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THE INDIAN POLICY-HOLDER

ANNUAL 1955

How far the striking increases in the New Life Assurance Business secured, benefitted Indian Life Assurance Companies?

NEW BUSINESS IN LAKHS OF RUPEES

Name of the Company	1951	1952	1953	1954
1. Oriental	2222	2122	2340	4776
2. New India	1669	1804	1991	4342
3. National	963	1007	1209	1818
4. Metropolitan	752	805	877	1027
5. Bombay Mutual	423	433	441	684
6. Lakshmi Insurance	428	343	351	565
7. United India Life	358	382	379	530
8. Bombay Life	405	486	489	531
9. Industrial & Prudential	231	254	300	460
10. New Asiatic	310	280	310	427
11. Western India	269	269	276	406
12. Empire of India	302	281	322	384
13. National Indian	284	240	258	330
14. Ruby General	259	249	264	342
15. General Assurance	189	203	221	311
16. Asian Assurance	194	202	203	269
17. Jayabharat	77	77	85	140
18. Prithvi	115	112	114	133
19. Universal	82	84	82	133
20. Indian Mutual	76	98	102	120
21. Calcutta Insurance	103	80	84	117
22. New Great	67	78	73	115
23. Bombay Co-op.,	65	82	87	110
24. Aryasthan Insurance	85	86	100	105
25. Indian Mercantile	76	69	76	105
Total	100,04	101,26	110,34	182,80

THE unprecedented and striking increase in the new business secured by the Insurance Companies in the recent years and particularly in the year 1954, as widely advertised, may appear to the casual observer that the impressive figures represent a good progress of the companies concerned. A large number of Companies reported that the increase was cent per cent in 1954 and that it was very substantial in the years immediately preceded. But, the Annual Accounts of the Companies, a majority of which we have now received, reveal a sense of disappointment at the poor progress made. We have given above the figures of the new business secured by twentyfive companies for the years 1951, 1952, 1953 and 1954. The figures relating to the renewal premiums received by them during each of the years and the corresponding increases in the renewal premium income are given below.

Name of the Co.,	RENEWAL PREMIUMS RECEIVED (*in Thousands of Rupees*)				INCREASE IN RENEWAL PREMIUMS OVER THE PREVIOUS YEAR (*in Thousands of Rupees*)		
	1951	1952	1953	1954	1952	1953	1954
Oriental	78206	81244	83770	86123	3038	2526	2353
New India	36170	33766	38253	39837	3596	4487	1584
National	16709	18403	20482	22659	1694	2079	2177
Metropolitan	8210	9319	10662	12219	1109	1343	1557
Bombay Mutual	17082	17578	18273	18993	496	695	790
Lakshmi Insurance	8772	9543	9347	9561	771	-196*	214
United India Life	9216	9649	10144	11349	433	495	1205
Bombay Life	8964	9540	10619	10691	576	1079	72
Industrial	8114	9050	9170	9305	936	120	135
New Asiatic	5876	6108	6623	6885	232	515	262
Western India	7332	7662	8135	8614	330	473	479
Empire of India	10603	10394	10179	10298	209	-215*	119
National Indian	5262	5585	5867	5909	323	282	42
Ruby General	4541	4632	4764	4911	91	132	147
General	6188	6316	6182	5819	128	-134*	-363*
Asian Assurance	4847	5029	5155	5102	182	126	-53*
Jayabbarat	896	1001	1109	1240	105	108	131
Prithvi	1292	1517	1651	2096	222	134	445
Universal	1615	1842	1867	1967	227	25	100
Indian Mutual	1675	1765	1869	2085	90	104	216
Calcutta Insurance	1900	1955	2035	2042	55	80	7
New Great	1113	1342	1397	1542	229	55	145
Bombay Co-op.	1832	1940	2087	2339	108	147	252
Aryasthan	990	1029	1060	1181	39	31	121
Indian Mercantile	1520	1618	1690	1786	98	72	96
Total	242925	257857	272390	284553	14932	14533	12163

* *decrease*

For the purpose of giving an idea, we have taken the companies that completed a new business of over one crore of rupees during the year 1954. Three Companies, the Hindusthan Co-operative, that completed a business of Rs. 30 Crores, the Bharat Insurance Company, Rs. 6.35 Crores and the Andhra Insurance Company, Rs. 2 Crores, could not be included for want of their latest annual accounts. The figures of these twentyfive companies would amply serve our purpose as the total volume of business completed by them amount to more than 3/4th of the total business of all Indian Insurance Companies. It may be readily noted from the figures that individually and collectively all the 25 companies have done an increased volume of business from year to year. The total business done by them in the year 1951 was Rs. 100.04 crores, in 1952 it increased to Rs. 101.26 crores, in 1953 it was Rs. 110.34 crores and in 1954 it reached 182.80 crores. The total renewal premiums collected by these twenty five companies in the year 1951, 1952 1953 and 1954 were respectisvely Rs. 24.29 crores, 25.79 crores, Rs. 27.24 crores and Rs. 28.46 crores. In the ordinary course, if the new business secured by the companies were of average quality, allowing a decent margin for a certain amount of lapses, surrenders, claims by death and matured policies, the amount of increase in renewal premiums will be proportionately high. But we find the increase from year to year as Rs. 149.32 lakhs in 1952, Rs. 145.33 lakhs in 1953 and Rs. 121.63 lakhs in 1954. The rate of increase has gradually gone down in spite of the fact that the volume of fresh business done has increased, every year. The renewal premium income for 1951 was Rs. 24.29 crores and the total new business done for the three years 1951, 1952 and 1953 was Rs. 311.64 crores and if this business had been in force the renewal premium income in the year 1954 would normally be somewhere near Rs. 40 crores, but the actual Renewal premium collected in that year was only Rs. 28.46 crores. In other words, during the three years the Companies secured more than Rs. 311 crores of new business, but the increase in the renewal premium was only Rs. 4.17 crores. The increase in renewal premium represents only about Rs. 80 crores sum assured. **Particularly, the drop in the renewal premium** income is conspicuous in the year 1954. Thouh the New Business in 1953 was greater than the new business secured in 1952, the increase in the renewal premium income during 1954 is much less than the increase in 1953. Individually examined, out of the 25 Companies, only 5 or 6 companies present the picture of a natural growth. There is an increase in the Renewal Premium income which corresponds more or less with the increase in the New Business completed. Others present a dismal picture. Certain Companies have shown an increase in the renewal Premium income for 1954 that is only a fraction of the increase made in 1953. In a few cases the renewal premium income itself for 1954 is less than the Renewal Premium income for 1953, despite a good volume of new businesss completed in 1953. The situation is deplorable indeed. The rumour that was current in the beginning of 1955 that almost all companies had completed nearly double the volume of new business in 1954 as compared with the record for 1953, not by adopting the usual methods but by re-writing the same business completed in 1952 and 1953 inducing the policyholders to take advantage of the lower premium rates, was not altogether baseless. And from the severe shrinkage in the Renewal Premium income received by the companies, during 1954, the procedure said to have been adopted for securing new business in 1954, has been amply proved. It must therefore be plain now that the big volume of new business completed in 1954 is no blessing to any. On the other hand, the Companies may stand to lose in view of the fact that they have been called upon to incur the heavy initial expense a second time on the same business at lower rates of premium. The rates of premium charged by the Indian Insurance Companies were no doubt high, particularly after they were raised immediately after the World War II. Life Insurance Business to thrive better, the rates of premium should be lower, lower than what they are today, even after the reduction effected during last year. But, the rates can be reduced in a more orderly manner without so much of fuss as has been made recently and without interfering with the policies already issued.

It is only in India that we hear so much of the new business procuration, and Indian Insurance Companies seem to be satisfied if they are only able to show a New business figure that is higher than the previous year's record. They do not seem to realise that that new business, unless it is of quality, is worth not even the paper on which it is written. The popularity and financial security of an Institution is to be judged by the total amount of business in force, the Life Assurance Fund it has been able to build up and the soundness of the Investments made with a reasonable interest return, but not on the new business an Institution is able to write. The question of popularity does not arise at all in the case of an Institution whose new business, irrespective of the size of it, will be lapsing for want of the second instalment of the first year premium itself! But yet, the Companies have somehow succeeded in carrying an impression on the public by the New Business figures and therefore every company is crazy in getting merely more and more new businsss. They are not so much bothered about the huge amount of lapses occurring every year and the consequent collosal waste of money and energy involved as they are when the new business secured in a year falls a little short of the previous year's record. So long the Companies' managements suffer from this craze for new business, there is no point in blaming the fieldworkers for the poor quality of the business. One important point that is often ignored for the poor quality of business is the fact that the business is not directly canvassed by the Insurance Agent who depends on the commission for his sustenance. Agents who depend on the commission cannot afford to offer rebates and cannot also rest content by securing business that may lapse early. Such agents would pay more attention to the quality as they care for the commission of the renewals. But, most of the business, particularly business that lapse for want of the second premium, are procured through benami agents by middlemen, the Organisers or the Inspectors, who are paid on new business basis and who have no interest on the renewals. It is only such middlemen who can afford and who offer freely the first year agency commission as rebate as they do not stand to lose anything by doing so. They are satisfied if somehow they are able to complete the quota of business expected of them. Irrespective of the quality of the business they are entitled for their remuneration. All the ills that insurance business suffer from, in our country, must be attributed only to the craze for more new business on the part of the managements of Insurance Companies. In the name of competition, a great Social Service as Life Insurance, is so poorly handled. All the Rules and Regulations framed by the Government of India to improve the situation have had little effect on the business and the Insurance Companies are therefore now threatened by "Nationalisation". It is high time that the Companies are more realistic and revise their business methods for the good of all.

Developments in Life Insurance.

BY N. T. RAJU, M.A, F.C.I.I., F.I.A.,

THE last decade and a half has been of momentous importance in the history of life insurance in the Country. The fillip given by the wartime employment and incomes and the fall in the value of money to life insurance has been followed by the Five Year Plans for the economic development of the country. The increasing literacy of the masses, changing social values and the tendency to urbanisation of the population assure a promising future for the life insurance business activity to be sustained at a high level.

As a result of the various factors, the annual new business in the country has improved by over three times during the last fifteen years. The business in force as well as the annual increase in life funds has similarly gone up by nearly three times. Now it has become firmly established as a major force in the economic life of the country and as an important source of capital formation and finance for large scale industries.

The growth of the business inspite of several successive increases in premium rates since 1940 is in itself ample proof of the confidence the public have in the integrity and financial soundness of the insurance companies. It is imperative that the insurance companies should make every effort to maintain the confidence reposed in them by the public and to demonstrate in practice and repudiate by conduct the charges levelled against the management of the industry.

Code of Conduct.

The formulation of the Code of Conduct and its enforcement from 1953 and the publicity given to it through press advertisements is anything but complimentary to the insurance companies. It is an official endorsement of the presence of undesirable practices in the industry which the industry is unable to elimminate without governmental interference. If the industry is to achieve the very high standards of business conduct expected of it, it is essential that they should demonstrate in practice that a Code of Conduct is unnecessary and that they can willingly and voluntarily establish, by mutual consent among individual companies, the desired level of business etiquette.

Pressure for increase.

Another common allegation against the companies is their pressure for increase in new business with inadequate consideration for the expense involved. The high pressure sales become evident in the large proportion of policies which are terminated prematurely which result in losses both to the companies and the policyholders.

The allegation against the offices in this respect cannot be refuted in its entirety. A pressure for increase would appear to be necessary to spread the habit of life insurance among the public and spreading of the habit is of vital importance at the moment. The offices should try to make improvements in their field organisations with a view to reducing the waste in effort through high lapsation of new business. Lapses are partly due to bad salesmanship and partly due to the high rate of remuneration on first year premiums. If the agents are properly trained and if the number of agencies are restricted to qualified persons the position should improve considerably. If the agents are remunerated in such a way that something is left to them by way of a provident fund or a pension when he retires from active life, the business procured by him stands a greater chance of surviving longer on the companies books.

The Rate-Cut.

