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Publisher's Note

With the completion of April, 1954, the Journal entered on its Twentieth year of existence. In its ideal of service to the cause of Insurance, the "Indian Policy-holder" has been steadfast during the last nineteen 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 1954

Indian Insurance Companies, their achievements and shortcomings.

INDIA has advanced to a very great extent since independence and Pandit Jawaharlal Nehru has achieved a great many things, as the Prime Minister of India, and our Country's status has also increased in the estimation of all other countries. This land of ours is well known from times immemorial for saints and seers and Pandit Nehru, representing today 400 millions of people, stands for peace, peace not for India alone, put peace for all over the World, and his voice is heard everywhere with great respect. In the political world therefore, India has secured a place of honour, but in the economic sphere, the country is yet to make any appreciable advance worth mentioning when compared with other leading Countries. Without economic self-sufficiency there cannot be peace in the real sense of the term. People should find it possible to maintain a decent standard of living. Several gigantic Schemes under the Five Year Plan to develop the Country's resources and to build up large scale industries are already in progress and in the course of some more years there will be definitely a great improvement. But, yet, economic self-sufficiency will not be complete unless the public can be sure of a secure future. The Institution of Life Assurance alone in the modern scheme of things, is capable of accomplishing this vital need. Life Assurance not only encourages systematic saving, but also enables one to capitalise his earning power. In every family, the breadwinner is the pivot. His sudden disappearance reduces millions of families from a state of self reliance to a state of despondency.

This great Institution of Life Assurance has so tremendously progressed in the Western Countries during the past two centuries that almost every earning member considers it a loss not unto himself alone but to the Nation as a whole, if he fails to capitalise his earning power.

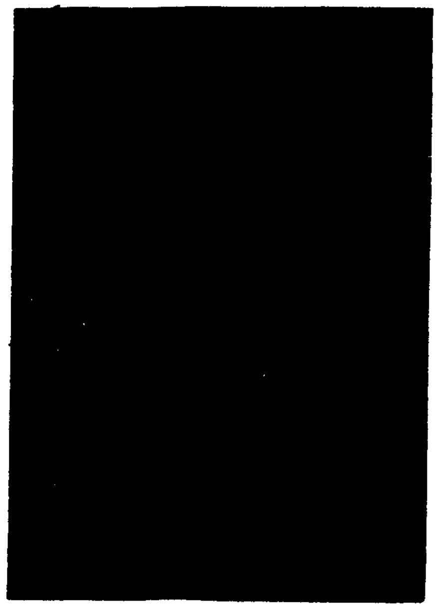
There are a large number of Joint Stock Companies and mutual organisations that transact the business with great credit and the States also have enacted suitable laws to control these organisations in public interest.

In India also, Life Assurance Business is carried on for nearly a century now, and it was not until 1920 that any progress worth mentioning was made. It was only in 1870 a few influential citizens of Bombay established the Bombay Mutual Life Assurance Society, Ltd., and offered to accept Indian Lives. In 1874 Mr. Duncan Mclauchlam Slater, a Fellow of the Institute of Actuaries, founded the Oriental Government Security Life Assurance Co., Ltd., The citizens of Goa founded the Indian Life Assurance Company, in 1892 at Karachi. Subsequently, the late Lala Harkishanlal started the Bharath Insurance Company Limited at Lahore and Ernest Frederick Allum in co-operation with Rustomji Bharucha founded the Empire of India Life Assurance Company, Ltd., in 1896.

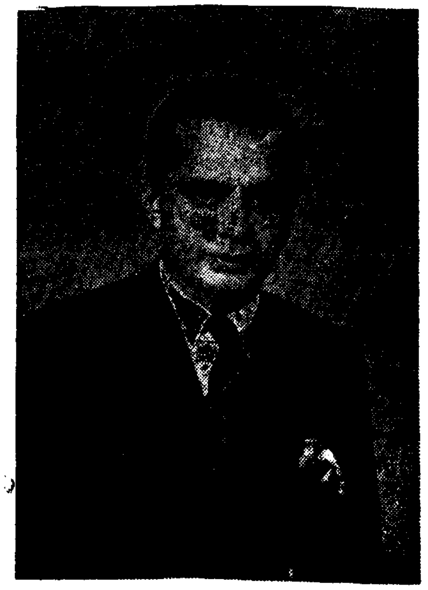
Then it was only during the first ten or twelve years of the 20th Century, i. e. after the mutiny, when the swadeshi movement swept the country, that a large number of Companies was formed. By 1912 there were about 40 Indian Companies transacting Life Assurance Business. Even then progress was very slow as the public had no idea of the service offered by these Companies. The Indian Life Assurance Companies' Act and the Provident Insurance Societies' Act were passed in 1912. The failure of a number of banking Institutions during the period of the first World War had also its adverse effect on the progress of Indian Insurance Companies. In 1916, 44 Indian Insurance Companies. completed only Rs. 1.75 crores and the total business that was then in force was only 22.1 crores. The postwar period of the I world war witnessed a great many changes in all spheres of activity and by 1933 the number of Indian Insurance Companies transacting business increased to 194. These Companies had a total capital of Rs. 2,45,59,000 and their premium income amounted to Rs. 5,76,93,000 in 1933. The old prejudices against Life Assurance were gradully fading away, but a number of Institutions were not conducting their business on sound lines. With a view to effectively control these Institutions the Indian Insurance Act, 1938 was passed and since then a great improvement has taken place. From such small beginnings, Indian Life Offices have today attained a position of strength and security. According to the Indian Insurance year book, 1953, the number of Indian Insurance that were transacting business on 30th November, 1953, was 221 of which 115 were carriedon

Life Insurance business only, 46 were carrying on life insurance business along with other classes of insurance business and 60 companies were carrying on insurance business other than life. The total new life insurance business effected in India during the year 1952 amounted to 5,84,000 policies insuring a sum of Rs. 145.68 crores and yielding an annual premium of Rs. 7.89 crores. The new business done by Indian Insurers alone amounted to 5,12,000 policies insuring a sum of Rs. 129.28 crores and having a premium income of Rs. 6.96 crores. The total life insurance business effected in India and remaining in force at the end of 1952 amounted to 39,25,000 policies insuring a total sum of Rs. 915.90 crores including bonus addtions and having a premium income of Rs. 44.8 crores, Of this, the share of Indian Insurers is represented by 36,78,000 policies insuring a sum of Rs. 789.88 crores and having a premium income of Rs. 37.95 crores. The total assets of Indian Insurers at the end of 1952 amounted to Rs. 292.92 crores. An idea of the tremendous advance that Life Assurance has made during a period of twenty years can be had if the business figures for the year 1933 are compared with those of 1952. The new business completed by the Indian Insurance Companies in 1933 amounted to Rs. 24 crores and the total life assurance business in force at the end of 1933 amounted to Rs. 144 crores. For such a vast improvement, the realisation on the part of the public about the usefulness of Life Assurance cover, their confidence in the capacity of Indian Insurers to fulfil their obligations as a result of the Government control exercised through the exacting provisions of the 1938 Insurance Act and Rules, the inflation brought about by the II World War, and the tremendous efforts made by the Life Assurance Companies to secure increased volume of business every year, were all responsible. The progress made by Indian Insurers during these twenty years constitutes a great achievement though it will not stand anywhere, in comparison with the progress made during the same period in the United States of America, Canada, the United Kingdom and other Western Countries. At the same time we cannot also overlook the poorper capita income of our countrymen which is responsible for the vast disparity. Thus, Indian insurers have to their credit a fine record in the recent past with vast potentialities for further development, especially in an India that is just entering a new era of industrialisation with a National Government that is bent upon banishing poverty from the land and raising the standard of living of the masses. At this stage, it is also necessary for them to realise their shortcomings in the past and equip themselves better so that they can manage the future more deservedly.

Out of 163 Indian Insurers transacting Life Assurance Business, about 100 Companies are either small in size or young in age. These Companies could not make much headway, for one reason or other, but they still persist in putting up unequal fight with the rest of the long established and big Institutions for new business. Even among small and young companies there are a decent few who get on smoothly, content with a small business procured through an organisation concentrated within comparatively a small area. But, the rest, in their anxiety to do a large business, enter into unhealthy competition involving huge expenses not commensurate with the turnover which process in turn affects the financial position ultimately. While this feature is prominent in the lot of small and young companies, a large number of big companies also runs the same risk. In the quest for new business and in setting up proper agencies all over the Country, most of the Companies fall short of reasonable standards. The urge to do more business irrespective of the cost involved brought trouble in the past for numerous companies. They had to weaken the valuation bases just to show that their financial position was satisfactory. But the controller of Insurance took them to task. Their ratio of expenses continued to be high, the ratio of their lapses continued to be alarming and their field organisation most undependable. Despite the existence of a few Associations of Insurers in the Country, there was not much of co-operation or proper understanding amongst the members for mutual benefit. Rebating, the worst evil in the business, is going on still unabated. If Life Assurance Business is to make sound progress on a large scale, evils of this kind should be eradicated at an early date. The Government of India are making their effort through legislation and otherwise to discourage such malpractices. In the recent years, the Government have set up two Councils, one for Life Assurance Business and the other for General Assurance Business to bring about an improvement. They have also drawn up a code of conduct for the Insurers to follow scrupulously. But, without earnest efforts on the part of Insurers themselves prompted by a desire to run the business on sound lines in the interest of the Institution and that of the public, no amount of policing by any outside authority, whether it be the Government or any Association of Insurers, could bring about the best results. We wish Indian Insurers realise their responsibility to the policy-holders and the great future ahead of them and conduct themselves worthily.



Shri. K. BALASUBRAHMANYAM, B. Com., A.I.A.,
President, Indian Life Assurance Offices Association
1954—55



Shri G. H. THAKORE, M.A., (Cantab)
Deputy President, Indian Life Assurance Offices' Association
1954—55.

Some Experiments In Approximate Valuation Of Sums Assured In Increasing Endowment Assurances By Grouping.

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

Introduction

An explicit discussion of the subject of approximate valuation of sums assured in uniformly increasing Endowment Assurances by grouping the data has not, probably, appeared so far, in print. Hence this note.

Past References

An important note: "On the Approximate Calculation of Increasing Benefits" was contributed by A. W. Evans in the J.I.A. Vol. LIX p. 402. Evans had indeed obtained close approximations in individual cases and he had given four alternative formulae.

A. W. Evans had further brought out another interesting note on "A method of approximating to Increasing Annuities" published in the J. I. A. Vol. LX p. 345, in which he dealt, in some detail, with the approximations for individual increasing annuities including increasing annuities of a higher order than the first. Incidentally in this note Evans had also mentioned that "corresponding Assurance benefits can be readily obtained. For instance

$$(I\bar{A})_x = \bar{a}_x - \delta\,(I\bar{a})_x = \bar{a}_x(1-n\delta)$$

where $n = \bar{a}_{x+n}$.

$$(IA)_x = A_x + a_x - d(Ia)_x = A_x + a_x\,(1 - nd)$$

where $n = a_{x+n}$."

H. O. Worger gave "A NEW APPROXIMATION TO THE VALUE OF AN INCREASING ASSURANCE" published in the J I.A. Vol. LXIX p. 86. Worger's approximation applies both to Whole-Life Increasing Assurances as well as to Increasing Endowment Assurances. But this again could be applied only to individual cases. Worger, however, began by saying 'that $IA_x = -(1+i)\frac{d}{di}A_x$. It is pointed out however that the numerical value of $\frac{d}{di}A_x$ cannot be found by finite difference methods with any degree of accuracy unless a large number of terms is taken'.

