print notices in two languages — English and an Indian language. For a Company writing business all over India, one Indian language will not suffice. It becomes necessary to have notices printed in different languages for people living in different states. But it is unlikely that notices printed in a language the policyholder understands will achieve much by themselves. He has to be sold the idea of revival of a lapsed policy. This is in most cases as arduous a task as selling a new policy. The longer the period which has elapsed since the date of lapse, the greater is the selling to be done. The policyholder has got out of the habit of paying the premiums regularly and has again to be convinced that it is a good habit. This selling cannot be done by writing letters or sending notices. An agent has got to do it.

The agent will meet quite a big opposition. The foremost is the large amount which is normally required to be paid as arrears. Most policyholders are not in a position to pay it in a lump sum. For them, most insurers have introduced some kind of special revival schemes (see Appendix IV) which reduce the amount to be paid at the time of revival. These schemes are rather difficult for a layman to understand and require a trained agent to explain them. Another difficulty the agent will meet with is the question of interest on arrears of premiums. This is felt by many policyholders to be an unjust impost by the insurers. "Is it not our own money we are paying," say these policyholders. "Why should we have to pay interest on our own money? It is the insurer who has to pay interest to us" Those people who have had the task of collecting the interest from such policyholders will appreciate how hard the task is. The rate of interest charged which is usually 6%, is also much above the market rates, and the Company appears like a Shylock to the policyholder. Most policyholders conveniently forget, or do not genuinely know, that the insurer has allowed a discount at a certain rate of interest in advance when calculating the premiums. If the insurer does not earn this rate of interest, it will suffer a loss. It is true that the insurer has not covered the risk during the period the policy was in lapsed condition. If the policy is revived under ordinary scheme by payment of all the arrears, the Company makes a saving. This may justify some concession in overdue interest. But many insurers are prepared to bear the cost of medical report required for revival. Besides this the insurers incur certain extra costs in sending lapse notices, writing letters for revival, etc., which should in justice be recovered from the policyholder whose policy had lapsed and not from the general body of the policyholders. A margin between the rate of interest on which premiums are based and the rate of interest charged on the arrears does help the insurer in meeting this extra cost. The demand for waiving interest or charging it at a lower rate, so persistently made by policyholders has very little justice behind it.

It is found frequently that the agent is not available or is not trained for this work. Many a time the agent has ceased to be with the insurer. Such 'orphaned' policies will require a special effort on the part of the insurer. The problem here is how to contact the policyholder at a time when he is in a position to revive.

Although the Insurance Act provides for revival of lapsed policies through another agent if a medical examination of the Assured is required for revival, it seems that very few policies are being revived through the efforts of another agency. Perhaps, the payment of commission at half the rate is not a sufficient attraction to an agent who can earn full commission by selling a new policy. Of course, the revival should primarily be the responsibility of the old agent; but it may happen that the agent may have left the insurer or may be working in a different area or the Assured may have shifted to a new place. In these circumstances, it would seem to be desirable to have an alternative means of getting policies revived through a paid staff whose main job will be to revive such 'orphaned' policies which cannot be served by the old agent. The insurer will save commission on the revived policies and the paid staff can thus pay its own way by reviving a sufficient number of policies per month. Such a staff will form a nuceleus for rendering proper service to policyholders, and may be a good training ground for agents and other field workers.

Conclusion

All the efforts mentioned so far have to be made by each insurer for himself. There is, however, one thing which all insurers can do to reduce the lapses of all. That is to undertake a propaganda drive to educate the public through advertisement in newspapers big and small. Such a drive could be planned in three stages:

(1) The first step would be to make the idea of insurance popular. It would explain the need for insurance for every person and how insurance can help the individual as well as the nation.

(2) The next step would be to give some basic information about an insurance policy. I have met a policyholder who took a policy as he buys a lottery ticket. He thought that the payment of one quarterly premium will provide Rs. 1,000 to him after 20 years. Many policyholders look upon insurance as a Savings Bank account—they can pay the premiums at any time they like. The agent has not explained these things to them, and they did not know what questions to ask. An advertisement would explain what questions a policyholders should

ask the agent before insuring. Such advertisement will make it clear to the public that insurance is an honest trade.

(3) The third step would be to tackle the lapsation. In the 'New India' investigation there were three policyholders who were not aware that their lapsed policies could be revived, inspite of four notices which had been sent to each one of them. An advertisement would explain what the policyholder has to do to get his policy revived and what schemes are available for the purpose.

Such a series of advertisements would have a great educational value, and would repay the cost incurred on it many fold.

The problem of lapsation is very big, and requires an urgent solution. So long as lapses continue on such a large scale, involving a waste of national energy and wealth, so long will the progress of insurance business be hindered. It is a dead-weight tied to our feet, slowing down our onward march.

Democracy in Insurance

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THE man in the street neither understands nor cares to read the provisions of an insurance policy. Very often insertion of a clause in the policy changes the nature of the insurance contract and as a consequence thereof it is just possible that the loss may not be indemnified by the insurers. Insurance is an intricate affair and the technical language and the mysterious expression require special study and practical experience. Hence the law should be as clear as possible. "Though the law can neither make people honest, nor it can be fool-proof, yet it can prescribe minimum standards of efficiency and integrity to carry on day to day business." **(S. P. Sharma. Land marks in Banking Legislation in India-Indian Journal of Commerce June, 1950).** Perfect immunity from fraud and malpractices, no state has been able to grant to the consumers as yet, but sound legislation has certainly reduced and stopped many evils which would have been very injurious otherwise. "The presence of policeman on the corner does not prevent all crimes, but it does conduce to the safety of the neighbouring property." **(P. 495. Insuranec Mowbray).**

Being trustees of crores of rupees of the public and having vital relationship with the prosperity and economy of the insured, his family and the society, insurance has been subjected to strict legislation everywhere. "Sound insurance laws and their rigid enforcement by experienced and competent public officials are an assurance to policyholders, their beneficiaries or assignees regarding the standing of any particular agent or the fairness of terms and conditions of different forms of policies developed to meet the wide variety of human needs." **(P. 28. Q. & A. Book. The Life Underwriters Association of Canada).** Hence in line with other governments, the Government of India too took steps to ensure minimum standards of solvency and management of insurance companies.

History of Insurance Legislation in India.

After the passage of Indian Companies Act in 1860, many insurance companies and provident societies were floated. Bengal had the biggest number of promotions under the spirit of Swadeshi Movement. Many unsound incorporations of insurers led to the passage of Life Insurance Companies Act 1912 and the Provident Societies Act 1912 on lines of U.K. Assurance Companies Act 1909. The unsound growth was checked to some extent and many new insurance enterprises were floated. The insurers were required to deposit Rs. 2 lakhs by way of security with the Government before commencing business. It was an experimental measure, yet feeble in its effects. The general insurance business was not touched and the foreign insurers were not covered. In 1924 a bill was drafted and circulated to bring foreign insurers within its scope., but before the final draft, U. K. Parliament appointed a committee under K. C Clauson to overhaul British Insurance Legislation.' The Government of India waited for its suggestions. The principal agents are to go off after 1957. The licence has got to be renewed every three years by the Controller. The Controller may refuse to grant the licence or cancel the licence in certain circumstances. To get qualified hands the Life Insurance Council may institute an examination and none would get a fresh licence for agency who has not passed the examination. To give service at economic cost their commission has also been limited as below.

(a) Life Business:— 35 % of first years' premium,
40 % of first years' premium,
in case of new insurance companies for 10 years of existence.
7½ % of second and third years' premiums
5 % of the other years' premiums.

The Indian Insurance Act confers many rights and privileges on the policyholders. Formerly on grounds of misrepresentation or fraud, many unscrupulous insurers rejected the claims of insurants and fleeced the poor policyholders. Now it has been provided that unless a wilful suppression of a material fact or fraud is proved, a policy cannot be questioned by the insurers, after the expiry of a term of 2 years from the date of its issue. In addition to this they have further to prove that the insurants knew the facts to be false. The insurer may demand the proof of age at any time. To avoid troubles in future it is always better to get proof of age admitted at the time of effecting the policy.

The policyholders had to spend good sums in the establishment of insurance claims in the law courts. Now the Controller is authorised to deal with disputable claims not exceeding Rs. 2,000. The choice still lies with the insurants to refer to the Controller or to the Law Court. The judgment of the Controller shall be final. It is desirable to raise the limit of Rs. 2,000 to Rs. 5,000 to give the benefit of these provisions to a larger section of the policyholders. But after severing connections with the Company or death the agent does not serve the policyholder. In the opinion of Sir N. Sircar the principle of hereditary commission shook the very foundations of the principles of renewal commission, payment of which is obnoxious in the absence of service. The insurers would always be on the look out of attracting efficient agents of their competitors. The agents may twist the business. The loyalty and co-operation between agents and insurers would be afflicted. The Government too has accepted the importance of renewal services by providing to pay commission at half the prescribed rate to an agent who revived a lapsed policy, provided he did not introduce it.

But we should not ignore the human side of the aspect. As the other class of workers are given pension at about half the rate of their normal salaries, similarly agents should be granted remunerations at half the normal rates. The agents should be given right to appoint nominee for receiving their commission and in the agency applications and forms, the names of heirs and wife of the agents should be given lest establishment of claims to the hereditary commission may involve large sums. All these steps would give the

agents an incentive to render efficient service to policyholders.

Democracy in Insurance Management.

The policyholders have a right to elect at least one-fourth of the total number of directors of a life Insurance Company. The minimum number of such directors is fixed at 2 (Sec. 48). It is a wholesome provision for ensuring democratic insurance management. As suggested in Chapter 3 the number of policyholders' directors should be increased to 3 or 1/3rd of the total.

Lest the management may get centralised in a few hands, and may be prejudicial to the interests of the life insurance policyholders and the diversified shareholders, it has been provided that the voting rights shall be in proportion to the holdings which shall not exceed 10 % of the paid up capital in case of individual and 5 % of the paid up capital in case of banking or investment company. Their respective voting rights shall not exceed 5 and 2½ % of the total.

But the shares may be freely held by the kith and kin of financiers who may continue to exercise their control over the affairs of insurers. To put a check on this undesirable practice it is desirable to have a special section in the office of the Controller to study the ownership and the concentration of Capital and election of directors vis-a-vis management.

The shares shall be of uniform face value and shall not be of a class other than ordinary. The other classes of shares will be converted into 'Ordinary' by 1953. A difficulty may arise in quoting the prices of shares which are not quoted in the Stock Exchanges. A simpler procedure would have been to bring them at par with ordinaries in respect of voting rights. It is desirable to reduce the face value of share to Rs. 50/- to ensure diversification of holdings further.

The Act has provided for minimum working capital (Rs. 50,000) and certain compulsory deposits to ensure the safety of the life fund and the security of the policyholders. In the case of non-compliance of certain provisions for the safety of policyholders, certificate of registration may by concelled by the Controller. Formerly excessive remuneration was paid to persons in whom the management was interested. Now the Government has power to reduce this remuneration if it thinks (6 A) it excessive. It is necessary that this power should be delegated to the Controller for the controlling by him would be easier and efficient.

Inter-locking of Affairs.

Inter-locking of bank and insurance finance was common through inter-locking of certain types of offices. Now the managing directors and officers (other than directors) of a company carrying on life insurance business cannot be similar officers of other carrier with life business, banking or an investment institution. Further, they have to be whole time officers in insurance companies with a life fund of Rs. 25 lakhs or an insurance fund of Rs. 50 lakhs. The Central Government may however relax this provision in certain cases.

A company carrying on life insurance business cannot have directors in common with another similar company. The Central Government has power to appoint not more than two directors on the board in addition to the existing ones. The remuneration and fee paid to them will be such as is paid to the other directors. **(Sec. 48 B).**

Investigation.

Among others, the policyholders have a right to apply for the investigation in case they think that the management is not running in their interests. To check unscrupulous applications, it has been provided for that at least 50 policyholders with at least 3 years' duration and with an insurance of an amount of at least Rs. 50,000 must apply therefor **(Sec. 33)**. The Central Government on its own initiative may also direct the Controller to appoint an auditor or actuary for investigation into the affairs of the company, when it thinks the interests of policyholders are jeopardised. Every officer of the company should furnish the records as required by the investigator. After receiving the report from the Investigator the Central Government may order the insurer to take necessary steps in the matter of sound management within certain specified time of not less than 15 days from the date of such order. In case of non-compliance of the order, the Central Government may order the Controller for cancellation of registration or to apply for a wound up. An opportunity is given to the insurers to represent his case before all such stages are taken. It is necessary to be very careful in such matters, lest in searching a wound a new one may come into being.

Appointment of Administrator.

Another wholesome provision in the Act is the appointment of administrator by Central Government when the Controller reports to the Central Government that the life insurance business is carried on in such a manner as is prejudicial to the interests of the policyholders. (Secs. 52 A to 52 G.) The persons formerly incharge of management will be divested of it and the administrator will carry on the business with economy and efficiency. The administrator may suggest any of the following steps:—

(1) Transfer of business to another company,

(2) Carry on business under certain restrictions,

(3) Winding up, or

(4) Any other step..................

The powers of the Central Government and steps taken by administrator shall not be questioned by any Law Court.

For the following concerns administrators have been appointed:—

Union Life, Empire of India, Jupiter General, Tropical and National Mercantile etc.

In at least two cases the misappropriation of funds was to the tune of Rs. 1 crore. Now the policyholders will be saved from such financial juggleries. It is desirable in such cases to explore possibilities of buying out shareholders and to mutualise the concern.

The insurers cannot defraud the policyholders by giving false statements under the pain of imprisonment of 3 years or an amount of not exceeding Rs. 1,000 or both. The investments are now regulated in the interests of policyholders and submission of certain returns to the Controller is in the interests of policyholders. The Controller may ask the insurer to give additional information in cases of defective returns and order re-valuation in cases of **defective valuation**.

