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"I hold every man a debtor to his profession:"
Francis Bacon (1561-1626).

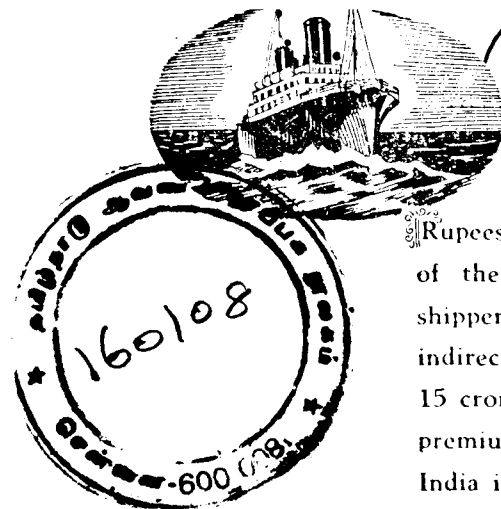
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CONTENTS

	Page
Editorial:	5
To Whose Benefit ?	
Life Insurance — a Career and a Public Responsibility	7
By MR. JOHN L. BENNETT, C.L.U. Dominion Life Assurance Co., New Westminster, B.C.	
The Development of Insurance In Pakistan	11
By MR. NIAM ULLAH KHAN	
Sri Lakshmi Pat Singhania,	15
(Chairman, National Insurance Company, Limited.) on Insurance Companies' Problems	
News	22

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THE INDIAN POLICY-HOLDER

VOL XX

NOVEMBER 1954

NO. 7

TO WHOSE BENEFIT ?

ANOTHER year is drawing to a close and Insurance men, from Head Office Managers down to Agents, seem to be more serious at their job. As it always happens, at the end of each year, the Head Office Managers are busy inspecting Branch Offices and the men in charge of Branches whip up the Inspectors, organisers and agents under them to effect the maximum amount of business before 31st of December, 1954. Everyone is anxious to complete as much of business as possible. The Head Offices are very particular that the year's performance should be bettered to the previous year's record, and to achieve their ambition they have correspondingly increased the quota to each of their several units. The Branches and other sub-offices likewise have increased the quota to every fieldworker connected with their respective Offices. The efforts are no doubt in the right direction, planned and systematic. But the pity is that the targets aimed at by the various Institutions do not correspond to the practical conditions exist in the Country. It is often forgotten that what is practicable for one Institution need not necessarily be so for others. It must be remembered that Insurance and particularly Life Assurance in our Country is yet to attain a stage when fieldworkers can approach anyone who is in need of such protection and effect a sale on the merits of the proposition. It continues still to be a business thriving on either personal influence or on malpractices such as misrepresentation, rebating, etc., or on both. In such a state of

affairs, if companies desire to somehow secure an increased volume of business and goad the field organisation, the ultimate result proves disastrous. Most of the business secured by the agents in hot haste just for the purpose of fulfilling the expectations of the authorities concerned, lapse in the course of a few months. Ambition to do an increased volume of business when an Institution's organisational set up is such as can well afford the strain involved without sacrificing the quality of business, is justifiable and the number of such Institutions are not too many in our Country. A few top ranking Companies, who by their long standing and financial resources, have built up a steady organisation all throughout the Country, consist of men of high social connections, canvassing trait, sound education and honesty of purpose, and therefore they are able to expand their business without sacrificing quality and also without involving much of expenses. But, it is not proper for every Company, irrespective of their popularity and financial position to try to imitate them in every aspect. By so doing, they only create a sort of unhealthy competition in the field. Institutions that have not yet established a healthy organisation in the field would not be able to succeed in securing an increased volume of quality new business. But still, they attempt to imitate the few successful companies and they obviously think that only a show of an increased record of new business will give them a status in the field. On the other hand, such a course undermines the very foundations of the Companies. The high lapse ratio that most of the Companies experienced in the recent years is enough to serve as an indicator. Unfortunately, the lapses are so heavy even in the first year of the policy itself, and still it is not realised that such business does not benefit anyone. If a policy is allowed to lapse with the payment of the first quarterly or half-yearly premium alone, the Head Office is the first to lose on that account and the person who canvassed the business, in the ordinary course, would not be entitled to any commission. If any rebate also has been allowed to canvass such a policy, it would be needless to comment further. Such business is not worth having and it does not benefit anybody. Will the Indian Insurers subject this aspect of the business to their deep consideration and decide not to artificially inflate the new business records?

Life Insurance — a Career and a Public Responsibility

By JOHN L. BENNETT, C.L.U.

Dominion Life Assurance Co., New Westminster, B.C.

WHY DO we sell life insurance? This is a question of prime importance which every life underwriter must consider many times during his career. For me, the answer is found in the thought that we do so for the elemental reasons of bringing an income to ourselves, to educate our children and to leave security for our loved ones. And there is something more, something which fulfills a spiritual craving to feel that we are doing something worthwhile and that our work will live beyond us, it brings an opportunity for service.

The big thing, of course, is to give ourselves a chance. To make the most of that chance we must get up on a mountain peak and look down on this job of ours. Look at it in an analytical way, a self-critical way and in a self-help way. Come to some decisions and have the course determined by those decisions.

Exchange of Ideas

Perhaps we will find that we need new ideas (if there are any new ideas). Ideas that probably are not found in any book but come from chewing the rag with a fellow underwriter who has kindred problems. That come from seeing and hearing about his planning and method of operating. It may not be necessary to

follow him, but you can get a *life* and an inspiration from others which will set you off to a brighter and happier day, week, month and year. With this thought in mind, I want to bring you a message which I hope will help (if help is necessary) or may at least stimulate your thinking.

What is necessary for successful selling and successful living in this great and grand business? I believe the answer is dedication. There is no other business in all the land that calls for more dedication to a cause than does the business of life underwriting. There should be no doubt in your mind that life insurance is a miracle of finance or that we have an opportunity to serve which goes beyond our fondest dreams.

Opportunity to serve

This opportunity is to guarantee the blessing of a happy childhood in the bosom of the family to every child. We can guarantee independence where there might be dependence, courage where there might be fear, hope where there might be despair, solvency where there might be insolvency and human decency where there might be degradation. With these possibilities, you, Mr. Life Underwriter, belong to a privileged group, a

remarkable group with a great responsibility to the people about you. I know these words are not new, that possibly they have been written and spoken many times. But I repeat them now if for no other reason than to emphasize their importance.

In the matter of success for ourselves, there is no secret formula to successful underwriting. However, I feel that excitement, enthusiasm, hard work and unselfishness come mighty close to being a magic formula. I recommend these qualities to you and urge you to add to these some which I fear are very scarce—good judgment, good management and integrity of the highest order. Try to be as good as the contract we are selling. The field is clear for the man or the woman who will take time out to do the kind act, say the nice word and endeavor at all times to walk with dignity and power in every step.

Prospecting.

The mainspring of our business is prospecting—and yet, how we neglect it. Time rolls on, more than one-third of the year is gone, soon it will be summer, then fall and then the end of another year. What have we done with our time? Are you on time with your Plan Book? Is your prospecting up-to-date and in order? If not, there is no better place to start from than right here—today. Personally, I have always maintained that the life insurance business lends itself so well to a fresh start. If at any time you get to feeling low, do something about it from that moment. Start afresh!

My prospecting formula for success is to make 60 calls per week, intelligent

calls. It is as simple as that, and we all know it. Make that your objective and see that you meet the goal.

Where are the people, you say? Listen: ... They are right here in this building. They are all around you. Do what I do. Just walk and talk to people. Use an endless chain, going from one person to another. Never break the chain. I keep a record of how the chain works and in addition to writing business I get a lot of fun out of it by seeing how well it does work out.

Build a Fire!

Do you get low and lose your push? I do. May I suggest a remedy? Build a fire! Clean out your desk. Burn all excess papers and cards. What a relief that will be what a purifying of the mind you will have. There is nothing like a fire to give you the incentive to start all over again. Try it, Mr. Underwriter!

Besides my formula of 60 calls a week, I have a board of directors. Twelve men, a lawyer, chartered accountant, trust officer and business leaders, all centers of influence. Tell them what you want. Use them, but do not forget to thank them for helping you. This is a must in my work and it sure rings the bell.

Another source of leads are my own policyholders. What a lot of time we could spend here. Make a raid on this department several times through the year. Don't neglect your clients, they are your best friends. Get them to work for you.

Simple, Three-Point Formula

Those three factors, 60 calls a week, 12 members of a board of directors and policyholders make up my very simple formula. It calls for efficiency. Effi-

ciency in prospecting is not easy, it never has been easy. It comes not by any royal road, but by hard work and intelligent thinking. Look far beyond the financial results, look into the public relations you are establishing for yourself. Deal frankly and justly with your clients, serving their interests at all times.

My formula makes me plan to prospect every day. It makes me realize that a lead is the greatest importance, next to getting an application. I know that I *must* have not less than three interviews every day. I *must* get new names every day and at every opportunity and I *must* get those applications. I firmly believe that the 60 calls a week will take care of all the musts;

Prospecting is Hard Work.