The abrupt and drastic lowering of life premium rates might have been a boon to the insuring public and an aid to greater attraction and popularity of life policies but it was certainly no creadit to the insurance companies themselves. The position of the companies has been made worse by the declaration of high bonuses by all the leading companies which happened to make valuations as at end of 1953 and later. The high premium rates charged till early 1954 and their substitution overnight by lower premiums and higher profits cannot be easily explained convincingly to any thinking policyholder. A prudent man would infer that either the companies were charging unreasonable rates of premium till 1954 or that they are being guided more by competetion than by the interests of the policyholders and his inference cannot be lightly dismissed as incorrect. The companies should have adopted a less precipitous course of action in cutting their rates. At least they should have waited for sometime to further strengthen their finances before embarking upon declarations of fancy rates of bonuses. With each step or development, the stamp of competition rather than the policyholder's interest emerges clearer and more prominent.

Uniformity in practice.

The rapid growth of the business during recent years has probably left insufficient time or necessity for the companies to effect improvements in their working in other directions. The policies issued by different offices are not identical· In fact sometimes there are fundamental differences. Also the practice of the companies regarding setlement of claims varies. If the insurance conditions and terms from beginning to end are standardised, it will definitely promote better understanding of life insurance by the layman and also it will avoid misunderstanding of the intentions of a company whose policy conditions adversely affect a claimant especially when he is also a claimant in another company whose policy conditions do not adversely affect his claim.

Actuarial Standards.

The Insurance Act already requires the life premium rates to be certified as sound and workable by an actuary and the Life Insurance Council requires revision of premium rates to be submitted to it before they can be put into effect. The suggested adoption of uniform policy conditions and claim settlement will simplify matters. If in addition, the government prescribes minimum standards each year for actuarial valuations, it should result in better financial position of more companies. The minimum standard for actuarial valuations will bring to light, sooner than under present circumstances, the unhappy position of a company and the timely warning will put on guard both the government and the public. The fear of the minimum standard for actuarial valuation itself will compel particular companies to conserve their resources and to get along cautiously.

With some such measures enforced, the insurance companies will be in a much better position to perform the great task ahead of expanding insurance business in the country which is now hardly in its infant stage. Adoption of the measures of this and similar sort may render unnecessary stricter government control over the affairs of the companies to ensure security to the policyholders and greater security to the policyholders in all companies will enhance the reputation of the insurance business a whole.

Nationalisation of Insurance

Excerpts from the Address delivered

BY SHRI B. L. JALAN, Chairman.

The General Assurance Society, Ltd.

(at the 48th Annual General Meeting held on the 20th October, 1955)

ASSOCIATED with public policy regarding ownership of industry another question is looming large in the horizon of Indian Insurance which I am afraid will dampen the atmosphere of confidence and stability generated by the great success achived by Indian Insuraance in recent years. I refer to the whispers going around about the nationalisation of insurance — a qestion now said to be under cosideration of the Government.

While I concede that no specific declaration has so far been made by the Government in this regard, yet from the tone of the various spkesmen of the Government who are indulging in loud thinking, it appears that there is something more going around than what meets the eye. The confusion and uncertainty created by this bogey of nationalisation recalls to my mind the similar situation that was created by various spokesmen of the Government regarding the Industrial Policy of the Government adumbrated in 1948. At that time also conflicting and confusing utterances served as a damper to private enterprise and it took some years before the chill in the industrial sector could be removed. I believe most sincerely that insurance is the last thing that lends itself usefully to public ownership as instances of so many other democratic countries would show. Insurance, as a business, differs fundamentally from other industrial and financial activities as is associated with direct social service where profit motive plays only but an insignificant role.

Besides, in India, since the enactment of Insurance Act of 1938, insurance companies are already working under a pattern now envisaged by the Government, and any further extension of public control to the extent of nationalisation can give satisfaction to the Government only in their doctrinaire zeal for public ownership. As you are aware, the existing Insurance Law provides for strict Government control over investment, expenses and many other things so that in a variety of matters insurers have but a restricted scope of free action. In so far as investments are cocerned, insurers invest 55 % to 60% of their funds with the Government; in so far as profits of insurance companies are concerned, hardly 6 % on the average go to the shareholders while the rest is ploughed back to the policyholders in the shape of bonus; the investments other than in Government and approved securities are strictly regulated by the Government and in every matter the corrective jurisdiction of the Controller is always there. In short, the pattern of investment, distribution of profits, extent of expenses etc. already conform to socialistic pattern to the extent not in vogue in any other country. If, however, it is the question of the utilisation of the Life Fund for the purpose of the Second Five Year Plan that serves as an inducement to them, I am afraid, things would appear less inviting than that they may seem superficially. For instance, of the total Life Funds of Indian Insurers, 55 % to 60 % is invested with the Government; Loans etc. account for say 10 % to 15 %; 10 % to 15 % accounts for stocks, shares and debentures; and even there the law forbids the holding of more than 10 % ordinary shares of any Company; the balance is invested in mortgages, properties etc. So while by their very nature insurance companies do not vest abosolute economic power to the persons constituting their management, the funds left over to them for investment beyond the statutory provisions of law are very limited so that even if the Government assume the responsibility of handling them and the investment in private sector is dried up, the sumtotal of the benefit to be accrued to the Government would be very limited indeed. I am, therefore, of the view that neither from the point of view of ensuring economic and social justice and preventing concentration of wealth in a few hands nor from the point of view of full public control over insurance funds that nationalisation would appear a wise step. On the other hand, there is reasonable apprehension, which is reinforced by recent experiences, that once the stimulus of competition is gone and the inhibition of bureaucratic red-tapism sits in control over the mechanism of insurance service, the progress of insurance is bound to suffer and to that extent the urge for national savings through the instrument of insurance impeded. Insurance is a very competitive field. At every stage personal persuasion and canvassing is necessary whether it is a matter of introducing new business or preventing lapses. Moreover, we have yet touched only the fringe of the problem. Only about 1 per cent of the population is covered by insurance in India whereas 50 % of the population is covered in the United States. The Government should, therefore, allow private companies to function competitively. In these companies scores of men specialised and experienced in the technique of management of insurance are engaged. It is difficult to understand how far it would be prudent to sacrifice their services and wise counsels when the greatest need of the country is canalising increased savings for industrial and allied development. Even in the so-called Socialist Britain, a country which is highly industrialised, nationalisation of insurance has not been thought of. I would, therefore, most earnestly request the Government to stay their hands and not to proceed headlong into the experiment. Let them examine the position fully in consultation with those in the profession who have a right to be heard in such a matter of far-reaching importance.

The Shroff Committee Recommendations

As, however, the most repeated argument for nationalisation is that life funds may be utilised for the implementation of the Second Plan, I will now recall that last year the Shroff Committee submitted its recommendations to the Government in regard to the part that might be played by Insurance Companies in providing long term industrial finance. While fully recognising the role of insurance companies in this behalf, the Committee recommended the modification of Section 27 and 27 (A) of the Insurance Act so as to enable Life Insurance companies to have greater scope to invest their funds in other than Government Securities and approved securities. It is a matter of disappointment to us that the Government could not find their way to act up to this very important recommendation. Nor have the Government been able to accept another very far-reaching recommendation of the Shroff Committee regarding the formation of a *Consortium* jointly by the Insurance Companies and Commercial Banks under the leadership of the Imperial Bank, since converted into State Bank of India, for underwriting or investing in new shares and debentures of industrial companies. Naturally enough, Insurance Companies would always welcome all possible opportunity of profitable investments of their available funds in enterprises which would help all-round improvement of the economic structure of the country. The attitude of the Government as reflected in their unwillingness to accept these two significant recommendations of an expert body indicates only an inadequate appreciation of the constructive role that Insurance companies can play in the development of the economic resources of the country.

Income-Tax

Coming to the question of Income Tax, which has now become a hardy annual for Indian insurers, I must express my disappointment that the Taxation Enquiry Commission in their report recommended but small considerations to Insurance Companies while leaving aside their major demands unattended. Except recommending larger rebate in respect of payment of Life Insurance premium from 1/6th of the total income with a ceiling of 6,000/- to 1/5th with a ceiling of Rs. 8,000/- in respect of Life Insurance, and addition of 5 % of annual net premium to reserves every year free of income tax until the reserves reach certain prescribed limits, in respect of General Insurance, the Commission did not take into consideration the general policy of taxation in regard to Insurance Companies. To my mind, the present taxation policy governing insurance companies needs a more enlightened approach and a shift of policy is urgently called for.

Intensity of Competition in 1954

Reviewing the problems of insurance organisation, the year 1954 stands out as an important mile-stone in the annals of Indian Insurance. A lively spirit of competition and conquering zeal enabled almost all the Companies to increase their new business figures. A few leading companies even succeeded in carrying their new business figures to tremendous heights. This was, of course, made possible by a general reduction of premium rates and declaration of higher bonus on the part of those companies who were out to steal a march over one another in new business race. Naturally enough, the period under review witnessed intense competition in the race for business which will long remain unprecedented in Indian Insurance both in extent and range. In the midst of such feverish competition in which sometimes competitive zeal got the better of prudence, our Society advisedly pursued a steady and cautious policy, and, I am glad to say, subsequent results have justified the wisdom of our policy, Following the reduction of rates, the introduction of Staff Insurance Schemes by a number of Companies also created some turmoil in the insurance field. It was vehemently opposed by the army of insurance agents and field staff and ultimately the Government had to decide upon its withdrawal.

While these ingenious competitive devices made their major impact in Indian insurance during the year under review, the initial confusion created by them has, however, blown over and insurance companies have now adjusted themselves to the changing pettern without impairing their solvencyand solidarity.

Advantages of Life Underwriting

BY R. L. HARRIS,

North American Life Ins. Co.
Regina, Sask.

R. L. Harris has been in the life insurance business only about one and a half years. This article is adapted from an address given by him at a regional convention in Regina. It is a sincere appreciation of life underwriting as a vocation and will be refreshing reading for both new men and old.

DURING my first weeks in the business, I couldn't help but compare it in my mind, with other vocations that I knew of. For example, the electrician or the plumber, the people we know as skilled workmen.

They start work at a low salary in the role of apprentices or understudies to exprienced men. After several years, when they have learned the job throughly and pass examinations to prove it, they rise to full pay and responsibilities as journeymen. Bear in mind though, that their salaries are subject to the whim of employers and or unions. It is up to the employer at all times to find work for them to do.

They can go into business for themselves, but at great expense. They must buy premises and extremely costly equipment.

Compare the skilled workman with the life underwriter.

For a second comparison, lets take the man whose income we all often envy, the doctor.

He spends a minimum of 5 years in school, drawing no pay. Then he becomes an interne for another couple of years. "Boy does his salary jump now. He earns anywhere from $25.00 to $125 00 a month." After he finishes his studies, then and only then can he get out and try to establish a clientele. Mind you, during most of his learning period he has had to pay for that privilege. After he establishes a clientele, he must work from morning 'till night to maintain it and is on call 24 hours a day. Oh yes, he is a man to be envied.

Lets continue our comparison now in our own field. Almost from the day he starts, the new underwriter is able to earn his own way. In fact, in most cases, his salarly is enhanced to compensate for his lack of experience. Right from the start the only limitation he has is his own ability.

Again I say, for my money, there is no other industry where a novice can get off to such a flying start, through the help of his company, his associates and what is more wonderful, his competitors. "Competitors" is hardly an appropriate word, let's say, rather, associates in other companies.

First Experiences

Now just what does a new man experience when he enters life insurance selling.

First of all he is conducted on a tour of company courses. These courses give all that is necessary to sell life insurance, the only charge for this is the man's time.

It's a funny thing though, no matter how many courses we take or how much we read, we still feel incapable of going out and selling to the public. The idea that the public knows less than we do, is a difficult one to grasp.

The time comes when the underwriter, like a bird, must be pushed out into the world. There is no substitute for experience; that is the only way we learn to meet people, to get them to sit down and talk, to teach them how to say yes when we ask them to buy. All this comes under the heading of knowledge, theoretical and practical.

There comes to mind now, the men in your company and mine that are making well up in the 5 figures. Yes, even a $100,000.00 is not imposible. Doesn't this knowledge give you a thrill, doesn't it make the staid, conservative salaries of the wage earner so very, very unattractive? It does for me.

Along with knowledge and money comes something that never ceases to amaze me. Freedom! Yes Freedom! For what group of men and women anywhere are more free than we.

Of course we must pay for what we get; we must always do that and freedom like anything else must be bought. What have we to pay with? The price is our own control and self discipline. Even here, however, our industry steps in to help us by supplying a system known as "Time Control."

Whether we realize it or not, time control is the greatest single factor in a new insurance man's life and I daresay that of an experienced insurance man.