At least 50 policyholders may apply to the court for a winding up when they have at least 3 years' standing in the company and insurance of at Rs. 50,000 in all. The Controller of Insurance too may apply for a winding up if the interests of policyholders are in danger certain The Indian Insurance Act confers other rights on the policyholders on payment of certain prescribed fees.

The Watch Dog of Policyholders.

Throughout the Act one thing which is the most vigilant is that the Controller has been conferred upon very wide powers in matters of insurance management in the interests of policyholders. He is in fact the mentor of insurance. More often than not, the Controller may be placed on the horns of a dilemma. In fact the task is a thank-less one. "To be able to administer law even-handedly, to win admiration from the people, thanks from the insurance interests and appreciation from the Government one must needs be a man of exceptional abilities and broad outlook." **(Insurance Underwriter September, 1951).**

With such a variety of obligations to discharge, the Controller should be a man of good temperament and one understanding human nature, in addition to having the actuarial qualifications. The Controller and the Assistant Controller should never be persons who do not possess actuarial qualification or specialised insurance qualifications. At any time at least one of them must be actuarially qualified. This provision is essential to enceurage the studies of Actuarial Science in India and make the Institution of Insurance render more efficient service to policyholders through various researches. The Controller or any person authorised by him should visit the head offices of insurers at least triennially to get first hand information of the matters which are not revealed by the returns filed. As examination of accounts becomes a necessity in certain cases; it is necessary that certain persons with the qualifications of C.A. or its equivalents are appointed in the Controller's office. It should be the bounden duty of the Controller to enforce legislation in such a manner as the young and medium sized insurers are not threatened with the ultimate crash. Undue delay in deciding cases should be avoided. Courtesy benefits both the parties. The Controller should be sympathetic and should give his interpretation of the Law when he is referred to by the insurers. The spirit and not the letter of law should be observed. He should see that in no case policyholders are treated discriminately. In case of serious breach of trust or misappropriation of fund, he should be empowered to order arrest of wrong-doers, as delay and red tapism of police department, may jeopardise the interests of policyholders. The complaint on account of the postponement of payment of claims with ulterior motive should be very seriously dealt with.

In the opinion of some insurers the Act is unfair to and penalizes the whole class of insurers to root out a few uneconomic and corrupt units with the aim of servicing the policyholders. Some insurers have gone too far as to call the Act a 'Control order' and an 'Iron hand' to regiment insurance on the pretex of checking corrupt practices and safeguarding the interests of policyholders. But they forget that such a measure was very necessary to reduce at least to some extent the fraudulent practices in insurance. "Closely surveyed the history of insurance legislation has been an attempt at policing the industry and give an assurance of fair play to the policyholders and curb the tendencies of adventurers." (**Economic Review May 1950**). It is a laudable attempt at placing insurance on a sound footing. The main object behind the Act is stopping the acquisition of insurance by desigining financiers and check wild schemes and scandals. The manipulative jugglery of new class of finance capitalists jeopardising the interests of policyholders is checked to some extent.

Neither publicity nor supervision by itself would have been good and the realization of both of them is suited to Indian atmosphere where the mass is illiterate. The experience of well established insurers seem to justify the high hopes of the future of insurance which the sponsors of the Legislation raised. But it is essential that the Controller administers the Act with a harmonious combination of strictness and sympathy in order to eliminate evils it is designed for. Nothing short of publicity and removal of bad management and penalizing the corrupt directors and executive officers, would bring about healthy insurance practice and ensure security to the policyholders.

Peculiarities of Life Insurance Business

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EVERY business has its peculiarities and so also Life Insurance. There are many ways by which Life Insurance is distinguished from other types of business but I will mention only a few in this article.

Take for example the case of Life Insurance agent and of any other salesman. For the latter, the only conditions necessary for success, apart from his selling technique, are (1) good quality of the article (2) good market and (3) reputed management. Further his work ceases once he effects the sale. The Life Insurance Agent has more responsibilities. He has even to consider whether the customer is suitable to his office. The risk should not be bad from the Company's point of view and it is the Insurance Agent's responsibility to see that the Company is not defrauded. Further, the Life Insurance Agent's work does not stop when he sells the policy, but the after-sales service is also important in his case. Again the salesman in any other business is interested in pushing his sale as much as possible. With the Life Insurance Agent, it is imperative that he does not oversell. If he does, the business will not stay long on the books but worse than this, the customer's reaction will be that the Life Insurance business is nothing but a squeeze on his money. Such a reaction is thoroughly harmful to the agent since it spoils the prospective clientele and is harmful to the business of Life Insurance as a whole.

The customer, while purchasing life insurance has to consider many things which are quite different from what he considers when buying any other article. He, however, scarcely realises that when he purchases any other article, he has nothing further to do with the office or shop from which he makes the purchase; but when purchasing life insurance he really purchases a stake in the Life Insurance office. It is imperative for him to see that the office is run on good lines and so on, since after all, it is the safety of his money which the office is handling.

In the other types of business the office staff does not do much of service to customers and they are only concerned with the keeping of the accounts of the business and the agency relationship. In the Life Insurance companies, however, the majority of the staff is concerned with the servicing of the policyholders. It is, therefore, necessary that the staff realises its exact function and the importance of good and efficient work from the point of view of the business. In other industries inefficiency, slackness, or stoppage will only affect the out-put of the goods and once the work is again resumed in full swing, the out-put is raised and except for the loss suffered in the intervening period, no further damage is done. In

Life Insurance business, however, such short-comings adversely affect not only the existing business but also the business prospects. The customers, both present and prospective get dissatisfied with the service rendered and consequently they develop certain reluctance which results in their discontinuing existing policies and in not taking out new policies. Thus not only immediate harm is done but the future is also spoiled and the Company loses its reputation. It is important that the staff bears in mind this distinction between Life Insurance business and other business.

The other businesses are run for the profit of the proprietors. Life Insurance, however, is mainly for the profit of the customers. In any leading proprietory life insurance Company, the amount of profit allocated to the share-holders is very small as compared with the share of the policy-holders while in mutual Life Insurance Companies the entire profits go to the policy holders.

As stated above, many other points of distinction can be mentioned, but I will content myself by mentioning only one more. The Life Insurance business is essentially a social service. It helps the people to formulate a savings plan, to give a definite shape to the savings contemplated and to make a definite provision for various wants like old age, childrens' education, provision for dependents etc. And what very few people realise is the fact that in the ultimate analysis life insurance is a collective effort by the policy-holders for mutual security. In this respect the Life Insurance business stands out clearly from any other business and it is very necessary that everybody who is connected with the insurance bears this in mind. The agent really helps the policy-holders in deciding the savings plan suited to his customer's needs and then in seeing that it is properly fulfilled. The office staff is really helping the policy-holders, keeping an account of the money paid by them and rendering various types of services like sending out reminders, giving loans, quoting surrender values, effecting alterations etc., up to the point of paying the claim when it arises.

From a larger point of view, therefore, the whole organisation—consisting of the office staff, agents and policy-holders—is a huge collective effort where everybody helps everybody else and in the process is himself benefited. If all the component parts of the organisation understand and properly perform their functions it will help a good deal not only to further their interests but also to spread the noble message of Life Insurance among the people and to get more people share this collective effort to mutual advantage.

Reviews

Oriental Government Security Life Assurance Co., Ltd.

NEARLY 80 years of rich experience and high technical skill in managing the affairs are behind this India's foremost Life Office. "Oriental" requires no introduction to our countrymen. For everything good, the "Oriental" is noted for many decades. Its clean straightforward contracts of Insurance, honest dealings with the policyholders, unimpeachable security, and maximum return have made the "Oriental" a household word with every citizen of this vast sub-continent. Its Board of Directors consisting of India's best Industrial and Financial magnates, and public men such as Sir Purshotamdas Thakurdas, K.B.E., C.I.E., J.P., Sir Joseph Kay, K.B.E., J.P., Sir Cowasjee Jehangir, Bart, G.B.E., K.C.I.E., J.P., Dinshaw D. Romer, Sir Rustom Pestonjee Masani, Kt., M.A., Sir Rahimtoola Meherally Chinoy, Kt., J.P., Cooverji Hormusji Bhabha, M.A., J.P. Naval Hormusji Tata, Dahyabhai Vallabhbhai Patel, J.P., Pashabhai C. Patel and Chandrakant Chhotabhai Patel, is a team well-fitted to safeguard the financial security of millions both in India and elsewhere. To crown all this, Mr. L. S. Vaidyanathan, M.A., F.I.A., F.S.S., J.P., the foremost Indian Actuary, is at the helm of its affairs, as Manager. A galaxy of eminently qualified men serve him as lieutenants to carry on the administration on most up-to-date lines. Mr. K. R. Srinivasan, B.Com., F.I.A., is the Actuary of the Institution and Mr. S. N. Vaidya, B.Com., F.I.A., Assistant Actuary.

The new business completed during 1952 amounted to 71,359 policies assuring about Rs. 29¼ crores and the average sum assured per policy was Rs. 2,974. The total premium income was about Rs. 917¾ lakhs showing an increase of Rs. 24¼ lakhs over the previous year. The expenses of Management worked out 23.23 per cent of the premium income. The Renewal Expense ratio was 14.76 per cent.

As a result of the year's operations, the Funds increased to over Rs. 67¾ crores at the end of 1952, the actual addition during the year being Rs 474 lakhs.

The net rate of interest after deduction of income-tax at source earned on the funds during 1952 was 4.05 per cent. The aggregate market value of the investments in stock exchange securities exceeded the aggregate book value by over Rs. 55 lakhs.

The lapse ratio for the year was 5.7%.

The mortality experience of the Company is improving year after year and in 1952 it has further, improved; the ratio of actual to expected deaths was 42.9 per cent. as against 12.38 per cent in 1951. In the matter of settlement of claims promptly, the Company is second to none.

Business in force: The total number of policies in force at the end of 1952 was 8,54,929 policies assuring with bonus additions and increases under triple benefit policies, the sum of Rs. 2,00,06,81,334 of which Rs. 1,50,00,980 was re-assured. Current Annuities (exclusive of Deffered Annuities) in force was 79 for Rs. 53,121 per annum of which Rs. 873 was re-assured.

The "Oriental's" subsidiary Company, The Oriental Fire and General Insurance Company, Ltd., started a few years ago, is also making steady progress. It has shown in 1952 an increase in gross direct premium income. Loss Ratios were 34.98 per cent. in the Fire Department, 32.96 per cent. in the Accident department and 68.01 per cent. in the Marine Department. A profit of Rs. 2,37,786 earned in the Fire Department enabled the Company to wipe off the deficit in the Profit and Loss Account brought forward from the previous year.

We are sure, the "Oriental" and the "Oriental Fire and General" with their excellent record of service will continue to serve as models in Indian Insurance. We wish the Institutions every success.

Empire of India Life Assurance Company, Ltd.,

THE Empire of India Life Assurance Company, Limited, Bombay, has made an astonishing recovery since its management has passed on to the hands of Dewan Bahadur R. Varadachari, as administrator under Government's auspices. This Institution that was particularly noted for very careful and conservative management for over half a century, was mis-handled for a few years until the Government of India stepped in and appointed Dewan Bahadur R. Varadachari who took over charge on 11th July, 1951, as its administrator. It is the good fortune of that vast body of policyholders, that the Government of India not only moved quickly but also placed in charge a gentleman who is thoroughly honest, most efficient, and quite businesslike. The Institution is once again firmly on its feet and if we are not over-shooting the mark, it will be felt a formidable competitor very soon by all service-minded Insurance Companies. The administrator's Report on the working of the Institution for the year 1952, is very mnch encouraging indeed. We note that there has been a striking fall in the number and the amount of "Surrenders" by the policyholders during 1952. It means that the policyholders who should have felt a little nervous at the time when the Government of India suspected something wrong in the management of the Institution and took immediate action, have all now properly understood that the Government's action was only in the interests of the policyholders and that their security is in no way jeopardised. On the other hand, the financial position of the Institution is now much better when the entire field organisation has been judiciously overhauled.

The Statutory Valuation of the Company's assets and liabilities as at 31st December, 1951, has revealed that the financial position is quite satisfactory. After setting apart reserves amounting to Rs. 119 lakhs to meet all contingencies, there was a profit of Rs. 76,54,366, available for distribution amongst policyholders and shareholders. A Bonus at the rate of Rs. 10/- on Whole Life Assurance Policies and Rs. 8/- on Endowment Assurance Policies, per 1000 per annum was declared. With the sanction of the Controller of Insurance, Government of India, the Administrator declared a dividend of Rs. 20/- per share for the year, 1951.

Another note-worthy feature of the Administrator's regime in this Institution is that the Company's working has not allowed to suffer in any way. The Company is working as usual. Fresh proposals for assurances are accepted and new policies are issued in the same manner as hitherto. During the year 1952, 13,199 proposals were received for assurances amounting to Rs. 3,86,23,790 Of these and others awaiting completion as at 31st December, 1951, 10,058 proposals resulted in policies for Rs. 2,81,45,900. Further, the present management is more concerned with the quality of the business secured than mere quantity. Expenses are not allowed to mount up as in the past. The overall expense ratio for 1952 was only 26·93 % as against 27·43 % in 1951 and 30.31 % in 1950. The Expense ratio is likely to go down still, year after year as the Administrator gradually and cautiously eliminating unnecessary items.

The total number of policies in force as at 31st December, 1952 was 1,36,928 assuring a sum of Rs. 29,60,56,165. The total number of Annuity Policies in force was 46 with an annual payment of Rs. 63,239.

Dewan Bahadur R. Varadachari has done his best to promote the progress and prosperity of the Company. We are confident that under his able guidance the Company would be able to expand its business activity more vigorously and achieve better results in the years to come.