Prospecting is always involved with the word "Work" prospecting calls for intelligent, well-planned, hard work. It is a challenge and it calls for system. It calls for principle and it calls for complete honesty to ourselves. It is one thing to work hard when all is going well, but quite another to keep at it where there are clouds in the sky. Then you have to call on the miracle of life insurance, your enthusiasm, your love for your business, your dedication. That is the power which will impel you forward and upward to the mountain top.

Is success worth that price? Is it worthwhile? That, you will have to answer for yourself.

Power of Words

One thing which will ease your job is the power of words. Get to know how to express ideas which will make the job

easy. For example: Do not say that your client carries life insurance, he *owns* it. Call it a *contract*, not a policy.

A life underwriter passed this to me: "Mr. Prospect, who will be your beneficiary?" "My wife, of course." "I am sorry, Mr. Prospect, we cannot name your wife the beneficiary. We will name your widow the beneficiary." It is just a play on words. Try it sometime.

Say to your prospect: "Mr. Prospect, I want to talk to you about the most important thing in life, income now and future income. Why? Because every move you make, every plan you have for you family or yourself depends for its completion on income now and income in the future"

To your professional man, say, Doctor, have you ever given consideration to the tremendous investment you have in the ability you bring to your job? Given enough time, it will work itself out. Why not underwrite that time?"

If you would like an exercise in the proper use of words, take your Bible and just read the powerful words and see how well they are put together. Doing this alone will bring you a fresh vision and a rich reward in more ways than one.

Duty to Friends

What about your best friend. Have you spoken to him? Yes, you almost went to see him. Almost! A pathetic word. You had the rate book. You had the answer to the financial problem. You never used the *words*. You buried your talent. *You* were afraid and you and his family lost. Think that one over, Mr. Underwriter.

Success and Life Insurance.

Now, quickly, one or two sales ideas.

For the young man. Either one of two things will happen. He will be successful or a failure. There is a formula for success endorsed by experience. It calls for (1) saving, (2) acquiring property, (3) establishing collateral credit and (4) increasing income. Doing nothing about these at 35, 45 or 55 means the story of failure has been told at 65. A little courage, a little foresight, a little determination will change the picture.

Ownership of life insurance will help fulfill the formula for success. It provides a definite plan of saving. It can be used to establish collateral credit and it increases income.

Ask the sole proprietor of a business or a farmer if he has ever thought of buying himself out. At age 30, his interest might have been \$40,000. Now, at age 45 it is worth \$75,000. What will it be worth at age 60? \$100,000? \$75,000? \$40,000? We do not know. All we know is that he will be 60 some day. why not start now to set up a sinking fund and reserve account which will provide cash at age 60, regardless of the value of the farm or business.

Give All You Have

Let me suggest again that you get on the mountain peak and look at this important job. What a business we are in! What a responsibility we have! What a privilege! It frightens me sometimes when I know that I hold in my hands the

financial future of so many people, the widows and children of my friends and neighbors. Give me the desire and the power to tell them the story of life insurance as it should be told.

In the realm of achievement we are all different. Very few of us are outstanding in anything. Why refuse to use what we have?

As Emerson wrote in his essay on Compensation:

*There is more Justice than we imagine,
For every gain there is a loss,
Every loss, a gain.*

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The Development of Insurance In Pakistan

By NIAM ULLAH KHAN

INSURANCE, Banking and Shipping are International in scope and activity—all three have contributed considerably to the growth and development of world trade; and multilateral world trade is one of the most important needs of every Nation today.

We have to realize the services rendered by Insurance and Banking in building a Nation. Until we are fully alive to the realities, it would be difficult for us to become a great Nation. Insurance has played a very important part in counter-acting economic "waste" and has served both society and the State. In World War II, it was successfully proved that the financial resources of Insurance Companies backed the State, and such resources saved Britain when she was passing through most distressing times. It is therefore evident that Insurance plays a very important part in the socio-economic structure of a Nation.

With the partition of the Indo-Pakistan Sub-continent, it is of great importance that the vast potential resources of this great land are harnessed to tackle more important problems in the life of our people and ameliorate the economic condition of the masses. It is the foremost duty of the State to see that people are enjoying the necessities of life in plenty, and that there is no waste. In bringing about this desirable state of affairs, Insurance Institutions of a country play a very

important part. Insurance saves individual and group enterprises from ruin and helps in the development of industrial undertakings. Without adequate insurance protection, any venture in the field of industry may result in economic catastrophe in the event of unforeseen natural calamities such as earthquakes, fires, accidents, etc. Similarly a family is protected by adequate insurance on the life of its earning member and on his death society is not usually burdened with the responsibility of looking after the family of the deceased. In a word, insurance is a bulwork against unforeseen losses and calamities to the economic life of the Nation.

In all present and prospective developments in Pakistan insurance would play a most significant role. Pakistanis are under-insured although it is true that people enjoying high living standard are the most fully insured. In fact insurance rises with a rise in living standard.

At the time of the partition of the Indo-Pakistan Sub-continent, there were about 250 Insurance Companies operating in this part of the country now comprising Pakistan; but when the Government of Pakistan demanded securities under section 7 of the Insurance Act from the Insurance Companies, a number of these foreign enterprises withdrew when confronted with the strict security measures enforced by the Government of Pakistan.

Needless to say that in view of the vast possibilities of exploitation and economic sabotage by unscrupulous entrepreneurs—these measures for the protection of private and public enterprises were necessary and were taken in conformity with the established international practice. Thus all unsteady elements in this field stood exposed and were compelled to close down their business. Subsequently when Pakistan's currency held its own in an unsteady economic world order, foreign companies of repute and standing vied with one-another in taking the opportunities to establish offices in this great land of possibilities.

There are 94 Insurance Companies in this country who are registered in Pakistan under the Insurance Act for transacting one or more classes of Insurance business. Out of 94 Insurers there are only 16 Pakistani Insurers and the other 78 are non-Pakistani Insurers. 78 non-Pakistani Insurers constituted in foreign countries are as detailed below:—

Labanon	...	...	1
India	...	...	23
New Zealand	...	...	3
Straits Settlements	...	...	1
United Kingdom	...	...	36
U. S. A.	...	...	5
Africa	...	...	1
Australia	...	...	2
Canada	...	...	2
Hong Kong	...	...	1
France	...	...	1
Italy	...	...	2
TOTAL			78

I am constrained to say that statistical data on the entire business transacted in Pakistan under the Head of Insurance is

not available, and it would perhaps be impossible to estimate even in the broadest limits, the drain on the resources of the country in the shape of monies paid in connection with premia on direct insurance with Branches of foreign concerns operating in the country, and in the shape of premia paid by national concerns on account of re-insurances. Consequently we can draw only one conclusion. The outflow of money to foreign insurance markets can be saved only if a sufficiently large number of national companies with adequate financial structure take in hand the insurance necessities of the nation. It is only when the scale of insurance enterprises is raised, that they will be able to form sufficiently big pools which will be able to underwrite really big transactions.

Before, however, we can understand the expansion of Insurance, we must have men to handle the job. We must clearly understand that merely money can never set up a great national insurance structure. It is the men who come first for without an army of efficient, honest and well-informed workers it will not be possible for Pakistan to have the necessary insurance facilities owned nationally, contributing towards the well-being of the nation. Thus training of personnel in my opinion should have top priority in any scheme of expansion in this field. Insurance is a highly technical field and without the necessary accomplishment, none can really contribute much. I trust that the existing national concerns will do their utmost in this regard.

The Insurance official occupies a position of dignity and respect of all men. Adequately equipped with well trained

personnel of high character, insurance should have no difficulty in justifying its continued progress, expansion, and the confidence of all. We should realise that insurance has wider scope than merely collecting premia and paying losses or claims. The insurance agent can be the central figure in his community serving the public as well as making a living for himself. His establishing influence is of primary importance in the local and national economy.

In order to effect rapid progress of the Insurance Industry in this Country, I would suggest that a Committee should be appointed which may include Government representatives and some members taken entirely from the rank of insurance executives and directors. This Committee should meet and discuss in order to amend the Insurance Act. This amending bill should base on the recommendations of this Committee and two Boards of Control should be formed—one for Life and one for General insurance—"to help and guide the Insurers in the matter of setting up of standards of conduct and sound practice and rendering efficient service to the community in general, and the policy-holders in particular, and to this end amongst other things to supervise the expenses of management of the Insurers."

It is proposed that the Board of Control for Life Insurance may be made up of 15 members, 7 nominated by Government and 8 elected by Insurers. Of the nominated members 4 are to be from the insurance business itself. The Board of Control for non-Life business will also be made up of 15 members, of whom 6 will be elected by Insurers incorporated in Pakistan, 3 by Insurers incorporated outside Pakistan

and six nominated by the Central Government.