A Stabilizer

Even insurance men are human, and we all know human beings are temperamental. Today our spirits are up here, tomorrow down there; our production naturally follows our temperament. To keep our efforts and production here, we

(*Continued on page 89*)

Insurance Companies' Investments.

A study of their comparative merits and demerits.

BY Prof. S. P. SHARMA, Gwalior.

THE Ruling Party's slogan "Socialist Pattern" of Society has been generally approved by the Country. There might be differences of opinion with regard to the interpretations of the term, but there can be little dispute so far as general targets are concerned. "Socialistic or Socialist pattern" implies slow and steady eradication of the present inequity of income and wealth by enhancing level of production and income distribution in desired channels. This requires a significant rise in saving and capital formation. The insurers contribute sizeable portion towards the vast nation-building programme. But for a scientific and judicious investment policy, their investment officers must be fully conversant with the value of different types of securities they purchase, lest they may, by failures bring the policyholders to grief.

Policy loans.

The growing requirement for the urban middle class for funds due to their peculiar economic conditions distorted by the shattering price structure having been responsible for an increase in the amount of policy loans. Fixed incomes are insufficient to maintain their living. Policy Loans are advances to policyholders and the policies in that case are the security therefor. In effect, they are loans against the cash advances of the policyholder himself. They are the safest form of investment. In depression of 1930-35, there was a very little increase in the loans. The two factors point to the nature of composition of the insured who are mostly drawn from middle class in urban areas.

Miscellaneous loans.

A malpractice went on with many insurers in India to lend on personal security. Indian Insurance Act 1938 prohibited such loans. Selected stock may however be utilised as a collateral security provided there is sufficient margin between their market price and loan value as well as those stocks can be held as the company's investment portfolio. Insurance Amendment Act, 1950, prohibits even mortgages and debentures as collaterals. It is commendable to allow them as collaterals.

Stocks and Shares.

The legislation in India and abroad have been very keen to limit the investments of insurers in shares and stocks of limited concerns. In U.S A. "not only have some of the companies, although not obliged by any law to omit such investments, advertised the fact that none of their assets were invested in stocks"*, as in the case of some Indian concerns some time ago, but some States had enacted legislation to limit or prohibit investments therein. There are pretty many reasons for this type of investment thought and practice of law and insurance. Being Trust Funds, life insurance monies must not be deposited in speculative ventures. In India as well as abroad unrestricted investments led to the opening of Finance Banks, Investment Trusts and other financial institutions, as well as business enterprises for private gains. Besides this, it meant engaging in business directly or indirectly and ignore the main aim of institution of insurance. Hence legislative enactments were passed.

Unbridled speculation in establishment of some joint stock organisation and almost unrestricted control of funds from their managed concerns led to the passage of Indian Insurance Act, 1938, for regimentation of insurance funds to some extent.

"In the early twenties many insurers invested the funds in shares and debentures of industrial banks and made their deposits with mofussil banks and loan offices for investment in industry. †Most of the industrials were speculative and due to their large holdings, insurers began to participate in the business management and industry. Many shares specially of large values are of speculative nature. But, if certain degree of precaution is taken the speculative shares may be kept away and good ensured. "Large investment profits are made, not in high grade bonds, but through the purchase of common stocks, or preerred stocks and bonds whose present position offers opportunity for substantial improvement."** Absence of good securities led many good insurers to follow suit of their American friends and taking up the government securities. But, with the growth of industry and commerce and economic development of the country, many good securities will be and are available. It is desired to amend the Act to give some freedom to the insurers for investing in shares and stocks of joint stock companies.

Mortgage Loans.

Though there is sufficient stickiness in the mortgages, in such loans the cannons of security and good yield (in that they earn 6 % and more) are satisfied and there is also a satisfactory diversification. It is an attractive investment for a life office. A good degree of supervision is vitally necessary over them and for fluctuations a sufficient margin kept between loan and

* p. 538. Life Insurance. S. S. Huebner.
† Indian Central Banking Enquiry Committe Report quoted by N. Das in Banking & Industrial Finance in India.
** p. 117. Investment Principles & Practices. Badger & Guthmann

appraised value of the mortgage. Such mortgage loans which wipe off by annual drawings during a decade or two are good as the margin between loan and the appraised amount of the property is increased and reinvestment becomes possible. Thus, the depreciation has not to be borne by the lender but the mortgagor and the latter gives net interest only to the former. On account of difficulty of management even the Oriental Government Security Life Assurance Company, Limited, did not have them. The Hindusthan Co-operative Insurance Society has been favouring them.

Indian population is on the God speed increase every year. A new Madhyabharat is formed after every 3 years. And there is a growing tendency of shift of population of rural areas to urban areas. In every city there is a house shortage. Refugee problem fanned the flames of house scarcity. If insurance funds are invested in sound housing schemes or in a movement of *own your own house* the present author is of opinion that besides satisfactory canons of insurance investments, they will be of help in a national cause. Such a scheme is carried on in India by one or two concerns alone. But, as observed earlier, in U.K., U.S.A., and Canada, the insurers have very greatly helped the governments in removing house-shortage in big cities. They guaranteed a minimum yield to the insurers. The results were more than satisfying. But we should be careful to lend only to conscientious borrowers and the methods of repayment should be in easy instalments. But, death of the borrower may be a handicap to his family in repayment of the loan. Hence, an insurance policy should invariably be taken for an amount equal to the loan.

House loan may be granted to such a person who purchases an Endowment Policy an equal amount. On the joint security of policy and the proposed building the loan may be granted. Until paid, the company should have a lien on policy and building for a loan and the interest. This will have a very good appeal to many persons and the companies will get the benefit of good yield at high security. The business of insurance will increase by leaps and bounds. If the policyholder dies earlier, the loan will be deducted from the policy loan. Great care should however be taken while selecting the mortgage and the estate. It is essential to get them valued by experts of the company or the service of experts may be borrowed. It is essential to enquire about the character of the mortgagee and inspect the title deeds and record of interest and rents, if any.

Farm Mortgages

In an agricultural country like India, Agriculture appears to be a prospective investment, promising huge funds. But the backwardness of Indian agriculture puts a premium on insurance investments in them. Fragmentation of holdings is another glaring defect which has further reduced the possibility of loanable funds flow into Indian agriculture. It is profitable to lend where commercial agriculture is carried on. The cash crops facilitate repaymet of loans. Now food and fodder crops are also good investments due to their shortage. In agriculture the majority of loans are required for such a short term period and the security offered is so precarious as an organised institution like insurance hardly finds it practicable to loan its funds. Unless our agriculture returns as an asset, farms are sufficiently developed and commercialisation of agriculture has gone to sufficient limits, it is not possible to risk the insurance monies in farm mortgages.

Real Estates.

The mortgages and real estates are regarded as the most secure class of property for insurance funds. They yield greater return and are less fluctuating than many other classes of investments. It is dsirable to invest half of the assets in them. The insurers should be careful in their selection and title deeds and any encumbrances. Some insurers restrict their investments in this class to the residential buildings only. But building have a disadvantage of higher expenses in supervision and greater depreciation; and a special department for the purpose is necessary. Sometimes suitable tenants are not found in the depression period for example. Hence the earnings are lowered down. They form about 2 % of the total assets of U.S.A concerns.

The other type of real estates may be those facilitate business or office buildings and equipments. They may be acquired by a foreclosure of proceedings or direct purchase. Such an estate may be sold at a profit later on. They have one abuse in that they may be let to favourites and at a low rent or nominal rent. Though the intrinsic worth does not fluctuate yet the return is insufficient. A reserve fund may be created for the fluctuation of their market value.

The Hindusthan Co-operative Society has been pioneer in provinding homes to people of small means. There has been security as well as good yield. Carrying to beyond limits such a policy may be dangerous and threatening for the existence of the company. Only Oriental Government Security Life Assurance Company, Limited and the Hindusthan Co-operative Insurance Society, Limited, had 30 % of the total land and house investments of insurers in 1945.

Government Securities.

The Government Securities possess three very important features of sound investment principles i. e., security of capital, ready convertibility and diversification. Until 1946, "Oriental" had been investing its funds only in Government Securities. But, by a special resolution of December, 1946, it assumed powers to invest in securities other than gilt-edged, e. g. mortgages, stocks and shares, etc. But, still according to Shri Purushottam Das "In making these investments your (Oriental) board has paid primary attention to the security of capital as the first canon of a good investment policy"*.

These securities together with semi-government securities yield substantially uniform income. But, it is very low. Other things being equal, the insurance companies abroad do not generally show an anxiety to increase the volume of this type of security. Indian Insurers have to invest majority of their funds in this Class of security. Some persons argue that during the last half decade most of the Government loans were floated at par yet their market value was always below par. Where there is securty of capital the interest yield too is very low. But, it

* Presiding over Extra-Ordinary General Meeting of Oriental 16-11-49.

should be remembered that there shall not be a necessity to sell these securties before maturity as the huge incoming funds of the company would be sufficient to let the concern meet the claims. The market value do not change their intrinsic worth. The former depends upon the variance in the monetary polity, and the credit of the Government and a host of many other factors.

Central and State Governments float terminable and non-terminable loans. The current rate of interest on non-terminable loan is 3½%. They may be long-dated and medium dated loans. As earlier stated, they have low yield as well as require adjustment of their capital values through an investment fluctuation fund. The companies usually do not invest in Government Securities due to lower yield unless they do not get the alternative securities. Such was the case in the belligerent period.

Semi Government Securities.

The semi gilt edged securities yield more or less the same rate of interest as the gilt edgeds. The railway, public utility, municipal and the port trust bonds and other securities and the improvement trust ones are generally of the type. But due to a huge demand from the institutional investors as a whole, they offer a low yield. The principles of diversification and security are perfectly satisfied by them. The insurance concerns should do well to invest their maximum possible funds in securities of these types. These institutions are engaged in the work and welfare of the poor and the public as a whole. They ultimately raise their living standard and working and living conditions. The longevity of life would surely increase thereby. Hence it is ultimately to effect the profits of the insurers and foster business of insurance. It is always commendable to invest more and more of insurance funds in such securities.

Securities of public corporations

The economists of all shades of opinion assert that there is a paucity of capital in the country which is ready of being invested in the development of the country and nationalised industries and services. Some have gone to the extent that the foreign capital is very much the need of the hour. I have discussed the problem elaborately in an issue of a Kanpur Journal. * Suffice it to say that if full funds of the country are mobilised, little need will there be for the monetary help from foreign countries. The Government have gone to International Bank for Reconstruction and Development for financial cum technical help. If the insurers amply invest their funds, specially the life insurers in such after due satisfaction of the canons of investment, and the government as guarantor for the yield and capital, I am sure that there will not remain much need for the foreign capital which is full of disastrous aftermaths.

These securities satisfy nearly all the canons of sound insurance investment and are for the purpose of ameliorating the economic conditions of the masses, which in turn will influence the institution of investment, hence it is highly desirable to invest the insurance funds in their securities. By applying the foregoing theoretical approach into practical investment policies, it would be easier for us to work within the "Plan Frame" and achieve our "Desideratum" — Welfare State."

* Import of Capital and Foreign Technical Know-How. J. K. Review. Jan. Fab. 1951.

State Ownership in Insurance

BY B. B. DOTTO,

Secretary, Police Co-operative Life Insurance Society, Ltd., and Member, Executive Committee, Life Insurance Council.

IT is now widely known that since the beginning of the year, Insurance Industry has faced direct threat of Nationalisation from our topmost leader like Prime Minister Mr. Nehru. The Insurance Industry was rudely shocked and perturbed when in January last the brainy Union Finance Minister Mr. C. D. Deshmukh, disclosed in a Press Conference in Madras, that a departmental examination of the question of Nationalization of Insurance was being conducted. Mr. Khandubhai Desai, Union Labour Minister has also spoken in favour of Nationalization of Insurance Industry. In May last Mr. Nehru declared at a meeting of the Congress Parliamentary Party that "I am interested at the right time on the acquiring of banks, insurance companies and mines. I am interested in these because these are basic things and again there is the question of time. Take the case of banking, for example I want to expand banking in India, but I do not want suddenly to take steps in banking which may be theoretically correct, but may actually result in a backward move and come in the way of expansion of banking. I prefer the private banks to expand to no banks at all. Therefore I want the private banks so long I cannot expand rapidly. There is so much room for State Banking to expand, then why should I worry about private banks?"