G. J. Lidstone not only reminded readers of the J. I. A. Vol. LXI p. 414 of his own early contribution: "On the Approximate Calculation of the Values of Increasing Annuities and Assurances", published in the J. I. A. Vol. XXXI p. 68, but also pointed out that as early as 1838 De Morgan had worked "On The Method Of Calculating Uniformly Decreasing Or Increasing Annuities" included in Appendix V to his well known "Essay on Probabilities" in the *Cabinet Cyclopaedia*. The editors of the J. I A. have appended a reprint of De Morgan's note at p. 415 of the J. I. A. Vol. LXI. This also dealt with the individual values of the increasing (or decreasing) annuities. The interested reader will, perhaps, like to go through the original references cited above.

Present Problem

The problem to be discussed here is the approximate valuation of sums assured in uniformly increasing endowment assurances. The accrued sums assured can be obviously valued by Lidstone's Z-Method or by some other method. But as it is proposed to group the data for the valuation of the increasing benefit part by grouping the data according to the unexpired term it would, perhaps, be more convenient to value the accrued sums assured by Lidstone's Z-Method; so that the same grouping of data can be used for the valuation of both the benefits i. e. the accrued sums assured and the increasing sums assured. This no doubt implicitly assumes adherence to Makeham's Law. This assumption will also be made for the Increasing Assurance part. Having explained so much, it is sufficient to discuss further only the question of valuing the Increasing Endowment Assurance part.

Consider, $(IA)_{x:\overline{n|}}$

$$= \frac{nD_{x+n}}{D_x} + \frac{1}{D_x}\sum_{t=0}^{n-1}(t+1)\,C_{x+t}$$

$$= \frac{nD_{x+n}}{D_x} + \frac{1}{D_x}\sum_{t=0}^{n-1}(t+1)\,\left(D_{x+t} - D_{x+t+1}\right)$$

$$= \frac{nD_{x+n}}{D_x} + \frac{v}{D_x}\sum_{t=0}^{n-1}(t+1)\,D_{x+t} - \frac{1}{D_x}\sum_{t=0}^{n-1}(t+1)\,D_{x+t+1}$$

$$= \frac{v}{D_x}\left(\sum_{t=1}^{n-1} tD_{x+t} + \sum_{t=0}^{n-1} D_{x+t}\right) - \frac{1}{D_x}\sum_{t=1}^{n-1} t\,D_{x+t}$$

$$= v\,(Ia)_{x:\overline{n-1}|} + v\ddot{a}_{x:\overline{n}|} - (Ia)_{x:\overline{n-1}|}$$

$$= A_{x:\overline{n}|} + a_{x:\overline{n-1}|} - d\,(Ia)_{x:\overline{n-1}|} \qquad \ldots \qquad \ldots \qquad (1)$$

In the case of the continuous increasing endowment assurance,

$$(I\bar{A})_{x:\overline{n}|} = \frac{n\,D_{x+n}}{D_x} + (I\bar{A})^1_{x:\overline{n}|}$$

$$= \frac{n\,D_{x+n}}{D_x} + \left[-{}_tp_x\,t\,v^t\right]_{t=0}^{t=n} + \bar{a}_{x:\overline{n}|} - \delta(I\bar{a})_{x:\overline{n}|}$$

$$= \frac{n\,D_{x+n}}{D_x} - \frac{n\,D_{x+n}}{D_x} + \bar{a}_{x:\overline{n}|} - \delta(I\bar{a})_{x:\overline{n}|}$$

$$= \bar{a}_{x:\overline{n}|} - \delta\,(I\bar{a})_{x:\overline{n}|} \qquad \ldots\ldots \qquad (2)$$

Now consider,

$$d\,(Ia)_{x:\overline{n-1}|} = -\,d\,(1+i)\frac{d}{di}\left(a_{x:\overline{n-1}|}\right)$$

$$\doteqdot \frac{i\left[a^{i}_{x:\overline{n-1}|} - a^{i+\Delta i}_{x:\overline{n-1}|}\right]}{\Delta i} \qquad \ldots \qquad \ldots \qquad (3)$$

$$or, \doteqdot \frac{i\left[a^{i-\Delta i}_{x:\overline{n-1}|} - a^{i+\Delta i}_{x:\overline{n-1}|}\right]}{2\Delta i} \qquad \ldots \qquad \ldots \qquad (4)$$

Similar formulae would obviously apply in the continuous case.

Some experiments were made using Oriental (1925-35) Ultimate mortality and 3 % interest rate taking $\Delta i = \cdot 0025$. Results by Formulae (1) alone were tested using approximations specified by Formulae (3) and (4).

For the purpose of comparison true values were first calculated by the Formulae

$$(IA)_{x:\overline{n|}} = \frac{R_x - R_{x+n} - nM_{x+n} + nD_{x+n}}{D_x}$$

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

It was thought that as the mean maturity ages by Lidstone's Z-Method are independent of the rate of interest it would be sufficient to obtain mean maturity ages for the Increasing Endowment Assurance part as for the ordinary Endowment Assurance part signified by the first term in formulae (1) and (2) above.

It was generally found that the results of the whole valuation of increasing endowment assurance part by formulae (1) and (4) above involved an error of slightly less than 1 per 1000 on the safe side. The error by formulae (1) and (3) was slightly less than 5 per 1000.

Perhaps the use of some other more suitable approximations than those indicated in formulae (3) and (4) for values of increasing annuities may improve the approximation further; but it would presumably be seldom necessary to go into greater refinements than are necessary for the use of formulae (4) above and taking $\Delta i =$ 0025.

It may be observed that the value of the increasing annuity in formulae (1) and (2) is multiplied by d and δ respectively and consequences of an error in estimating the value of the increasing annuity part are thus substantially reduced. It was the consideration of this point which at first encouraged me to pursue the enquiry. So far as the valuation in groups by the other terms in formulae (1) and (2) is concerned it is obvious that assuming Makeham's Law, Lidstone's Z-Method is applicable. It is, however, desirable to multiply the sums (increasing sums assured) by 10, 50 or 100 according to the order of the amounts involved but the same factor 10, 50 or 100 should be used for a whole group, in order to bring the amounts to figures broadly exceeding 100 to facilitate the use of tables of Zs.

Insurance Finance for the Private Sector.

By N. V. NAYUDU, M.A., B.L., F.I.A.,

Manager, United India Life Assurance Co., Ltd., Madras.

Facts

INSURANCE Companies collect from a large body of policyholders small amounts as premiums appropriate to the various risks undertaken by them; after meeting administrative expenses these amounts along with the reserves accumulated in the past and the capital are invested; out of the total of the funds so accumulated, the claims are paid in respect of risks which actually occur; a substantial part of the excess of the funds over the liabilities in life insurance business is returned to or added to the sums assured by the policyholders, additional reserves are created and the balance distributed as profits to shareholders. The total funds in the hands of insurance companies represent a sizable amount and constitute an important source of capital formation.

The following table shows the growth of the total assets of Indian Insurance Companies since 1940 and their distribution in Indian Government and Quasi-Government Securities and Indian Companies; the figures are also shown separately excluding those relating to the largest life office, the Oriental, which is obliged under its constitution to invest 80% of its premium income after making certain adjustments in Government of India Securities only.

It would thus appear that the proportion of Funds invested in Indian Companies shows a tendency to increase although the extent of the actual increase is not appreciable; the proportion invested in Government and quasi-Government Securities which increased during the war years and tends to decline after 1946; with regard to other assets (not shown in the above table) it would appear that loans on policies issued by insurers which showed a tendency to fall during the war years has since been rising steadily; deposit, cash on hand and stamps tend to rise as also mortgage loans. There is no significant change in the other classes of investments.

The Restrictions

There was no statutory control, direction or prohibition in the investment of insurance funds before 1939. Since 1939, Indian Insurance Companies have been required to invest and keep invested in Government and Approved Securities about 55 % of their Life Policy Liabilities in India after allowing for certain adjustments; the percentage was reduced to 50 by the Insurance Amendment Act 1950.

There was no statutory prohibition in regard to the investment of the balance of insurance funds prior to 1950. Since 1950, however, the freedom to invest in industries the funds of an insurer carrying on life insurance business, and the funds pertaining to life insurance business in the case of a composite insurance company is restricted, by law, to the following categories:

(i) Loan Capital by Debentures or Securities issued with the permission of the State Government by any Municipality or other authority constituted by law;

(ii) Loan Capital to industry by debentures secured as a first charge on immovable property plant or equipment if its value is more than 3 times the value of the debentures, or if the company has paid ordinary dividend for 5 years;

(iii) Preferred capital of industrial concerns which have paid ordinary dividend for 7 years or preference dividend for 5 years;

(iv) Ordinary capital which has been guaranteed by another substantial company or if ordinary dividend has been paid at not less than 4 % per annum for 7 years;

There are absolute prohibitions of any kind of investments in private companies, investments in excess of 2¼ % of a sum approximately equal to the insurance company's assets with any bank or in any Company, investments in excess of 2 % of the capital of banks and investment companies and investments in excess of 10 % of the loan and share capital of any company.

Thus, the restrictions on insurance investments are increasingly stringent from loan capital to preferred capital and preferred to equity capital. In his last annual report on the returns furnished to him under the Insurance Act, the Controller of Insurance has deplored the contraventions by insurance companies of the provisions of law, "the object of which is to prevent insurers from putting too many eggs in one basket".

It is possible that part of the investment made in Mortgage loans or in immovable property helps industry directly by investment in the mortgages of industrial premises plant and equipment or indirectly by releasing the appropriate amounts for other purposes. Data regarding this release are however not available.

The foregoing table also shows the annual increase in the total assets of Indian Insurers with the corresponding total increase in investments in industry.

In absolute figures, while the funds of Indian insurers has increased during the period 1940 to 1952 by Rs. 217 crores or at the rate of Rs 18 crores per year, investment in Indian companies has increased from Rs. 5·26 crores in 1940 to Rs. 81·79 crores in 1952, or at the rate of Rs. 2·2 crores every year on the average, the investment in Government and quasi-Government Securities increasing during the same period from Rs. 46·58 crores to Rs. 156·19 crores at the average rate of Rs. 9·2 crores every year — over 4 times the rate of investment in Indian companies. These two types of investments account for nearly two-thirds to three-fourths of the total funds of Indian insurers during these years.

These figures are taken from the Insurance Year Books and the incomplete nature of the data is particularly noticeable in 1950. However other comparable series of figures is available.

Further, it is likely that investments in Indian companies represent investments in subsidiary or other insurance companies causing some over-lapping, the extent of which is not likely to be appreciable.

Besides the Rs. 292.92 crores of the funds of Indian insurers non-Indian insurers had assets in India equal to Rs. 55·45 crores on 31st December 1952. The classification of such assets is however not available, and has therefore not been considered in the above discussion.

Life Insurance Funds

Hitherto the discussion dealt with the total insurance funds not only life insurance funds. However, life insurance funds constitute at least 80 % of the total insurance funds and accumulate at a far more rapid rate than other insurance funds. Life insurance funds are in constant need of, and search for, suitable investment opportunities, being obliged to earn a minimum rate of interest in order to meet their obligations to policyholders. The problem of insurance investment is thus the problem of investments of life insurance funds, to which special attention is paid now.

Life Insurance companies inculcate the habit of saving. Restraint on immediate needs is as necessary for life insurance as for laying down the basis of national prosperity. Life insurance thrives on the subservience of the immediate needs to the needs for formation of individual capital. The small capital of a large number of people becomes the finance capital in the hands of the life insurer and the aggregation of such finance capital in the hands of insurance companies and other is national capital. There is thus close relationship between the purpose of life insurance and the purpose of the National Plan. The planning for provision in old age and for the family in the case of the individual becomes, under the National Plan, the provision of long term finance for social purposes. The faith in the future infused in the minds of a large number of individuals becomes the faith in the future of society. The force of which a different conception of risk applies. The funds of insurance companies should be so invested that the income from interest and maturities of assets correspond to their net liability outgo, viz. claims and expenses less premiums. The liabilities outgo are scientifically calculated. Hence, it may be improper and unwise to venture funds intended for such liabilities outgo in investments where neither the incomes nor the maturities are calculable in advance.