Vanguard Insurance Company, Ltd., and Vanguard Fire and General Insurance Co., Ltd.

A much needed stimulus for developing Institutions that depend on public support and confidence is freedom of thougnt and action, unhindered by rules and regulations. Though such freedom is not always used by all for promoting public good, Mr. H. D. Rajah, the promoter of the Vanguard Insurance Company, Ltd., and the Vanguard Fire and General Insurance Company, Ltd., stands as an example in South India, for many others. Mr. Rajah, established these two Companies at a time when Indian Insurance was absolutely free from any sort of check or hindrance. But, when everyone thought of promoting Insurance Companies to better their economic conditions, never mind, what happens to the security of the policyholders or the business of Insurance in general, Mr. Rajah, as a prominent social worker even then, had in him that spirit of public service and that accounts to his present position and stature not only in the Insurance circles, but also elsewhere. It is not even two decades that these two companies have been founded, but they both constitute a force in South India to reckon with. They are considered to be a formidable competitor by other companies, both big and small. Mr. Rajah utilised to his full advantage the absence of any regulation in the pre 1938 Insurance Act days, made a generous gesture in the matter of service to the policyholders and treatment to the field workers, won their confidence in an abundant measure, and built up the Companies on solid foundations. For men like him, the present Insurance Act and the countless checks and counter checks are more a hindrance than a fillip to do efficient service. The undernoted details of the working of the two companies will give an idea of their progress.

The Vanguard Insurance Company received a net premium income in the Accident Department of Rs. 7,42,733 in 1952 against Rs. 6,02,390 in 1951. The profit earned out of the transactions amounted to Rs. 70,436. In the Life Department, new policies were issued for a total sum of over Rs. 50·67 lakhs. The Life Fund increased by over Rs. 7 lakhs and stood at the end of 1952 at Rs. 38,21,322. A valuation conducted as on 31st. December, 1951, on cautious basis, disclosed a surplus of Rs. 2 46,962 and a reversionary bonus at Rs. 7/- per 1000 per year for whole life policies and Rs. 5/- per 1000 per year for Endowment policies was declared.

A dividend of 5% taxable on shares was paid.

The Vanguard Fire & General Insurance Co., Ltd , received a net premium income of Rs. 7 53,514 in the Miscellaneous department, Rs. 64,046 in the Marine department and Rs. 30,783 in the Fire Department. As compared with 1951, the premium income has shown an increase both in the Marine and Miscellaneous Departments and a slight fall in the Fire Department. The transactions resulted in a profit Rs. 15,135 in the Fire Department and Rs. 1,27,330 in the Miscellaneous Department, while in the Marine Department there was a loss of Rs. 27,913.

A dividend on Preference shares at 5½% free of Income-tax and at 5% (taxable) on Ordinary shares was declared.

Thus, both the Companies are progressing well and we wish them every success.

National Insurance Company, Ltd., Calcutta.

Business in force exceeds Rs. 50.44 Crores.

ONE of the front-rank Companies in India, the National Insurance Co., Ltd., Calcutta, has continued to record substantial progress during 1952. The premium income in the Life as also in the General Department registered a sizable increase while the total assets increased to Rs. 12.56 Crores. The total funds increased to Rs. 11.62 Crores, an increase of over Rs. 1·22 Crores during the year.

During the year, the Company issued 34,584 new Policies assuring sums of Rs. 10,06,97,031 at an annual premium income of Rs. 57,69,094. The total premium received during the year amounted to Rs. 2,28,47,323 while the revenue from interest on its invested funds to Rs. 36,98,873. Claims by death and by maturity amounted to Rs. 60,86,784. The total amount paid by way of claims since the founding of the company was Rs 7.86 Crores. The expenses of management recorded a downtrend and the overall expense ratio was 30.23% while the Renewal Expense ratio was 15.96%. The Life Fund at the end of the year rose to Rs. 10,60,92,792, an increase of Rs. 96,66,294 over the preceding year. Interest earned on funds was 3.65%

The net premium income in the Fire, Marine and Miscellaneous Departments amounted to Rs. 4,60,251, Rs. 5,98,263 and Rs. 4,23,593 respectively. After meeting the claims and other expenses, reserves have been set up in these departments at 40% in respect of Fire and Miscellaneous Sections and at 55% in the case of Marine Department. The combined Funds of the Fire, Marine and Miscellaneous Departments totalled Rs. 6,82,581. The Profit and Loss accound showed, together with the amount brought forward from the previous year, a balance of Rs. 3,05,538 out of which a dividend of 9% has been paid to the Shareholders, carrying forward the balance of Rs. 1,70,538.

To cover the difference in the value of investments between the Book value and the Market value, a sum of Rs. 24 lakhs has been provided out of the year's revenue; the total investment reserve amounted to Rs. 64 lakhs.

Enjoying great prestige and reputation in the field of insurance in the country, the Company's organisation extends to far off places outside the country and the progress from year to year is on the increase. With a farsighted, diligent and well-qualified Manager in the person of Mr. S. D. Srinivasan, M.A., F.I.A., the Company is bound to reach greater heights in the years to come.

United India Fire & General Insurance Co., Ltd.

WE are pleased to record another successful year of solid work made by the United India Fire & General Insurance Co., Ltd., Madras. The accounts of all the departments have been well maintained and they show a progressive nature. As a result of the year's working, the total funds have increased by Rs. 2,78,358.

The Fire department received a net premium income of Rs. 7,73,491 with a Claims experience of 20·5% of the premiums. The Miscellaneous department accounted for a premium income of Rs. 3,21,077 while the claims represented 60% of the premium income. The Marine section received a net premium income of Rs. 11,50,083. The Claims and expenses of management absorbed 54% and 36% respectively. The Fire and Miscellaneous departments resulted into a profit of Rs. 3,38,873 and Rs. 15,526 respactively while the Marine department showed a loss of Rs. 69,981. Reserves have been maintained in all the departments at 50% in the case of Fire & Miscellaneous and 100% in respect of Marine Department. The Funds of the Fire, Miscellaneous and Marine Departments stood at Rs. 3,86,745 Rs. 1,60,538 and Rs. 11,50,083 respectively. The total funds amounted to nearly 30 lakhs.

Out of the net profit inclusive of the balance carried forward from the previous year, of Rs. 2,98,812, the following adjustments have been made:—

1. Rs. 1,00,000/- to the General Reserve.
2. Rs. 20,000/- to the Dividend Reserve.
3. Rs. 10,000/- to provide for Bad and Doubtful Debts.
4. Rs. 1,10,000/- for taxation.
5. Rs. 58,812/- being balance to be carried forward.

With the extensive organisation that is going on apace within the country and outside, we have no doubt that the business will expand more widely. For the good results achieved so far, the General Manager, Mr. N. Rama Rau and the Deputy General Manager, Mr. M. D. Smart deserve to be congratulated.

Co-operative Assurance Company, Ltd., Amritsar.

THE Co-operative Assurance Co., Ltd., Amritsar is an old institution, having been established in 1906 and one of its most distingnishing features is the lowest premium rate for Life Assurance. The premium rates are so low that they defy competition. Further, as a result of the latest Actuarial Valuation at the end of 1951, there was a surplus of Rs. 1,37,504 out of which Reversionary Bonus at the rate of Rs. 5/- per thousand sum assured per annum has been declared. Besides Life, the Company transacts Fire, Accident and Marine Insurance business.

The Balance Sheet and the annual report for the year 1952 show that the institution has maintained its progress on all fronts. In the Life Department, the new business amounted to Rs. 10,63,925 and the total premiums received were Rs. 10,07,338; and the revenue from interest on its investments and other sources amounted to Rs. 3,84,076. Payments made to the policyholders and beneficiaries by death, maturity and surrenders etc, accounted for Rs. 3,59,318. The expenses incurred by the management have always been kept at a low level; the Renewal Expense ratio for the year 1952 was 10.7%. At the end of the year, the Life Assurance Fund stood increased at Rs. 88,82,478, an increase of over Rs. 8,65,000.

The combined net premium income of the General department amounted to Rs. 1,33,025 and it is encouraging to note that all the departments resulted into a profit for the year. The funds of the General Department totalled Rs. 1,55,698. The Profit and Loss Account showed a balance of Rs. 65,962 after all adjustments and the same has been appropriated towards payment of dividends to the shareholders at 4% amounting to Rs. 40,000, to General Reserve Rs. 22,626 etc, leaving a balance of Rs. 1,031, to be carried to next account.

To sum up, the company has completed another year of satisfactory work. There is great chance for the institution to develop the business, particularly, Life Business, on a greater scale with its attractive premium rates and with the absolute security offered by it. We wish the company all success.

Midland Insurance Company, Ltd., Madras.

DURING 1952, The Midland Insurance Co, Ltd., Madras, has not only continued to keep up its progress steadily, but also has succeeded in growing stronger financially thereby declaring attractive Bonuses to its policyholders. Such results speak well of the sound management of the Company's affairs on progressive lines. The Company wrote a completed new business of Rs. 6,13,000 at an annual premium income of Rs. 29,035 in 1952. The premium income and the revenue from interest on its assets amounted to Rs. 2,64,131 and Rs. 83,629 respectively. Payments to the Policyholders and beneficiaries amounted to Rs. 1,24,065. The Renewal Expense ratio was 20.7%. At the close of the year, the Life Assurance Fund was increased by a sum of Rs. 1,44,104 and stood at Rs. 14,05,324. Besides, there is an investment Reserve Fund of Rs. 88,470.

Valuation Surplus :— The Actuarial Valuation on the Company's Assets and Liabilities for the two year period ending 1952 discloses the very satisfactory financial position of the Company. The valuation bases adopted were of a high standard and it is highly creditable to a small Company to create adequate funds against its liabilities and at the same time to return to the policyholders as much Bonus as any leading Life Office is paying. Provision has been made on a stringent basis for all liabilities. The Valuation has been done at 3% interest basis using the Oriental Ultimate Tables of Mortality.

A higher reservation for future expenses and Profits has been made at 25 %, on both the With Profit and Without Profit Policies. The Mortality experience of the Company had been much favourable and the interest earnings were well above the rate assumed in the Valuation. Further, it is noteworthy, provision has been made to the extent of Rs. 15,000 for lapses besides a sum of Rs. 25,000 towards untoward mortality experience. This extra conservative policy is bound to result into a larger surplus in the next valuation and thereby benefit the policy-holders in a greater measure by way of increased bonuses. The surplus that emerged at the Valuation amounted to Rs. 69,774 out of which a simple reversionary bonus of Rs. 10/- under Endowment Policies and Rs. 12½ under Whole Life Policies, per thousand per annum, has been declared.

The management can very well congratulate themselves on the sound financial position of the Company whose policy-holders are in the happy position of receiving the maximum benefit for their hard earned savings. The excellent result of this valuation and the soundness of the management will certainly help forward the future development of the Company more rapidly. We wish the company every success.

Metropolitan Insurance Company, Ltd., Calcutta.

THE Directors' Report and the Accounts of the Metropolitan Insurance Co., Ltd., Calcutta for the year 1952 afford ample proof of the growing popularity of the company. The Company has made a name for its enterprise, for since its start, the business progress had been rather remarkable and surpassed the records of many an insurer of much older standing. At the end of 1952, the company had on its books total assurances of nearly Rs. 25 Crores and the assets stood at well over Rs. 4 Crores.

During the year, the new business for which policies were issued amounted to Rs. 8.04 Crores, which was an increase over the figures of the previous year. The premium income advanced to Rs. 1,29,44,220 and the income on account of interest on the invested funds etc, rose to Rs. 11,98,650, giving an average yield of 3.56 %. Claims by death and by maturity amounted to Rs. 16,63,129 and the management expenses have shown a reduction over the previous year. The Renewal Expense ratio was a little over 15 %.

As a result of the year's operation, an addition of Rs. 77,29,500 has been made to the Life Assurance Fund which amounted to Rs. 3,81,05,612. The following are the major items of investments of the Life Fund:—

		Rs.
1.	Government Securities and Indian Post Office Certificates.	85,31,143
2.	Indian Port, Improvement Trust, Municipal Securities and Shares of Industrial Finance Corporation.	78,77,950
3.	Preference Shares of Indian Joint Stock Companies and Debentures.	4,50,850
4.	Loans on Company's policies within their surrender value.	49,27,048
5.	Mortgage of properties.	22,39,259
6.	House property in India.	78,24,144

The Company's organisation covers all parts of the country and the past record is so impressive that it is not difficult to foresee a future of greater achievement.

Jayabharat Insurance Company, Ltd., Bombay.

ORGANISED only in 1943 as a composite insurance office with a Paid-up Capital of Rs. 25 lakhs by leading businessmen of Bombay, the Jayabharat Insurance Co., Ltd., has been steadily developing its sphere of activities and the record of progress achieved during 1952 is one which reflects great credit to the management. The net premiums in the General Department and the Life Department for the year showed an increase over the previous year and amounted to Rs. 46,31,721 and Rs. 13,55,340 respectively. Similarly the funds also increased as a result of the year's working, by a sum of Rs. 16,08,891 to an imposing total of Rs. 104 lakhs.

The net premiums in all the departments reached a high level as in the preceding year. In the Fire Department the net premiums totalled Rs. 32,32,750; the claims paid and outstanding amounted to Rs. 11,67,513, the expenses being Rs. 13,71,741. The net premiums in respect of Marine, Miscellaneous and Workmen's Compensation accounts were Rs. 7,23,347, Rs. 4,75,950, and Rs. 1,99,674 respectively. Reserves have been set up at 50 % of the premium income of the year in all the departments except the Marine Department where the percentage of reserves is 100 %. The Fire account showed a profit of Rs. 8,20,442, all the other departments having shown a loss, which has been transferred to the Profit & Loss account.