The amending bill should contain provisions to control the capital structure, investments and voting rights of shareholders with the object of "making it difficult for designing financiers to get control of insurance companies and use their funds for speculative purposes. It should stiffen certain regulations relating to agents and impose strict rules for all other classes of insurance workers, working on commission basis, such as special agents, chief agents and principal agents. No person or firm should be given agency or chief Agency who is not solely engaged in the business of Insurance, as these persons are mostly responsible for rebating and other irregularities. The statutory Association may be formed with executive committee having wide functions and powers. These Associations would render invaluable help in effecting these reforms.

The expenses of the companies should be controlled and for the purpose of controlling expense ratios of companies and for rendering other forms of service in statutorily recognised Association should be formed of which all Insurers should be the members. The Association may be constituted into two Councils—the Life insurance Council and the General insurance Council which will function through executives, tariff and other committees. Each of the Executive Committees shall have upto 15 members. The Chairman of these Committees be official.

The functions of the Executive Committee of Life and General insurance Councils should be—

- (1) To aid, advise and assist insurers in setting up standards of conduct and sound practice and rendering of efficient service to insurance policyholders.
- (2) To control the expenses of insurers.
- (3) To bring to the notice of the Controller of Insurance, instances prejudicial to the interests of policyholders.
- (4) Any other incidental or ancillary matters.

Till the time the Insurance Act is amended I would suggest that an Advisory Committee should be appointed which help and guide the Controller of Insurance and the Insurers in the progress of insurance in Pakistan in general and the progress of Pakistan Insurers in particular. The majority of the members of the committee may be taken from the rank of the insurance executives and directors.

This Advisory body would help the Controller to work in the position of a friend, philosopher and guide to the insurance companies and not that of a dictator. Some foreign Banks are also exploiting and are applying *dilly-dallying* tactics for accepting the insurance policies of some of the Pakistani Insurers in spite of the fact that the re-insurance treaties have been made with some very big Re-insurers of international repute. This Board should help the Pakistani Insurers to overcome such difficulties as well in addition to other obstacles that will stand in the way of their progress.

The Insurance Industry in this Country could progress more rapidly had the Insurance Association formed in this Country since the Partition known as the Insurance Association of Pakistan had rendered due help to the Pakistani Insurers but unfortunately the said Association is being controlled and managed by foreigners without Government interference and as it is perhaps against their interest to help the Pakistani Insurers; hence they are exploiting the situation. Even the membership of the said Association to the Pakistani Insurers was refused or deferred on flimsy grounds.

I would also request the Pakistani Insurers to ensure as far as they can by their efficient conduct of business and prompt settlement of claims that the major portion of various classes of business in the country comes to them. And if the industry is to survive as a large and important element in the system of private enterprise in Pakistan it will need all the public and industrial goodwill it can attract. The task is onerous, urgent and vital. I would take this opportunity to repeat that in the controlling stages of insurance upon which the ultimate success of our mission depends, we need men of wide experience and knowledge endowed with considerable natural ability—men who possess the qualities of leadership in the widest connotation of the term. I am sure that there are men in Pakistan who can shoulder these responsibilities and are fit for top leadership in any large business which requires experience and makes heavy demand on learning, memory, temper and physical strength.

—Insurance News, Karachi.

Sri Lakshmipat Singhania, (Chairman, National Insurance Company, Limited.) on Insurance Companies' Problems

“IN my speech last year, I referred to the Estate Duty Bill which was then about to be placed on the Statute Book and the scanty relief to insurance provided therein. The ceiling of Rs. 50,000 for exemption from Estate Duty, on policy monies for purpose of paying Estate Duty has been finally written into the Act. I have already expressed my fears that the prescribed limit is low and that it might act as a deterrent to taking up of bigger policies by the higher income groups. Though we have been issuing a large number of policies for purpose of paying Estate Duty, I do think that the demand will be limited to the minimum amount eligible for exemption from Duty and that the former flow of business from the higher income groups will hereafter be considerably retarded.

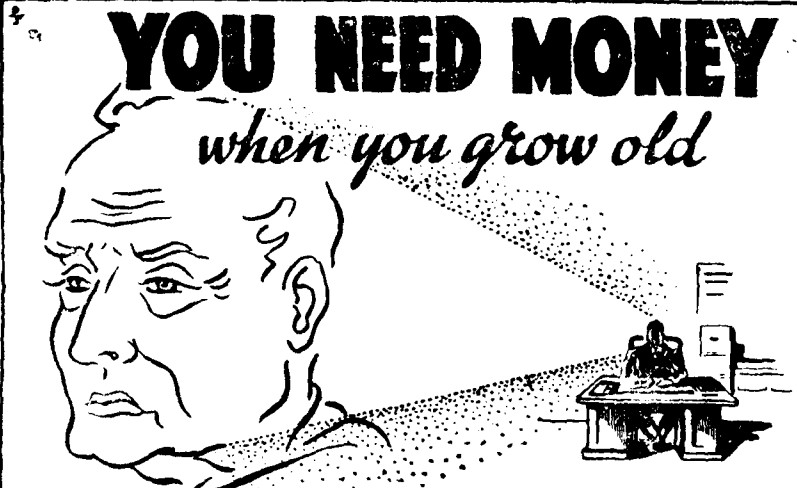
The Taxation Inquiry Commission is undertaking a comprehensive review of the tax structure of the country. Life-insurance has become one of the principal channels for private savings and when the need for capital formation is so vital at the present time, let us hope that the Commission will suggest suitable alterations in the existing law to provide incentives for the growth of life insurance business.

In this connection I would once again plead with the Government for giving the life offices a fair deal in the matter of

income tax on their business. Till recently, only 50 percent of the policyholders' surplus was exempt from income tax. Later it was proposed to raise the exemption limit to 66 2/3 percent and eventually 80 percent was exempted. The raising of the limits is an indication that a limit on the amount of surplus exempted has no justification and the Government is guided mainly by consideration of revenue collections. Also the rate of income tax and super tax at the present time is 65.4 pies for proprietary companies and 59.4 pies for mutual companies. This discrimination against proprietary companies is not justifiable and should be removed as early as possible.

An outstanding event of the year was the drastic reduction in premium rates effected by life offices. There is no doubt that there were substantial favourable margins in the mortality and interest assumptions on which the former premium rates were based and consequently that they admitted of some reduction. But I do not think that it was the right time to lower the rates nor was it desirable to reduce them to such an extent. Cheaper rates may bring in a larger volume of new business, partly due to the attraction of the sudden cut and partly due to the conversion of old policies to new ones at the reduced rates. For these reasons, it is likely that many offices will show much improved new business figures during the

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current year but the improvement will be more apparent than real as it will be at least in part at the expense of losing existing business, not to speak of the heavy new business costs to be incurred twice over on such converted business. The initial attraction of the rate cut is bound to wear off gradually and so also the possibilities of obtaining new business through conversion of old policies. As such it is rather likely that most of the offices may not be able to maintain in future the progress in new business achieved this year.

The question of desirability of reducing the premium rates apart, you will appreciate that most of the companies were not left with much of a choice. In a competitive market. One has to conform to the current conditions and therefore your Company had also to cut the premiums to fall in line with the developments in the field.

I would now refer briefly to the Country's First Five Year Plan. The Plan as you know, is an ambitious one and the progress made during the first three years is gratifying. The Government is going ahead with the programme with determination and is committed to deficit financing to find the necessary funds. Even the private enterprise has an important role to play in its fulfilment.

Private enterprise has already achieved much success in establishing the basic and other industries in the Country. It is a success achieved by much risk-taking and enterprise. I am confident that the private enterprise will continue to play its noble part in the nation's economic development. At the present time there

are some factors inhibiting investment in the private sector and some climatic change would appear to be necessary to enable it to fulfil the very important role assigned to it in the implementation of the Plan. I hope the Government will, at this crucial time, create suitable conditions favourable for encouraging private enterprise and investment so that the economic development of the country may be accelerated.

With the abolition of zamindaris, the continually high rates of taxation, the post-war re-distribution of incomes in favour of classes whose propensity to save is relatively small and the diversion of voluntary savings into large scale Government borrowings, the scope for financing private investment through floatations of issues on the market has diminished. These issues have to depend mainly on institutional support.

When the Government has to borrow huge funds in the market, and in fact the National Plan Loan of this year is the largest ever floated in the country, alternative sources of finance for the private sector have to be explored. Towards this end, the Shroff Committee, among other things, has recommended that the compulsory investment of life funds in Government and approved securities should be reduced from the present level of 50 percent to 45 percent. The Insurance Act already restricts investment of life funds to certain categories of Government and industrial securities which are supposed to ensure the safety of the life funds and as such I do not see much point in prescribing compulsory investment in Government or approved securities.

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The Shroff Committee has also suggested the possibility of the Banks and Insurance Companies forming, under the leadership of the Imperial Bank of India, consortium to sponsor capital issues and a Committee has already been appointed, consisting of banking and insurance experts, to examine the matter in detail. The efforts of the Government and the Reserve Bank to explore the sources of investible funds should be welcome. I hope that if the suggested consortium is formed, it will not be compulsory for every insurer to invest either through the consortium or directly in the issues endorsed by the consortium. It will be most proper if the consortium confines itself to making recommendations regarding the merits of new issue and leaves it to the individual offices to choose the particular issues and the amounts which they would like to invest in them.