The above is a very important pronouncement and the reasonings put forward by the Prime Minister in the sphere of banking business holds good equally in the sphere of insurance business. It is highly regrettable and vexatious that frequent references to the possible Nationalization of Insurance Industry have been made in official quarters and in Parliament as well as outside it. Such hasty references without any definite blueprint in hand do incalculable harm to the cause of the Industry, whose activities are farflung, and embrace long term contracts. A feeling of uncertainty in the minds of the insurers and the assureds has been very marked and this will invariably lead to the stagnation of the Insurance Industry.

A recent Press report says that "increased State activity in the field of insurance is likely to be one of the ways to raise additional resources for the Second Five Year Plan, highly informed sources said. This, the sources added, may eventually lead to nationalisation of the Insurance Industry, which has been under the consideration of the Union Finance Ministry. The same sources revealed that, as first step the State Governments were likely to be asked to start State-owned insurance undertakings."

It is true that the Government has not yet committed itself to any definite statement of policy germane to nationalisation, but there are reasonable indications to feel that it is gradually persuading itself to believe that State ownership of insurance is imperative for the attainment of a socialistic pattern of the society. On the 28th July, 1955. Mr. M. C. Shah, Union Minister for Revenue and Civil Expenditure (who holds the insurance portfolio as well), while in Madras, took the opportunity to explain the measures the Government were taking to forge a socialistic pattern of society in persuance of the Avadi resolution of the Congress. Insurance, he said, was a social service. That service, he firmly believed, could be rendered better by the State.

We are informed by reliable sources that the Postal Life Insurance, which was started for the exclusive benefit of Government employees, will be thrown open to the general public very soon. The Postal Life Insurance is not subject to the provisions of the Indian Insurance Act and Rules and the Code of Conduct. It does not submit its balance sheet, valuation report and other essential facts and figures for incorportion in the Indian Insurance Year Book. It enjoys many privileges and advantages which are denied to the private sector of insurers—who will not be afraid of the competition from the Postal Life Insurance. While throwing open the Postal Life Insurance to the Public, the Government must give an assurance that it will fully conform to Insurance Act and Rules and obey the rules and regulations that emanate from time to time from the Executive Committee, Life Insurance Council. It must publish its balance sheet, valuation report and other particulars as required in the Indian Insurance Year Book. Competition from the Postal Life Insurance must be strictly at equal level with private sector in insurance and there should be no preferential treatment to the State-owned insurance. In addition the Postal Life Insurance should be run by a Board of Directors, a majority of whom may be Government nominees and the rest from Policyholders as laid down in the Insurance Act and Rules. Other Stateowened undertakings are also managed by a Board of Directors and as such there is no reason why the Postal Life Insurance should be managed by one or two officials. If the membership of the Postal Life Insurance is open to the general public as proposped, the public must have a voice in the management and should not be sleeping policyholders. By Statutory right the public can elect directors in private

insurers and this right should not be denied to them in State-owned insurance.

There can be no objection in the State Government starting their own Insurance Funds. In fact already the Travancore-Cochin, Mysore and Uttar Pradesh Governments have their own Insurance Funds. The first two States are also catering to the public. As previously stated, the State-owned insurance must comply with the Statutory provisions of the Insurance Act and Rules. The Code of Conduct must be respected. There must not be any compulsion or pressure on the Government employees and those doing business with the Government to patronize these undertakings. The competition must be on an equal footing. The spirit of PANCHSHILA must be respected in practice and not in name only.

Mr. A. D. Shroff, the wizard of Indian finance and the Chairman of one of the leading composite insurance companies in Asia, namely, the New India Assurance Company of Bombay, has very forcefully expressed his mature views on the subject of Nationalization of Insurance, in the speech delivered at the 36th Ordinary General Meeting of the share-holders on Wednesday, the 29th June, 1955. The speech of Mr. Shroff is both an interesting and informative document and should be read and re-read by those who are interested in the welfare of Insurance Industry.

Masterly analysing the relative experience of the foreign countries where the industry is managed as a free enterprise and of others where it is State-owned, Mr. Shroff quoted chapter and verse to show that the total saving mobilized through life insurance operative accounted for 25 % to 30 % of all national savings in the United Kingdom, the United States of America and Switzerland where the industry is run privately, as against a mere 5 % of the national savings in France where the insurance industry is partially nationalized. The working of Stateowned insurance in Poland, France, Russia, Sweden and New Zealand, Mr. Shroff says, is "anything but encouraging." In Russia, where the industrial group of insurance was nationalized, the Government were obliged to hand it back to co-operatives. In Poland, which has a Government monopoly in insurance, the premium rates were enhanced after nationalization apparently to meet raising cost. In Sweden, a Stateowned general insurance fund had to be abandoned, because the Government could not work it successfully. In France, where insurance companies over a certain size have been nationalized, their performance compares unfavourably with that of privately managed companies.

In the United Kingdom, the cradle of all insurance, the Postal Life Insurance had to be closed down after 64 years of operations. The State Life Insurance in New Zealand had to be closed after 50 years of service. In India, the Postal Life Insurance, despite the immense prestige which attaches to it because of its being a Government body, increased its business during the decade ended 1952 by only 16 % to a meagre total of Rs. 23.2 crores after remaining stagnant for the greater part of the period, as compared with the raise of 214 % to Rs. 922 % crores in the business of private insurers. Even if allowances were made for the fact that the Postal Life Insurance in this country caters to the needs of only Government employees, its record is less brilliant than what one might expect. Thus the experience of State-owned insurances in all countries do not carry conviction that the State can do insurance business better than private enterprise.

It is generally recognized that there are at least three principal reasons—which the Government must take into serious consideration in arriving at a decision to nationalize an undertaking. First, the industry singled out for nationalization should have failed to perform the services ordinarily expected of it. Second, the industry must have miserably failed to attract adequate capital it requires for proper and efficient running. Third or lastly, it should have been hopelessly mismanaged, so that the real public interest is at jeopardy. Now if all or a majority of these conditions were present in an Industry, the Government would be perfectly justified in enforcing the nationalization.

Let us examine the above vital points so far they are applicable to Insurance Industry. It is a common knowledge that the record of service rendered by Insurance is as enviable as any industry can boast of. It is worthy of note that insurance has established this praiseworthy record, neither at the sacrifice of the customers nor through the grant of any special protection or subsidy by the State, but by its own selfless endeavours. It is well-known that the industry has attracted more than the requisite capital for its development and expansion and if necessary more funds will be available.

After the enactment of the New Insurance Act and Rules, the progress of insurance industry has been remarkably conspicuous. During the 17 year period 1937-53, the total life insurance in force has increased by about 3½ times, i. e. from Rs. 277 crores to Rs. 962. This is an unique record for a country like India, where the people are not yet fully insurance conscious. One cannot wink his eyes to the fact that there has been in recent years some very unfortunate irregularities in the management of some insurance companies. But the consolation is that they are neither in number nor in magnitude greater than some of the much discussed scandals in the public sector.

Under the amended Insurance Act, the Government have armed themselves with more than sufficient powers to bring the offending insurers to book with keen promptitude. The Controller of Insurance has unlimited powers to direct, control and supervise the working of insurers, both life and general. Frequent elaborate reports are submitted by the insurers to the Controller and thus the positions of the insurers are known to him like an open book. It is universally regarded that no industry is so rigorously controlled by the Government as insurance. Even the profits that may be distributed to the shareholders have been restricted under the Statute to 7½ only, of the surplus out of the valuation. The Managing Agency system has been abolished nearly two decades back—although Managing Agents are functioning vigorously in all other Industries. Thus the argument of porfiteering by the capitalists cannot be ascribed to the Insurance Industry. In view of all these potential facts it is rather very surprising that the Government, should go out of their way further and nationalize the Insurance Industry.

In terms of the Insurance Act, the Government can take over the administration of insurance companies, where the business is conducted in a manner likely to be prejudicial to the interest of the policy holders. The Government have exercised their special power in case of over half-a-dozen both big and small insurance companies. It is rather unfortunate that most of these Government administrated insurers are not showing any progress worthy of name. In case of some of the insurers under Government control, the expenses are mounting up, in case of some the new business has been closed, and a few has been relieved of by transferring business to private sector of insurers. These are vivid examples of Governmental efficiency in running Insurance Industry. If the Government could not run a few insurance companies successfully, what is the guarantee that they will be able to run all the insurance companies efficiently and well, so as to maintain the progress attained by them after years of struggle? The phenomenal success of the private sector in insurance is mainly due to its initiative and drive. Government managed insurance companies with their official inhibitions, stereotyped methods and inseparable nexus with red tape cannot satisfy the constituents and these are responsible for their retard progress.

The most vital fact which the Government should consider against any premature decision in favour of Nationalization of Insurance, is that this action will not make available to them any substantial additional funds, for the implementation of the Second Five Year Plan which is dear to all of us. Under the Statutory obligations insurers are forced to invest 50% of their funds in Government and approved securities. An examination of the investments made by insurance companies as at 31st December, 1953 will demonstrate that the investment in Government and semi-Government securities amount to 56% and investment in land and buildings, agents' balances, policy loans account for 26%. Investment in joint stock company shares and debentures account for 14.5% and only 3.5% are in miscellaneous investments. Thus it will be seen that the investments are well-proportioned and will not stand disturbance. Thus by the contemplated nationalization the immediate gain to the Treasury will be negligible, where as the private sector's loss will be irreparable.

In conclusion we cannot do better than to quote the following paragraph from the monumental editorial of "Commerce" of Bombay, dated the 2nd July, 1955, Vol. XCL, No. 2314, to which we are also grateful for some points enlarged in this communication:

"Before the Government nationalises insurance in haste and chooses to repent at leisure, it is, perhaps, best to consider some of the dangers in State-owned insurance. The chief qualities that are needed for success in insurance are promptness, flexibility and that indefinable factor "the personal touch". A State-run insurance department, with all its inevitable red-tape, can hardly be expected to possess the qualities. We know that the Central and State Governments in this country feel vexed when such an argument is advanced. But the fact remains that Governments everywhere tend to be slow in all their dealings. And it is no reflection on the Indian Government that it is no exception. If the evidence were required to show lack of promptness in settling claims, one has only to refer to engineering contractors and the assessees to tax who have to get refunds from the Government. Even men who have retired from service in the Government know what vexatious delay there is in the settlement of their pensions. Indeed, many of them are apt to feel that if they had paid their premiums to an insurance office with half the zeal with which they served the Government, the insurers would have settled their claims more speedily than the Government. If the Government delays the settlement of the claims of men who are alive, is there any guarantee that the settlement of claims arising from death would be any more prompt?"

Title to Life Policies

BY SHRI. T. S. KRISHNAMURTHY, M.A., F.C.I.I.,
Assistant Manager,
United India Life Assurance Co., Ltd.,

Scope of Paper

THE term "Title to Life Policies" is not to be interpreted in the limited sense of documentary evidence necessary to establish the title of person claiming the money due under a policy of life assurance. It should be used in the wider meaning of the right of a person to claim payment of the policy moneys from the Company. Accordingly this paper studies both the aspects of the problem though by the nature of the subject, greater consideration is given to documentary proof required to establish the title of the claimant than to the question of the right to the policy money in the sense of the liability of the insurers to pay.

Liability of the Insurer

The Insurer is liable to pay the policy amount on satisfactory proof of (1) the happening of the event on which the sum is payable (2) the fact that the assured has performed his part of the contract by paying the premiums as provided in the policy and has not contravened the principle of Good Faith and (3) age of the life assured as stated in the policy.

Happening of the Event

Of these the event on the happening of which the amount is payable is either the death of the life assured or the expiry of the term. The question of proof is relevant in case of death. Death must be proved to the satisfaction of the Insurer but the Insurer must be satisfied with reasonable proof, and cannot be capricious in his demand. What is reasonable is a question of fact and if the court finds that the Insurer had been unreasonable, costs will be awarded against the Insurer.

Death is proved by (1) direct evidence, viz., the sworn testimony of persons present at the death (2) by documentary evidence such as extracts from Municipal Death Registers (3) Circumstancial evidence and (4) Presumption of death.