In the Life Department, the total assurances in force amounted to Rs. 2,87,19,684 and the Life Assurance Fund stood at Rs. 33,54,451. New business for the year amounted to Rs. 77,25,500, the number of policies issued being 2369. The amount of first year premiums collected on the new business was Rs. 3,54,180 while the revenue from interest and other sources exceeded Rs. 1.12 lakhs.

The Profit and Loss Account, after all adjustments and transfer of Rs. 2,74,775 to Investment Reserve and Rs. 50,000 as Reserve for bad and doubtful debts, showed a balance of Rs. 5,81,051 together with the sum of Rs. 18,163 brought forward from the previous year. Out of this the following appropriations have been made: Rs. 1,50,000 for payment of dividends at Rs. 3/- per share; Rs. 1,50,000 towards Taxation Reserve; and Rs. 2,50,000 towards General Reserve; the balance of Rs. 31,051 has been carried to next account. The funds stand as below:—

Capital	Rs.	25,00,000
General Reserve ...	Rs.	7,50,000
Investment Reserve ...	Rs.	5,67,100
Fire Reserve	Rs.	16,16,375
Marine Reserve ...	Rs.	7,23,347
Miscellaneous Reserve	Rs.	2,37,975
Workmen's Compensation Insurance Reserve...	Rs.	99,837
Life Reserve	Rs.	33,54,451
Profit & Loss appropriation account balance ...	Rs.	5,81,051

The progress of the company, in the course of 10 years since its start, is highly satisfactory and the prospect of its future development is very bright. We look forward to the company's successful march in the year's ahead with great confidence. We wish the Company every success.

New Great Insurance Co. of India, Ltd., Bombay.

STARTING business under excellent auspices, the New Great Insurance Co. of India, Ltd., Bombay has attained an enviable position in the field of Indian insurance. In the course of 10 years since its start in 1943, the Company has built up an extensive organisation covering important centres in the country and outside with amazing results. It is a splendid tribute to the management that at the end of 1952, the total funds reached an impressive figure of Rs. 1·24 crores while the gross premium income for the year amounted to Rs. 1,22,24,838.

That the working results in the General Department have been exceedingly satisfactory is indicated by the net premium income for 1952 of Rs 48,90,645 as against Rs. 36,75,867 in the previous year. The Fire Department received a net premium income of Rs. 24,54,047 and the losses were 20.25 %, the expenses being 41·5 %. The Miscellaneous Department accounted for premiums of Rs. 11,92,979 with losses and expenses working out to 42·16 % and 46·24 % respectively. In the Marine Department, the net premiums were Rs. 12,43,619, the losses and expenses being 71 % and 35 %. Reserves have been set up at 50 % of the premium income in the case of Fire and Miscellaneous Departments and at 100 % in the Marine Department. The underwriting profits in the Fire and Miscellaneous sections amounted to Rs. 6,39,797 and Rs. 68,737 respectively, while the Marine Department showed a loss of Rs. 6,13,172. It may be noted that this loss is mostly due to substantial improvement in the premium income of this department and the consequent increase in the Reserves; the proportion of reserves has also been increased from 90 % of the premium income to 100 % in the year under review.

In the Life Department, further progressive results have been obtained. New business amounted to Rs. 77,86,875 under 2454 policies with a first year premium of Rs. 3,59,154, the total premiums for the year being Rs. 17,00,712. The business in force totalled over Rs. 3·51 crores. The claims paid and outstanding amounted to Rs. 76,640 and the Life Assurance Fund stood increased at Rs. 46,23,608. The sound financial condition of the Life Department is well proved by the fact that the Actuarial Valuation for 1951 disclosed a surplus of Rs. 1,41,092 enabling the declaration of Bonus to the participating policyholders at Rs. 7/- and Rs. 5/- under Whole Life and Endowment Assurance Policies.

After all adjustments, the balance to the credit of Profit and Loss Appropriation account was Rs. 2,72,679 which has been utilised to pay Eighth Dividend on Preference Shares for 1952, amounting to Rs. 50,000 and another Rs. 1,00,000 towards Fourth Dividend on Ordinary Shares at Re. 1/- per share (free of tax). With a transfer of the sum of Rs. 1,00,000 for Taxation Reserve, there was a balance of Rs. 22,679 which has been carried forward to next account.

As the above accounts establish, the institution is going forward nicely and enjoys a good measure of public confidence. The Management, under the able stewardship of Mr. M. G. Mody, the General Manager and Mr. E. S. Ramakrishnan, F.C.I.I., the efficient Secretary, deserves to be congratulated on the successful record of the institution in the past and we wish them continued success.

Sterling General Insurance Co., Ltd., New Delhi.

JUDGED by every standard, the Sterling General Insurance Co., Ltd., New Delhi, can be said to have attained a stage of stability and sound financial position. It is only nine years old and within this period, funds have been accumulated to the extent of Rs. 52 lakhs. The premium income in the General Department as also in the Life Department has grown rapidly; during 1952, the gross premium income in the General Department totalled Rs. 28,75,565 as compared with Rs. 26,75,601 in the previous year, the net premium income having increased from Rs. 13,72,958 in 1951 to Rs. 15,62,052.

The net premiums secured in the Fire section amounted to Rs. 3,14,650. The claims and expenses absorbed Rs. 78,386 and Rs. 2,52,622; the reserves stood at Rs. 1,06,936 and there was a profit of Rs. 1,49,903. The Marine Department received a net premium income of Rs. 2,92,748 with claims and expenses amounting to Rs. 1,68,476 and Rs. 1,00,570. The Reserves amounted to Rs. 79,360 and the profit was to Rs. 33,458. In the Miscellaneous and Workmen's Compensation section, the net premiums were Rs. 9,54,654. The Reserves amounted to Rs. 3,04,399 and the resulting loss of Rs. 99,420 has been transferred to Profit and Loss account.

New Business secured in the Life Department amounted to Rs. 65,01,032 yielding a first year premium of Rs. 2,99,259. The premium income increased to Rs. 12,32,916. Payment to Policy-holders and beneficiaries amounted to Rs. 2,12,935. The Life Assurance Fund at Rs. 31,69,618 showed an excess of Rs. 6,45,751 over the previous year.

After providing for all expenses and liabilities, the profit for the year amounted Rs. 1,13,572, inclusive of Rs. 7,150 brought forward from the previous year. There was a balance of Rs. 6,540 carried to next account after adjusting the balance towards reserves for depreciation, bad and doubtful debts etc.

The company's organisation extends throughout the country and as is well known, the Madras Division which is in the able hands of Mr. K. S. Ramamurthy, M.A., Deputy General Manager, has contributed and continues to contribute substantially to the increasing success of the Company. We feel confident that the Company will go ahead more rapidly in the coming years. We wish the company continued success.

New Asiatic Insurance Company, Ltd., New Delhi.

PROMOTED by leading industrialists and distinguished personalities in the country with Sri L.N. Birla as Chairman, the record of progress made by the New Asiatic Insurance Co., Ltd., is an outstanding achievement. Not only the Company is organised thoroughly well throughout the country but it is also represented outside. At present there are offices in British East Africa, Canada, Colombo, Mauritius, Rangoon, Singapore Trinidad etc. The Company transacts all classes of insurance such as Life, Fire, Marine, Motor, etc, and the paid up Capital is Rs. 20,00,000.

The growing popularity of the company is well reflected in the large volume of new business transacted every year in the Life Department. During 1952, the new business consisted of 10,056 new policies assuring sums of nearly Rs. 2·80 crores and the net premium income for the year went up to Rs. 73,06,333. The average sum assured per policy was Rs. 2,790. The revenue on the invested funds at Rs. 10 lakhs gave a satisfactory yield of 3.75% As a result of the working for 1952, the Life Assurance Fund was increased by over Rs. 44 lakhs, the total amounting to Rs. 2·94 Crores. The Claims that arose during the year amounted to Rs. 8,82,268 out of which claims by death accounted for Rs. 6,07,163.

The progress in the General Department was highly encouraging. The net premiums in the Fire, Marine and the Miscellaneous Departments were Rs. 12,03,844, Rs. 8,71,191, and Rs. 17,27,130 respectively. The Reserves maintained are at 40% of the premiums in each of the General Departments and after meeting the expenses and claims, the Fire and Miscellaneous Departments resulted into a profit of Rs. 4,00,906 and and Rs. 47,256 respectively. The Marine business showed a loss of Rs. 2 50,056 which has been transferred to the profit and loss account. After all adjustments there was a credit balance of Rs. 3,16,880 out of which a sum of Rs. 83,364 has been transferred to Life Department as refund of income tax on their account and provision of Rs. 85,000 has been made for taxation. Dividends to the shareholders at Rs. -5- per share absorbed Rs. 1,25,000. The balance of Rs. 23,516 has been carried forward.

The Reserves and General Insurance Business Reserves exceeded Rs. 34.47 lakhs at the end of 1952, and the total assets stood at well over Rs. 4.05 crores. The Investment Reserve in the Life Department stood at 12,40,000, inclusive of Rs. 7,54,000, transferred from the year's revenue in the Life Department.

Shri A. L. Dutta, M.SC., B.L., the General Manager (Life) deserves to be congratulated on the rapid expansion of the institution within a period of 20 years to such a magnitude. Among all the Branch Offices in the country, the one at Madras in the able charge of Mr. A. Subbiah, Manager, Madras Division, holds an important rank. The business turnover of the Branch Office has not only grown over the years, but the popularity of the insitution is also increasing. We wish the institution ever increasing success.

Hindusthan Ideal Insurance Co., Ltd., Masulipatam.

IT is very gratifying to note that the Hindusthan Ideal Insurance Co., Ltd. is forging ahead rapidly and is growing more popular. The business transaction in the Life and General Departments shows increased activity and the Funds in all the departments have been further strengthened during 1952. The growing strength of the Life Department is evident from the results of the Actuarial Valuation for the quadrennium ending 1952. The Valuation revealed a surplus of Rs. 1,56,117, after making adequate provision for all liabilities on a conservative basis and Reversionary Bonus of Rs. 8/- on Whole Life Policies and Rs. 6/- on Endowment Policies has been declared. There is no doubt that this result is highly encouraging and shows that the management is efficient and progressive.

The New Business in the Life department is about Rs. 50 lakhs annually and the Premium income for 1952 totalled Rs. 8 lakhs. It is a healthy sign that the expenses have been reduced when compared to the previous year and the Renewal Expense ratio was 16·62 %. The Life Assurance Fund exceeded Rs. 27 lakhs.

The 1952 is the second full working year for the General Department and the results are quite promising. The net premiums in the Fire & Miscellaneous Departments amounted to Rs. 1,80,932 and Rs. 78,465 respectively. After creating a Reserve of 40 % of the premium income in both the Departments, there was a profit of Rs. 28,743 in the Fire and Rs. 7,602 in the Miscellaneous Department. The Funds of the General Department amounted to Rs. 1,03,758. The Profit and Loss account showed a balance of Rs. 34,584 with which, the losses outstanding have been written off, leaving a balance of Rs. 3,528 to be carried forward.

The Management has done very well in presenting a clean Balance Sheet and with the favourable valuation results in the Life Department and increasing scope for expansion in the General Department, the institution is bound to show brighter results in the years ahead.

Devkaran Nanjee Insurance Co., Ltd., Bombay.

HAVING set for itself a high standard and a good tradition in business management, it is a matter of real pride that the Devkaran Nanjee Insurance Co., Ltd., has scrupulously adhered to established principles of sound underwriting with profitable results; ever since its inception, the management has very judiciously controlled the expenses and so it was not difficult for them to find adequate surplus in the Actuarial Valuation in the Life Department to declare decent Bonus to the participating policyholders. In the Valuation performed for the quinquennium ending 1951, on a conservative standard, a surplus of nearly Rs. 1,60,000 emerged and a Bonus of Rs. 9/- on Whole Life and Rs. 7/- on Endowment Policies was declared. It needs no emphasis to prove that this successful result is largely due to economic management and wise selection of the business.

The report and accounts for 1952 illustrate another year of continued progress. The new sums assured amounted to Rs. 24,22,662 under 913 policies, the first year premium income being Rs. 1,14,237. The total premium income advanced to Rs. 7,91,838. Claims were Rs. 59,392 and the addition to Life Fund was Rs. 5,21,300. At the end of the year, the Life Assurance Fund exceeded Rs. 34 lakhs.

In the General Department, the net premiums in the Fire section amounted to Rs. 3,85,892 with a claims ratio of 18 %. Fire Fund amounted to Rs. 1,92,946. The net premiums in the Miscellaneous Department were Rs. 1,74,253, the claims being Rs. 1,00,955. The Funds stood at Rs. 87,127. The underwriting profit in the Fire and Miscellaneous Departments amounted to Rs. 86,468 and Rs. 12,495 respectively.

The Profit and Loss Appropriation account, after all adjustments out of the year's profits, showed a sum of Rs. 1,27,691; out of this, dividend to the shareholders at Rs 1/12/0 per share was paid, leaving a balance of Rs. 92,691 to the next account.

During the year, The business of Central Mercantile Assurance Co., Ltd., and the Anand Insurance Co., Ltd., has been taken over by the management and the consolidated position of the Company showed that the business in force amounted to Rs. 2½ Crores with a Life Assurance Fund of Rs. 50 lakhs. The institution under the competent control of Mr. Suresh K. Desai, B.A., LL.B., the Manager, is progressing on safe and sound lines and faces a prosperous future.

Asian Assurance Company, Ltd., Bombay.

THE 42nd Annual Report on the operations of the Asian Assurance Co., Ltd., Bombay for the year 1952 points out the progressive march of the institution with increasing funds at the same time. The highlights of the Annual Accounts for the year are further decline in expenses, increase in the premium income and better interest yield on the invested funds etc.