The shroff Committee has many other recommendations which should prove very valuable. They have suggested extension of banking facilities to rural areas to secure deposits and consequently to increase the investible bank funds. The insurance Companies are at present handicapped in the rural areas for want of facilities for remitting premiums. If banking in rural areas is developed, the Insurance Companies may look forward to better results in their operations in these areas.

I would now refer briefly to the insurance of bank deposits which was considered by the Rural Banking Enquiry Committee as 'Commendable in Principle' but inopportune before 'the process of consolidation of the banking system as

envisaged by the Banking Companies Act has taken place' and before the present 'risks and uncertainties' of the banking system have been eliminated. The question has again been considered by the Shroff Committee and they recommend that it may be undertaken if the opinion among the bankers is favourable. The move, when it materialises, should improve the feeling of security among depositors. Such sense of improved security is necessary at the present time to increase the bank deposits, especially in view of the wide Government publicity regarding the safety of post office deposits and in view of the importance of the size of the bank deposits as a base for credit expansion to keep pace with the tempo of the economic development of the country.

The insurance of bank deposits is proposed to be managed by a Deposit Insurance Corporation to be established for the purpose with a capital of Rs. 5 crores and there will be a levy on bank deposits at the rate of 1 anna percent resulting in an income of about Rs. 40 lakhs per annum. I do not see the necessity for establishing such a corporation for managing the insurance of bank deposits when the existing insurance companies in the country can fulfil the need. If the premiums collected on bank deposits are pooled and distributed among the Indian Insurance Offices, I am confident that the scheme will work out satisfactorily. I do not appreciate the Government creating new Machinery for the purpose in preference to using the existing channels of Insurance protection. I hope the authorities concerned will see to my point when they put insurance of bank deposits

into effect and leave the field of insurance completely clear for the private sector.

It is rumoured that the Government's proposal of extending the scope of Postal Life Insurance Scheme to the employees of the Quasi-Government and other corporations is about to be implemented. Even last year when the suggestion was first made, I took the opportunity of criticising the move as 'Unfair protection.' The arguments I had then advanced are also good enough now. It appears to be rather a bit below the belt that the private enterprise which had done so much to popularise the idea of insurance in the country should be pitted against the protected competition of Postal insurance which do not bear the expenses incurred by it for running its business, which do not pay income-tax on its income as the private sector of insurance does, and which do not otherwise comply with the Act as the private insurers do. Considering that Government now are making various demands on the private sector of industry and considering that it has been responding to them generously, the Government should refrain from further infiltration into the precincts of Indian insurance.

So far as General business is concerned, I had in my last year's address referred to the unsatisfactory condition prevailing in this market in the matter of Marine Rates. Since I last spoke to you things have gone worse and rates are still going down making them extremely uneconomic. I am aware that international influences are also to a large extent responsible for this condition but I believe that with a genuine

understanding among the Companies both foreign, and Indian operating in this market, it may not be difficult to bring about a reasonable improvement in the prevailing conditions. I feel this matter has reached a stage when something positive has got to be done if we are to get things out of this rut. May I therefore commend this subject to the esteemed consideration of all Companies doing Marine business in this market.

I would refer here to the Port conditions which are as yet far from reasonable. The handling of cargo suffers greatly both from lack of efficiency and care. Not only Insurance Companies would be spared a lot of avoidable loss but the country as a whole would be saved from a huge national wastage if the Port Authorities devote a little more attention to these matters which must be deemed extremely pressing.

In the Miscellaneous Department Motor Section is still causing us anxiety. Tariff bodies not long back made some adjustments in the rates in the three Sections, viz., Comprehensive, Fuller Third Party and Act. Longer time therefore should be given to assess the effect of these changes and in meantime we must continue to keep our close watch on this Section.

Recently the Tariff Committee was directed by the Controller of Insurance to see whether there is scope for any reduction in the General Insurance Rates. We all know how the Motor Business is faring. Results have been very disappointing so much so that it necessitated an increase in the rates, which has been recently effected, in an important section of this class of business. As far as Marine

Rates are concerned, it is universally acknowledged that these rates have not only gone down but gone down to grossly uneconomic levels. If anything they need pulling up. As for Fire Rates physical conditions connected with Fire Risks are generally poor except in the larger cities. Moreover arrangements for fire fighting in the Mofussil are still very inadequate and therefore any attempt at a general lowering of the existing rates cannot but be deemed to be fraught with great danger. Let us not forget that we have not infrequently catastrophic fires which upset all calculations.

There is another point to which I would refer here. It is noted that several of the State Governments are having either Insurance Funds or State Insurance Scheme with whom Govern-

ment, Semi-Government and Government Aided Bodies and institutions are being directed or encouraged to place their insurance. Not only Government by such act of theirs is laying itself open to serious risks for which it may not be adequately prepared but by setting up such parallel Insurance Organisations it must be construed acting against the interests of Indian insurers. Such act however becomes quite inexplicable against the very sympathetic recognition that the Government has given to the Indian Insurance Companies' pool for the insurances of Government, Semi-Government and other bodies under their control. I would submit that Government should do away with all such State Insurance Funds and Schemes and advise all Government as well as Government aided bodies etc., to place their business with Indian Companies through the Pool."

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News

LEGAL NOTES

(In the Bombay High Court)

Zenith Assurance Co., Ltd., v. Commissioner of Income-tax, Chagla, C. J., and Tendolkar, J. — March 1954.

Life insurance business—Income-tax Losses whether should be computed in same manner as profits—meaning of “whichever is greater”—“Year for which assessment is to be made”. Whether means assessment year or accounting year — Indian Income-tax Act XI of, 1922), Sec. 10 (7), Sch., Rule 2.

The expression “profits and gains” in Rule 2 of the Schedule to the Indian Income-tax Act, 1922, covers not only profits and gains of the business but also losses of that business. Rule 2 puts profits and gains of life insurance business on the same footing as the losses of life insurance business and the mode of computation for both is the same. It is either under sub-clause (a) or sub-clause (b) whichever is the greater.

The expression “whichever is the greater” is used by the Legislature in order that advantage should ensue to the revenue by computing the profits and gains or losses under sub-clause (a) or sub-clause (b). The option is left to the taxing department and it can avail itself of the option from the point of view of benefit to the revenue.

The expression “year for which assessment is to be made” in Rule 2(b) means the

assessment year and not the accounting year.

[The Tribunal was directed to state a case on the question “whether there is any evidence to justify the finding of the Tribunal that life insurance business of the assessee company and the other insurance business was not the same business.”]

Chagla C. J.—The assessee is an insurance company doing life insurance and also general insurance and the question that arises is the mode of computing the losses incurred by the Company in its life insurance business.

The deficit calculated under rule 2 (a) for the assessment years 1947-48, 1948-49, 1949-50, 1950-51, was much larger than the deficit disclosed, as reckoned under rule 2(b). The contention of the department was that they were entitled to compute the losses under rule 2(b) at their option, whereas the contention of the assessee was that on a true construction of rule 2, it was incumbent upon the department to calculate the losses in the manner laid down in rule 2(a). The Tribunal upheld the contention of the department with regard to the assessment years 1948-49, 1949-50 and 1950-51, but upheld the contention of the assessee with regard to 1947-48 on a different ground.

Now, what is contended by the assessee is that when there is a loss you cannot consider rule 2(b) because rule 2(b) deals

with surplus and so it cannot be applied when the valuation discloses a deficit. The operative words of the rule are “profits and gains of life insurance business shall be taken to be...”. It is well settled that the expression “profits and gains” include losses. Therefore for the purpose of rule 2, the losses also are to be computed in the manner laid down in sub-clause (a) or sub-clause (b). The Tribunal was right in the view that it took that whether there are profits or losses, computation can be made either under sub-clause (a) or sub-clause (b) of rule 2.

The next contention of the assessee is that if either (a) or (b) is to be availed of by the taxing department, then the expression “whichever is the greater” should be strictly construed and as in this case the loss is greater under sub-clause (a) than under sub-clause (b), the computation under sub-clause (a) should be accepted. It is obvious that the expression “whichever is the greater” is used by the Legislature in order that advantage should ensue to the revenue by computing the profits and gains or losses under sub-clause (a) or under sub-clause (b). The option is left to the taxing department and obviously the taxing department would avail itself of the option from the point of view of benefit to the revenue.

With regard to the assessment year 1947-48, the reference is made by the department because the view taken by the Tribunal was that sub-clause (b) had no application. Actuarial valuation was made by the company in the intervaluation period ending with 31-12-1954. Sub-clause (b) requires that there must be an actuarial valuation made for the last intervaluation period ending before the

year for which the assessment is to be made. The Tribunal says that this intervaluation can only be availed of not for the year 1947-48 but for the year 1948-49. Apparently the view taken by the Tribunal was that the expression “the year for which the assessment is to be made” means the accounting year and not the assessment year. This expression is to be found in various sections of the Income-tax Act and there can be no doubt whatsoever that the year for which assessment is to be made is the assessment year and not the accounting year. The department, therefore, was right in its contention that it was justified in computing the losses of the company under sub-clause (b) also for the year 1947-48.