Of these, (3) is resorted in such instances as death by bombing and or consequential evacuation, plane crash, etc. In all such events, the claimant must submit an affidavit setting forth the circumstances which make him believe that the life assured was dead. In one interesting case a gentleman whose son died by torpedoing of a vessel on which he was an officer refused to give an affidavit to the effect that he believed his son (the life assured under the policy) was dead. He was explained how under a policy of insurance a claim has to be made on the Insurer and there can be no claim without stating that the "insured peril" (here death of the life assured) has happened. Presumption of death, the fourth kind of evidence is admissible where a person has disappeared and no direct evidence of his death or his existence can be obtained. In order to establish presumption, evidence must be let in of persons who are likely to have heard of the missing persons and reasonable enquiry must have been made. If not heard of for several years presumption of death is established. Even then, it is only a presumption and can be rebutted by evidence.

The Obligation of the Life Assured

The second condition of the insurer's liability to pay is that the assured should have kept up his part of this contract by (1) observing good faith and (2) by paying the premiums as provided in the policy subject to the privileges under the policy conditions and (3) by giving proof of age of the life assured. The requirement to fill up several forms (1) the claim application (2) Doctor's Certificate (3) Certificate of cremation (4) Certificate of Identity and (5) Certificate of employer has one object, viz., to find out if there was any breach of good faith which would entitle the Insurer to avoid the contract.

Life Assurance Policy — A Chose in Action

Once the Insurer admits his liability to pay, the next question is to whom he should pay. This is not a simple issue and the complications arise out of the nature of the property comprised in a Life Assurance Policy. A Life Insurance Policy resembles all other policies in its being what is called "a chose in action" or an actionable claim. It means that the right to this property can be enforced only in a Court of Law unlike the other kind of property right to which is acquired by possession and is therefore called a chose in possession. The difference can be illustrated by a simple example. If "A" has ten rupee note with him, his right to that property is acquired by possession and he can hold it against the whole world. If it is forcibly taken away from him, he can recover it with force. But, suppose he lends it to B and "B" puts off repaying it. On seeing B with a bundle of ten rupee notes "A" cannot forcibly take one of them in satisfaction of his debt. His right is one which has to be enforced by an action in a Court of Law. In the same way the amount due under a policy of life assurance is a debt due by the Insurer.

Establishment of breach of good faith depends on the proper proof adduced by the Company. The disqueting decision in Kullammal Vs. Oriental was the result of inadequate proof of concealment rather than establishment of any new principle of law.

Is Different from a General Insurance Policy

However, the Life Insurance Policy differs from a General Insurance Policy in that the latter is a contract of indemnity and is therefore a personal one. A Fire Insurance Policy which promises to indemnify A against loss by fire cannot be transferred (except with the consent of the insurer) to B in the sense that the assured becomes B instead of A. A can no doubt assign his right of a claim against the Insurer to B so that if A suffers a loss, B may recover the amount of loss. A life Policy on the other hand can be transferred by the assured who effected it to some one else by way of gift or sale in such way as to substitute the transferee as the policyholder in place of the original assured which principle is embodied in Section 38 (5) of the Insurance Act. It is this feature of the contract of Life Assurance which makes the question of determining the right person to whom the money is to be paid, more important than determining the liability of the Insurer and its extent which looms largely for instance in settlement of fire insurance claims.

The Person Entitled to the policy Money—Legal and Equitable Interests

The Insurer's libility is to pay the money to the one who can claim payment and payment to whom will constitute a complete discharge of the Insurer's liability. There are two kinds of ownership to the policy money and it is necessary for the Insurer to obtain discharge from both owners. These two are (1) Legal Owner (2) Persons having an equitable interest in the policy. The Legal owner is the person in whom the legal chose in action is vested. Primarily the person entitled to the legal chose in action is the assured and the right may pass from the assured to others by assignment or by operation of law on death of the assured to his legal representatives or to nominees under Section 39 of the Insurance Act or to the Official Assignee on the insolvency of the assured.

A person has an equitable interest in the policy when he can prove that the premiums were psid by him in whole or in part notwithstanding the fact that another person is named in the policy as the assured and policy money is made payable to such "nominal" assured. Thus a creditor can be equiable owner of a policy effected by a debtor on his life and made payable to him (the debtor). A member of a joint Hindu family have an equitable interest in a policy effected by another member cf the joint family as the assured, if the intention is to effect the policy for the benefit of the joint family and fact of payment of premium out of the joint family funds can be proved. The assured has an equitable interest in the policy even after he has assigned the policy in accordance with Section 38 of the Insurance Act to a creditor as security for repayment of a debt. He has the equity of redemption in him. Even a "nominal" assured who has the legal chose in action can be equitable owner if the person who paid the premium intended the policy money to be a gift to such nominal assured.

The Insurer before paying the money is entitled to see that he does get a discharge from both owners. This does not mean that in every settlement two persons, the legal owner and the equitable owner jointly give a discharge. In the majority of instances, there is no equitable owner or the insurer has no notice of such equitable claim and hence the Insurer pays on the discharge of the legal owner. What should be emphasised however is that the insurer must get discharge from the person who has the legal right to ownership of the policy. While it can pay to the legal owner after giving an adequate time for equitable owner to establish his claim through the Court, the Insurer cannot safely pay to an equitable and sole beneficiary who does not have the legal chose in action. So long as the legal chose in action remains undischarged, some equitable claim of which the insurer had no notice may be made and brought in the name of the owner of the legal chose in action. The fact that the Insurer had no notice of the equitable claim will be no defence if the claim of such equity owner was in fact prior to the equity owner to whom the policy money was paid.

It is necessary therefore in every case, to get a legal discharge. The following sections of this paper will examine the claim, legal and equitable, of the several kinds of persons who claim the money.

The Assured

The simplest form of a contract of a Life Assurance is a promise to pay the amount to the assured, his heirs, executors or assigns. Where the assured himself is the claimant as in the case of maturity of an Endowment Policy, he has the legal chose in action and so long as the insurer has no notice of any equitable claim, he can pay on the discharge of the assured. A notice of an equitable claim can come for example from members of a Hindu Joint Family to the effect that the property in the policy is the joint property of all the members of the joint family and not the separate property of the assured. Courts in India have held that the presumption is always in favour of treating a life assurance policy as the separate property of the assured. (Balambai Vs. Krishnayya 1914 Madras High Court and Sugandabai 1932 Nagpur). In a recent case in Madras in Mattupalle Venktatasubba and others Vs. Mattupalle Lakshmi Narasmma and Others-Company Cases November 1953, the full case law on the subject was reviewed and the presumption held in earlier cases mentioned was upheld. "In our opinion having regard to modern and social conditions and the growth of individual consciousness in marked contrast to the more corporate outlook earlier day, the general presumption must be that when one of the members of a joint family insures his life, the amount of the policy belongs to the assured as his separate property and does not become a joint family property." The decision in "Oriental Vs. Ventedu Ammiraju" referred to support the presumption in favour of holding a life assurance policy as joint family property was distinguished. In this case, a policy had been issued for the benefit of Nagiah's wife and children. On the death of Nagiah in 1902 leaving four sons and two daughters, the sons claimed the entire amount to the exclusion of the two daughters. It was held that apart from Married Women's Property Act which was held not to apply to this policy, the daughters had no right to the policy money. This decision is of no authority to support presumption of joint family property because the decision would have been same whether the policy was treated as joint family property or as the separate property of Mr. Nagiah. There was no conflict between persons claiming the policy money as the joint family property and persons claiming as separate property.

Insolvency of the Assured.

When a person is adjudged insolvent, the entire property including all choses-in-action pass on to the Official Receiver. The title of the Receiver takes effect from the date of the order of adjudication. The Trustee may deal with the policy as he thinks best for the benefit of the creditors, continue it or surrender it. But, all transactions by third persons in good faith and for value without the knowledge of the bankruptcy are valid against the Receiver and hence an insurer settling with the assured before the order of adjudication is protected against the Receiver. The insolvency of a debtor really takes effect from the time he committed an act of bankruptcy, on which adjudication order is passed. Persons dealing with him may not be aware of his having committed any act of insolvency. To protect the interest of such third persons, the Insolvency Act provides that all such transactions with the bankrupt are valid against the Receiver, if:

(1) Such transaction was prior to the date of the order of adjudication.

and(2) the third person has had no knowledge of the act of Bankruptcy.

Insurers usually enquire whether the claimant has committed any act of insolvency by including a question on this in the claim forms. But, no insurer can deal with a claimant after the order of adjudication, and there is no defence of want of notice, as the adjudication order itself is a public notice.

During the period between the commission of an act of insolvency and adjudication order upon a petition presented within three months of such an act, the position of persons owning money to the debtor is not very clear. The would-be insolvent has still the legal and beneficial interest in all his property. But, this interest is contingent upon no petition being presented for his insolvency within the next three months. Where a claim is made upon an Insurer by a claimant, who, to the knowledge of the insurer, has committed an act of insolvency, its proper course of action is to pay the money into the Court as provided in Section 47 of the Act.

Apart from the transactions with a debtor made within three months prior to the adjudication order which can be avoided by the Official Receiver, there are certain other transactions which are deemed to be in fraud on creditors and are also avoidable by the Trustee. Any transfers not for value and not done in good faith, are avoidable by the Official Trustee if the transferor is adjudged insolvent within two years of such transfer. Hence, a voluntary assignment is avoidable if made within two years of adjudication order but an Insurer who has lent money on the security of its own policy, is a purchaser for value and hence is protected by the exception.

The "Payee"

But, policies are sometimes issued where the sum assured is stated to be made payable to a person other than the assured. Such a third person is not a party to the contract, and hence it is a settled principle that such persons cannot enforce the policy against the Insurer. He is a mere payee to whom the assured has directed that the sum assured is payable. As long as this authority is not revoked by the assured, the insurer can get a valid discharge by paying the sum assured to such payee as nominee, though the latter cannot sue the insurer for refusal to pay the sum assured. (Cleaver Vs. Mutual).

The authority to receive payment may be cancelled at any time by the assured. Not only that, on the death of the nominee the authority given to the nominee to collect the sum assured is automatically revoked and the sum assured cannot be paid to the heirs of such nominee even if the insurer is willing to pay.

Beneficiary under a Trust and Married Women's Property Act

There are, however, exceptions to this general rule that a person who is a mere nominee under the policy cannot enforce the policy. One exception is where it can be shown that the assured intended that the policy money to be held in trust for the benefit of the nominee. But, the mere fact that the policy moneys are expressed to be paid to a person other than the assured, does not make the assured a Trustee for the Nominee.

In Re: Engelback's Estate, 1924, a father effected a Pure Endowment Policy on the life of his infant daughter for £3,000 payable on her attaining the age of twenty-one. The sum assured was expressed to be payable to the daughter, her executors, assigns, etc. The father died before the maturity date and the Insurance money was paid on maturity to the daughter. It was held that there was no trust in favour of the daughter, that the policy money formed part of the father's estate and that she must account for it to the trustees:

Trust

To constitute a Trust, therefore, there must be a specific declaration of trust. But, a trust may be created by specific statutes and the Married Women's Property Act creates such a trust. Section 6 of this Act states:

"A policy of life insurance effected by any married man on his own life and expressed on the face of it to be for the benefit of his wife, or his wife and children or any of them shall be deemed to be held in trust for the benefit of his wife or children according to the interest so expressed and shall not, so long as any object of the trust remains, be subject to the control of the husband, or of his creditors or form part of his estate. When the sum secured by the policy becomes payable, it shall, unless special trustees are duly appointed, be paid to the Official Trustee."

To come within the provisions of the Act, the policy must be one which is expressed to be on the face of it for the benefit of the wife, etc. It has been held that no special words are necessary. It is enough if the policy is made payable to the wife, as for example, when it is stated that the sum assured is payable to "Lalithambal, wife of the assured" or to the "life assured or his wife Lalithambal if he predeceased her". It will be recalled that the former wording would be suitable to a Whole Life Policy, where the sum assured is payable only on the death of the life assured; and the latter, to Endowment Assurance where the sum assured is payable on the expiry of the term or at prior death. Further, even if there is nothing in the policy to indicate that the policy is one effected for the benefit of wife and children, if in the proposal, the assured states that the object of the assurance is to make a provision for his wife and children, the policy comes within the purview of the Act, if the proposal has been made part of the policy contract as is often the case. (Krishna Chettiar Vs. Velayee Ammal). The words "for the benefit of wife or wife and children" should be stated and not merely "provision for family".