Equity Capital

The risks to equity capital arise out of a variety of factors:

A. **As matters of public policy**:

(i) Taxation in its incidence and relief, depreciation allowances;

(ii) Tariffs by customs and excise, either discriminatory or protective;

(iii) Production and control of supplies and materials, output and profits; these are generally of a short-term character to tide over temporary crisis in raw material and production;

(iv) Legislation affecting demand for products: considerations of public policy, for example prohibition, may over-ride consideration of private enterprise;

(v) Fluctuation in prices affecting the relative value of goods and services in terms of money: inflation and deflation;

(vi) Political changes, particularly those resulting in confiscatory of State monopolistic trends.

B. **As matters affecting particular units of Industry:**

(a) Risks attendant on mismangement of the business, wastage of resources and deterioration in the value of the share capital;

(b) Changes in management and control of the business;

(c) Expropriation of management by legislation, e. g., Industries (Development and Regulation) Act.

Certain risks are common to both loans and equity capital although their incidence fall more heavily on the latter;

(i) variation in long term interest rates affecting values of investments, without any inherent change in the industry or in a component unit;

(ii) the investor may have to take over and run the industry for default in the covenants constituting the loan; this arises at a stage when the promoters of industry are themselves unable to run it and the prospects of better management under the relatively amateur investors may not be very bright, thus leading to further deterioration and possible winding up; In the words of the Chairman of a large British Insurance combine; "the last thing an insurance company would want would be that as a result of its investment policy it should become involved even in a minute degree in the management and control of other industries".

(iii) legislation affecting debtor-creditor relationship by scaling down the debts particularly of interest or by extension of time for repayment.

Equities have been suggested as a hedge against the risk factor (v) above. This argument would apply only if the movement of equity values closely correspond with the movement in the price indices of the products produced by the industry. Not only is there an inevitable time lag in such movement but there is always a frictional loss in translating the producer price through the channels of production and distribution of commodities into the consumer price and again through the stock exchanges into realisable equity values. This has also to be considered in relation to the fact that the share values are based on expectation of the future income and realisable values in which conrering shares for acquiring control cannot be ignored. Moreover, the current availability of money and the technical position in the market may further complicate the issue over short periods. Thus, the hedge provided by equities against general inflationary or deflationary tendencies is subject to severe limitations.

It is interesting to observe in this connection that South African Life Offices which have always had certain proportion of funds invested in the highly speculative gold and diamond mining shares once contemplated granting bonuses to the policyholders in the shape of such scrips which they could convert for cash or hold on to. This experiment, however, was not successful and has been generally given up. This view of bonus is perhaps in consonance with the view held in the early days of life assurance history that the basic security afforded by the life policy is the primary part of the contract while bonus is the speculative. This does not hold any longer with deliberately made provisions for bonuses in the premium calculation and the adoption of a valuation basis designed to emergence of surplus in accordance with a predetermined or well-understood method of distribution. In any event, if life offices with personnel trained in investments shrink from the risk of investments in industry, it appears hardly fair that such risk should be transferred by dispersion of speculative shares among the policyholders and claimants, the latter consisting largely of old persons, widows and orphans.

The formation of unit trusts helps diversification of risks and mitigates the effects on any insurer of adverse factors affecting any section of industry. The advantage usually claimed for such trusts that they are managed by professional investors does not apply in the case of insurance funds as such funds themselves are held in trust for the policyholders and ordinarily a board consisting of eminent and experienced persons drawn from several branches of commerce and industry is charged with the responsibility of investing the funds. There is also the further frictional loss due to costs besides risks of its mismanagement.

Yet, another principle governing investment of life assurance funds which is getting increasing recognition is that offices should endeavour to orientate their investment policy towards economically desirable ends. India in common with other progressive countries is fast emerging into a welfare State and a State policy tending to increase economic and social welfare will not only benefit insurance policyholders and shareholders with the rest but will also, in the long run, promote the prosperity of the country as a whole which will be shared by insurance companies through education, better health and sanitation conducive to longevity, fewer accidents and more efficient fire-fighting services. In a democratic State, sovereignity rests with the people who influence the public policy through their elected representatives in the Parliament and the Legislatures. However, there should be a continuity of policy as to what constitutes economically desirable ends in order to infuse confidence in the industry and in the investor.

Shroff Committee

After examining the factors inhibiting investment in the private sector, the Shroff Committee has considered steps necessary to improve the climate for private investment and to infuse confidence in private enterprise. Among its recommendations those pertaining to insurance companies' investments are:

(a) to reduce the percentage of "the sum referred to in Section 27" required to be invested in Government and Approved Securities from 50 to 45;

(b) to increase the amount of investment in industrial capital out of insurance funds from 2¼ % of the fund to 5 %;

(c) to increase the percentage of investments in the Capital of Banks and insurance companies from 2 % of such capital to 5 % and;

(d) to form a consortium of banks and insurance companies to underwrite new issues of capital.

These recommendations do not however appear to have taken note of the principles discussed herein relating to the nature of the funds, the purposes and the relation of their investment to the National Plan.

Conclusions

In the light of the above discussion, the following conclusions emerge with regard to the desirability of the investments of life insurance funds in industrial securities.

1 It is preferable to invest in loan capital rather than in equity capital. Even in the case of loan capital, the safe-guards provided in Section 27A of the Insurance Act are necessary except where statutory guarantees are provided or other statutory control exercised in order to safeguard the interests of the investor, who, in reality is the large body of policyholders.

2 It is preferable to invest in established industries rather than in new industries; such investment releases investible capital to the entrepreneur taking the risk of new industries. It is desirable that the risk of new industries is left to others best suited to provide capital for experimental or speculative activities rather than by insurance companies who underwrite a different type of risks.

3 Underwriting new issues either of loan capital or equity capital is not the business of insurance companies. The underwriting of insurance risks is based on specialised knowledge, drawn out of statistical investigations involving a large experience of similar risks, and it is entirely different from the risks of underwriting new capital issues to which considerations, often temporary and subjective, apply. In the absence of scientific enquiry the premium for underwriting can but be speculative; and insurance funds should not be used for such purposes and imperil the paramount interests of the policyholders:

4 If the scope of investment in industrial capital is to be widened beyond the provisions of Section 27A, it should be applicable only to reserves not specifically required for any class of policyholders.

5 It is desirable that investment risks of this type should be spread among as wide a range of industries and units therein as possible and also a large number of insurance companies. This can be achieved by the investment being made out of a risk capital fund; a fund into which all companies subscribe the investible amounts determined as in (4) above and out of which investments are made, the benefits of the investments and the risks borne by them being shared by the individual contributors in the ratio of their contributions. This will obviate the investments of individual insurers finding their way into particular concerns and the consequent encouragement of undertaking speculative risks for the benefit or the detriment of individual insurers, it is preferable that such investments are made by all insurers in a well defined manner as a matter of public policy and towards their common good.

Education of Life Premiums.

BY K. A. PANDIT, B.Sc., F.I.A., (Lond.)

Consulting Actuary, Bombay.

PREMIUMS in Life Insurance are based principally on three factors-Mortality, Interest & Expenses. There is also a fourth factor which is equally important though not applicable to all premiums and that is Bonus Loading. The with-profit premiums which form the bulk of companies' premium income are loaded for a specific rate of Bonus.

Thus any variations in the experience of the above factors would necessitate a revision of premiums. However no such revisions are undertaken for a very small variation. It is only when the trend is well marked and when the general experience indicates substantial alterations in the assumptions already made in deciding the factors that revision becomes necessary. For instance a marked change in the market rate of interest might demand a revision of premiums, or if the mortality rates are very favourable or the general expense level reduces materially, the premium structure may be recast.

Life Insurance business is generally procured either with profits or without profits. The with-profit business is very popular and is about 70 per cent of the total business. Thus, let us first consider if with-profit premiums need a change at every possible opportunity.

In the with-profit premiums, there is the fourth-factor viz. loading for bonus. This loading is available for distribution as bonus to the with-profit policyholders in normal circumstances. In fact there is always a demand for bonus from the policyholders and the more steadily a company can continue declaring bonus the more easily it can procure business. Further, this bonus margin is utilised in abnormal circumstances to offset adverse variations in Mortality or interest or expense. Thus, favourable experience with respect to such factors would normally be used in increasing the bonus rates. So long as the with-profit premiums continue to remain workable and sound on the current experience asregards mortality or interest or expenses and providing at least the minimum bonus loaded it would be undersirable to change them with the intention of passing on the benefits to the policyholders. In fact the benefits can be better passed on by way of higher bonus than reduction in rates which merely benefits the new policyholders.

The without-profit premiums stand on a different footing. They have no profit loadings and thus any marked change in the factors underlying them should be utilized in scaling down rates.

Any reduction is bound to lead to a pushing up of new business. However, this will not be possible without some dislocation in the existing business. There will be more lapsation or paid-ups in the existing business in view of the fact that otherwise the holders of the policies would be required to continue paying premiums at higher rates. Such dislocation would be more if the with-profit rates are also altered, for the reasons that no distinction between old and new policyholders in bonus declarations may be possible in the future years and thus the existing policies would be at a disadvantage if no larger return is available on the premiums that will be paid in future.

Insurance in this country is a privately managed-industry and thus competition is the principal factor. If therefore premium rates are scaled down by certain well-established companies doing a large volume of business, the medium sized or smaller companies would be compelled to follow the step. Otherwise no new business would be procurable. In fact they will run the risk of losing business and their existing business being made lapsed or paid-up in favour of new policies to other companies if they do not reduce the rates. Thus in the interest of insurance business as a whole, there should not be frequent revisions of rates. If at all there should be a revision it may be on the without-profit class. With profit premiums can be kept at the same levels with bonus rates varied from time to time.

It is sometimes argued that there should be one class of business only and that is the with-profit. There need not be a without profit class. This is however not possible. Life insurance business in this country as also in foreign countries has been procured in two classes during all these past years. Without-profit policies many a time appeal to a prospect who does not want to pay more for the basic life insurance cover. In fact when the premium rates are low he finds that return on the premiums that he pays by way of interest is more attractive than the bonus on with-profit premiums which the company may or may not pay. Also the without-profit business is more popular in financial transactions or building Society loans or even staff schemes. In fact the without-profit business can be made very popular by adjusting premiums when the interest rates rise. Thus it is necessary that there should be both with and without profit class of business.

"With-profit" class of business is not only very popular but it forms the back-bone of life business. It is the with-profit business which enables a company to withstand depreciations in assets arising out of sudden changes in the market rates of interest. The with-profit business is also helpful in absorbing strains arising out of adverse mortality or higher ex-

(*Continued on page 48*)

Anthropometry and Blood Pressure

of 6,000 Bihari Officers and Men of the West Bengal, Calcutta and Bihar Police forces and West Bengal Fire Services

BY B. B. DOTTO,

Chief Medical Officer, Police Co-operative Life Insurance Society, Ltd.