During the year, the new business showed an increase both in the number of new policies issued as also in the sums assured. 7038 policies were issued assuring sums of Rs. 2,01,93,925 as compared with 5641 policies assuring Rs. 1,94,01,000 in the preceding year. The first year premiums actually received during the year on the new business amounted to Rs. 8,32,813 and the premium income for the year totalled Rs. 58,61,511, the corresponding figure for the previous year being Rs. 56,77,707. The revenue from interest, dividends and rents amounted to Rs. 12,26,628, giving a net yield of 3.97%, which shows a decided improvement over the figures of the previous year. Claims paid and outstanding, amounted to Rs. 18.7 lakhs out of which claims by death, were Rs. 6,29,887. The management has done exceedingly well in curtailing the expenses from year to year, as the Renewal expense ratio for the year has shown a further drop at 14.89 %. As a result, the Life

Assurance Fund has been increased to Rs. 3,31,77,037 from Rs. 2,98,79,094 at the end of 1951, showing a sizable addition to the funds. The management has to be appreciated for writing off a sum of Rs. 9,47,103 under profit & loss & depreciation of investment; in the Revenue Account, credit has been taken for Rs. 8,69,338, being appreciation in value of the Borivli property.

Though the General Department has ceased writing new business from the beginning of 1952, the management had to settle all the outstanding accounts. The Fire accounts resulted into a profit of Rs. 61,366 while the Accident business showed a profit of Rs. 36,529. The Workmen's Compensation Department yielded a profit of Rs. 900. Thus the profit from all the departments amounted to Rs. 98,796. After all adjustments, there was a balance of Rs. 94,101 to the credit of Profit & Loss Appropriation account which has been utilised towards reducing the loss brought forward from the previous year. The loss, after adjustment, of Rs. 1,66,154 has been carried forward.

The management, headed by Mr. P. U. Patel B.A., B.Com., General Manager, has to be congratulated on the good work that has been done to increase the stability of the institution still further, during the year under review. With its well organised units in almost all parts of the country and with its growing popularity every year, we believe, the institution will rise to greater heights in the coming years. We wish the institution every success.

Bombay Co-operative Insurance Society, Ltd., Bombay.

CONFORMING to sound principles of Life Assurance practice, the management of the Bombay Co-operative Insurance Society, Ltd., Bombay, the first Society to be registered under the Co-operative Society's Act, has done excellent service by inculcating the habit of thrift and saving among the middle and lower middle classes in India. The Society grew steadily all these years and today occupies an eminent position in the rank of sound institutions of similar type. At the end of 1952, the total income of the Society exceeded Rs. 28·26 lakhs showing an increase over the previous year by a sum of Rs. 2,12,042. Similarly the Life Assurance Fund registered a sizable increase of over Rs. 14 lakhs and amounted to Rs. 1.17 crores.

During 1952, the Society's New Business rose to Rs. 81,65,900 as compared with Rs. 64,94,043 in 1951. The total business in force at the end of 1952 was Rs. 4,57,40.503, out of which business to the extent of Rs. 17,95,796 is re-insured. The interest yield on the invested funds was 4·01 %. In the matter of settlement of claims the Society had always been very prompt and during 1952, payments made to the policyholders amounted to Rs. 4,75,238. There had been a consistent decline in the management expenses for the last three years and the Renewal Expense ratio for 1952 was at a very satisfactory level of 11·94 %. The funds are invested with utmost care with the prospect of fair return.

The latest Actuarial Valuation of the assets and liabilities of the Society serves to enhance its reputation still further. After providing for all liabilities on a most conservative basis, the Valuation showed a surplus over liabilities of Rs. 6,63,298 out of which a high bonus of Rs. 11 under Whole Life Policies and Rs. 9/- under Endowment Policies has been declared to the with profit Policyholders (per thousand per annum). That the management has been careful with regard to the selection of lives proposed for assurance and also vigilant in the matter of expenses is much in evidence. Complimenting the Society on the brilliant results of the Valuation, the valuing Actuary, MR. K. A. Pandit, B.SC., F.I.A., observes, "Your Society is coming out at every valuation stronger than before and thus the existing policyholders as also the prospective ones can be assured of full safety and increasing returns on their savings entrusted to you".

The Society is ably managed by Mr. G. H. Thakore, M.A., the Manager, who has contributed much to the standing and prestige of the Society. We have every hope, under his fostering care, the Society will grow bigger and serve its policyholders to their advantage.

India Life & General Assurance Society, Ltd.

IT is with pleasure that we record another year of continued progress for the India Life & General Assurance Society, Ltd., Coimbatore, during 1952. Due to efficient and economical management, the Society has not only created a stable organisation but also has succeeded in placing the Society's financial conditions on a strong basis. That the latest Actuarial Valuation has revealed a surplus of Rs. 2,05,540 enabling a decent Bonus of Rs. 10/- under Whole Life and Rs. 7½ under Endowmnt Policies is sufficient testimony to the financial stability of the Society.

The Society issued, during 1952, 947 new policies assuring sums of Rs. 16,41,051 with a first year premium collection of Rs. 80,978. The total premium income for the year amounted to Rs. 6,83,152 while the revenue from interest on the invested funds was Rs. 90,311. Claims paid and outstanding for the year amounted to Rs. 1,66,489 out of which claims by death accounted for Rs. 54,653. The Renewal Expense ratio was 17·8 % and the Life Assurance Fund was increased to Rs. 29,50,436, an addition of over Rs. 4 lakhs during the year. The Reserves for depreciation in the Life Department exceeded Rs. 2,09,000.

In the Miscellaneous Business (Motor and Workmen's Compensation), the premium income amounted to Rs. 15,124; after meeting the expenses of the business, and claims, provision of 50% has been made as Reserve for unexpired risks; a sum of Rs. 2300 has been carried to General Reserve besides Rs. 1,500 to the Shareholders' Fund.

The total assets at the end of the year amounted to Rs. 33,46,198. It is a matter for congratulation that the management has considerably improved the finances of the institution and with the favourable bonuses that have been allotted to the policyholders, we have great hopes that the business in future will develop more rapidly. We wish the institution all success.

Hindusthan Co-operative Insurance Society, Ltd.

HINDUSTHAN Co-operative Insurance Society, Ltd., Calcutta which was established in 1906 with the blessings of the late poet Rabindranath Tagore, commands a name in the insurance world of India for strength, stability and service. Under the inspiring and dynamic guidance of those in charge of the management from time to time, the institution has developed to a remarkable height and carries a good measure of public goodwill. With an extensive organisation embracing every nook and corner of the country, the Society surpasses its own past records each year and the life insurance business in force as at the end of 1952 exceeded Rs. 86.71 crores, the number of policies being 3,87,939.

During 1952, the Society's new business at Rs. 16,38,79,298, was a record in the annals of the institution and the total income for the year amounted to Rs. 4.56 Crores, a sum of Rs. 3.94 Crores representing income from premiums. The rate of interest realised on the invested funds worked out to 3.37% net. Claims amounting to Rs. 88,62,845 became due by death and maturity. The management expenses absorbed 27.60 % of the premiums while the Renewal Expense ratio at 14.71 % was lower than the previous year. The net addition to the Life Assurance Fund amounted to Rs. 2,11,53,632, the total being over Rs. 19.72 crores. The Reserves for Depreciation at Rs. 1,42,71,028 was an increase of Rs. 34 lakhs over the previous year.

As a result of the latest Actuarial Valuation in 1950, the Society had a surplus of over Rs. 98 lakhs out of which Bonus had been declared to the with profit policyholders at Rs. 8/- per thousand per annum for Whole Life and Endowment Assurance policies.

With the assets of the Society at Rs. 22.50 crores, all judiciously invested, and with the popularity already attained among the insuring public, it is not difficult for the institution to record further achievements in the future years. We wish the Society continued success.

Bharat Insurance Company, Ltd., Delhi.

WITH commendable effort, the management of Bharat Insurance Co., Ltd., ably administered by Mr. K.L. Gupta, M.A., F.I.A., F.F.A., Manager, has maintained the upward trend in the new business which reached a record of Rs. 4,26,83,927 during 1952. The number of new policies issued was 13,835. These figures compare significantly with 12,505 new policies assuring sums of Rs. 3,84,16,828 in 1951. The average sum assured per policy amounted to Rs. 3085. As at the end of 1952, the number of policies in force was 92,185 assuring a business of Rs. 22,05,96,451.

Out of the total income of Rs. 1,18,14,022 for the year, the premiums accounted for Rs. 99,53,580; and the first year premiums collected on the new business amounted to Rs. 18,72,846. The average rate of interest realised on the invested funds was 3·3 % after deduction of income-tax at source, the interest income being Rs. 18,53,477. Payments to policyholders and beneficaries under claims by death, maturity, surrenders, Annuities etc. amounted to Rs. 42,30,203. The Renewal Expense ratio worked out to 15·26 %, showing a downward trend over the previous year. Out of the year's revenue, a sum of Rs. 4,50,000 has been added to the Investment Reserve Fund which stood at a total of Rs. 22,76,263. The total assets advanced to Rs. 661 lakhs, all being invested wisely. A dividend of 15 % has been recommended to the shareholders for the year.

Well known throughout the country as a strong and sound institution serving our countrymen ever since 1894, the company is represented all over the country by Branch Offices and Chief Agencies. The Company has has earned a well deserved place in the front rank among the leading Life Offices and with the high rate of bonus declared at the last Actuarial Valaution, at Rs. 11 and Rs. 9 under Whole Life and Endowment Policies (under current premium tables) the prospects of creating further records in new business are brighter still. In the South, Mr. T. Gopal Krishna, the Branch Manager at Madras, is popularising the cause of the institution with great zeal and zest and with his capacity and experience, the business is bound to make rapid strides. We wish the institution all success.

Andhra Insurance Company, Ltd., Masulipatam.

ESTABLISHED in 1925, the Andhra Insurance Co., Ltd., Masulipatam has recorded consistent progress every year. The institution enjoys an abundant measure of public confidence which is shown unmistakably in the large volume of new business transacted year after year. It is praiseworthy that side by side with developing the organisation, the expenses are not allowed to mount up; efficient and economic administration is the keynote of the progress of "Andhra".

In 1952, the Company issued 7765 new policies assuring nearly Rs. 1.74 crores. The total premium income amounted to Rs 38,80,107 besides a sum of Rs. 5.39 lakhs, received by way of interest on its invested funds. The net interest yield worked out to 3.18 %. As at the end of the year, the Life Assurance Fund stood increased at Rs. 1,80,38,921 and the investment Reserve Fund at Rs. 9.05 lakhs. Claims by death and by maturity amounted to Rs. 3,34,213 and Rs. 4,73,313 respectively; the death claims show a consistently favourable mortality experience.

The General Department received a net combined premium income of Rs. 4,59,500 as compared with Rs. 3,95,747 in the past year, an increase of Rs. 63,753. After providing 40 % of the net premiums in the Fire and Accident business, 75 % on Marine premium income towards reserve for unexpired risks and meeting management expenses, the underwriting profit amounted to Rs. 3374.

The total assets of the Company exceeded Rs. 2·15 crores, at the end of 1552 and the same are held invested in first class securities. At the last Actuarial Valuation, the Company has declared a bonus of Rs. 9/- to its participating policyholders and the next Valuation due as on 31-12-53 will surely enhance its reputation still further. The institution is fortunate to have at the helm of affairs Mr. D. Subramanyam, M.A., F.I.A., the General Manager, who deserves to be congratulated on the fine record of the company.

New Guardian of India Life Insurance Co., Ltd.

EVER since its inception, the New Guardian of India Life Insurance Co., Ltd., Madras, has been steadily building up its business, premium income and funds at an economical cost. The management has scrupulously avoided wasteful expenditure, thus conserving the resources to the benefit of its policyholders. The level of the new business is kept up in a progressive manner with a stable and dependable organisation.

The accounts for the year 1952 show that the premium income amounted to nearly Rs. 16 lakhs with a business in force of Rs. 3·08 crores. The completed new business for the year was Rs. 54,63,150 under 2,058 Policies besides annuities of Rs. 400 per annum. It is pleasing to note that the company has paid during the year, by way of claims, Rs. 2,58,697, the total amount paid since its establishment being Rs. 15 lakhs. At the end of the year, the Life Assurance Fund rose to Rs. 64·30 lakhs. Assets amounting to over Rs. 70 lakhs are covered by high class investments.

The Company's Actuarial Valuation for 1950 resulted into a surplus of Rs. 2·49 lakhs thus enabling the management to declare Bonus to the participating policyholders at Rs. 7/- to Whole Life Policies and Rs. 5/- to Endowment Policies. The financial stability of the institution is well proved by the successful valuation results.

The prompt and courteous service to its policyholders is one of the characteristic features of the Company. The management of the institution in the hands of Mr. N. Narayanan, the Manager, is progressive, economical and efficient. We have no doubt that the institution will ever be progressive and grow more and more popular in the days to come.

Jupiter General Insurance Company, Ltd., Bombay.

REVIEWING the progress of the Jupiter General Insurance Co, Ltd., the Administrator, Dewan Bahadur R. Varadachari's Report for the year 1952 shows that the premiums totalled Rs. 77.60 lakhs with a net profit of Rs. 3,92,137 in the General Department and an addition of Rs. 24,53,686 to the Life Fund. An amount of Rs. 2,74,139, has been collected out of the investments made by the previous managements from 11th July 1951 and a sum of Rs. 36,64 717 has been invested in Government Securities. Besides, a sum of Rs. 5 lakhs is kept on Call Deposit for investment in Government Securities at a suitable time. The assets of the Company as on 31st December 1952 stood at Rs. 3,35,15,973 out of which investments in Government Securities alone amounted to Rs. 1,47,17,632.