Lastly, there is a notice of motion taken out by the assessee in order to raise the two following questions. “(1) Whether all insurance business covered by Section 10 (7) and the Schedule to the Act is not the same business? and (2) Whether the losses in the life insurance business can be set off under Section 24(2) against profits of any business of insurance other than life insurance?”

The finding of the Tribunal on this aspect of the case is that life insurance business and other general insurance business constitute different businesses and therefore it is not open to the assessee to claim the benefit of Sec. 24(2). Now in coming to this conclusion we find that the Tribunal has not taken into consideration at all the decision of the Appellate Assistant Commissioner, who based his decision on three important factors. One was that the higher staff was common to all types of insurance business, the other was that agents employed to secure life

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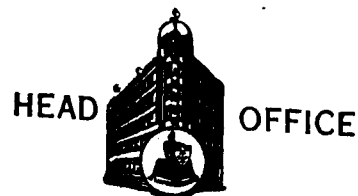
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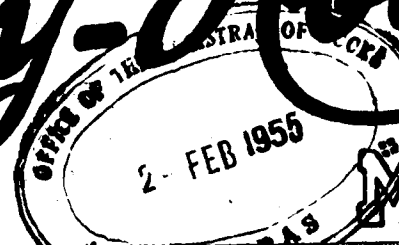
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VOL. XI
No. 8

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insurance were mostly the same as those employed for securing other insurance business, and the third was that important items of expenses were common and they were allocated subsequently to different kinds of insurance business. Therefore, it seems to us that although we are not prepared to ask the Tribunal to refer the question as formulated by the assessee which raises a general question with regard to all insurance companies, we are prepared to accede to the request of the assessee and ask the Tribunal to refer to

us a question of law which has relevance with regard to the facts found with regard to the specific insurance company and the question that we propose to rise is: "whether there is any evidence to justify the finding of the Tribunal that life insurance business of the assessee company and the other insurance business was not the same business and we also ask the Tribunal to submit to us a statement of the case with reference to this question."

—Extracted from "Company Cases Reports."

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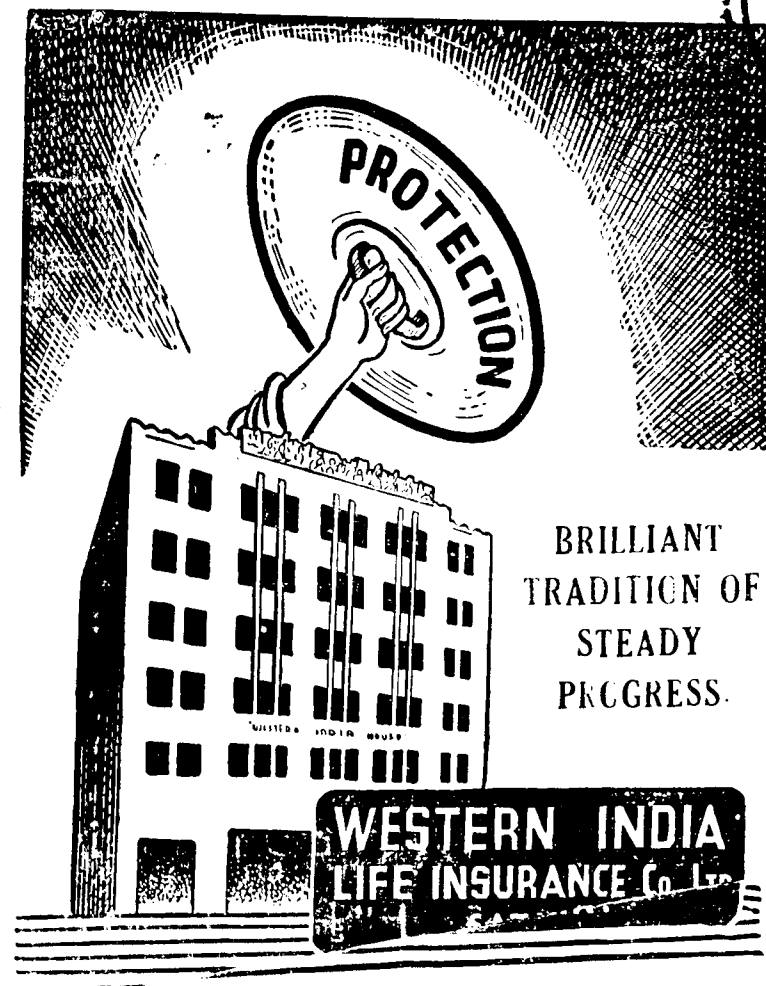
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MADRAS

VOL. XX
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Total Business in force....	Rs. 50,44,24,171	
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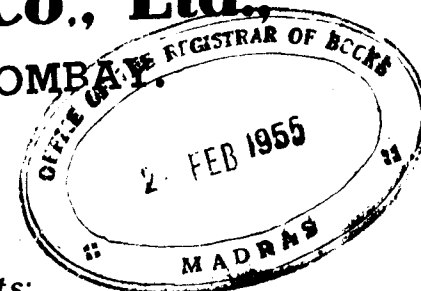
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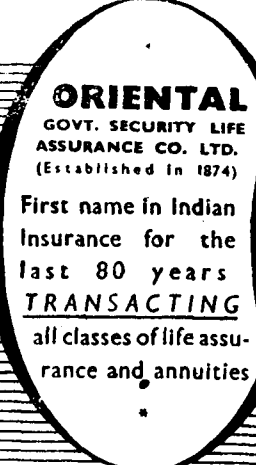
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CONTENTS

	Page
Editorial: ... Better field personnel necessary to improve life insurance business in India.	3
Profitable Selling Through Good Public Relations ... By CHARLES C. JOHNSON, Agency Supervisor, Public Relations, London Life Ins. Co. London, Ont.	7
Excerpts from the speech of Seth Amratlal Kalidas, ... Chairman of the Neptune Assurance Co., Ltd., at the Annual General Meeting held in October 1954.	15
Reviews:— ... All India General Insurance Company, Ltd., ... National Indian Life Insurance Company, Ltd., ...	49 18 19
News ...	20



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THE INDIAN POLICY-HOLDER

VOL XX

DECEMBER 1954

NO. 8

Better field personnel necessary to improve life
insurance business in India.

THE year, 1954, is drawing to a close and with confidence we can estimate that Life Insurance Business completed in India by both Indian and non-Indian Insurers, during the year, will be a better record as compared with the year 1953. Not only conditions prevailed in the Country have been more favourable as a result of better crop yields and more production by Industries, but Life Assurance appealed to the public in a greater measure also consequent on the drastic reduction brought about by the Insurers themselves in the rates of premia. However, both the individual and the society can hope to share the full benefits of human endeavour, whatever be the line of activity, only if everything is perfect. In the service of Life Assurance, it is gratifying to note that Insurers in India are now making determined efforts to achieve great improvements all round. By bringing about an appreciable reduction in the rates of Life Assurance Premiums, the Insurers have shown their earnestness and anxiety to serve the insuring public at a reasonable cost. The Government of India, on their part, have done their best by suitable legislation and control over all the Insurers, to ensure safety of the policyholders' funds, regulate the remuneration of the fieldworkers and to keep at a minimum the expenses of Management. There is also ample evidence of the growing realisation on the part of the public of the resultant good of all such steps. With a little more co-operation and proper understanding

amongst Insurers themselves, Life Assurance in India can be expected to make great progress during the coming years provided the organisation in the field is tackled more methodically and efficiently. Every Insurer realises that the men working in the field form the backbone of the Institution itself. If everyone of the more than one lakh and fifty thousand agents licenced to canvass business in the Country, understands well the value of life assurance to the community, and possesses the aptitude to interview people and work systematically, the progress will be tremendous. Not only the new business production will be many times the present record, but the quality of such business also will be very high. There would be no such wholesale lapses as the Institutions experience at present. Only such business is worth writing. That will be beneficial to everyone concerned, the individuals who insure, the agents who canvass, the Institutions that manage and the community at large. It is not that the Insurers do not realise the advantages that lie in the proper selection of fieldworkers. But yet no concerted efforts seem to have been taken either individually or collectively by the Insurance Institutions. The problem that confronts Insurers as a whole is 'How to do it?' The question is raised at every Conference of Insurers to find out a solution but with little success. The Indian Life Assurance Offices Association seems to have taken some initiative in this direction, but at the present rate of progress, perhaps it may take a long number of years for it to achieve any results worth mentioning. It is high time that the Insurers jointly take active steps to secure the co-operation of the Government of India and establish centres to recruit suitable candidates in large numbers and train them up properly.