THE writer has great pleasure to present in this paper the results of an ivestigation on the anthropometry and blood pressure of 6,000 Bihari Adults, aged from 18 to 50 years. The period of investigation embraces 1947 to 1953 both inclusive. A comprehensive investigation of this nature has not been conducted on Behari Adults by any worker prior to this. It is an acknowledged fact that Biharis are taking life assurance protection in increasing numbers every year. According to Mr. N. G. Samadder, B.A., B.Ed., General Secretary of the Patna Insurance Club, at least five crores worth of new life assurance business is done annually in the State of Bihar. To this figure the writer would add half-a-crore more, which comprises of the business under-written on Bihari subjects residing outside the geographical limits of Bihar, whose number is also on the increase.

All the entrants are employed by the West Bengal, Calcutta and Bihar Police Forces and West Bengal Fire Services which proposed to insurance with the Police Co-operative Life Insurance Society, Limited. The actual number of proposals involved is more, as the figures do not include cases where the same life has been insured at intervals. The number comprises of Deputy Superintendents of Police, Assistant Commandants, Inspectors of Police, Sub-Inspectors of Police, Sergeant Majors, Sergeants, Subedars, Jamadars, Quarter Masters, Havildars, Assistant Sub-Inspectors, Head Constables, Lance Naiks, Sepoys, Mounted Sepoys, Constables, Drivers, Cleaners, Carpenters, Mechanics, Police Office Assistants, Stenographers, Police Hospital Doctor, Compounders, etc., etc., and is fully representative.

It is unfortunate, but true that the standard of examination in mofussil is very poor and sometimes the medical reports are unreliable. As a large number of proposals were received from mofussil, experienced and reliable medical examiners were commissioned from Calcutta to examine them, thus maintaining the standard of examination. As this procedure injures local sentiments, the writer in 1953 travelled rather extensively in the State of Bihar to explain his view point in life assurance medical examination to the local medical practitioners, who are connected with the Society. The results appear to be satisfactory. The writer believes in appointing a limited number of examiners in each station and this yields handsome dividends in the shape of precise medical reports displaying an accurate pen picture of the subject examined.

Out of 6,000 subjects involved in this investigation 5,672 (96·5 %) smoke cigarettes, "biris" or "hooka" or take tobacco in the shape of "khaini" (composed of dried tobacco leaves and lime) and 5,847 (97·9 %) chew "pan-supari" (areca nuts and betal leaves, catechu and lime), 4,146 (69·1 %) are on mixed diet, 1,854 (30 9 %) are vegetarians, 817 (13·6 %) take alcoholic drinks daily, weekely or on pay days or festive occasions only, 4,267 (71·1 %) are married or widowers, 5,082 (84·7 %) are Hindus and the remaining 918 (15·3 %) are Muslims. It is interesting to note that according to All India Census Report of 1951, over the country as a whole 49·1% of the males are unmarried and 38 8 % of females—roughly every other male person is unmarried, but out of every five females rather less than two are unmarried.

During the last fifteen years, the writer has made five investigations on the average blood pressure in Bihari Adults. The investigation of 1952 was deduced from 5,000 subjects and the average systolic, diastolic and pulse pressures were found to be 122 8, 79·1 and 43·7 m/m· Hg. respectively. According to the present investigation comprising of 6,000 entrants the average systolic, diastolic and pulse pressures in Bihari Adults are 122·7, 79·2 and 43·5 m/m. Hg. respectively. As both these figures are almost identical, the present figures can be safely accepted as the standards for Biharis.

It is worthy of note that according to the investigation of the writer made in 1949 involving 5,000 Indians (inclusive of 1,750 or 35 % Biharis) the average systolic, diastolic and pulse pressures were 122·8, 79·3 and 43 5 m/m Hg. respectively. According to 1950 investigation comprising of 10,000 Indians (inculding 3,000 or 30 % Biharis) the average systolic, diastolic and pulse pressures were found to be 122.6, 79 6 and 43·0 m/m. Hg. respectively. According to 1952 investigation deduced from 25,952 subjects (including 4,000 or 15.4 % Biharis) the average systolic, diastolic and pulse pressures of the Indians were 23·5, 80·9 and 42·6 m/m. Hg. respectively. Thus it will be seen that the average systolic, diastolic and pulse pressures of the Biharis are at par with the Indians of others States.

The writer has personally recorded the blood pressure of 3,354 (55 9 %) of the applicants. He has used life-time Baumanometers exclusively (Wall-type,

300 m/m and Kompak models), which were presented by the Manufacturers, Messrs. W. A. Baum Co. Inc. of New York. At the direction of the writer his learned associates have also used life-time Baumanometers (300 m/m and Kompak models) to ensure uniformity of recordings. The accuracy of an aneroid gauge depends upon the elasticity of metal, and as such it cannot be depended upon to give correct readings for a longer period. The metal may lose its ressiliency and record incorrectly. Hence areroids have been discarded by the writer and his learned associates.

The writer has used spiral type cuffs, air-lok cuffs and new cleanable air-lok cuffs respectively, generously placed at his disposal by the Manufacturers Messrs. W. A. Baum Co. Inc. of New York. In March 1953 two finished new cleanable air-lok cuffs were sent to the writer. The writer finds them to be the best.

Following the standard practice of the writer, blood pressure has been recorded at least two hours after the meal and none of the subjects was under the influence of alcoholic liquor or tobacco at the time of examination. Pressure has been recorded when the applicant was calm and at ease. It has not been recorded during a period of excitement or fatigue, or one or two cups of hot tea or coffee or exposure to fierce heat in summer or fierce cold in winter. Exposure to heat tends to cause a fall of pressure and exposure to cold cause a rise in blood pressure. Only auscultatory method of recording was employed and more than two additional readings were taken in case of doubt or suspicion. Palpatory method of determination was adopted in a limited number of subjects—in whom the arterial sounds were not clearly audible. This is due to deep seated artery and the heart action quiet and slow, usually the blood pressure is low on these subjects. It should be remembered that arterial thickening does not cause of higher reading. Sometimes a few bending movements of the body make the sounds audible.

Nervous individuals were examined at least three days after the original examination to eliminate the nervousness or emotion which elevates the systolic pressure by 30 m/m or more in the first one or two recordings. This has borne excellent results and life assurance medical examiners can profitably follow this It has also been experienced that nervousness has but slight effect on diastolic pressure, say a maximum of 10 per cent. Hence even slight variation in diastolic pressure, from the normal, are of greater significance. It has also been observed that during the fasting month of Holy Ramzan, the systolic pressure of the Muslim subjects register 2 to 4 m/m. less than the normal. This is a vital point and should be considered by the medical practitioners and life assessors.

The weight of the subjects was recorded very carefully with light clothings, there being a difference of 16 to 24 ounces between the summer and winter dress. English and American makes of portable weighing machines were used, the accuracy of which was tested with a standard weighing machine known to be in order. It is interesting and important to note that the Muslim subjects scale 3 to 5 lb. less than the normal during the fasting month of Holy Ramzan.

The writer, during the last fifteen years as the Chief Medical Officer to the largest departmental life assurance company, has studied an unusually large number of

Bihari subjects—who form over 60 per cent of the West Bengal and Calcutta Police Forces and West Bengal Fire Services and over 90 per cent of the Bihar Police and Fire Services personnel are particularly inclined towards obesity in middle ages.

Like high blood pressure, obesity also starts under very pleasurable circumstances among the successful men. It has been observed that those who have attained the higher ranks of Deputy Superintendents of Police, Assistant Commandants, Inspectors, Sub-Inspectors, Subedars, Jamadars, Head Constables, etc. through promotion, are worst victims. According to a modest calculation 3 out of every 10 of them are obese. In applicants who are suffering from obesity the abdominal girth more or less approaches or exceeds the chest measurement by 2 to 4 inches and weight scales 40 to 70 lb. more than the standard for their age, height and race—rendering them most undesirable risks for life assurance. It is interesting to note that the victims do not regret the mountain of fat they carry. On the contrary, they feel happy and honoured, for obesity is considered to be an indication of wealth and prosperity. Many essay to increase the abdominal girth, wear "Dhoti" or "Short" below the umbilicus, which aids the efforts successfully. Comfortable environment and sedentary occupation are easy paths to obesity. The obesity of some appears to be due to sluggish habits, lack of exercise, too good living, rich food, beer and taking to motor cars. 40 per cent of the obese applicants gave histories of familial tendency to obesity. Most of the overweight studied by the writer exhibited a tendency towards high blood pressure and 43 per cent were actually suffering from the disease, though apparently ignorant of the damage done. The writer has long detected that promoted officers are most susceptible to high blood pressure. The writer hopes that his Police friends will excuse his outspoken but factual remarks.

The writer has observed from his extensive personal experience that overweight subjects with short and thick neck are usually victims of high blood pressure. The size of the neck becomes thick with the increase of blood pressure in some cases. It has been clearly demonstrated that higher mortality sets in as soon as the subject becomes 20 per cent over weight for age, height and race, the common disabilities being cardio-vascular-renal diseases and diabetes.

Measurements and heights and weights are subject to appreciable error or observation. These may arise from differences in clothing etc. under which measurements are taken. Weights have been taken with light clothes. Some subjects vary in weight slightly in winter and summer. Heights have been taken while standing on level ground and recorded in quarter inch fractions. Weights were taken in ½ pounds with light clothing. When heights have been taken with boots on, ¾ inch and with shoes on, ½ inch has been deducted. When weights have been taken with books on, ¾ lb. and with shoes on, ½ lb. have been deducted. In over 80 per cent of the instances heights and weights have been taken without boots or shoes on. A majority of the applicants over 5 ft. 9 ins, had excessive abdominal girth as compared with chest expansion.

In mesuring the chest, the measuring tape was applied evenly, but not

rigidly, its upper edge touching the lower edge passing just along or below the level of the nipples, the arms hanging by the sides. In Women the tape is applied just below the axillae. The examiners have shown to the applicants by personal demonstration what full inspiration and forced expiration meant. To obtain expanded chest measurement of the subjects involved in these studies, one should add 2" up to a height of 5'-5" and 2½" thereafter. The minimum expansion acceptable is 2 inches. A chest expansion less than 2 inches can be accepted if the proposer is first class in all other respects, but chest expansion less than one inch is uninsurable.

It is noteworthy that the circumference of the chest should not be less than half of the height, and its expansion about one-tenth of the measurement in full expiration. Dr. A. B. Bisbee of the National Life Insurance Company of U. S. A. has established from his extensive experience that, where there was a girth of chest less than one-half of the height, the death rate from consumption, even in those with no history of it in the family, was 25 per cent as against 12 per cent in those with normal chest measurements. Where there was consumption in the family, this defective chest girth was associated with a mortality of nearly 50 per cent.

Abdominal measurements have been taken next to the skin from back to front in the level of the umbilicus. In applicants with stout physique and pendulous abdomen the measurements has been taken just below the umbilicus, at the level of the top of the iliac crest, as the greatest amount of adipose tissue is deposited in that region. Usually the girth at the umbilicus should be one-tenth less than that of the chest in expiration. When the abdominal girth exceeds that of chest in inspiration, the subject is penalized by granting shorter term endowment or imposing an "extra" or "loading" to the tabular premium for the given age.

The six tables on pages 228 to 231, will give the average blood pressures, heights weights, chest and abdominal measurements and other particulars in 6,000 Bihari Adults examined in this investigation. As this is the first attempt to prepare these complicated and comprehensive tables on Bihari lives, it is reasonably expected that they will prove extremely useful to the State Police, Fire Services, Home Guards, National Cadet Corps, Military authorities, medical practitioners and life assurance companies.

Out of 6,000 Bihari Adults involved in this investigation, 69 (1·15 %) have been declined, 112 (1·87 %) deferred, and 273 (4·55 %) accepted under short term endowment or under endowment in lieu of limited payment or ordinary whole life applied for, or accepted with lien or loading or extra to the tabular rate of premium. Thus the writer has encountered 454 (9·23 %) sub-standard risks in Bihari Officers and men. In an earlier investigation, comprising of 5,000 Indians made in 1949, 8·6 % sub-standard risks were encountered. In a recent investigation involving 4,000 Gurkha lives the writer has encountered 12·2% sub-standard risks.