The effect of a policy so issued is that the wife or children so named acquire an immediate right to the property in the policy according to the extent expressed in the policy. If the policy is expressed to be payable to the wife, then, the assured ceased to have any interest in the policy which becomes absolutely the property for the benefit of the wife and her heirs. Where the policy, as in the case of Endowment Assurances, is made payable to the assured or on his prior death to the wife, the latter gets a contingent interest in the policy. Both the assured and the wife have now a contingent interest. The sum assured is payable to the assured if he survives the term of assurance and the wife is paid the policy money if the assured should die before. As both have an interest, none can deal with the policy alone. The assured cannot assign the policy or take a loan on it or surrender it without the wife joining. If the insurer lent money on such a policy without the beneficiary joining the loan bond and if the assured should die, the insurer has got to pay the entire sum assured without deducting the loan granted.

Life Insurance Companies were formerly issuing such policies payable to the wife of the assured or to the assured or to his wife on his prior death without being aware of the full legal implications of such policies, But the assured and the insurer were under the impression that here was a safe method of ensuring prompt payment of the policy money without the trouble of securing other proofs of title to the wife on the death of the life assured. It was also assumed that as long as the life assured was alive, he could freely deal with the policy and the right of the wife to be paid the policy money on the death of the life assured would be subject to all the equities which the assured had created on the policy during his life-time. But a series of legal decisions upset all their ideas on the effect of such wording in the policy, and they ceased to issue such policies and made all policies payable to the Assured, his executors, administrators or assigns. Bharat Insurence Company Limited Vs. Lakshmi Devi, 1947 contains a review of the entire case law on the subject:

On the 24th of December 1929, Dr. Kanhya Lal effected a policy of Insurance for Rs. 2,000 with the Bharat Insurance Company. In Column 9 of the schedule against the entry "person or persons to whom the sum assured on his attainment of his age of 60 years or his wife Shrimathi Lakhmi Devi aged 35 years on his death if earlier." On the 2nd February 1935, the policy was converted by the assured into a paid up one for Rs. 500. This was done with the consent of the nominee, namely Shrimati Lakshmi Devi. On the 3rd of August 1935, Dr. Kanhya Lat took a loan of Rs 165 from the insurance Company and deposited the policy with the Company as Security. Dr. Kanhya Lal died on the 8th June 1942. On the date of his death, a sum of Rs. 675 became payable. The loan of Rs. 165 had swelled to the sum of Rs. 214-7-9 by the addition of interest till the 8th June 1942. After deducting the sum of Rs. 214-7-9 from Rs. 675 the Company deposited the sum of Rs. 460-8-3 in the Court of the District Judge under Section 47 of the Insurance Act, as there were rival claimants to this amount. The amount deposited by the Insurance Company was paid by the District Judge to Shrimathi Lakshmi Devi. She claimed an additional sum of Rs. 250 from the Insurance Company. The basis of her claim was that the insurance Company had no power to deduct the amount of Rs. 214-7-9 in respect of the loan taken by her husband, as a trust had been created in her favour from the inception of the policy and that the husband could not raise a loan which would adversely affect the trust in her favour.

The sole question for determination in the appeal was whether a trust was created in favour of the wife of Dr. Kanhya Lal from the very inception of the Policy under Section 6 of the Married Women's Property Act.

It was contended by Mr. Mittal, on behalf of the appellant, that as the policy was payable to the assured on his attainment of the age of 60 years this was not a policy which was expressed on the face of it to be for the benefit of the wife of the assured. Had Dr. Kanhya Lal lived upto the age of 60 years, he would have derived the sole benefit from this policy, and his wife would not have been entitled to any sum payable under the policy. In his lifetime, Dr. Kanhya Lal was the sole beneficiary under the policy and it was open to him to raise any loan on the security of this policy. On the death of Dr. Kanhya Lal, the benefit due under the policy was to go to his widow Lakshmi Devi, but she was bound to discharge the liabilities incurred by the husband on the security of this policy. In this connection, reliance was strongly placed by the learned counsel on the case of Dinbai Vs. Bamanshah Jamasji. In the reported case, a policy was effected on the life of one Hormasji. It was an endowment policy payable at earlier death or at the age of fifty-five and the amount thereof was made payable to Hormusji's wife provided she survived the assured, and failing her, to the assured, his executors, administrators and assigns. The plaintiff who was a creditor of Hormasji obtained a decree against his estate in the hands of the widow and attached the amount payable under the policy in execution of the decree. The widow contented that the policy moneys did not from part of her husband's estate but were her own property. It was held that the policy was not a policy within the meaning of Section 6 of the Married Women's Property Act. 1874, it was for the benefit of the assured himself and formed part of his estate and therefore the policy amount could be attached in the hands of the widow of Hormasji. The following observations occur at Page 518 of the Rrport:

"Now it cannot be argued that this is a policy which falls within Section 6 of the Act III of 1874. The policy contemplated there is one which is for the benefit of his wife or of his wife and children. On the face of it, this policy is for the benefit of the assured himself if he attains the age of fifty-five and if he had attained the age of fifty-five, the policy would have been payable to him, and would undoubtedly have formed part of his estate. nor

would his wife have had any interest in it. The person whom the Act contemplates as receiving the actual payment of a policy under Section 6 is the Official Trustee of the Presidency in which the Office of the Insurance Company is situate, and it must be presumed that such a policy would be payable to him alone. In the present case, if the insured had not died before attaining the age fifty-five, payment could not possibly have been made to the Official Trustee, the Administrator-General in this province . .. In this case, the terms of the policy are such, in my opinion, as not to fall within Section 6 of the Married Women's Property Act, assuming that Act, to apply and therefore the Policy must be regarded as forming part of the estate of the deceased Hormasji, and the appeal must be dismissed with costs."

The 'learned counsel also strongly relied on a Single Bench ruling of the Madras High Court reported as Lilithambal Vs. Guardian of India Insurance Company, Limited. In this case, one V. Sundaresayya had effected a policy of insurance upon his own life and under the heading 'for whose benefit and to whom payable" where the words "the assured or his wife if the assured predeceases her." During his lifetime, the assured, by an endorsement on the back of the policy, assigned to a Bank all the benefits under the policy for valuable consideration. The assured having predeceased his wife, she claimed that upon effecting the policy, a trust immediately came into existence in her favour, and that the deceased could not assign the benefit to the Bank. In these circumstaces, it was held that the benefit was to accrue to the deceased Sundaresayya in the first instance and on the contingency of his dying before, it was to go to his wife. Hence, no trust in favour of the wife could be created until the death of the assured and the assured, during his life time could assign the benefit to the Bank unfettered by any trust in his wife's favour' A similar proposition of law was laid down by the Sind Court in the case of Shamdas Govindram Vs. Mst, Savitri Bai. It was held that in order to attract the applicability of Section 6 of the Married Women's Property Act, the policy must be expressed to be for the benefit of the insured's wife or his children and money should be made payable to the Official Trustee. Until these two conditions are fulfilled, there can be no statutory trust in favour of the wife. Merely, the words "payable to the assured or his wife" would not contemplate a trust in favour of the wife, because these words would not confer. an absolute estate or would not create a trust in favour of the wife. If no express provision is made in the policy for the payment of the money to the Official Trustee, the insured at any time can revoke the policy with or without the consent of his wife, as the case may be, but, in the case of a statutory trust, he should have no right to revoke it because the money would be payable to the Official Trustee.

Commenting on these decisions Abdul Rashid said:

"It appears to me with all respect to the learned Judges who decided the three cases referred to me, that they have unduly restricted the meaning of the words "expressed on the face of it to be for the benefit of the wife" occurring in Section 6 of the Married Women's Property Act.

It has been taken for granted in these three authorities that the policy should be for the sole benefit of the wife and that the trust in favour of the wife must not be of a contingent interest, According to these authorities, if any benefit is reserved for the assured during his life time, the policy cannot be held to create a trust in favour of the wife even though in certain contingencies the entire benefit of the policy is to go to the wife. In my opinion, the words "expressed on the face of it to be for the benefit of the wife" include a case where the wife is to receive the benefit only in certain contingencies. It creates a trust in favour of the wife from the date on which the policy is effected, though the trust is that of a contingent interest in the policy. References may be made in this connection to the case of Abhiramavalli Ammal Vs. Official Trustee of Madras.

In this case, a life insurance policy, in the column headed "to whom payable," contained the following words, viz., the assured or his wife if he predeceases her. It was held that the said words express on the face of the policy that the same is for the benefit of his wife, and as such it ensures and is deemed to be a trust for the benefit of the wife, within the meaning of Section 6 of the Married Women's Property Act."

The question involved in the present appeal was considered at length by a Full Bench of the Madras Court in the case of Krishnan Chettiar Vs. Velayee Ammal. The observations made in the Judgement of the learned Chief Justice at page 920 of the Report may be reproduced in extenso:

"This brings me to the contention of the learned advocate for the appellant that the words used in answer to question No: 12 of the proposal "self or wife Velayee Ammal" cannot be construed as constituting a trust in favour of the respondents. He would attach no meaning at all to those words. The answer to the question is certainly not as it might have been, but, it is an answer and the words can be construed as meaning that the policy was to be for the benefit of the assured, or, in the event of his death before the policy matured, it was to be for the benefit of his wife. It seems to us that this is the only reasonable interpretation to be placed upon the words, and placing this interpretation upon them, it means that there was a trust created in favour of the respondent in the event of the husband dying before the policy matured. That there can be a contingent trust is accepted in England, and as the Married Women's Property Act of 1874 followed similar legislation in England, English decisions are directly applicable."

"In the case of Kanhya Lal Vs. Subbaraya Chetty, an application was filed by the creditor of an insolvent for the assignment of a policy of insurance taken out by the insolvent in his favour. The words "the policy is for the benefit of the wife" were not found in the policy, but, it was stated therein that the amount due on the policy should be paid to the assured, i. e , to the first respondent on the expiry of the period of fifteen years or to his wife on the death of the assured if earlier. In these circumstances, it was held that there was a trust impressed on the policy in favour of the wife from the moment the policy was taken out for her benefit, though she would not be entitled to claim anything unless the event referred to in the policy happened. The following observations may be reproduced with advantage:

"I am of the opinion that if the words found in the policy lead to the conclusion that the policy was for the benefit of the Assured's wife, then according to Section 6 of the Married Women's Property Act, it shall be deemed to be a trust and enure as such as long as the wife is alive. This does not mean, of course, that the wife is entitled to claim anything by virtue of the above Trust straightaway. The benefit which accrues to her under the Trust will be subject to the other conditions in the policy but the trust is impressed upon the policy from the moment the policy comes into existence and it cannot in my opinion be said that the trust comes into existence for the first time only after the event which is to determine the payments under policy takes place. In other words, the wife shall not be entitled to claim anything under the policy unless the event referred to in the policy happens, but, the trust is brought into existence the moment the policy is taken out for the benefit of the wife. That being the case, the trust attaches itself to the policy from the very moment of its brith, and the policy cannot therefore be looked upon as available to the creditors regardless of the trust imposed upon it. The position, therefore, in law is that there is a trust impressed on the policy in favour of the wife; at the same time, it cannot be said that the insured has no interest in the policy, because, in a certain event, namely, after the expiry of fifteen years from the date of the policy, the money thereunder is to be paid to him if he is then alive, and it is only in the event of his death within this period that the money could be paid to his widow if she is then alive. The Policy thus consitutes property in which both the insured and his wife have an interest. It is not possible to say at present what that interest is because it is entirely dependent on the events above referred to. In these circumstances, it is not open to the creditor to treat the policy as being the property of his debtor and to require an assignment of it and to compel the insurance Company to acknowledge such an assignment as valid and binding upon them."