Profitable Selling Through Good Public Relations

By CHARLES C. JOHNSON,

Agency Supervisor, Public Relations, London Life Ins. Co. London, Ont.

THERE are many reasons why a man buys life insurance. Each of you out of your own experience could mention a number of them:

(1) He has a need. To see the need clearly is a prerequisite of any sale. Since the needs that life insurance satisfy are largely intangible, it is necessary for the salesman to uncover and clarify those needs by asking questions and by compelling the prospect to think.

(2) He has a desire to cover that need. No action will be taken until the prospect either sees the advantages of taking action or the penalties of not taking action. For example, practically any man will agree that the right thing to do is to provide for his wife and children, but that isn't enough. Just agreeing that it should be done will not feed them. His desire must be stimulated by your outlining the benefits of taking action or depicting the penalties for inaction.

(3) He has money to cover that need. This goes without saying: otherwise he is not even a prospect.

(4) He believes that life insurance is the best way to cover that need. In order to convince him that it is, you must be sure of it yourself. Then if the question arises he can be convinced by a careful comparison of life insurance with other methods of cover.

(5) He has confidence in the salesman to the extent that he wants him to handle the matter for him. You can be sure of his confidence by carefully following through and being sure that all details are properly handled to his satisfaction. Good follow-up service helps to keep this confidence alive.

I believe that a consideration of these controllable factors in the sale of either large or small policies will improve the persistency rate of the business of any salesman in this group.

1st and 2nd Year Lapses

One has only to read the Blue Book to be convinced that not all of these conditions are present in the sale of life insurance. In recent years great strides have been made in reducing first and second year lapses of policies sold to the Canadian public, but it is unfortunately true that there are still too many policies lapsed without value to the insured. When a man allows his policy to lapse within the first two years he holds to the opinion that the life insurance company made a great profit on the transaction and that he received nothing for the money he invested. We know that this is not strictly true because he did have coverage and the company would have paid a death claim, but I do not think that we have ever successfully convinced anyone who allowed his policy to lapse in the first two years that the whole

clients. You must be able to see how much money his family would need each month if death should cut off his earnings. You must be able to recognize other needs for life insurance protection: to safeguard the mortgage on his home, to assure him that the money will be there to educate his children; to guarantee him freedom from worry and a reasonable degree of comfort in his years of retirement. You must be able to see how life insurance can serve the interests of a man's business; how it can prevent the cream of his estate from being skimmed off to pay estate and inheritance taxes. The difference between a "policy peddler" and an outstanding salesman of life insurance is that the policy peddler sees merely the contract which he holds in his hand while the real salesman of life insurance sees the many services that life insurance and life insurance alone can perform.

Enthusiasm—Coupled closely with vision is enthusiasm. Vision is the ability to see in your own mind the many services that life insurance can perform; enthusiasm is the ability to put color, light, and action into that picture, and so to transfer that picture vividly to your prospects' mind. Vision and enthusiasm are a team: you need both if you are to make a real success in the life insurance business. It is not good enough to see the picture in your own mind; you must also have the enthusiasm to paint it in your prospects' mind. Likewise it is of little value to be able to paint, if you haven't the vision to see a picture worth painting.

Have an objective: a man without a objective in his mind may be very active and have the external

appearance of a hustler, but with dispersion of effort he is as inefficient as a romping dog because of aimlessness.

Self Discipline—This is the ability to make yourself do what you know you ought to do until it becomes a habit to do it. After it becomes a habit it is no longer hard to do it. As a matter of fact, after forcing yourself to do the hard jobs, the disagreeable jobs, the distasteful jobs, until it becomes habitual to do them, you will suddenly discover that these jobs are no longer hard jobs; in fact, it would be harder for you *not* to do them than to do them. Establishing good work habits is a very important factor in assuring your success in the life insurance business and it is just a fancy name for doing what you know you ought to do—particularly if it is a hard or disagreeable task—until it becomes easier to do it than not to do it.

Disinterested Selfishness—This is a characteristic that I believe is common to all leaders in the life insurance business. It is the ability to place your client's or your prospect's interest ahead of your own. It is the ability to look at his insurance needs as if they were your own and to advise him to do what you would do yourself if you were in his shoes. It is the ability to become so interested in doing a good job for him that you completely forget what may be in it for you. It is the selling of the plan of life insurance that does the best job for him even if some other plan would pay you a higher commission. It is the good business sense that recognizes that substantial profits in years to come are worth more than a quick profit today. This ability to place the other fellow's interests ahead of your

- own are very important if you are looking ahead five or ten years in your business career. If your primary interest is doing a good job for your prospect or client rather than in what there is in it for you, he senses it very quickly. It builds his confidence in you. He feels that he can let down his guard while you are around because you are not trying to put anything over him. He soon comes to accept your recommendations as he would those of his doctor or lawyer and it is likely that you will make future sales to him with very little effort.

Moreover, if your clients have confidence in you, if they know that you have done a good job for them, they will recommend you to their friends. If you place the other fellow's interests ahead of your own when you are working out a plan for life insurance for him, you will get a substantial volume of new business each year from your own clientele. And finding good prospects will not be one of your big problems. Your clients will recommend you to their friends.

Faith in the value of what you are selling and the worth of your services, and faith in your company. Vision to see the many ways that life insurance can serve your prospect. Enthusiasm which enables you to transfer that vision of the great need for life insurance to your prospect's mind and causes him to take action. Self-discipline which forces you to do what you ought to do even when you don't feel like doing it. Enlightened selfishness or the ability to place the other fellow's interests ahead of your own, the willingness to forego a quick

profit in the certainty of much more substantial profits in the future—these are the factors which have contributed to the success of many leaders in the life insurance business. In my opinion, however, the greatest of these is faith. Without it you hesitate to approach a prospect and when you do, your sales talk is just a string of words: with faith you approach him with poise and confidence and there is sincerity, conviction, and enthusiasm behind the words you utter.

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Excerpts from the speech of Seth Amratlal Kalidas,

Chairman of the Neptune Assurance Co., Ltd., at the Annual General Meeting
held in October 1954.

WHILE the economic outlook, in general, has been progressively brightening with the various projects under the National Plan, the calamity of floods has gripped large areas of our country, especially, in Bihar, Assam and Bengal throwing Lakhs of people destitute and homeless. This calamity necessarily deserves priority of claim at the hands of every Indian Union citizen for the maximum help and the Government will be obliged to spend heavily in measures of relief and redress. Insurance Companies, with operations in these places, shall have to bear their own share of the fall in business from these areas. The appeal for help issued by the Prime Minister is having fair response although it may be found still insufficient to cope with the situation. I am glad that the Government will be planning effective measures to stop these recurring natural calamities in the future, or at least to render them less disastrous in their effect on people and property.

Another matter that has to be stressed here is the more positive and definite attitude of the Government towards nationalisation. The nightmare of nationalisation that seems to be haunting industrialists and businessmen of the country, is evidently receding as a result of important pronouncements by the Ministers concerned and naturally private initiative and capital tend to flow more freely and fearlessly into industrial and manufacturing pursuits. This is undoubtedly a healthy sign for the future of the

business as well. In this connection, I have to refer to the recent statement of our Labour Minister that the Government intends throwing open the postal Insurance to the general public. This may be construed by some as an unjustifiable encroachment into the private domain by the Government, but I feel that though this step is definitely against non-nationalisation it will not adversely affect the scope of the business of Insurance Companies in any appreciable degree. I am of the opinion that this venture of the Govt. within restricted limits, will create better faith and confidence among the rural public by making them more insurance minded.

There has developed what can justly be called a rate war among life offices. This has very adversely affected particularly the small and medium sized companies. The reasons justifying the reductions in premiums put forward are plausible, but the position of the small and medium sized companies is getting more alarming as a result of this rate war. The Executive Committee of Life Insurance Council of the Insurance Association of India has now decided that in future if any company wants to effect a basic change in the structure of its premium tables, the company has to give three months notice before bringing about that change. This cannot be considered as an effective remedy against possible happenings in the future, and the inherent threat against the small and medium sized companies of being again forced to reduce their premium rates still remains. In this connection I may be

permitted to say that big companies would do well to adopt the policy of 'live and let live'. If only our big companies care to look back, they will realise that they also were once small and that their covetous position today is only the result of their being in existence then as small companies. I wish that the big companies of our country, whose present position should be a legitimate pride to every-one develop a sense of broad-mindedness and adopt a more magnanimous policy of 'live, and let live' which is the sheet anchor of our worthy Prime Minister's policy in respect of most national and international matters.

Coming to the question of the general insurance premium rates, it appears that there is a move to bring about a reduction in the general insurance premium rates. The argument adduced for justifying such premium reduction is that the general insurance companies require only 50 per cent of the premium income for their expenses and from the balance, after setting aside 20 to 30 % for claims there still remains a substantial balance of the premium which now goes as profit to the company, and therefore, as there is no necessity for the companies to accumulate such fabulous profits, the benefit of this situation may be passed on to the general public by bringing about a reduction in the premium rates. My own feeling is that general insurance companies must have the necessary strength to meet all eventualities which have been found to occur in graver degrees, once in short periods of ten, fifteen and twenty years and so on. These eventualities are considered cyclical ones and hence it is necessary that general insurance companies should accumulate from year to year sufficient reserves, to be in a position to successfully meet the claims on occasions of such calamities. In these circumstances, I think that this

way of benefitting the insuring public by reducing the general insurance premium rates by relying upon statistics of losses for a few years of the recent past, is a false one and that it cannot justifiably be given effect to.