The above facts and figures will conclusively demonstrate that Police risks are not head and shoulders above the average risks as wrongly supposed by many. It is well-known that Police personnel consists of specially selected lives of superior vitality and power of resistance to diseases and this accounts for the lesser percentage of sub-standard risks.

Mr. A. S. Clarke, F.I.A., of the Prudential Assurance Company of London has dealt with a large number of proposals in India and found that at least 15 per cent of the proposers were not accepted at ordinary rates. The writer tried to obtain the percentage of sub-standard risks encountered in India by British and Canadian companies but with no success as statistics of this nature is not maintained. Well-known Consulting Actuaries ventilate that Indian Life Assurance Companies are mostly experiencing much lesser substandard risks and this must be due to liberality in examination and assessment.

The writer expresses his gratitude to Mr. S. N. Chatterjee, B.A., I.P., J.P., Chairman of the Police Co-operative Life Insurance Society, Limited, for his encouragement and permission to send for publishing the results of this investigation. The writer also expresses his indebtedness to Mr. M. K. Sinha, B.A., I.P., Inspector-General of Police, Bihar and Mr. A. K. Ghosh, M.A., I.P., Senior Assistant Inspector-General of Police, Bihar for many favours granted and courtesies extended to him.

(*Continued from page 42*)

pense ratio. In fact, the larger strains during the past ten years which arose out of falling interest rates and higher expenses could not have been met by companies had there been only without-profit class of business. It is common knowledge that many first class companies were found to forego declarations of bonus in the past years as the result of falling interest rates.

It would have been, therefore, more desirable if the current favourable trends as regards mortality and interest rates were utilized in strengthening the reserve position of companies rather than reducing the premiums. A gradual building up of stronger reserves would have ensured a steady declaration of bonus instead of a fluctuating position as revealed in the past ten years.

Reviews

Oriental Government Security Life Assurance Co., Ltd.,

THE biggest organisation in Life Assurance in India is the Oriental Government Security Life Assurance Co., Ltd., Established in 1874, from the beginning to date, it is fortunate to be controlled by men of very high integrity, and managed by men who were thoroughly qualified for the job. Sir Purushotamdas Thakurdas is the Chairman of the Institution and Mr. L. S. Vaidyanathan, M. A., F.I.A., is the General Manager. The Financial soundness of the Company is par excellence and in every sphere of its activity the Oriental excels all others.

In 1953, the new business completed exceeded its previous year's record by Rs. 2·17 crores and stood at Rs. 23,39,94,779. The total business in force including bonus additions amounted to Rs. 2,06,99,67,376, covering 8,80,165 policies. The total number of current annuities (inclusive of deferred annuities) is 77 for Rs. 51,996.

The net premium income for the year was Rs. 9,52,61,265. Interest, dividends and rents amounted to Rs. 2,15,03,266, the average rate being 3·57 %.

Management expenses continue to be within satisfactory limits the renewal expense ratio for the year being 14·40 % as against 14·76 % for 1952. A sum of Rs. 4,33,15,572 was added to the Life Assurance Fund which stood at Rs. 72,04,99,511 at the end of the year.

Claims: Claims with bonus additions amounted to Rs. 4,35,92,837. Out of this Rs. 1,20,30,676 arose by death and Rs. 3,15,62,161 by maturity. The Ratio of Actual to Expected deaths continues to be very satisfactory. The average for the two years 1952 and 1953 was only 42·3 % as against 50·6 % for the last triennium.

Sir Cowasji Jahangir who presided over the Annual General meeting of the Company in the unavoidable absence of Sir Purushotamdas Thakurdas, has given an indication that the Institution's next valuation results (i. e. for the period of three years ending 31st December, 1954) will be highly satisfactory and it may be possible to forecast even a higher rate of bonus as compared with the previous valuation. Such a satisfactory position is highly creditable to the Management and we wish the Institution every success.

Oriental Fire & General Insurance Co., Ltd.,

1953 is the third year of transactions for this newly started venture. Fire, Marine, Motor, Accident, Engineering and Machinery Erection Insurance, etc., are transacted. Net premiums in the Fire, Miscellaneous and Marine departments amounted to Rs. 12,72,896, Rs. 3,82,152, and Rs. 59,038 respectively. After meeting all expenses, claims, etc., and providing reserves for unexpired risks, there was a profit of Rs. 1,92,613. This is highly encouraging as the transactions relate only to the third year of working.

Hindusthan Co-operative Insurance Society, Ltd.,

THE great success with which the Hindusthan Co-operative Insurance Society, Ltd., has progressed for nearly half a century now, from small beginnings has not only served as an inspiration and strength to those that were started subsequently, but has also proved useful for the advancement of insurance service in India. Men with fertile ideas and wonderful powers of organisation have worked continuously for decades together to develop the Institution to its present stature.

During 1953, the Society completed a new business of Rs. 18·89 lakhs which is an outstanding record for the Institution. Compared to the 1952 new business record, 1953 business shows an increase of Rs. 2·5 lakhs. The renewal expense ratio has been 14·83 % which is also less by 1·5 % when compared with the previous year's experience. The net rate of interest earned on the Funds has been 3·69 %.

The financial soundness of the Institution has been amply demonstrated by the exceptionally satisfactory results of its latest valuation. Messrs. W. H. Clough, F. I. A. and R. Cubie, F. F. A., conducted the valuation on stringent bases, as at 31st December, 1953. Oriental (1925 - 35) mortality table was applied. Interest was assumed at 2¾ % and provision for expenses was made at 22 % of the premium on with profit policies and 15 % of the premium on without profit policies. These bases leave ample margin for hidden reserves as the actual mortality experience is only 51 % of the expected, and the average rate of interest earned was 3·47 % as against 2¾ % assumed. With regard to expenses also the assumption in the valuation 22 % and 15 % leave a margin over the actual average for the triennium i.e. 14·92 %. The Actuaries themselves have paid high compliments to the Management for such a satisfactory state of affairs.

The Institution has also provided reserves for depreciation to the extent of Rs. 143 lakhs.

The Valuation disclosed a substantial surplus of Rs. 1,76,03,802 and Bonus at the rate of Rs. 17½ per Rs. 1000 per annum on whole life policies and Rs. 15/- per Rs. 1000 per annum on Endowment policies was declared.

For so satisfactory a progress, the Management at the Head Office, the Branch Offices' staff, and the entire field workers, all deserve to be congratulated. Their efforts, we have no doubt, will develop the Institution to greater heights in the coming years. We wish the Institution every success.

National Insurance Company. Limited, Calcutta.

THE National Insurance Company, Limited, Calcutta, a mighty organisation inspired by the dynamic leadership of Mr. S.D. Srinivasan, M A., F I.A., (Lond) General Manager and Actuary, spread all over India, is incessantly on the move to find out people who are in need of Insurance protection and to offer them sound suggestions and excellent service. It is an Institution under the control of the famous Indian Industrialists, J. K. Established in 1906 when our Countrymen were imbued with the spirit of Swadeshi, and managed carefully by competent people, the Institution in the recent years came under the control of Sri Lakshmipat Singhania, its present President. Since then, its progress has been phenomenal. How rapidly the Campany has developed and how strongly its foundations are laid may be judged from the fact that its new completed business in 1915 was only Rs. 14·6 lakhs whereas the record for 1953 was Rs. 12 crores and 9 lakhs. The business in force at the end of 1915 was only Rs. 1·19 crores whereas it was more than Rs. 55·76 crores at the end of 1953. The Life Assurance Fund which was Rs. 15.58 lakhs in 1953 increased gradually to Rs. 12·23 crores at the end of 1953.

The Institution has paid by way of claims Rs. 8·59 crores since the date of its establishment and during the year 1953 alone claims to the tune of Rs. 72·66 lakhs were paid.

A sum of Rs. 2 crores 63 lakhs (Rs. 2,62,89,165 exact) was received as premiums during 1953.

Major contributing factors to the exceedingly satisfactory financial position of the Institution are its low management expenses (the renewal expense ratio calculated under rule 17d of the Insurance Rule, 1939 - 15·41 %) its high interest yield on Funds (4·8? % in 1953) and its low mortality experience.

As at 31st December, 1953, the Life Department Assets and Liabilities were valued, The rate of interest assumed was 3 % as against an average yield of 4·11 % during the triennium. The proportions of annual premiums which were reserved as a provision for future expenses and profits were: 22·5 % in the case of with immediate profits and 16 % in the case of without profits policies, as against an average renewal expence ratio of 16·32 % for the three years. The Oriental (1925-35) Ultimate Table was used. A surplus of Rs. 70,21,218 was disclosed and the with profit policyholders were allowed a Reversionary Bonous at Rs. 17 per annum per thousand sum assured under whole Life policies and Rs. 14 per annum per thousand sum assured under Endowment Assurence Policies.

General Business: The transactions in the General Department are also quite satisfactory. Fire Department net premium income amounted to Rs. 3,58,344. Marine department premium income — Rs. 5,87,375. Miscellaneous department Rs. 4,96,904. The net premium of all departments combined — Rs. 14,42,623. The reserve for unexpired liability in all departments amounted to Rs 6,94,278. The Company maintains substantial reserves under other heads also such as investment Reserve, Capital Obligation Fund, General Fund ~~etc.~~ to meet any emergency.

Judged by any standard, the National Insurance Company is a first class institution with a conscientious and alert management. Its rapid development and excellent financial position is a triumph to Mr. S D. Srinivasan, the General Manager and the present Board of Directors. We wish the Institution every success.

NS4—1

The Institution's present position may be judged from the following details:

The Business in force as on 31-12-1953 amounted to Rs. 4,75,53,775. The Life Assurance Fund amounted to Rs. 1,17,85,577. The rate of interest earned on funds is 4·6 % net. The mortailty rate is very favourable. The Expense Ratio for the year 1953, worked out as per rule 25B of the Insurance Rule comes to only 16·16 %. Thus, the Institution's progress is commendable, judged from all points of view.

We congratulate the management on their splendid achievements and wish the Institution every success.

New India Assurance Company, Limited, Bombay.

THIS leading Composite Insurance Company, established in India in 1919, has made tremendous progress during the past ten years and its business turnover especially in 1953 is exceedingly satisfactory. With a huge paid-up capital of Rs. 1,06,81,590 and with leading Industrialists and Financiers like Mr. A. D. Shroff, Mr. J. R. D. Tata, Mr. Ambalal Sarabhai, Mr. Ramniwas Ramnarain Mr. Kinsha K. Daji, Mr. Kasturbhai Lalbhai, etc., on its directorate, the Institution is able to easily expand and intensify its organisation both in India and elsewhere, and underwrite a large volume of business in all departments year after year.

In 1953, the Company issued 57,479 policies in the Life Dapartment for an aggregate sum assured of Rs. 19·9 crores. The net premiums amounted to Rs 4,74,03,348. The ratio of Expenses of Management to premium income worked out at 28·1%. At the close of the year 2,61,087 policies were in force assuring with bonuses a sum of Rs. 95·16 crores. The Life Assurance Fund stands at Rs. 20,45,65,964.

The net premiums in the Fire, Miscellaneous and Marine departments amounted to Rs. 2,33,32,060, Rs. 72,33,634, Rs. 83,96,927 respectively. After meeting all claims, expenses of management, taxes, etc., and providing for additional reserves for unexpired risks etc., the profit transferred to the profit and loss account was Rs. 26,93,039 from Fire Department, Rs. 12,68,802 from the Miscellaneous department and Rs. 1,33,535 from the Marine Department. The reserve for unexpired risks is maintained at 42 % in the Fire department, 40·1 % in the Miscellaneous department and 100% in the Marine department.