In the General Department, the net premiums in the Fire, Marine and the miscellaneous accounts amounted to Rs. 18.90 lakhs, Rs. 4,47,591 and Rs, 14,85,372 respectively. After meeting the expenses of management and claims, the underwriting profit amounted to Rs. 2,43,445 in the Fire Department and Rs. 1,11,616 in the Marine Department, the Miscellaneous business having shown a loss of Rs. 79,636. The Reserves of the Fire, Marine and Miscellaneous Departments amounted to Rs. 10.50 lakhs, Rs. 7.75 lakhs, and Rs. 7.45 lakhs respectively.

The Life Department which began issuing the first policy in 1928 completes its Silver Jubilee Year in 1953. The progress of this Department during 1952 has almost kept up its previous year's figures and the new business amounted to Rs. 1,06,40,350 covering 3480 policies at an annual premium income of Rs. 5,70,761. The Renewal Expenses were brought down to 15.2% from 17.8% in 1951 and 24.4% in 1950. The interest yield on the mean Life Fund was 3.7% gross and 3·1% net, showing an improvement over the previous year. At the end of the year, the Life Assurance Fund rose to Rs. 1,91,54,656, besides a total Investment Reserve of nearly Rs. 30 lakhs.

As a result of the working of the year, the total available profit including the balance brought forward from the previous year was Rs. 6,55,010 out of which a sum of Rs. 2,50,000 has been allocated to taxation reserve. The balance of Rs. 4,05,010 has been carried forward without distributing dividends on the share capital in view of the need for powerful backing of strong reserves.

The progress of the Company as mentioned above, viewed against the background created by serious handicaps under which the Administrator had to carry on, should be highly gratifying. The arrest and criminal proceedings against the previous management and the directors during 1949 and 1950 had its own repercussions and affected the progress of the company, particularly its premium income in the Fire Department. Most of the English Companies with whom the "Jupiter" had reinsurance treaty arrangements had given notice of their cancellation which took effect from the beginning of 1952 with the result that the Company had to lose for the whole year the reciprocal business. To add to this, there was an actual outgo of nearly Rs. 4.25 lakhs which "Jupiter" had to give to these companies as consideration for the withdrawal of the unexpired portfolios in accordance with the usual terms of the treaties. Again, the "Jupiter" had no tied business in the Indian Market just as other companies of similar standing have and the company did not compete in the race for business at any price in the midst of rebating and other attendant evils that obtained during the year. In the larger interests of the institution, the Administrator undertook a visit to London in August 1952 and with the active co-operation of Messrs B. W. Noble, Ltd., the Company's London Managers, got into touch with the executives of many important British Companies. The Administrator's personal contact with those companies who are Reinsurers of the Fire business of the "Jupiter" had a salutary effect. Greatly impressed with the present regime and the soundness of the company, majority of the British Companies have freed a share of their reinsurance business to cede as reciprocity for the company, thus restoring the treaty arrangements, with a view to assist the "Jupiter" to regain its former leading position in the Indian Insurance Market. It is gratifying to note that in the current year, the fall in the premium income has been arrested strengthens the hope of a more fruitful year.

Since his assuming office, the Administrator has effected many improvements that are calculated to advance the best interests of the company and its constituents. Expenses have been drastically curtailed, new investments have been made only in Government Securities, and the general progress on all fronts is being fully maintained. The financial strength has considerably increased thus affording greater security. We congratulate Mr. Varadachari on the solid work he has done for the institution and have no doubt his administration will result to the advantage and benefit of the policyholders of the company.

Indian Mercantile Insurance Co., Ltd., Bombay.

ONE of the earliest companies to be incorporated in India, The Indian Mercantile Insurance Co, Ltd., Bombay has to its credit a continuous record of steady and progressive growth, from 1907 The Board of Directors consist of prominent and successful businessmen, well known in the public life Bombay and the business transacted includes Life, Fire, Miscellaneous and Marine insurance. All the departments have worked up profitably during 1952 and the total assets at the end of 1952 exceeded Rs. 1.52 crores.

The net premiums in the Fire section amounted to Rs. 10,68,530, the Claims and expenses being Rs. 4,02,793 and Rs. 5,02,203 respectively of the premium income. In the miscellaneous Department, the net premiums received, amounted to Rs. 6,08,008 with claims and expenses at Rs. 3,15,866 and Rs. 2,60,864. The Marine business yielded a net premium income of Rs. 2,88,514 and the claims and expenses were Rs. 1,45,526 and Rs. 70,621. Reserves for unexpired Risks are maintained at 50% in the Fire and Miscellaneous Departments and at 100% in the Marine business. All the departments resulted into a profit, the same amounting to Rs. 2,71,597 in the Fire, Rs. 41,006, in the Miscellaneous and Rs. 25,501 in the Marine Department. After all adjustments, the Profit and Loss appropriation account showed a balance of Rs. 5,69,821 inclusive of Rs. 2,14,580 brought forward from the previous year. Dividends paid to the Shareholders for the year amounted to Rs. 1,05,765 at Rs. 2/8/- per share. A sum of Rs 4,41,056 subject to taxation for the years, 1950, 1951 and 1952 has been carried forward to next account.

Continued progress has been made in the Life Department during the year. The net business in force was Rs. 3,64,68,175 and the total premiums were Rs. 19,16,581. 2,189 new policies were issued assuring sums of Rs. 69,21,500 with a premium collection of Rs. 2,98,745. Claims arose for Rs. 3,23,726 and the Renewal Expense ratio worked out to 12.6%. The Life Assurance Fund amounted to Rs. 89,48,682, showing an increase of over 11 lakhs over the preceding year.

The financial position of the Company stands as follows:—

Paid up Capital ...	Rs.	8,46,120
Capital Premium Reserve	,,	8,46,120
General Reserve Fund	,,	3,22,730
Reserve for Depreciation of Securities ...	,,	2,13,000
Life Insurance Fund ...	,,	89,48,682
Fire Insurance Business Account ...	,,	7,34,265
Miscellaneous Insurance Business Account ...	,,	3,04,004
Marine Insurance Business Account ...	,,	2,88,514
Investment Reserve Fund	,,	5,412
Building Depreciation Fund	,,	1,05,000
Profit & Loss Appropriation Account ...	,,	5,69,821
Total	Rs.	1,31,83,668

From all accounts, the institution has maintained its position of financial strength and the management and the Directors deserve to ba congratulated on the impressive record of the Company. We wish the institution further successes.

Neptune Assurance Company, Ltd., Bombay.

ESTABLISHED in 1930, the Neptune Assurance Company has been transacting only Life Assurance Business for a long time. Subsequently Fire and Accident & Miscellaneous Departments were commenced.

Sheth Amratlal Kalidas is the Chairman of the Company. Shri Gangadhar Vishnu Puranik is the Vice-Chairman, Dr. K. A. Contractor, L.M.&S., B.M.S.CL.I, and Shri Keshrichand Hemraj Surana are shareholders' Directors, Shri Popatlal Girdharlal Shah, Dr. M. V. Dharamsey, M B B.S., and Rao Saheb Dinker Keshav Parker are the policyholders' Directors and Shri Mansukhlal T. Mehta is the Managing Director and General Manager.

During 1952, the Company issued 1379 policies assuring Rs. 42,63,250 in the Life Department. The expense ratio under

Rule 25B of the Insurance Rules 1939, worked out to 17,35 %. The Life Fund increased as a result of the year's working by Rs. 6,02,130 and stood at Rs 93,11,519.

The Valuation, made as at 31-12-1951, disclosed a divisible surplus of Rs. 3,33,519 and a Reversionary and interim bonus at the rate of Rs. 10/- per thousand per annum on whole life policies and Rs. 8/- on endowment policies were declared.

In the Fire Department, the net premium income amounted to Rs. 2,21,464 Accident & Miscellaneous department premium income amounted to Rs. 1,36,390. The profit in these departments were Rs. 1,402 and Rs. 11,765 respectively.

Particularly at a time when money market is depressing, the Company has done fairly well in all the departments and the Directors and the Management deserve to be congratulated on the progress made. We wish the Institution every success.

Central India Insurance Company, Ltd.,

AMONG Companies that were started during the post-war period of the second World War, The Central India Insurance Company, Limited, Indore, has made an impressive record of progress. It has a decent paid up capital of about Rs. 10 lakhs and its directors are gentlemen who command good influence and regard in the country. Rajya Bhushan Raj Bahadur Rajya Bandhu Sri Kanhaiyalal Nandlal Bhandari is the Chairman of the Company. The other Directors are Rai Bahadur Vanija Bhushan Shri Lalchand B. Seth, Tazir-Ul-Mulk, Shri Ramdas J. Agarwal, Masbir Bahadur Shri Balkishan Muchhal, Muntazim Bahadur Rai Saheb Shri Jamnalal Kimtee, Capt. Narendrasingh, M. Bhandari, A.M.M.E.A., Shri M. S. Seth. Shri Rajendra Singh S. Bhandari is the Managing Director.

The Company transacts now general insurance business only. From 1st January, 1953, it has stopped accepting new business in the Life Department.

During 1952, the Company's progress both in Fire as well as Miscellaneous departments has been satisfactory. The net premiums in these departments were Rs. 1,58,478 and Rs. 91,481 respectively. While the Fire Department transactions yielded a profit of Rs. 48,310, the Miscellaneous department worked on a loss. However the Profit and Loss Account received Rs. 3,672 as a result of the year's transactions.

If we take into account the fact that the Company entered the field only 7 years ago and if we also bear in mind the trials and tribulations that young companies have to undergo before they attain a stage, the performance of the Central India Insurance Company, Ltd., deserves every compliment. In the midst of gigantic companies competing with one another for business in the Fire and Miscellaneous departments, it should be an uphill task for a new entrant to snatch a gross premium of Rs. 2,83,406 in the Fire department and about a lakh of rupees in the Miscellaneous department. It is all the more creditable that the management has been able to accomplish it at a reasonable cost. We wish the Company every success.

Police Co-operative Life Insurance Society, Ltd.

ESTABLISHED in 1926, the police Co-operative Life Insurance Society, Limited, Calcutta, concentrates for its business in a limited sphere. Only members of the police force and Fire Services are given policies and that too within the Bengal Province. During 1952, the field of activity was still curtailed and we note from the Directors' report that business was secured only from Calcutta Police and West Bengal Fire Services. However, it is gratifying to be informed that the Society has in view a scheme to expand its field of activity gradually. Since the beginning of 1953, it is operating in the State of Bihar, also.

The Society has to its credit many noteworthy features. Firstly, it is on very satisfactory financial position. Secondly, its premium rates are very much lower as compared with the rates of other Insurance Companies. Thirdly, its mortality experience is very favourable as business is secured only among members of police force and fire services. And above all, it is very economically managed.

Particularly during the last four or five years, the society's progress is striking despite the limited sphere in which it is working. In 1949, its premium income amounted to only about Rs. 2 lakhs, but in 1952, it is nearly 4 lakhs. The Life Fund which stood at Rs. 6.18 lakhs in 1949 amounted to Rs. 11.09 lakhs in 1952. The Life Fund showed a record increase of Rs. 2,72,086 in 1952 alone.

The Society is very prompt in the matter of settlement of claims. During 1952, 32 claims for a total sum of Rs. 24,012 were reported. Out of the total outstanding claims, the Directors state that Rs 27,372 were paid during 1952 and Rs. 12,862 were paid in 1953. The rest could not be paid for reasons such as defective titles, minor claimants, non-submission of claim papers, etc., It is also stated in the directors' report that frequent reminders are being issued to the claimants with a view to hasten payments.

The last valuation of the Society made as at 31st December, 1951. 8,250 policies assuring a total sum of Rs. 91,22,301 were valued. The Society declared an interim bonus of Rs. 5/- per thousand, sum assured, per annum.

These go to establish that the Society is very well managed and given an opportunity, it will serve a wider clientele. The Board of Directors and Mr. B. B. Dotto, the Secretary, deserves warm congratulations for their devoted services. We wish the Institution all success.

Indian Mutual Life Association Ltd.

INSPIRED more by a spirit of service to the people than by a motive to earn handsome profits, this Mutual Institution was started in 1925 by men of high integrity and business principles, and it has during these 28 years, achieved results worth mentioning. In developing its organisation, and in securing business, the Institution has been always very cautious. Building up financial strength has been given the top priority throughout the Institution's career.

On 31st December, 1952, the Institution has on its books a business of nearly Rs. five crores. The total premium income received during the year 1952 amounted Rs. 21,74,877. The Life Assurance Fund amounted to Rs. 1,03,06,293.

During 1952, the Association issued new policies assuring a sum of Rs. 98,10,100. Out of a premium income of Rs. 21,74,877, a sum of Rs. 12,80,525 has been taken to augment the Life Assurance Fund besides providing a reserve of Rs. 71,800 on investments made in foreign countries. The Management Expenses work out a renewal expense ratio of 16·6%.

Maturity claims to the extent of Rs. 3,07,765 and death claims amounting to Rs. 1,85,982 were paid during 1952. It is creditable that the Institution is prompt in the matter of settlement of claims.

By judicious spreading over of investment portfolios, the Management has been able to not only earn the maximum yield on the funds, but also improve the financial position, a great deal.

Exposed to the rigours of competition, it is very difficult, particularly to a Mutual Life Assurance Company, that has not the support of a decent capital, to thrive in the initial stages. Mr. C. M. Srinivasan, B.A., B.L., the General Secretary of the Association, by dint of his hard work, unimpeachable character, and firm belief that Institutions run on sound principles must thrive, was eminently successful in winning the confidence of the public and deserving the same to a remarkable degree by an excellent record of service. We wish the Institution every success.

South India Co-operative Insurance Society, Ltd.

THIS popular Co-operative Institution, started in 1933 by that veteran Co-operator, the late V. Ramadas Pantulu continues to be managed well with its characteristic efficiency and success. On 31st December, 1952, the Society had on its role 58,462 members.