The bulk of the general insurance business available in the country at the hands of private agencies remains still generally unavailable to the majority of the general insurance companies of this country. Top ranking general insurance companies are still found to be tending to place their surplus risks mostly with foreign companies only; and it can be mentioned that the general insurance business of the big industrialists of the country go to the said top ranking companies. It will be amusing to remark here that in the pre-independence days, while all these companies were clamourously agitating against suffocating competition from foreign companies and asking for protection to indigenous companies against such foreign competition, in independent India we find the same top ranking companies placing their surplus risks with foreign companies, being reluctant to patronise their own younger companies. Here also, it is up to the Government to see that no such patronage is being given to foreign companies to the utter neglect of the interest of the many smaller and medium sized companies of our country. I must say that the swadeshi spirit has to be more earnestly practised by these leaders, and the Government will do well to do something with the object of seeing that the younger companies are not squeezed out.

Gentlemen, the present policy of the Government is admittedly one of affording suitable protection to small scale industries, and when I request the Government that it is up to them to devise some form of

suitable protection to the younger and medium sized insurance companies, I believe that I am not asking the Government to go beyond their fixed policy in this matter. Unless some protection is afforded, the small companies will be drifting into serious difficulties, ending very likely in failures which then will have the disastrous effect of breaking public faith on credit institutions like Banks and Insurance Companies. This contingency has to be avoided in the larger national interest and I hope that the Government will do something about this immediately.

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Reviews

All India General Insurance Company, Ltd.

THE Establishment of The All India General Insurance Co., Ltd., at Bombay in the year 1944, thanks to the keen foresight and bold imagination of the late Ramdeo Anandilal Podar, a very prominent business-man and a reputed Captain of Industries, marked a new era in the annals of the Indian Insurance. This Company, with a very decent paid-up Capital and a Board of Directors, endowed with wide experience and great foresight, commenced transacting Insurance business in all spheres, such as Life, Fire, Marine and Miscellaneous. Within a short span of a decade, the Company has grown from strength to strength and has now acquired for itself a unique position, which any Insurance Company of such an age can really be proud of. The activities of the Company are spread all over India and Ceylon. In England their worthy representative Messrs H. M. Baddall & Partners Ltd., London are extending their business with zeal and enthusiasm.

The total premium income for the year in the Life Department amounted to Rs. 15,91,924 and as a result of the year's operation the Life Funds increased by Rs. 12,62,126 to Rs. 75,28,800/-

Although the next statutory valuation was due at the end of 1954, the valuation of the Life business of the Company as on 31-12-53 was made by the Company's Consulting Actuary Mr. K. A. Pandit, B. Sc., F.I.A. The valuation has disclosed a surplus of Rs. 1,68,432. Out of the said surplus, Rs. 1,55,800/- was appro-

priated by distributing reversionary bonus of Rs 8/- per 1000/- per year for Whole Life Policies participating in profits and Rs. 6/- per 1000/- on Endowment with profit policies.

In the General Department, the progress achieved is really marvellous. The net premium of the Fire Department amounted to Rs. 12,52,483, that in Marine Department came to Rs. 99,003 and that in the Miscellaneous Department was Rs. 5,36,672. Over and above the reserve for the unexpired risk at 40 % of the premium income in all departments, the Company has provided additional reserves amounting to Rs. 75,000.

The Board of Directors and their devoted and energetic General Manager Mr. M. Subba Rao, M. A., B. Com., deserve all congratulations for the bold and sagacious steps taken by them for strengthening the financial position of the Company substantially.

Of the various Units special mention must surely be made of the Divisional Office for South India, set up at Coimbatore under the able management of Mr. P. V. K. Shanmugam, B.A., who was actually responsible for commencing operations of the activities of the Company in the South. The rare combination in him of acute intelligence and superb organisational capacity has contributed not a little for the phenomenal acquisition of business in this Division.

We wish this progressive Institution every success, it richly deserves.

National Indian Life Insurance Company, Limited, Calcutta.

ONE of the oldest institutions in the country, the National Indian Life Insurance Co, Ltd., Calcutta, has steadily developed its organisation throughout the country over the years and to-day the Company can boast of several Branch Offices almost in all places. Founded in 1906 by well-known businessmen of Bengal, the Company grows rapidly in size and the new business for 1953 amounted to Rs. 2.58 Crores, the annual premium income thereon being Rs. 13,74,850. The average sum assured per Policy amounted to Rs. 2,462.

The total income from all sources for the year rose to Rs. 81,12,185 of which the premium income represents a sum of Rs. 69,38,610. Income from interest, dividends, rents etc, advanced to Rs. 11,73,575, which gave a net yield of 3.74 % over the funds. On the outgo side, the claims by death amounted to Rs. 7,56,754 while claims by survivance amounted to Rs. 8,94,168. It is gratifying to note that the rate of mortality had been

quite favourable while the management expenses have been kept at an economical level.

As a result of the year's working, the Life Assurance Fund has been increased by a sum of Rs. 40,55,885 to a total of Rs. 3,39,89,402. The Assets of the Company, amounting to a total of Rs. 3.84 Crores have been well invested in safe and sound ways, taking care to ensure the maximum yield. The Company is in the able hands of its Manager, Mr. A. T. Pal, M. Sc., A. I. A., who has put in years of service with the institution. It is but proper to mention the praiseworthy record of work of Mr. T. V. Raghaviah, the Superintendent of Branches & Agencies, who has continued to uphold the cause of the Company for nearly three decades with unceasing devotion. Mr. Raghaviah has proved himself to be an asset for the Company and we have no doubt that the Company will grow in the years ahead more rapidly under his active lead. We wish the Company all success.

News

A Note about the Life Insurance Agent

I am rather constrained to begin with a note of regret. I feel it is meet that we learn to swallow the bitter pill and be relieved of future trouble to repent our earlier lapses and negligence.

Life Insurance Agency should not merely be a materialistic approach; one should fully realise the potential Social importance inherent in it. The reason for many a lapsed policy and aversion of many others for insurance is the wrong approach made by the agent. He is not just to think of the first years premium and the commission he would earn out of it, nor is he to coerce his prospect to take a policy that would ultimately be discontinued for obvious reasons. The prospect must be studied in all his habits and environments, then the possibilities of insurance in his case be explained in as graphic a manner as could be and leave him alone to his thought on the subject and to assimilate the arguments put forth and make his decision. It would be of advantage to visit him off and on to be at hand to clear whatever little doubts that may crop up.

When you find the prospect ready suggest to him plans that would suit his conditions and get his approval before presenting the proposal form for his signature. Always bear in mind that the Insurance Agent is A GUIDING ANGEL and not a pest and at all costs avoid this aspect of pest ever get hold of your prospect's mind. A policy thus obtained is an asset to both the prospect and the Agent.

Police Co-operative Life Insurance Society Ltd.,

Secretary on tour

Mr. B. B. Dotto, Secretary, Police Co-operative Life Insurance Society, Ltd. had been to Banaras on the 13th November, 1954 after attending the meeting of the Executive Committee, Life Insurance Council at New Delhi. From Banaras he visited Patna and has returned to Calcutta after an extensive tour on the 30th November, 1954. At Patna his workers headed by Messrs. Kumaresh Chandra Ghatak and Woomesh Chandra Roy Sharma presented him with 220 Proposals proposing to assure a total sum of Rs. 2,92,503/-.

On the 28th November, 1954, Mr. Dotto was entertained at Luncheon by Mr. N. G. Samaddar, B. A., B. Ed. General Secretary, Patna Insurance Club.

Insurance Club, Madras.

There was a Dinner of the Club on 5-11-'54 in Royapettah Woodlands to commemorate the election of the following gentlemen to the Executive Committees of the Life and General Insurance Councils

1. Sri N. Rama Rau (United India Fire)
2. „ N. V. Nayudu (United India)
3. „ A. S. Mani (Vanguard)
4. „ V. Venkatachalam (South India Co-op.)

Messrs. T. S. Muthuswamy, General Manager, Standard General Assurance Co. Ltd., Calcutta and Mr. Ramakrishnan Secretary, New Great Insurance Co., Ltd.

Bombay, were also present, on the occasion. Sri. R. Parthasarathy, President of the Club, welcomed the Chief Guests and introduced them to all the members. He appealed to all those present to extend their co-operation in building up the club and also put forward a suggestion about having a permanent abode for the club, with the kind assistance of all those connected with Insurance business.

Later all the Chief Guests replied suitably and with a vote of thanks by the Secretary, the function came to a close.

Calcutta Insurance Ltd.