As a result of the year's operations, the total funds increased by Rs. 3,36,26,827.

The Directors recommended payment of a dividend of Rs. 2 per share free of income tax, which absorbed Rs. 14,24,212 leaving a balance of Rs. 92,900 to be carried forward.

With the rich traditions that the New India has built up during these thirtyfive years of its existence and with unlimited scope and potentialities for doing business in India, the Institution has a great future before it. It is bound to dominate as the biggest and the largest Indian composite Insurance Company. We wish it every success.

Metropolitan Insurance Company, Ltd., Calcutta.

THE wonderfully striking progress that the Metropolitan Insurance Company has recorded will be evident if it is remembered that this Institution is only 23 years old but has completed a new business of Rs. 8,76,69,750 during the year 1953. By completing such a large volume of business, it occupies a conspicuous position among the first six companies out of about 200 Companies established in India. It is all the more gratifying to note that the Institution has been able to maintain such a record at a renewal expense ratio of only 14.91 % which is less by .18 % to the previous year's expense ratio.

The business in force including the bonuses at the end of 1953 amounted to Rs. 27,22,87,672 and Life Assurance Fund stood at Rs. 4,69,07,763 as against Rs. 3,81,05,612 of the previous year.

Claims: Prompt payment of claims is a service worthy of mention. Claims to the value of Rs. 18,88,578 were paid during 1953 and the outstanding claims as at 31st December, 1953 amounted to Rs. 9,58,641.

An average interest of 3.78 % has been earned out of investment. The Life Assurance Fund stands invested in Government and approved securities, loans on company's policies, Mortgages, House properties, etc., in a judicious manner so that the policyholders will have always ample security.

The Directors, the Managing Director, and the Secretary of the Institution deserve well-earned praise for their splendid administration and we wish it every success.

Sterling General Insurance Company, Ltd., New Delhi.

THE progress of this young institution is well maintained and particularly in South India its popularity is second to none. Its Deputy General Manager Mr. K. S. Ramamurthi, who is in charge of the Company's organisation in South India, has done exceptionally good work. Few in his position could think of any such results. He has been successfull not only in finding out suitable candidates to represent the Company in the different districts, but also in securing a substantial business through them almost from the date of their appointment. His driving force, his capacity to infuse confidence in the fieldmen, his timely encouragement to deserving candidates and his tact and skill in all matters of business have proved beneficial to emprove the turnover every year.

In 1953, the new life business completed was over Rs. 66·41 lakhs and the premium income amounted to nearly 13·4 lakhs. The Life Fund increased by Rs. 7·9 lakhs and stood at 39·6 lakhs at the end of the year. The renewal expense ratio has gone down when compared with the ratio for the year 1952.

The valuation for the triennium ended

31st December, 1953, resulted in a surplus of Rs. 1,76,395 and the directors declared a bonus at Rs. 5 per thousand per annum on Endowment policies and Rs. 7/- per thousand per annum on whole life policies. The valuation has proved the financial soundness of the Institution.

In the General Department, the gross premium income has increased by 37·9 % In 1952 it was only Rs. 28,75 565 but in 1953 it increased to Rs. 39,66,893. The net premium increased by 40·7 %, i. e. from Rs. 15,62,052 to Rs. 21,98,336. The reserve for unexpired risks increased from Rs. 4,90,695 in 1952 to Rs. 7,29,936 in 1953. There has been a substantial reduction in the expenses incurred and the ratio was only 41·3 % as against 46·7 % in 1952 The transactions of the General Department resulted in a net profit of Rs. 69,752 The Company has provided for depreciation, bad and doubtful debts, etc., adequately.

The Management deserves congratulations for the Institution's progress and financial stability and we wish it every success.

Sahyadri Insurance Company, Ltd., Nasik.

SOME of the well-known financiers and businessmen are on the directorate of this economically managed Institution. Dr. Punjabrao S. Deshmukh, M.A., D. Phil., Bar-at-law M. P., was the Chairman of the Company till 18-7-1953 Now, Shri S.K. Patil, M. P., Bombay, is the Chairman. Shri G. G. Soundankar, B. A., the Managing Director and Shri W. K. Joshi, B.A, Finance Manager, are the leading spirit of this Institution that guides its destinies in the right lines.

It is evident from the Annual Report of the Directors for the year ended 1953, that the management has made strenuous efforts for recovery of the Company's dues under mortgages of immoveable properties and also for recovery of amounts due from some of the field workers who were in default. This is indicative of the management's scrupulous and systematic work and their anxiety to safeguard the interests of the policyholders.

In 1953, the company issued 1767 policies for a total sum assured of Rs. 31,68,750. The total premium income amounted to Rs. 8,54,966. The management expenses absorbed 20·9 % of the renewal premiums, calculated under rule 17D of the Insurance Rules. The gross interest, dividends and rents amounted to Rs. 1,42,196. The rate of interest earned on the mean life fund was 3·7 %.

It is gratifying to note that the Life Assurance Fund increased during 1953 by Rs. 5,05,220 and stood at the end of the year at Rs. 35,88,549. Out of this, investments in Government of India Securities, State Loans, and Indian Municipal Securities alone amounted to Rs. 20,92,177. On Mortgage of property in India a sum of Rs. 10,66,304 is invested. About Rs. 3·5 lakhs comprise loans on policies. Thus, the Company's funds are invested with due care, so that they may serve as good security to the policyholders.

The Company's management is in good hands and the policyholders can expect confidently good service always. We wish the Institution every success.

Andhra Insurance Company, Limited, Masulipatam.

THE Andhra Insurance Company, Ltd., is one fortunate enough to have as its General Manager and Actuary Mr. D. Subramaniam, M.A., F.S.S., F.I.A., A.S.A., whose sense of responsibility out-weighs all other considerations. Though he himself happens to be the General Manager of the Institution, when he conducted the valuation of the Company as at 31st December, 1953, and submitted his report on the progress made, he has acquitted himself very creditably indeed. For the moment, he has entirely forgotten himself as the General Manager and has assumed the role of only an independent Actuary, which we seldom see anywhere else. In reporting about the business progress of the Company, Mr. Subramaniam has furnished details of figures regarding new business written and the business in force for every valuation period since 1929 and has remarked "These figures show a small increase in the business in force. The annual increase in the figures indicates the persistence of lapses, a tendency already noted in the last Valuation." We have no doubt that if every Company is fortunate enough to have as its Manager, a gentleman as Mr. D. Subramaniam, to realise the lapses in his administration, Indian Insurance as a whole will be all the better If only all the members who take out the policies continue to keep them in force by regular payment of the premiums, they would stand to benefit a great deal under the fostering care of the conscientious management. Unfortunately, in our Country the importance of Life Assurance is not so much realised and heavy lapses are the bane of Indian Insurance. The result of such heavy lapses is an increase in the expense ratio. With all these handicaps, of course common to all Insurance Companies transacting business in our Country, if the Andhra Insurance Company holds a high position among leading Insurers, it is entirely due to the management's able handling of all matters.

The Valuation was made on 3 % interest basis. "Oriental" (25-35) Ultimate table was used. A provision for expenses at the rate of 20 % of office premiums on with profit policies and 16 % of office premiums on without profit policies was made.

The valuation disclosed a surplus of Rs. 14,52,893. A Reversionary Bonus at the rate of Rs 12/- per thousand per annum on all with profit policies has been declared.

It is a great credit to the Management that these results were possible even after creating an Investment Reserve amounting to over Rs. 9 lakhs and special reserves to the extent of Rs. 8.75 lakhs. We wish the Institution every success.

Jupiter General Insurance Company, Limited.

A well-known composite Insurance Company, the Jupiter General, is now run efficiently by Dewan Bahadur R. Varadachari, as the Administrator appointed by the Government of India. His report on the accounts of the Company for the year, 1953 reveals satisfactory progress in spite of the fact that the Institution had to face a peculiar situation when the Government of India took out proceedings against its Office bearers a few years ago. Dewan Bahadur Varadachari has to a great extent succeeded in restoring the lost ground and his efforts in this direction are commendable indeed.

During 1953, a new business of Rs. 1,06,60,000 was completed in the Life Department. The renewal expense ratio works out to 18.3%. The Life Assurance Fund increased by Rs. 15,91,450 and stood at Rs. 2,07,46,106. On the mean Life Fund a net yield of 3.1% was earned during the year.

General Department: The net premium in the Fire, Marine, and Miscellaneous departments amounted to Rs. 15,41,959. Rs. 4,80,141 and Rs. 15,85,798 respectively. The profits in the Fire and Marine departments amounted to Rs. 2,78,122 and Rs. 97,946 respectively. The Miscellaneous department transactions have resulted in a loss of Rs 1,18,864. The reserves of these departments are noted below:

Fire Department	Rs. 8,25,000	- 53.5%
Marine ,,	,, 7,25,000	- 151%
Miscellaneous	,, 8,00,000	- 50.4%

The total assets of the Company as on 31st December, 1953 amounted to Rs. 3,50,53,478 which stand distributed in the following channels:—

Government Securities Rs. 1,57,00,507; Municipal and Improvement trust bonds Rs. 28,40,608; Shares and debentures Rs. 36,57,861; Policy loans Rs. 22,89,621; loans on mortgages Rs. 13,41,630; Buildings and land Rs. 24,50,974; Cash and Bank balances Rs. 22,25,560; Other assets Rs. 45,46,717.

The Company's position has very much improved since it has been entrusted to the Administrator and we wish it every success.

Bharat Insurance Company, Limited, Delhi.

THE achievements of the Bharat Insurance Company, Limited, Delhi, in the recent years have been commendable The Management headed by Mr. K. L. Gupta, M.A., B.SC., A.C.I.I., F.I.A., F.F.A, is working steadily and unceasingly with the sole aim of offering the insuring public not only maximum benefits at minimum cost, but also maximum security.

In 1953, the Company isssued policies assuring in aggregate a sum of Rs. 4 crores and 42.62 lakhs. The total number of policies in force as at the close of the year amounted to 97,058 assuring with bonus additions the sum of Rs. 23,24,86,215. The total income amounted to Rs. 1,25,54,147 out of which Rs. 1,04,42,578 were derived from premiums. A sum of Rs. 42,74,966 has been added to the Life Assurance Fund after meeting all expenses The Life Fund that stood at Rs. 5,83,37,269 at the beginning of the year increased to Rs 6,26,12,235 at the end of the year.

The Expense Ratio for 1953 worked out at 16.16 % according to the formula laid down by Rule 25 (b) of the Insurance Rules.

Claims amounted to Rs 41,54,414 during the year, Rs. 11,55,924 by death and Rs. 29,98,490 by maturity.

The Company earned an average rate of interest of 3·54 % after deduction of income-tax at source.

Established in 1896, the Bharat Insurance Company, Limited, is one of the senior Life Offices of our Country and its popularity extends throughout the length and breadth of India. Almost since the date the Company came under the control of Seth Ramkishen Dalmia, its Chairman, it has developed greatly. Mr. K. L. Gupta, its General Manager, is both a practical administrator and an outstanding Actuary and he has seen to it that the Institution's financial position is maintained quite satisfactorily. With well organised Branches and Chief Agencies in all important centres, the Institution is progressing well and we wish it every success.

Central Mutual Life Insurance Co., Ltd., Bombay.