"I am in respectful agreement with the observation reproduced above. It was contended by Mr. Mittal on behalf of the appellant that the observations made in the three Madras Cases referred to above, were based on the case of In Re Fleetwood's Policy, that the English case was distinguishable from the present case, that the Madras High Court had not taken a correct view of the law and that the view taken by the Bombay and Sind Courts should be preferred. In re Fleetwood's policy, a husband took out an Insurance policy for £500 on his life, and by the terms of the policy, the insurance Company agreed to pay that sum to the Insured's wife, if she were living at his death, or in the event of her prior death to pay it to the Insured's executors, administrators and assigns. The policy contained a proviso that if, at the end of twenty years, the insured was still living, he should have the right to exercise any of the six specified options. The insured being then still living, he exercised an option to receive the entire cash value of the policy with its share of accumulated profits and discontinue the policy. A sum of $288 thus became payable. The Insurance Company were unwilling to pay over this sum except on the joint receipt of the husband and wife, and ultimately paid into Court. In these circumstances, it was held that the policy came within Section 11 of the Married Women's Property Act, 1882, and created a trust in favour of the wife in certain events. It is true that the facts of that case were not on all fours with the facts of the present case; but the general question of law as to what consitutes a policy for the benefit of the wife was considered at length by Tomlin J. the following observations which occur at page 53 of the report may be reproduced in extenso:

"A number of cases have been cited to me and my attention has also been called to Sec. 11 of the Married Women's Property Act, 1882. In my view, that Section applies to this policy. The policy is, in the terms of the Section, a policy of assurance effected by a man on his own life, and expressed to be for the benefit of his wife in a certain eventuality, but the fact that the benefit is of a limited or contingent character does not prevent it from being a benefit within the meaning of this Act. I think, therefore, that the policy creates a trust in favour of the wife, but only in terms of the Trust."

"The above case fully supports the proposition that if any benefit is reserved for the wife, a trust is created in favour of the wife from the very birth of the policy even though the trust may be that of a contingent interest. Contingent interest is property though the interest which enures for the benefit of the wife may not be available to her straightaway. If the husband is allowed to operate on the policy, he may raise a loan to the full extent of the policy and may destroy the trust of the contingent interest created in favour of his wife at the inception of the policy. If a trust or a contingent interest is created from the moment that the policy is taken out, the husband cannot be allowed to destroy the trust of the contingent interest which had come into being at the time that the policy was effected. I am, therefore in respectful agreement with the opinion expressed by the Full Bench of the Madras High Court in the case of Krishnan Chettiar vs. Velayee Ammal. In my opinion, the Bombay and Sind Courts have unduly restricted the meaning of the words "expressed on the face of it for the benefit of his wife" occurring in Section 6 of the Married Women's Property Act."

Where therefore the policy is governed by the Section 6 of the Married Women's Property Act, the legal chose in action vests with the Trustee mentioned in the policy and where no Trustee is appointed, with Official Trustee. Payment, however, can be made directly to the beneficiary without a discharge from the legal owner because it is always a good defence for any later action brought in the name of the legal owner. If the insurer can show that the money is at home, that is to say it has reached the hands of the person or persons beneficially entitled to it. (D' Costa vs. Prudential— Quoted by Mocgillivray Page 567).

(Continued on page 15 November issue)

Employees' State Insurance Scheme

Extended to The Madras City

Inauguration By President Rajendra Prasad,

on 14th November 1955 at the Corporation Stadium.

Lt. - Col. V. M. Albuquerque, Director - General, Employees' State Insurance Corporation, New Delhi, in his welcome adress, said that the Employees' State Insurance Act was passed over seven years ago but unfortunately its implementation in the country had taken more time than was orginally anticipated. During the last 12 months, the scheme had made rapid progress and had covered about eight lakh workers. With its introduction in the City of Madras it would have covered over a million workers. This would leave a further million workers to be brought within its purview by the end of next year.

"The scheme," Col. Albuquerque said, "must be regarded as a nucleus of social insurance in each State. The Act enables its extension to other categories of workers and the Planning Commission is already considering proposals for its extension to mines, additional factories and commercial establishments during the Second Five-Year Plan period. There is, therefore, provision for this State Insurance organisation to expand widely into the general population of the country. To the extent that more employees are brought within its purview, the liability of the States for providing medical care to the general population will be correspondingly reduced as three-fourths of the cost is met from the funds of the Corporation."

Main Objectives of The Scheme

Col. Albuquerqe said that the two main objectives of the Scheme were to augument the medical care available and to raise the standard of such care. The Corporation, he added, had accepted in principle the inclusion of families of insured persons for the provision of medical care. The recent Labour Ministers' Conference at Hyderabad generally recommended the proposal and the matter was being placed before the Corporation next month "If the scheme gets the co-operation of all the parties concerned, namely, the workers, the employers, the State Governments and the medical profession, and is worked honestly and efficiently," he said, "the benefits conferred by it will help to brighten the lives of an increasing number of workers of all categories."

Mr. M. Bhaktavatsalam, Minister in charge of Industries and Labour, in an introductory speech in Tamil, explained the features of the scheme. He said that the recommendations of the Bihar Labour Enquiry Committee of which Dr. Rajendra Prasad had been the Chairman, had gone a long way in enabling the Government of India to enact special legislation for ameliorating the conditions of coal mine workers.

The Employees State Insurance Scheme, the Minister said, was brought into force in this State in January last in Coimbatore and some of its suburbs covering 100 factories and 40,000 employees working therein. The working of the Scheme for the last ten months in Coimbatore had encouraged the Madras Government to extend it further to the factories situated in the City of Madras and its suburbs. The success of the Scheme in Coimbatore was due mainly to the co-operation they received from the employees and their trade unions and leaders. The employers too, had extended their whole-hearted co-operation. The medical porfession had contributed considerably in making the Scheme a success. The Cash Benefit period in Coimbatore had also started last month and the workers had begun receiving the cash, sickness and maternity benefits also.

Arrangements in City

"In implementing the Scheme in Madras City and its suburbs" Mr. Bhaktavatsalam said "it was our intention to build a hospital with 100 beds and, as far as possible, to have the State Insurance dispensaries situated in our own buildings. But this seemed to involve considerable delay and in view of the pressing demand from both the employers and employees, we could not afford to wait till our own premises were ready. It was, therefore, decided that we might set up a separate hospital for the employees in a rented building with about 60 beds and in addition as a temporary measure, reserve some beds for maternity and T. B. cases in some of the existing hospitals. The dispensaries have also been opened in all the major important localities with large workers' residential concentrations. We have set up full-time dispensaries and arrangements have also been made for utilising the dispensaries maintained by one of the leading employers. Where it is not possible to set up a full-time dispensary, a mobile van will also be provided in order that the medical aid might reach the employees residing in out-lying villages. In places where there are no appreciable concentration of workers, like Tambaram, Ambattur and Red. Hills area, arrangements with private doctors have also been made. Every effort has thus been made to see that medical facilities are available near the residence of the workers as far as possible, if, on the basis of actual experience, it is considered necessary to set up any more dispensary in any area, steps will be taken by the Medical Department of this State in that direction Specialists have been appointed for giving expert treatment to workers whenever required." For providing cash benefits to employees, the Employees State Insurance Corporation had opened four local offices at Tiruvottiyur, George Town, Perambur and Mount Road and one Pay Office at Chromepet.

The Minister explained the benefits that were available under the Employees' State Insurance Scheme at present and said that they were actively considering the extension of the medical benefits to the families of employees also. He assured the employees that a decision on this question would be reached very shortly. The one special feature of the Employees' State Insurance Scheme, he added, was that representatives of the employers and the employees had been actively associated in the administration of the Scheme at all levels.

Towards Industrial Democracy

"It has been the policy of the Government of India and all the State Governments" Mr. Bhaktavatsalam said, to associate the representatives of employers and employees in all matters relating to industry in order that we might bring in what we may call full industrial democracy out of a cooperative effort and venture and not as an individual concern. It is time that we all realised the full implications of this policy. The workers are now equal partners with the management in the prosperity of any industry and therefore must have a voice in its actual administration. Workers can no more be treated as tools or hirelings or mere wage-earners. Labour with technical knowlege is an important asset to the country and, therefore has to find an appropriate place in all our plans and their execution. It is our aim to provide a living wage to each worker. Any industry which fails to provide a living wage to its employees has no right to function. The employers should regard themselves as the trustees of the industry and let them hold this trust well. All socalled "industrial strife" in this most vital sector of our country's economy must now come to an end and we should all sit together and devise methods to promote our industrial progress to the maximum extent possible, so that we could exploit all our resources and ensure better standard of living to everybody. Through strifes we all stand to lose. Through co-operation only we can achieve many things."

Mr. Kamaraj Nadar, in requesting the President to inaugurate the Scheme in the City, said that it was first introduced in Coimbatore where it had been working in a proper manner. The Government wanted to extend the benefits of the Scheme to all workers. The provisions of the Act would soon be made applicable to all industrial areas in this State. Their aim, he said, should be to provide medical aid for all the people who need it.

President's Address

Dr. Rajendra Prasad said that it was more than three years now that the implementation of the Employees State Insurance Scheme began. So far it had been extended to Nagpur, Greater Bombay, four centres in Madhya Bharat, to Hyderabad, Calcutta City and Howrah district, to seven centres in Andhra and an equal number of centres in the Punjab. In addition to this, in the Madras State it was extended last January to Coimbatore. Madras City was thus the second City in the State to be covered by the Scheme.

"Although the Employees' State Insurance Act, as passed in 1948 and as subsequently amended 1951, raised some misgivings in certain quarters as to the feasibility of the Scheme, its implementation has, the President hoped, "dispelled those misgivings. We have now reached a stage when most of the administrative difficulties have been got over and the Scheme may be said to be well on its way to cover the country. As it is being extended gradually, it is becoming clear that the Scheme can be depended upon as an instrument for the welfare of the working class, which it was intended to be. "The benefits conferred by the Employee's State Insurance Scheme are happily no longer a subject of controversy to-day. The Government has proceeded in the matter cautiously and instead of implementing it simultaneously throughout the country, it has been doing it in phases, so that it might be judged properly in the light of practical experience in a limited sphere. I take it that the results achieved in the various centries, where the Scheme has been working for one to three years, warrant its scope to be extended further so as to cover all the 12,000 odd factories in India, employing over two million workers.

"It need hardly be emphasised," Dr. Prasad said, "that the interest of employees, who are the producers of wealth, is an important consideration for the employers and also for the State. The provisions envisaged in the Scheme do not, however, constitute, a new principle. It has long been recognised that factory workers should be entitled to certain benefits in case of illness and disability caused by employment injury. It was to ensure these benefits to them that the Maternity Benefits Act and the Workmen's Compensation Act were put on the Statute Book. The Employees' State Insurance Act improves upon these Acts partly by taking over the liability from the individual employer so that no evasions can now take place and partly by replacing the lump sum payments made for permanent disablement or death under the Workmen's Compensation Act by periodical pensions payable in the case of disablement throughout life, and in the case of death of an insured person, pensions are payable throughout life to the widows and till the age of 15 or 18 in case of children. In regard to sickness, apart from some progressive employers, who granted sick leave no statutory benefits were granted in the past and this is a benefit which is made available to all employees by the new Scheme.

"Since Independence, there has been more emphasis on increasing production in all spheres so that we might be able to improve the economic condition of the country To do so in a well-considered manner, the Government formulated in the First Five-Year Plan which is now nearing completion. It is indeed gratifying that in nearly all the cases we have been able to reach the targets of production fixed in the Plan. While laying emphasis on the need to increase industrial production, we cannot afford to ignore the employees, who should be one of the beneficiaries in the improved conditions, brought about in no small measure by their own efforts. The benefits which the Employees' State Insurance Scheme confers on employees pertain to the elementary needs of life and are on the side of necessity. I am so glad that the employers have also recognised it and they are one of the parties in the working of the Scheme."

Dr. Prasad said that he was very glad that with the extension of this Scheme to Madras City, another 50,000 workers employed in the various industrial undertakings would be included within the scope of the Employees' State Insurance Scheme. As these amenities were provided to the employees and they were covered against sickness and employment disablements of all kinds, he had no doubt "in their own interest, they would give their best to the industries in which they are employed." He hoped that "the principle of insurance introduced in the domain of health will minimise, if not altogether eliminate, the element of uncertainty, which has hitherto shadowed the industrial employees in the event of sickness and physical injury."

"I have great pleasure in inaugurating the Employees' State Insurance Scheme in Madras City and hope that it will contribute to the prosperity of the industries here and the happiness of those employed in them, the President concluded.

Mr. A. B. Shetty, Health Minister, proposing a vote of thanks to President Prasad, said that in the Welfare State of today, medicine like education should become a public service available to all without charge. Nearly all the advanced countries had taken to some form of health insurance for which the employers, the employees and the State contributed to a fund from which the cost of medical care was met. In Britain, the national health service provided free medicne for all at State cost. "Unfortunately," Mr. Shetty said, "this has encouraged the medicine habit in the people and the nation's drug bill has gone up enormously and has become a problem for serious concern. to the authorities. Let us hope that a similar situation will not arise here. I trust that the medical men who work the scheme will take care to see that they do not encourage any unnecessary medication habit in the people."