The General Manager of the above Company Sri P. K. Sen in the course of his year ending business drive tour visited their Madras Office in the month of November and was here for five days and made personal contacts with all field units, Officers, Agents, Policyholders and Medical Examiners and also some other important patrons of the company with a view to stabilize the position in the South. The Branch Manager, Mr. A. S. Rao, B.A., B.L., accompanied him and the General Manager expressed his pleasure on the success so far made in the Branch. We may add that Mr. Sen was very much impressed with the working of the Branch and entertains great hopes about its future. He was assured of good support and he also foresees bright future for this old composite Insurance Company and we are sure that with an active of the type of Mr. A. S. Rao, with his multifarious activities, at the helm of organisation at Madras, the company will shoot into prominence in no time. The Company has

got very attractive schemes of Insurance at very low premium rates to suit all. Its annuity schemes are very attractive. It has also recently launched on a programme of having its own building at important centres. They have also an idea of having their own building at Madras city in a short time. With enlightened directors at the board and with the co-operation of other sister-institutions this institution will take its due and proper place in the Indian Insurance world.

Indian Life Assurance Offices Association

The question of enlarging the membership of the Association in order to strengthen its representative character has been engaging the attention of the Executive Committee since some time. In order to enable small Insurers to become Members of the Association, the Executive Committee at its meeting held at New Delhi on 10th November 1954 has recommended certain amendments to the Constitution of the Association, as a result of which Annual Subscription for membership of the Association for members having net annual premium income below Rs. 2½ Lakhs will be Rs. 100 only and the Entrance Fees will be equal to the first Annual Subscription payable by the member, but not exceeding Rs. 500 in any case. These amendments will be placed for approval before the 27th Annual General Meeting to be held at Madras on or about the end of March 1955. It is hoped that these amendments would attract a large number of small life insurers to join the membership of the Association.

Assignment Of Insurance Policy Important Point of Law decided

Mr. Justice G. K. Mitter of the Calcutta High Court decided recently an important point of law under the Indian Insurance Act.

The plaintiffs, Sm Benodini Pal Chowdhurani and others in this suit, claimed that they were entitled to be registered as the assignees of a policy of life insurance (endowment policy) effected by the defendant Latifur Rahman with the defendant company, the Asian Assurance Co., Ltd., and for a decree for the amount of the policy with interest and costs.

The Company resisted the claim on the ground that as there were prior assignments of the policy by the assured Rahman, in favour of another assignee, as appeared on the policy itself, it could not recognise the assignment in favour of the plaintiffs, in the absence of a reassignment by the prior assignee.

His lordship held that Sec. 38 of the Act was enacted for the benefit of both the Insurance Companies and the assignees and once notice of an assignment was duly given, in terms of the conditions laid down in the Section, to the Insurance Company, the Company had no other option than to recognise the assignee, giving the notice, as the person entitled to the moneys due under the policy. His lordship further held that the Company was not at all concerned with any prior or other assignments and payment to the assignee giving notice in terms of the Section would validly discharge its obligations on the policy.

In the circumstances his lordship

decreed the suit in favour of the plaintiffs with interest and costs.

Mr. A. Srinivasa Rao, M.A., B.L.,

Mr. A. Srinivasa Rao, M.A., B.L., has been elected as a member of the Senate of the Madras University by the Southern India Chamber of Commerce to represent them in the Senate. He has also been elected as a Director of the Mylapore Hindu Permanent Fund Ltd., Mylapore, Madras.

Bombay Mutual's Secretary's Visit to Bangalore.

Utilising the visit of Mr. J.A. Mansoor, B. com., F.I.A., (Lond), Secretary and Staff Officer of the Bombay Mutual Life Assce. Society, Bombay to Bangalore on an inspection, the Local Branch Secretary, Mr. T.K. Krishnaswamy, convened a Conference of the Field Officers and Representatives under the auspices of their "Study Circle" on the 10th December, 1954 at the Mysore Chamber of Commerce, Bangalore. After Tea, Mr. Mansoor dwelt at length the need to improve the mental climate of the Insurancemen and how such "Study Circles" can make solid contributions to that end. This was followed by discussions connected with the problems facing the profession and vote of thanks by Sri. H.K. Subramanian, one of the Society's oldest representatives.

Indian Life Assurance Offices Association, Bombay.

Subjects for discussion at the Tenth Insurance Conference.

It has been decided by the Executive Committee to invite Papers relating to the following subjects for discussion at the Tenth Insurance Conference to be

held at Madras in or about March 1955:

1. *How to improve Office Efficiency*
2. *Title to Life Policies.*

The size of each Paper should not normally exceed 20 foolscap pages.

A prize of Rs. 100/- for each of the above Papers of merit will be awarded to the author of the Paper which is adjudged to be the best by a Sub-Committee appointed in this behalf.

The Executive Committee has also decided to hold a Symposium on the following subjects relating to Life Office Procedure and to invite short Contributions on each of them to form the bases of oral discussions.

1. *Premium Debit Lists.*
2. *Commission Accounting*
3. *Appointment of Agents.*

The size of each Contribution should not normally exceed 7 foolscap pages.

Contributions are invited from the Officers of Member Companies for the above Papers to be read at the Conference as also for short Contributions set out above for the Symposium. The contributions should be received by the Office not later than 15th January 1955. All the Papers to be discussed at the Conference are circulated sufficiently in advance to Member Companies so that persons attending the Conference can study the Papers in advance and offer their criticisms and suggestions on the subjects dealt with in the Papers. Officers of Member Companies contributing the Papers are therefore particularly requested to send their Papers to the Office by 15th January 1955.

All Papers and Contributions received from the Officers of the Member Companies would be scrutinized by a Sub-Committee of the Executive Committee and only those Papers and Contributions approved by the Sub-Committee would be circulated and read at the above Conference.

Book Reviews:-

INSURANCE AND BANKING SOUVENIR: Compilers: K. L. Sahgal and R. K. Sahgal, B.A.,; Published by Insurance & Banking Publications, Post Box No. 676, New Delhi. Size: Double Crown, Octavo; Pages 384; Price (Inland) Rs. 25/-, packing and postage Rs. 2/8 extra. Foreign: £ 2/10, \$ 6.00 post free.

The souvenir is well got up and contains much of useful information regarding the progress of insurance and Banking in general in India and details of 61 Insurance Companies and 33 Banking Companies. It is evident from Compilers' Note that the publication could not be either presented in the order originally proposed nor released within any specified time limit. To that extent, the publication suffers contents value, but yet, the compilers deserve to be congratulated for their tenacity of purpose. Despite the indifferent way in which the Insurance and Banking Institutions respond generally to supply the particulars required for the compilation of a publication of the kind of "Insurance and Banking Souvenir" it is creditable that the Compilers with a dogged will to succeed, have completed the work in the course of three years. In the introduction, the authors have stated how "Insurance" as an Institution, came to be

introduced in India. The next chapter "Brief history of Insurance Development in India" gives details of the progress of Insurance Business. A graphical interpretation of the development of Life Insurance Business in the Country from 1928, as published in the "Silver Jubilee Souvenir" of the Indian Life Assurance Offices Association, Bombay, is also given. A survey of the Insurance Legislation in India is also made. The subsequent pages are devoted to the details of progress of Insurance Companies and Banking Institutions. For the time and money spent and for the earnestness that the management showed to gather as

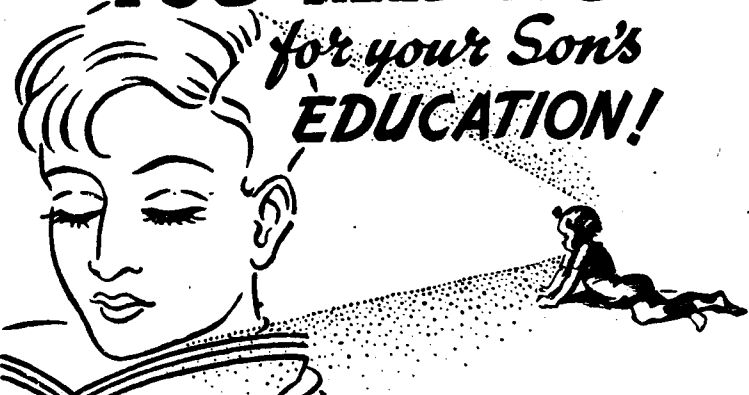
much of information as possible from Insurance Companies and Banks, if those at the helm of individual Insurance Companies and Banks had extended their co-operation, the publication would have easily excelled all other publications on the subject in India both in value and merit. As it is, the figures relating to the progress of some of the Companies for the year 1952, published in the souvenir lost its importance. The progress of particularly insurance Business in India would be all the better if such publications are encouraged and patronised by Insurers. We congratulate the Compilers on their success in the attempt.

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Shri Brijlal Biyani, Finance Minister, Government of M. P. unveiling the portrait of late Mr. M. Ct. M. Chidambaram Chettyar, Chairman, United India Life Assurance Co., before a distinguished gathering at the Nagpur office of the company.

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