THIS is a Mutual Institution started in 1944. One of the major handicaps for Mutual Institutions to organise effectively, fight competition and do business on a large scale is the want of capital. Despite the absence of such an important resource, the Central Mutual has fared well. The Management has from the beginning exercised great caution in doing business at low cost. The Renewal expense ratio comes to only 13·6 % and the overall expense ratio works out to only 21·6 % in 1953. The Institution issued policies of the value of Rs. 5,03,750. The income for 1953 amounted to Rs. 1,81,221.

A sum of Rs 1,39,008 was added to the Life Assurance Fund. It stood at Rs. 6,70,062 at the beginning of 1953. At the end of the year the Fund rose up to Rs. 8,09,071. A net interest of 4·04 % on the mean average of the Life Fund was earned.

Claims: Claims to the extent of Rs. 18,165 were paid during 1953. The net outstanding claims amounted to only Rs. 3006/-.

The Second valuation of the Company was made by Messrs. G. S. Diwan and G. S. Priolkar as at 31-12-1952. A surplus of Rs. 51,192 was disclosed out of which a reversionary bonus at the rate of Rs. 7/- and Rs. 9/- per year per thousand on Endowment and Whole Life policies respectively was recommended.

These results are creditable and the Management deserves warm tributes. We wish the Institution every success.

Crescent Insurance Company, Limited, Bombay.

ESTABLISHED in 1919, the Crescent Insurance Company, Limited, has a paid-up capital of Rs. 10,92,186. The Board of Directors consists of Her Highness Rani Hemant Kunwar, Shri Mukund Gir, Shri Chandrabhan Gir, Shri Ghanasham Giri, Shri A. C. Patel, Shri R. S. Rangnekar and Shri Hiranand Giri.

The Thirty-third Ordinary General Meeting of the Shareholders was held on the 19th October, 1954 under the chairmanship of Mr. A. C. Patel when the Directors of the Company presented their Annual Report and audited Revenue Account and Balance-Sheet for the year ended 31st December, 1953. The Company during the year completed a new business of Rs. 16,58,500. The total gross premium received direct in India amounted to Rs. 4,74,121 and that received from outside India amounted to Rs. 12,212. Claims by death amounted to Rs. 48,167 and claims by maturity totalled Rs. 58,449, during the year. The Life Assurance Fund increased by Rs. 3,06,025 and stood at the end of the year at Rs. 8,81,710.

The total Assets of the Company amounted to Rs. 26,21,805 on 31st December, 1953. Some of the important items of the Assets are as follows:—

	Rs.
Loans on Policies	2,62,898
Government Securities	8,00,272
House Property	11,02,405
Preference shares of Companies	2,12,500
Cash on current account and in hand	74,123

The balance represents agency balances, outstanding premiums, interest, sundry debtors, furniture, etc.

Thus, the Directors have invested the major portion of the company's funds in Government securities, house properties, company's policies and preference shares of Companies.

We wish the Company every success.

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

THE Bombay Co-operative Insurance Society, Ltd., Bombay, continues to progress on sound lines. It is now twenty four years since the Society was established and during this period its membership has grown steadily from year to year. At the end of the year 1953, there were 33,022 members on its roles and the business in force amounted to Rs. 5,06,21,267. Twenty Co-operative Societies are also members under Byelaw 10(3).

During 1953 the Society issued 6208 policies assuring a sum of Rs. 86,75,650. Premiums amounted to Rs. 25,67,961. Interest, dividends, rents, etc., amounted to Rs. 5,57,727. The aggregate income was Rs. 31,31,696 showing an increase of Rs. 3,05,038 over the previous year.

The Renewal Expense ratio was only 13·17 % though the limit upto which the Society can incur expenses according to Insurance Rules is 17 %.

A substantial sum of Rs. 16,24,953 has been added to the Life Assurance Fund during 1953 and the Fund stood at Rs. 1,33,34,593.

The nett interest rate earned by the Society on its investments during 1953 shows an increase of .37% when compared with the yield for 1952. A large portion of the funds is invested only in Government and approved securities and yet the nett yield has been 4·38%.

Claims amounting to Rs. 6,73,455 arose during 1953 out of which claims by maturity were Rs. 4,63,375 and claims by death were Rs. 2,10,080. The Society maintains a good record for prompt settlement of claims.

We congratulate the Directors and Mr. G. H. Thakore, M.A., Manager and Secretary of the Society for the prudent and careful way in which they run the Institution on co-operative basis. We wish the Institution every success.

Hyderabad United Insurance Company, Limited.

In age, this Institution is very young. It is only six years since the Company was registered and even after registration, it had to wait for another three years to commence business. Thus, the 1953 accounts of the Institution represent progress of only the third year. Yet, its progress is striking.

1953 has been a year of progress all round. The net premium amounted to Rs. 2,88,339 and the net claims Rs. 84,594. The Claims experience is favourable. Only 29.5% in the Fire department, 23.5% in the Miscellaneous department and 42.6% in the Marine Department. The gross profit for the year amounted to Rs. 92,076. This enabled the Company to wipe out all previous losses and strengthen its reserves by Rs. 30,000 besides increasing the investments by Rs. 50,000 The net profit amounted to Rs. 8,976. The investment reserve now stands at Rs. 1,38,896, and the total reserves exceeded Rs. 2,76,000. From this, it is evident that the Management has been very particular to build up substantial reserves.

It is further gratifying to note that the Company has recorded such a good progress despite its confining the operation cost well within the statutory expense ratio fixed by the Insurance Act. Really the management deserves to be congratulated as quite a lot of Companies of many years standing could not manage within the limits set by the Insurance Act and Rules. Sound, conservative and stringent underwriting policy pursued by Management has enabled it to record substantial progress and we congratulate Shri L. N. Gupta, I.A.S., Chairman and Shri H. D. Mehta, the General Manager, for such excellent results.

United India Life Assurance Co., Ltd., Madras.

Established in 1906, with great ideals before it, the United India Life Assurance Company, Ltd., has amply justified its existence by its remarkable records and results. In South India, for more than a quarter of a century it was the only Institution in the life assurance business, worthy of mention. From the date of its establishment the Institution was fortunate to possess a team of directors whose main concern was not to run it as a commercial enterprise for profit making, but to run it as a service to the public. Indeed it has played a noble part.

The Directors' Report of the Company's progress as at 31st December, 1953, describes concisely the achievements of the Institution, which are all the more gratifying.

The total assurances in force amounted to Rs. 26,96,57,855. The total Annuities in force amounted to Rs. 1,58,281. As against Rs. 7,40,81,533 at the beginning of the year, the Policyholders' Trust Fund increased to Rs. 8,03,78,135. Since the date of establishment, the Company has paid by way of claims Rs. 3,43,07,415.

During 1953, 17,019 proposals were received for assurance amounting to Rs. 4,62,09,718. Out of these and also the proposals pending at the beginning of the year, 13,266 new policies amounting to Rs. 3,79,25,695 were issued during the year. The total revenue from premiums, interest and other fees amounted to Rs. 1,48,69,406.

2,484 claims for Rs. 40,00,256 were received during 1953. Out of this, 510 claims arose by death for Rs. 10,11,490 and 1974 claims arose by maturity for Rs. 29,88,766. Of these, claims to the extent of Rs. 31,72,822 were paid during the year itself. Further, claims to the extent of Rs. 7,04,451 relating to the previous years, were also paid

We should be proud of an Institution, established in South India, whose reputation for soundness and integrity has contributed a great deal to create in the public a feeling of confidence and trust in Indian Insurance. We wish it every success.

United India Fire and General Insurance Co., Ltd.,

The late Mr. M. Ct. M. Chidambaram Chettyar, reputed Banker and Industrialist of South India, established the United India Fire and General Insurance Company, Limited, in 1937, and Mr. N. Rama Rao, B.A., B.L., is managing the Institution from its inception. A few years back Mr. M. D. Smart, who can claim considerable experience in General Insurance Business has joined the Company as the Deputy General Manager. Administered by such veterans in the field of General Insurance, the Institution holds an enviable record for prompt service and liberal policy conditions.

The financial position on 31st December, 1953, was as under :

		Rs.
Capital paid-up	...	9,99,997
Fire Insurance Fund	...	4,50,883
Miscellaneous Insurance Fund	..	1,59,844
Marine Insurance Fund	...	10,97,151
General Reserve	...	2,00,000
Dividend Reserve	...	55,000
Profit and Loss Appropriation Account		78,095
Total	...	30,40,973

The Directors recommended payment of a dividend to shareholders of 6 annas per share free of Income tax.

In 1953, transactions in all departments have been quite satisfactory. In the Fire Department the gross premiums written amounted to Rs. 20,87,438 and the net premiums Rs. 9,01,767. The Miscellaneous department gross and net premiums written were Rs. 7,04,447 and Rs. 3,19,688. In the Marine Department, the gross premiums were Rs. 16,99,382 and the net premiums amounted to Rs. 10,97,151. While the Marine department showed a loss, the Fire and Miscellaneous departments transactions resulted in substantial profits.

We must be proud of Institutions like that of the United India Fire and General Insurance Company, Ltd., established in the Madras Presidency as the Province was once lagging behind some twenty years back. We wish the Institution every success.

Empire of India Life Assurance Co., Ltd., Bombay.

THE enviable position that the Empire of India Life Assurance Company, Limited, occupied in Indian Insurance by virtue of its good features—excellent financial position, efficient management, low premium rates, liberal policy conditions, prompt settlement of claims—requires no emphasis. But, the criminal proceedings started by the State of Bombay against certain former Directors and Officers of the Company, a few years back, created in the minds of present and prospective policyholders some unfounded fears about the security of their interests. The prompt action taken by the Central Government Insurance Department to manage the Institution efficiently by appointing Dewan Bahadur R. Varadachari as the Administrator, improved the situation greatly. The Company's sound financial position and the Administrator's able handling of all affairs have now set at rest all rumours and the Institution has once again begun to function normally. An indication that public cofidence has been regained is the new business index.

During 1953, the Company received 14,858 proposals for assurance amounting to Rs. 4,24,86,250. Of these, 11,489 proposals resulted in policies assuring Rs. 3,22,06,250. The total number of policies in force as at 31st December, 1953 was 1,37,791 assuring a sum of Rs. 29,22,04,030 inclusive of Bonus. The total number of Annuity Policies in force was 40 with an annual payment of Rs. 60,960.

The Administrator has managed the Institution not only efficiently but also at far as possible economically. If the troubled conditions prevailed are borne in mind, the present management must be complimented for the over all expense ratio of 28·55 % and the Renewal Expense Ratio of 19·8 %,

Claims: The claims by death during the year amounted to Rs. 18,08,941. The ratio of actual claims by death to those expected on the mortality basis used in the last valuation works out to 44·73 % on the basis of policies and 51·73 % on the basis of sums assured. The Company maintains its name for prompt payment of claims.

The income for 1953 amounted to Rs. 1,46,87,691, of which Rs. 1,17,10 318 was derived from premiums. The excess of income over out go was Rs. 36,84,016.

The Life Assurance Fund at the end of the year amounted to Rs. 10,14,75,202 and the rate of interest earned on the funds is 3·03 % net.

Our congratulations to the Administrator, Dewan Bahadur R. Varadachari for his tactful handling of the situation and putting the Company in a state of satisfactory progress.

New Asiatic Insurance Company, Ltd., New Delhi

ONLY two decades ago this Institution was established but almost since the date of its establishment the Company enjoys public confidence in an aboundant measure. The reason is not far to seek. It is one of the concerns of the well-known Indian Industrialists, the Birlas. The Institution commands a paid-up capital of Rs. 20 lakhs and it transacts all kinds of insurance business. Each one of the departments is efficiently handled and managed well. It has Branch Offices, Sub - Offices, and Inspectorate Offices all throughout India and it has established Offices even overseas. In British East Africa, Canada, Ceylon, Mauritius, Rangoon, Trinidad and London, the Company maintains offices. Shri A. L. Dutta, M.SC., B.L., is the General Manager (Life). Shri B.K. Setalvad is in charge of Bombay Division as General Manager (General) and at Calcutta, Shri M. L. Khatri is the Manager (General).