During 1952, the Society completed a business of Rs. 72,57,490 and the total sum assured on all policies that were in force as on 31st December, 1952 amounted to Rs. 4,30,81 040. The total premium income amounted to Rs. 23,09,364 as against Rs 22,88,899 for 1951. The interest earned was Rs. 4,07,121 which is more than a lakh of rupees in excess of the interest earnings in 1951 This works out at 4·22 % as against 3.79 % in 1951. The management expenses continued to be very reasonable and the renewal expense ratio for 1952 was 16.45 %. As a result of the year's transactions, the life assurance fund which stood at the beginning of the year at Rs. 89,36,335 increased to Rs. 1,07,45,050. Thus there has been a substantial addition which constitutes more than 94 % of the renewal premium income.

The biennial valuation of the Society, as on the 30th December, 1952, conducted by Prof. K. B. Madhava, M.A., F.N.I., A.I.A., Consulting Actuary, has revealed gratifying results. Even employing very rigorous standards in valuing the assets and liabilities of the Society, the Valuation disclosed a surplus of Rs. 4,81,673 excluding Rs. 2,913 paid away as interim bonuses and Rs. 4,47,553 transferred to Investment Fluctuation Fund. This striking record of efficient and economic management is something remarkable in the history of Indian Life Assurance. The Actuary has recommended payment of a simple uniform reversionary bonus to all with-profits policies in full force on 31-12-1952 at the rate of Rs. 12 per thousand sum assured under whole life plans and at Rs. 10 per thousand sum assured under Endowment plans, per annum. If we take into consideration the Society's premium rates which are considerably lower as compared with almost all other Insurers, and the returns the policyholders are getting both by way of bonuses and sum assured, there may be hardly any other Institution in our Country which can compare favourably. Indeed, the Society's service is a remarkable achievement. And we congratulate the Society's directors and the Secretary, Mr. V.Venkatachalam, M.A., B.L., for such an excellent position.

It is all the more praiseworthy of the Directors' service spiritedness when we note from the report of the Directors, their strenous efforts to expand the society's sphere of activity by securing a closer association either in the form of a Federation or merger of all Co-operative Insurance Institutions in the Country. The President of the Society, Sri V. Parthasarathi, B.A., B.L., in his address at the recent Annual General Body Meeting observed "It is my conviction that in order to minimise the cost of insurance it is absolutely necessary to utilise the vast net work of co-operative societies to popularise co-operative insurance and to procure new business through the instrumentality of co-operative societies". This is a laudable idea indeed. Everyone connected with the Society's management has the spirit of dedication, devotion to a cause and also ability and experience. We have no doubt the Society's service to our Countrymen will be available, improved every time, for ever, and we wish it every success.

United India Life Assurance Company, Ltd.

ANYONE will be greatly impressed by the progress and sound financial position of this well-known Madras Institution. It is nearly half-a-century since the Company was established and it has seen many lean years especially during its initial stages. Along with those Institutions that were started in the early 20th century, the United India Life Assurance Company also continued to make slow progress, but to those who know the history of Indian Insurance well, it will not be news to be told that the reasons for the United India's slow progress in the early years were something different from those of other Institutions. United India Life was not so much anxious in those days to improve the volume of business as it was concerned with the safety and security of the policyholders' interests. It was almost the earliest of the small number of Institutions existed then to voluntarily impose on itself obligations that were not necessary at all, with a view to safe-guard the security of the policy-holders. One of such obligations was to entrust the Official Trustee of the Government of Madras with 85 % of the Renewal premiums collected, and the interest on its investments together with the balance of surplus at actuarial valuations. Scrupulous adherence, as a responsible Institution answerable to the public, to such austerity measures, helped the Company in the later years a great deal. While many other Companies, established at about the time when the United India Life Assurance Company was founded, had to face so many trials and tribulations and financial stress, the United India Life Assurance Company enjoyed a smooth sailing all through. During its existence of about a half a century, it has done solid work. Service to the policy holders has been always given the top priority under all considerations. So developed, the Company today commands a dignified position in Indian Insurance. The management seems to be more devoted to the cause than to the ends. The Institution, so well guided, has a greater future before it.

During 1952, the Company completed a new business of Rs. 3,82,13,006 and the business that was in force on 31-12-52 amounted to Rs. 25,32,43,563. The total annuities in force amounted to Rs. 1,36,026. The Policyholders' Trust Fund stood at Rs. 7,40,81,533 as against Rs. 6,86,04,416 at the beginning of the year.

The total Revenue from premiums, interest and other fees amounted to Rs. 1,36,85,023. The Renewal expense ratio, calculated in accordance with Rule 25(b) of the Insurance Rules was 14·56 %.

The yield on the Mean Life Assurance Fund was 4.27 % gross and 3·25 % net, as against 4·10 % gross and 3·25 % net in the previous year.

A valuation of the Company's assets and liabilities, made as on 31st December, 1952, on bases— O25-35 Mortality, 2¾ % rate of interest and expense provision of approximately 16·02 % of future renewal premiums besides a further provision of Rs. 2/8 per thousand sum assured per annum for future profits — has revealed very satisfactory results. The surplus disclosed amounted to Rs. 42,79,474 and the with-profit policyholders are to receive a reversionary bonus of Rs. 12/- per thousand, sum assured, per annum for Whole Life Policies and Rs. 10/- per thousand, sum assured, per annum for Endowment Assurance Policies. Policyholders holding" Capitalised Profits Policies", closed series, will get Rs. 4/- per thousand, sum assured, per annum. Policyholders of "Allianz" will receive Rs. 5/- per thousand per annum.

Everyone will be happy to know that the Institution is progressing so satisfactorily year after year. We wish it every success.

Standard General Assurance Company, Ltd.

GENERALLY, Indian Insurance Companies have struggled hard in the initial stages to get a foothold. The handicaps were many. Not only the people were ignorant of the service potentialities of Insurance Business, but the Institutions were also poorly manned and their financial resources were insignificant. But the Standard General Assurance Company has a different history to its credit. Though considering its age, only about ten years since it was founded, it may be treated as a company still in the initial stages, its performance is something unique and amazes everyone. The Company is transacting general insurance business only and the progress during 1952 in the different departments is as under.

Fire Department: The net premium amounted to Rs. 16,71,805. The net losses paid and outstanding amounted to Rs. 7,44,576 representing a loss ratio of 44·54 %. Reserve for unexpired risks has been kept at 50 % of the premium income and amounted to Rs. 8,35,902. There was a surplus of Rs. 3,99,646 as a result of the year's transactions after writing off a sum of Rs. 78,504 as Bad Debts.

Marine Department: The net premium amounted to Rs. 3,25,370. The net losses paid and outstanding amounted to Rs. 3,19,277, representing a loss ratio of 98.43 % of the premium income. The Marine fund has been maintained at 100 % of the premium income and it amounts to Rs. 3,25,370

Miscellaneous and Accident Department: The net premium amounted to Rs. 6,75,543 and the net losses paid and outstanding amounted to Rs. 3,59,823, i.e. 53·26 % of the premium income. A Reserve, amounting to Rs 3,37,771 i.e. 50 % of the premium income, has been kept towards unexpired risks.

Compared to the Institution's 1951 transactions, the year 1952 did not prove to be a prosperous period, mainly due to the general depressed economic conditions prevailing all over. But the Company's position and influence among Insurers transacting general insurance business in the country, is all the greater. It has a paid-up capital of Rs. 8,00,000 and is directed and managed by very well known, able and efficient persons of honesty and integrity. Sir Badridas Goenka, Kt., C.I.E., is the Chairman of the Institution. The other directors are Messrs. K. P. Goenka, G. C. Bangur, K. B. Daga, F. C. Williams, R. J. Clough and R. R. Hogarath. Mr. U. N. Chatterjee is its General Manager. Almost from the beginning, the volume of transactions made by the Company, was large enough to score a march over many others, senior in age and popular in the field. And in the course of its first ten years of existence, the Institution has established a position and prominence in Indian Insurance, which is in every way a proud performance. Its entire field organisation is well set up and its service to its clients is both generous and dependable. The Company's Madras organisation is placed in the hands of Mr.T.S. Muthuswami, who is well qualified and well fitted to hold the position with dignity and success. We wish the Company all prosperity.

Indian Life Assurance Company, Limited.

FOUNDED about 62 years ago, at Karachi, the Indian Life Assurance Company, Limited, has established great traditions for very conservative and economic management. Till recently, i.e. till the partition of India has been effected, our Country has the proud privilege of claiming this first-class Institution as one founded in her soil. After the partition, though the Company has gone under the control of Pakistan, its major operations continue to be in India and it continues to enjoy the same measure of confidence with Indian Public. The Institution well deserves such confidence, because its financial resources, built up at great sacrifice for nearly six decades, are strong enough to withstand any strain caused either by depreciation or by political conditions. In fact the company's financial position along with others received a severe jolt on account of partition of the country and the difference that was brought about in the rupee values of Pakistan and India. But even that did not affect the solvency position of the Company to any great extent. Messrs. Bacon & Woodrow, consulting actuaries, London, carried out a valuation of the liabilities of the Company as at 31st December, 1951, on fairly stringent bases, taking into consideration the handicaps that the Company had to suffer during the valuation period. In spite of the fact that the assets have been written down to the market values, the valuation disclosed a surplus of Rs. 2,93,777. After all, the currency problem that now exists between the two States, Pakistan and India, is a temporary phase, and when that is settled, automatically the Company would be benefited greatly.

During the year 1952, the Company issued 3,046 policies assuring a total sum of Rs. 81,30,255 and yielding an annual premium of Rs. 4,16,331. The total amount assured at the end of the year was Rs. 5,94,84,179 and the total premium income was Rs. 29,27,463. An amount of Rs. 10,29,289 was paid by way of claims and surrenders. The expenses of management amounted to Rs. 10,60,143. The Life Assurance increased by Rs. 12,61,518 as a result of the transactions during 1952 and stood at Rs. 1,77,07,388 on 31—12—1952.

The Company's funds are taken proper care of. Major portion of the assets are in gilt-edged and other first-class securities, of the value of Rs. 1,61,01,588.

The remaining assets consist of valuable House property, policy loans, mortgages, etc.

A dividend of 25% on the paid-up capital, free of income-tax was paid. The Shareholders' Reserve Fund amounts to Rs. 5,85,000.

The Institution's record of progress is a remarkable achievement. Strong in the confidence that it is well managed and well-financed and that it is strong enough to overcome even worse situations and survive, its service can be utilised by people from any part of the globe.

Mr. M. S. Krishnaswamy, the Manager in charge of the Company's Madras Office is an experienced and responsible man of position and his contribution to the company's progress will be, we hope, substantial.

All India General Insurance Company, Ltd.

THE All India General Insurance Co., Ltd., is the first Company in India to be started with a very large capital. It was started in 1944, with an authorised capital of Rs. 2.50 crores. The capital subscribed was 1.25 crores. The paid-up capital alone amounted to Rs. 31.25 lakhs. Some of the influential industrial magnates, financiers, and businessmen of our country are responsible to establish this Institution. Sri Ramdeo Anandilal Podar of Bombay, who had a dominant role in the industrial sphere of our Country was its Chairman.

The Company is a composite one and transacts all kinds of insurance. From the day it started functioning, the Company has the honour of having acquired a status and position in the General Insurance Business, equal to those few powerful and senior insurers. Particularly in the business of General Insurance no insurer can try to independently survive without the active co-operation of others in the field. Generally risks will be for large amounts and they must be necessarily reinsured, to avoid any financial strain on any one Insurer by heavy claims. The All India General, in spite of her young age, is considered to be one of the important links in the chain of Indian Insurers. Such a status and position, the Company enjoys from its inception not by any chance, but because of its capacity to handle efficiently all kinds of risks by virtue of its strong financial position and able management by technically experienced men.

It is barely eight years since the Company entered the field, but its sphere of influence and the extent of its organisation is nothing short of the biggest or the oldest of Indian Insurers. It has set up proper offices in all parts of the Country and every arrangement is made to enable these offices to serve the insuring public, with efficiency, economy and speed.

The organisation of South India is placed in the hands of that energetic, untiring and service-minded business man Mr. P. V. K. Shanmugam. His rich experience gained in India's biggest composite Insurance Company, his social position, his cultural background and beyond all, his adaptability to different conditions and his aptitude for business, has eminently fitted him to shoulder the heavy responsibilities expected of him, courageously and successfully.

Western India Life Insurance Company, Ltd.

EVERY sign of a thriving economy is visible in the working of this 40 year old Institution, which has truly stood the Test of Time and which has won unstinted praise for excellent service right from the beginning.

Business depression all round, high cost of living, widespread unemployment in the Country, and many other factors reduced the capacity of the people to save

Mr. R. G. Soman,
President, "Western India"

out of the current earnings and to that extent, Life Insurance Companies in general have suffered progress. But yet, the Western India Life Insurance Company, Ltd., has been able to complete a new business during 1952, which is a better record when compared with the new business written in 1951. While the new business completed during 1952 was Rs. 2,69,10,276, the record for the year 1951 was only Rs. 2,68,53,358. Correspondingly, the premium income has also increased. By way of first year premiums the Company received Rs. 12,27,683. The Renewal Premiums and Single premiums amounted to Rs. 76,61,969 and Rs. 21,021 respectively. As consideration for Annuities granted, an amount of Rs. 43,017 was received. The income received by way of interest, dividends and rents amounted to Rs. 22,51,316, and

Dr. M. N. Agashe.
Chairman, "Western India"

the net yield on investments works out to 4.27 % This is particularly one of the good features of the 1952 accounts. While the net yield of most of the Indian Insurers is somewhere about 3.25 %, the Western India has been able to earn nearly 1 % more on its investments despite the fact that the funds are invested only in first class securities and those approved by the Government of India. Another equally noteworthy feature is the economy with which the administration is carried on. Its management expenses for the year work out 23·89 % only of the premium income.

There has been a notable depreciation in the investments of the Company to the extent of Rs 24,69,955. The market value of the Company's investments on 31-12-1952 stood at Rs. 4,62,38,367 while the book value was Rs. 4,87,08,322. To off-set the depreciation, an investment reserve fund amounting to Rs. 24,75,000 is built up. After providing for all similar contingencies, the Company was able to increase the Life Assurance Fund by Rs. 55,11,372, the total of which now stands at Rs. 5,60,73,212.

The Directors declared a dividend of 30 % tax free to be paid to the shareholders from the Dividend Equalization Fund.

The Western India Life Insurance Company, Ltd., enjoys countrywide support almost from its inception. The Directors and management were always alert to safe-guard the interests of the policyholders and serve them in a most equitable manner. In the matter of selection of lives, investment of funds, payment of claims, treatment of the field-force, valuation of the assets and liabilities, etc., the Company has been always guided by principles never to be challenged by anyone at any time. It has set up an organisation in the field, covering practically the whole of India, which can be depended upon for efficiency, hard work and good service. Its Office at Madras, entrusted to the care of Mr. V. H. Khadilkar, B.A., B.COM., who has been in the Head Office itself for a considerable period; he is controlling the organisation in the Madras Presidency, splendidly well. We wish the Institution every success.

Warden Insurance Company, Ltd., Bombay

STARTED in 1933, the Warden Insurance Co., Ltd., has expanded its activiteis on a large scale with Branch Offices and Chief Agencies throughout the country. The Company transacts all classes of insurance business such as Life, Fire, Accident, Marine etc.

Particularly the Life Department has steadily progressed from year to year and business in force amounts to Rs. 7 crores. The total premium income amounts to Rs. 40 lacs and the assets exceed Rs. 1,60,00,000. Claims paid so far amount to Rs. 55 lacs.

The Directors consist of successful business men with vast experience. The Managing Director of the Company, Mr. S. H. Thaker, has taken the initiative to set up productive organising centres in various places for some years now and the results, as reflected in the new business and the premium income, are quite encouraging. It is to be hoped that the Company, with its enterprise and ever growing resources, will march ahead to greater heights. We wish everyone connected with the organisation increasing success in the years to come.

News

Western India House, Poona.

Dr. S. Radhakrishnan, the Vice-President of the Indian Union, declared open the new Building of the Western India Life Insurance Co., Ltd., at Poona on 27th October 1953. The new building is an elegant and imposing structure adding to the beauty of Poona City and commands a panoramic view of the entire surroundings. The Vice-President, in the course of his speech, referred to the leading role played by the Marathas in the freedom struggle and to their many noble qualities. He expressed his keen appreciation of the efficient administration of the Company and paid glowing tributes to the founder and others associated with the management. He said, "I find in this Insurance Company, that the funds are regarded as a national trust. Investments are made in Government Securities or any other securities which are reliable and safe. National undertakings are assisted by Insurance Companies' funds which are in a sense regarded as national undertakings. Whether the Insurance Companies will survive in this country depends entirely on the manner in which the company is administered. It is a well administered Company which makes the enterprise strong. Badly administered Insurance Company brings down the reputation and makes it possible for the Government to undertake it."

At present, the Company has 25 Branch and Organising offices, spread throughout the country. Besides the magnificent Building at Satara, the Company has put

Western India House, Poona.

up its own buildings at important centres like Bombay, Delhi, Indore etc. The Poona Branch Office which was opened in 1925 is the first Branch opened by the Company; and has to its credit a long and successful record of work. The Branch owes its development and progress to the untiring efforts and zeal of Messrs. L. S. Apte, K. B. Joshi, D. B. Sarwate, and D. V. Bapat who were in charge of the office as Branch Managers in succession. It is praiseworthy that under the guidance of Mr. K. G. Khandekar, M.A., the present Branch Manager, the business of the Company has trebled in volume and amounted to Rs 23 lacs per year. Considering the fact that this Branch Office is only a District Office, with its jurisdiction over Poona District only, the new business turnover is quite an achievement. Further, the business secured is of a high quality, with lapse and premature claims ratio at an amazingly low level. The Company has felt the need to have its own building, and the new building at a prominent locality at Laxmi Road Poona, is a towering structure with all up-date arrangements.

A raft foundation had to be provided and for the first time in Poona Pin-Vibrator was used for this purpose. The building has two wings - the rear one for residential purpose with self contained four blocks of three rooms on each floor, and a front one only for offices. Apart from its elegance of design the height of 80 ft. from the road level forms the very unique feature of this building. Probably this is the tallest building in Poona today- The rear building has plinth and three floors while the front comprises of basement, ground, and five upper floors. Each floor has an usable area of 1400 Sq. ft. which can be partitioned as required. Concealed electrical fittings have added to the beauty of the building. The electrical lift is also provided.

All the floors are paved with tiles in different colour and design on each floor. The front gives an impression of malad stone picked up with red Agra sand stone. The octagonal pillars on the ground floor are finished with brown marble while the rest is done in pink coloured marble. For the staircase white and gray marble is used. The whole *colour scheme* gives a soft and elegant appearance. The ground, first and second floors will be let out. The third and fourth will be used for the Branch Office. A well furnished guest house has been kept on the terrace floor.

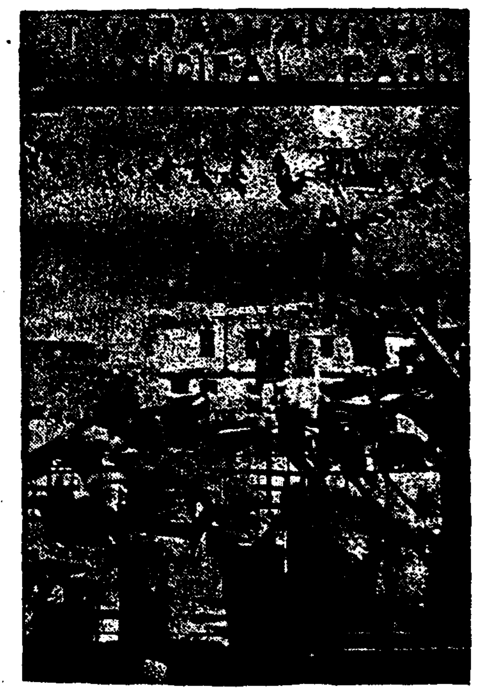
Opening of the Sri T. V. Raghaviah Municipal Park at Vijayawada by Sri. C. M. Trivedi, Governor Andhra State.

Sri C. M. Trivedi, Governor, Andhra State, opened the T. V. Raghaviah Municipal Park at Vijayawada on the 5th November before a large and distinguished gathering of Officials and non-officials including Sri. G. Rami Reddi, District Collector, Kistna N. Ramayya Pillai, District Superintendent of Police, Krishna P. L. Sivaram, sub-Collector Vijayawada, A. K. Singh, Principal, Andhra Training College of Physical Education, M. Raghavacharyulu, Principal, S. R. R. & C. V. R College and T. N. C. Srinivasa Varadhachariar, District and Sessions Judge, Krishna.

On arrival at the Park Sri T. V. S. Chalapathi Rao, Municipal Chairman, P. S. Vasudevan, Municipal Commissioner, and Mrs. and Mr. T. V. Raghaviah received Sri. C. M. Trivedi and Srimati Kusum Trivedi and led them to the dias in a specially erected and decorated pandal in the Park. Recitations from the Vedas, the Quoran and the Bible were chanted and the programme commenced with the singing of Vande Mataram by Sri B. Ramamurthi.

Opening the Park Sri C M. Trivedi, Governor, appealed to every citizen in the country to make the state in which he lived and the Republic of India great by living worthily and through discipline and hard work and observation of collective cleanliness. He urged upon the citizens to discharge their duties as members of the society and not to believe that they would be successful in their lives only through their own efforts for their own ends. He pointed out that a person is not judged by what he possesses but only by what he gives to his fellow citizens in the shape of cash, buildings, parks or otherwise.

Stating that a congested and big town like Vijayawada with considerable aggregation of population needs parks for the healthy life of the people, Governor expressed his gratitude to Sri T. V. Raghaviah for donating a sum of over Rs. 15,000/- for laying the Municipal Park in Vijayawada and said that the public had a great responsibility for making the park useful to the town and



Sri C. M. Trivedi, Governor, Andhra State, opening Sri T. V. Raghaviah Municipal Park at Vijayawada on 5-11-1953.

Sri T. V. Raghaviah, garlanding Sri C. M. Trivedi
in front of the 3 storeyed Andhra Branch Office Building of the National Indian Life Insurance Co.

they had incurred a debt to the donor for the amenity provided.

Explaining the duties of the Municipalities and the citizens living in them Sri Trivedi called upon them both to discharge their duties by each other for the healthy life of the people in the town.

Earlier, Dr. T. V. S. Chalapathi Rao, Municipal Chairman, read report on the history of the Park in which he paid tribute to the efforts of Sri U. V. S. N. Murti for the interest he evinced in bringing the park into existence through instigating Sri T. V. Raghaviah for giving the donation to the park. He also paid a tribute to Sri T. V. Raghaviah for the ready contribution offered to the Municipality for laying the park and for the contribution of a Tower Clock provided by him in the Park and other amenities effected by him.

Sri T. V. Raghaviah and Srimati Adilakshmi Kameswaramma presented a Khadar Dhoty and a shawl made of Kashmere wool to Sri C. M. Trivedi and a Khadar Sari to Srimati Kusum Trivedi and garlanded them.

Sri C. M. Trivedi and Srimati Kusum Trivedi were taken round the newly laid park. The Governor and his wife expressed their pleasure at the amenity provided for the use of the citizens of the town and appreciated the beauty and layout of the Park.

Sri P. S. Vasudevan, Commissioner, proposed a vote of thanks.

Sri T. V. Raghaviah, General Superintendent of Branches & Agencies of the National Indian Life Insurance Company, garlanded Sri C. M. Trivedi, Governor, Andhra State and Srimati Kusum Trivedi in front of the three-storeyed Andhra Branch Office of the National Indian Life Insurance Company Ltd., on 5th November, when they proceeded in a State drive through the Besant Road, Vijayawada and halted at the decorated gate named after Sri T. Prakasam, Chief Minister, Andhra State.

T. V. Raghaviah is a veteran insurance man who has distinguished himself in the profession merely by dint of hard work and great enthusiasm in his chosen business. He commands all the required qualities that make for outstanding success in the line. Starting work for the National Indian Life Insurance Co., Ltd., over 25 years ago as an ordinary representative he has risen to the highest post of General Superintendent of Branches & Agencies of the Company. He may very well be described as the strongest pillar of the institution whose popularity and good name has been considerably enhanced by him all these years all over the country particularly in the entire South. Besides his interest in the insurance profession, he has identified himself in the cause of public welfare, by opening public parks etc.

Postal Life Insurance.

The Deputy Communications Minister, Mr. Raj Bahadur, told Mr. K. C. Sodhia in the House of the People recently that the Government were considering a proposal to throw open the Postal Life Insurance Scheme to certain categories of the public.

The Deputy Minister said that this was part of the steps being taken to popularise the movement. During 1952-53, 9,993 policies of an aggregate value of Rs. 2,44,43,500 were issued. Provision has now been made for grant of loans on policies, facilities of automatic paid up policy, raising the limit of insurance to Rs. 30,000, liberalisation of rules of medical examination and throwing open the Fund to Defence Service personnel.

State Insurance Corporation.

The Standing Committee of the Employees' State Insurance Corporation at its meeting on 5-11-53 recognised the need of implementing the State insurance scheme as extensively as possible in 1954 and urged that all the parties concerned—Government, Employers and workers—should accord their unstinted support for this purpose.

The Meeting, which was presided over by Mr. K. N. Subramanian, Secretary, Ministry of Labour, was attended by Mr. Khandubhai Desai (Parliament's representative), Mr. S. P. Dave (workers' representative), Mr. M. M. Mangaldas (employers' representative), Dr. C. M. Mehta (representative of the medical profession), the Director General of Health Services, Central Ministry of Health, and representatives of the State Governments of Bombay and West Bengal.

The Committee reviewed the activities of the Corporation for the quarters ending June 30 and September 30, 1953. It examined the budget estimates for the next financial year and recommended delegation of certain financial and administrative powers to the Regional Boards of the Corporation.

Earlier, the Committee placed on record its sense of deep sorrow at the death of Shrimati Shanta Mukerjee, who was a member of the Standing Committee and Corporation from its commencement. Tributes to her services in the field of labour and social welfare were paid by the chairman and several members of the Committee.

Book Reviews

COMMENTARIES ON THE INSURANCE ACT: by TARADAS DUTT, M.A., B.L., S. C. Sarkar & Sons, Ltd., 1-c College Square, Calcutta-12: Third Edition, September, 1953: PRICE Rs. 15/-.

It is well-known that Indian Insurance Act No. IV of 1938, with a number of amendments made subsequently, is considered to be still imperfect in many respects. The wordings in many of the provisions are not clear and give room for different interpretations. The publication of Mr. Taradas Dutt, M.A., B.L., particularly at this time will be very helpful to everyone connected with the business of Insurance in India. His long experience as a lawyer and his devoted attention to the subject of Insurance have their imprint in the masterly manner in which notes to the different sections are given. Mr. Dutt's clarification of many of the doubtful points would help a great deal the Insurers transacting business in India, to steer clear of the pitfalls. The book would undoubtedly serve as a very valuable guide to all, the Insurers, the agents, the policyholders and the lawyers. No Library in India will be complete without a copy of this publication especially now when Insurance is fast progressing.