In the Life Department, during 1953 a business of Rs 3,09,84,215 was completed. Premium income was Rs. 79,56,045. The Life Fund increased by Rs. 59,07,203 and stood at Rs. 3,53,52,631. A net rate of 3·82 % was earned on the Mean Life Fund.

General Department: Fire net premium amounted to Rs. 22,23,814. Marine, and Miscellaneous net premiums were Rs. 7,85,958 and Rs. 20,91,805 respectively. While the Fire and Marine departments left substantial profits, the Miscellaneous department transactions showed a loss after providing reserves for unexpired risks.

The General department total reserves amounted to Rs. 20,40,628 made up of Fire-Rs. 8,89,525; Marine Rs. 3,14,383 and Miscellaneous Rs. 8,36,720. Other Reserves such as Investment Reserves, General Reserve, Exchange Reserve, etc., amounted to Rs. 16,99,635.

The Shareholders were paid a dividend at As. 6 per share i.e. 7½ % on the paid-up capital for the year 1953.

It is a great credit to the gentlemen who are at the helm of affairs of the Institution that it is so well managed. We wish the Company every success.

Popular Insurance Company, Ltd., Mangalore.

AN increase of Rs. 1,49,750 in the new business completed during the year 1953 was registered over the previous year's record. The company issued 1,277 policies assuring in aggregate a sum of Rs. 31,86,250.

Improvement is noticeable in the matter of premium income and other receipts, interest earned on investments, and expenses incurred. Premiums and other receipts amounted to Rs. 8,35,617 as compared with Rs. 8,01,836 in 1952. The net interest earned on the mean Life Assurance Fund worked to 3·52% as compared with 3·47 % in 1952. The renewal expense ratio calculated as per rule 25 (b) was 17·6% as against 17·7 % in the previous year.

The company's mortality experience is very favourable. Mr. D. Sesha Iyer, M.A., F.I.A. Actuary, made an investigation in to the mortality trends when he valued the assets and liabilities as on 31 Dec. 1951 and observed that the ratio of the actual death claims to that expected as per the Oriental's (1925-35) ultimate table was only 75%. This is an evidence to conclude that the principles adopted by the Management in selecting lives for assurance are sound and to the advantage of the Institution's interest. During 1953 claims by death amounted to Rs. 36,921. Also, policies assuring Rs. 63,870 matured for payment. The Company bestows equal attention to the settlement of claims. At the close of the year, 1953, only claims to the extent of Rs. 31,935 remained outstanding for want of proper legal discharge.

The last valuation made as at 31st December, 1951, established the Company's sound financial position. The liabilities under the policies amounted to only Rs. 22,00,649 whereas the Life Assurance Fund of Rs. 22,70,096 left a margin of Rs. 69,447. A Bonus of Rs. 4/- per 1000 per annum sum assured was declared.

Mr. B. Vittal Rao, Managing Director, deserves congratulations for his able management. We wish the Company every success.

mention and his efforts reflect the sound progress of the Society. A valuation made as at 31st December, 1953, disclosed substantial surplus and the directors have declared a Bonus of Rs. 15 per Rs. 1000 per annum for whole Life Policies and Rs. 12/- per 1000 per annum for Endowment Policies.

In 1953, the Society completed a new business of Rs. 76,81,401 which shows an increase of more than Rs. 4 lakhs over the previous year's record. The Society is gradually extending its organisation in other States also and its volume of business will improve further in the future years.

This Life Assurance Fund which stood at Rs. 1,07,45,050 at the end of 1952, stood increased to Rs. 1,24,87,009 at the end of 1953. This addition constitutes more than 85 % of the renewal premium income for the year. The Society has earned a rate of 4.276% interest on its investments despite the fact that the bulk of the assets remains invested in Government and approved securities and in co-operative house mortgage banks. Indeed, this is a creditable feature in the working of the Society.

With a good management and with the co-operation of the Officers of the Co-operative Department in Madras and other States, Co-operative Institutions and eminent co-operators, the Society is bound to grow from strength to strength. We wish the Institution every success.

News

The Canara Mutual Assurance Co., Ltd.

Dr. A. V. Baliga, F. R. C. S. (Eng.), Bombay has recently joined the Board of Directors of the Canara Mutual Assurance Co., Ltd.

Mr. V. C. Setalvad at Delhi

Mr. V. C. SETALVAD, B. A., LL. B., Managing Director, Industrial & Prudential Assurance Company Ltd., paid a visit to New Delhi Branch Office on 12—11—54 and he was accorded a reception by the Branch Manager of Delhi Branch, Syt. K. C. Kaifi, at Wengers' Restaurant, New Delhi. The function which was held in his honour was attended by the Field workers, Members of Staff and Medical Examiners.

Addressing the gathering Mr. Setalvad appreciated the work of Delhi Branch and also spoke about the company's progress in business. He also declared amidst cheers that the plots for the construction of company's building in the Capital have been purchased in Delhi Ajmeri Gate Extension, New Delhi.

All India Insurance Field Workers Association.

The Members of the Council of the All India Insurance Field Workers Association met Sri S. C. Roy, Sri B. B. Dotto, Sri S. C. Chatterjee, Members, Executive Committee of the Life Insurance Council and Sri S. D. Srinivasan, Sri D. Das Gupta, Members, Executive Committee of the General Insurance Council at a COFFEE PARTY on Saturday, the 6th November, 1954 at the India Coffee House Annexe, 5, Chittarantan Avenue, Calcutta. In welcoming the guests, Sri Sukumar Chatterjee, President of the Association appealed to them to do their utmost to ameliorate the economic condition of Agents and restore their commission terms to what they were before 1938. In this connection, he referred to the periodic cuts in commission rates by Legislators, Code of Conduct and Company Managements, which, in his opinion had created a sense of frustration amongst Agents. In concluding, Sri Chatterjee said that Insurance Agents as the pillars of Indian Insurance, everyone who has the good of insurance at heart, should see that the Agents were shown sympathetic and square deal so that Indian Insurance might make still greater progress.

Sri S. C. Roy in a suitable reply, assured Sri Chatterjee that he would advise the Government as a member of the Executive Committee of the Life Insurance Council to consider the feasibility of reviewing the provisions of the Code of Conduct relating to Insurance Field Workers.

U. P. Insurance Field workers Association

The members of the U. P. Insurance Field workers Association met at an emergent meeting on 22—11—54 and discussed various problems affecting their interests. The meeting urged upon the Central Government to amend the insurance act in a manner that agents could nominate a person to receive their hereditory commission in the event of their death. This commission in the Insurance Act, the meeting pointed out in a resolution, was detrimental to the interests of insurance workers throughout the country

The meeting crticised the proposed staff assurance scheme for employees of the Reserve Bank of India. In a resolution the Association said that the tendency of certain life offices in issuing group and staff insurance schemes was likely to injure the interests of iusurance agents and suggested that the schemes should be adopted in such a manner that the working agents did not suffer in regard to agency commission. The resolution also urged upon the Government to interfere with any scheme which was not beneficial to the field workers.

The meeting discussed the existence of dummy agencies and inspectors in the insurance world which was causing great handicap to the genuine full-time workers who have taken insurance as a career.

The meeting passed a resolution saying that written representations should be sent to various heads of departments of U. P. Government drawtng their attention to the existence of a large number of dummy agencies held by various officers. The resolution said that this practice was not only against the interests of insurance workers but was also against fair supervision and administration of the departments themselves.

Mr. B. B. Dotto.

Mr. B. B. Dotto, Secretary and Chief Medical Officer, Police Co-operative Life Insurance Society, Ltd., Calcutta and consulting Medical Adviser to several Life Assurance Compaies and Provident Insurance Societies, has been recently elected to the Executive Commtitee, Life Insurance Council, Government of India from higher premium income group of Life Insurance Companies from Calcutta region comprising West Bengal, Bihar, Orissa and Assam. Mr. Dotto deserves amply the confidence reposed in him and we are sure his presence in the Life Insurance Council will serve the best interests of the Insurers. Our congratulations to Mr. Dotto.

The United India Life Assurance Co. Ltd

Chairman Mr. N. Rama Rao's Tour

Mr. N. Rama Rao, Chairman, "United India" and Mr. M. Ct. Muthiah, Director, "United India" accompanied by Mr. H. Balarama Rao paid a visit to the Nagpur Branch of the Company the 21st and 22nd of Nov. During their brief stay they had a busy time.

On Sunday the 21st Nov, 54 at a neat and nice function got up in their honour they met at tea the agents and field officials. The local branch manager Mr. A. S. Narayanan introducing the distinguished visitors said that they had undertaken their tour to the North Indian branches with a view to getting personally acquainted with the workers and their problems and difficulties. Mr. N. Rama Rao, Chairman exhorted them to put their best efforts so that the company's aim of rapid expansion of insurance service to the public may be realised

Mr. M. Ct. Muthiah, Director then distributed the first and the second prizes to the winning agents in the Diwali-Dusserah competition for the agents viz Mrs. Nalini Bojhawar of Chanda and Mrs. Manorama Gundawar of Wardha. While congratulating the lady agents in winning both the prizes he hoped that in future competitions, the men-agents would knock off their share of prizes.

Shri Brijlal Biyani, Finance minister, Madhya Pradesh, unveiled the portrait of the late Mr. M. Ct. M. Chidambaram Chettyar,- who was a victim in Singapore air crash - before a distinguished audience of officials and non-officials at the Nagpur office of the Company. He paid a warm tribute to the qualities of head and heart of the late Chettyar, who had impressed him with his simplicity even though he was a successful and well-to-do businessman, controlling big business enterprises like insurance companies and banks.

They attended a dinner got up in their honour by the local Branch Manager Mr. A. S. Narayanan, which was attended by many prominent officials and nonofficials.

On Monday the distinguished visitors had lunch with the Governor of M. P. Dr. Pattabhi Sitaramayya and left in the evening for Madras.

Shri S. D. Srinivasan, M A. F.I.A.

Shri S. D. Srinivasan M. A., F. I. A. (London) General Manager, National Insurance Co. Ltd., Calcutta presided over the conference of field-workers of the Company at Kanpur on 21st iestant during his resent tour programme.

Shri S. N. Puri, Branch Secretary, Kanpur gave a brief account of the beneficial results produced in the minds of the public following the adoption of the decentralisation scheme by the Company. Prominent journalists, business magnates, industrialists and grandees of the city attended the luncheon in honour of the visit of Shri S. D. Srinivasan.

Shri S. N. Puri, Branch Secretary, Shri P. V. Krishnamoorty, Life Superintendent, and Ram Jatan Ram, Fire Superintendent were all attention to the guests.

Tea Party to Shri H. N. Ashar J. P.

A pleasant function was arrnnged by Shri P. U. Patel of Asian, R. C. Godiawala of Deepak, Chandrashaker Dwivodi of Viswabharati, Bhaichand Mehta of Neptune and Ashok Kaji of Vasant, to felicitate Shri H. N. Ashar - Managing Director of the Digvijay insurance Co. Ltd. on his recent election to the Executive Committee of the Life Insurance Council. on the 4th October, 1954. His Workship Shri Dahyabhai Patel the Mayor of Bombay graced the occasion with his presence. An address enclosed in a beautiful silver frame was presented to Shri Ashar by the Mayor of Bombay.

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