Reviews

Oriental Government Security Life Assurance Co., Ltd.,

IN the history of Life Assurance in India, the Oriental Government Security Life Assurance Company, Ltd., occupies a unique position. Though a few more Institutions were already in existence at the time when the "Oriental" was started, i. e. in the year 1874, it was only given to the "Oriental" to pursue the business seriously and work successfully despite the great many odds that existed then. From the date of its establishment down to this day, the Institution's history is a history of progress. In sise, strength, and service, the Oriental stands foremost.

During 1954, the Company received 1,52,044 proposals for assurances amounting to Rs. 56,82,49,979. 1,24,476 policies assuring Rs. 47,75,57,705 were issued. This record of business represents more than double the business the Company completed during 1953.

The total number of policies in force is 9,49,420 assuring with Bonus additions and increases under triple benefit policies the sum of Rs. 2,37,22,50,827. The total number of Current Annuities (exclusive of Deferred Annuities) in force is 73 for Rs. 46,750 per annum.

The income for the year amounted to Rs.13,52,05,408 of which Rs.10,46,28,589 was derived from premiums and the outgo amounted to Rs. 7,65,50,241 thus leaving a balance of income over outgo a sum of Rs. 5,86,55,167.

The ratio of expenses including commission to premium income is 25.4 per cent.

Claims for the year inclusive of bonus additions amounted to Rs. 4,30,86,852 out of which Rs. 1,08,40,164 were claims by death and Rs. 3,22,46,688 were claims by maturity.

At the close of the year the Funds amounted to Rs. 78,28,32,610. The average rate of interest realised during the year was 4.12 per cent. after deduction of income tax at the source.

The progress has been really marvellous and the Institution's excellent financial position has been further established by its recent valuation results. The triennial valuation made as at 31st December, 1954 disclosed a profit of Rs. 7.10 crores as against Rs. 4.65 crores for the previous triennium, and the Company declared bonus to with profit policyholders at the rate of Rs. 22½ per thousand per annum on whole Life Assurances and Rs. 18/- per thousand per annum on Endowment Assurances, representing an increase of 50 per cent over the rates of the previous valuation.

These rates are the highest in our Country in the recent years and the policyholders of the Oriental have cause to be proud of their Institution and the way in which it is very ably managed by Mr. L.S. Vaidyanathan, the General Manager. We wish him and the Institution continued success.

United India Life Assurance Company, Ltd., MADRAS.

THE success achieved by this premier South Indian Institution is remarkable indeed. It was started in 1906 and the first Chairman of the Company, the late Dewan Bahadur K. Krishnaswami Rao, C.I.E., and the founder managing Director, the late Mr. S. Vijendra Rao, and others on the Board of Directors were men of great integrity and foresight, who cared more for the strengthening of the financial position of the Company than for doing big business. The healthy principles set by them continue to guide the management even today, so much so, the Institution enjoys public confidence in an abundant measure.

During 1954, the Company received 21,249 proposals for assurance amounting to Rs. 6,33,37,869. 17,233 new policies amounting to Rs. 5,30,06,733 were issued. The total assurances in force as on 31st December, 1954 amounted to Rs. 30,56,25,736. Total Annuities in force amounted to Rs. 1,49,245. The Policy-holders' Trust Fund at the end of the year stood at Rs. 9,32,48,118 as against Rs. 8,03,78,135 at the beginning of the year.

The total revenue from premiums, interest and other fees amounted to Rs. 1,68,17,258. The rate of interest earned during 1954 on the funds of the company was 4.50 % gross and 3.58 % net.

In accordance with rule 25 (b) of the Insurance Rules, the renewal expense ratio has been 14.75 % as against 15.51 % for 1953.

The mortality experience of the Institution continues to be satisfactory and as per the Actuary's report, it shows a steady improvement. Percentage of actual deaths to expected deaths has been only 50.3 for 1953-1954.

A valuation made for the years 1953 and 1954 on 3 % interest basis, total provision for expenses at 14.87 % of the premiums in the case of without-profit policies and 23.44 % of the premiums in the case of with-profit policies, and Mortality table applied being Oriental 25-35 ultimate, disclosed a surplus of Rs. 42,20,357. A Bonus at the rate of Rs. 17 per thousand per annum on whole Life Assurance policies and Rs. 15 per thousand per annum on Endowment Assurance Policies was declared.

"United India" has thus well earned the name and fame it commands everywhere in the Country. Mr. N. Rama Rao, B. A., B. L., the Chairman and Mr. N. V. Nayudu, M.A., B.L., F.I.A., the Manager, and others responsible for the efficient management of the Company deserve ample tributes at the hands of the policyholders for the Company's prosperous condition.

New India Assurance Company, Limited.

ONWARD in its triumphant career, the New India Assurance Company, Limited, Bombay, has broken all its past records and reached new heights in the year 1954. It is the largest composite Insurance Company, in India and with its world wide connections, it has been able to expand at a tremendous pace from the date of its establishment in 1919.

The Life Department commenced business only in 1929 and in the course of twentyfive years, the Company has become so popular as to complete a new business of Rs. 43.42 crores, in 1954 i. e. an increase of Rs. 23.51 crores (118 per cent) over the new business record of the previous year. In the order of new business procuration, the New India stands second among Indian Insurance Companies It is all the more praise-worthy that this record has been reached especially when the expenses incurred work out a lower ratio to that of the premium income. At the end of the year the business in force was Rs. 125·29 crores and the Life Assurance Fund, Rs. 23.92 crores. The average sum assured per policy was Rs. 4,898 compared to Rs. 3,463 in the previous year.

The premium income of the Department inclusive of consideration for Annuities, amounted to Rs. 5.62 crores as against Rs. 4.74 crores in 1953. The interest income, after deducting income-tax was Rs 78 5 lakhs, working at 3 56% of the Mean Life Assurance Fund as against 3.55 %.

Expenses: The renewal expense ratio for the year, as calculated in accordance with the Insurance Rules is only 9.2 %. Even making allowances for business under staff insurance scheme and the like on which the expenses could be incurred only at a lower rate, the renewal expense ratio works out at 12.2 % only as against 14.2 % in 1953.

Claims: In respect of Claims experience also the Institution is at an advantage. The actual claims worked out at 48 % of the expected claims. Death claims for the year amounted to Rs.38.1 lakhs and maturity claims totalled Rs. 46.6 %. Surrenders have shown a decline to Rs. 22.1 lakhs from Rs. 27.2 lakhs in 1953.

Investments. There was a net profit of Rs. 7.1 lakhs on the sale or redemption of certain investments. The market value of the investments showed an appreçiation of Rs. 30 lakhs. Still an investment reserve of Rs. 5 lakhs is maintained.

In the General Department, the premium income from Fire, Miscellaneous and Marine business recorded a substantial increase, of Rs. 46.90 Lakhs. The Fire department received Rs. 16.99 lakhs more over the previous year's premium income of Rs. 233.32 lakhs. The Miscellaneous department recorded Rs. 13.18 lakhs increase over 1953 premium income of Rs. 72.34 lakhs and the Marine Department Rs. 16.73 lakhs over the previous year's income of Rs. 83.97 lakhs. The progress is commendable especially in a year when the claims experience in all the departments have been more favourable than in the previous year. The total profit as a result of the year's transactions in the General Department has been Rs. 48.22 lakhs. The Board of Directors declared a dividend of Rs. 2/8 per share as against Rs. 2/- per share in the previous year.

As a result of the year's transactions, the Company has been able to increase its financial resources by Rs. 3.94 crores which now stands at Rs. 30.58 crores.

Thus, the New India Assurance Company stands foremost among Indian Insurers and its financial strength, its record of service and its security would serve as the best compliments to the Management and the Board of Directors. We wish the Institution every success.

Central Mutual Life Insurance Co., Ltd.,

THE Annual Report and statements of accounts for the year 1954, of the CENTRAL MUTUAL LIFE INSURANCE COMPANY, LIMITED. were adopted at the Annual General Meeting held on the 28th of July 1955 The Company has issued new policies for a total sum assured of Rs. 4,90,000/-. The income for the year amounts to Rs. 2,05,117/- and the total expenditure under different heads amounts to Rs.38,551/- only. The renwaal expense ratio thus works out to be 12.9%. In spite of the moderate addition in the new business, the Company has added a substantial amount of Rs. 1,37,094 to the Life Fund which at the close of the year stood at Rs. 9,46,165/-. It is obvious that this solid achievement is possible, only because of the consistant policy of keeping the expenses at a considerably low level.

Details of the Assets of the Company and the net interest yield of 4.28% gained by the Company, shows that this side of the business is also being managed most satisfactorily. Out of the total assets, Rs. 4,30,882/- are invested in Govt., Securities and Approved Securities, and Rs. 1,71,450/- are invested in shares and Debentures of Companies approved by the Government. Besides this an amount of Rs. 1,40,555/- is invested in the Company's property in Poona.

Claims by Death and Maturity during the year under Report amounted to Rs. 7,841/- and Rs. 20,775/- respectively. The amount of outstanding claims was only Rs. 13,911/- out of which claims to the value of Rs 5,698/- were paid till the date of the Report.

It is observed that the Company has maintained its steady progress on sound and economic lines in spite of cut-throat competition from bigger Companies. It is to be noted that the Company has reduced the premium rates, and introduced Non-medical business only from the current year. The Company has declared a bonus of Rs. 7/- and Rs. 9/- in the last Valuation. We congratulate the management for keeping this high standard in Insurance business, and wish the Company all prosperity and better results in future.

New Asiatic Insurance Company, Ltd.,
NEW DELHI.

ESTABLISHED in 1933, the New Asiatic Insurance Company, Ltd., has grown in size and strength from year to year. A composite Insurance Company, with a paid-up capital of Rs. 20,00,000, it has built up a live organisation throughout the Country. Mr.L.N. Birla is the Chairman, Mr. A. L. Dutta, M.SC., B.L., is the General Manager (Life) Mr. B. K. Setalvad, General Manager (General) Bombay Division and Mr. M. L. Khatri, Manager (General) at Calcutta.

Life Department: During 1954, the Company completed a new business of Rs. 4 26,72,058. The average sum assured per policy was Rs. 3,280. The net premium income amounted to Rs. 86,32,415. On the mean life fund, the company earned 4.31% gross interest. The Life Assurance Fund at the end of the year amounted to Rs. 4,14,43,955 showing an increase of Rs. 60,91,324, as a result of the year's working.

As at the end of 31st December, 1953 a valuation of the Life Business was made and it was found that there has been a surplus of Rs. 17,96,814. The with-profit policyholders were the recipients of a Bonus at the rate of Rs. 12 per thousand per annum on Endowment Assurance Policies and at Rs. 15/- per thousand per annum on Whole Life Assurance Policies.

In the General Department, Rs.3,83,530 from Fire Business Transactions, Rs. 2,53 816 from Marine Business and Rs. 17,735 from Miscellaneous business has been transferred to the Profit and Loss account as profit for the year. The net premium income in the Fire department has been Rs. 25,71,085, Marine department, Rs. 9,93,319 and Miscellaneous department, Rs. 25,64,070. After making necessary provisions for taxation. Reserve, Bad debts etc., there was a balance of Rs. 1,57,676 out of which a dividend at the rate of 7½% on the paid up capital was paid.

The Company maintains an investment reserve of Rs. 12,50,000 besides reserves under other heads. For unexpired risks, a reserve of Rs. 10,28,434 (Fire), Rs. 3,97,327 (Marine), and Rs 10,27,628 (Miscellaneous) is provided. The total assets at the end of the year Stood at Rs. 5,27,53,042.

The achievements of the Company are really worthy of high tributes to the management. Its organisation has attained vast dimensions in comparatively a short period. The divisional Office set up at Madras to serve the company's clients in the South is working efficiently. Mr. M. S. Krishnaswamy who has joined the Branch this year can be expected to bring more successful results with his rich experence in the field, to the Unit. We wish the Institution every success.

Devkaran Nanjee Insurance Company, Ltd.,

In a short period of 13 years, the Devkaran Nanjee Insurance Company, Limited, has achieved results that could not be attained by a large number of Companies even in the course of a quarter of a century. Parulakly, The Life Department is managed very efficiently and the policyholders receive exceedingly satisfactory service.

A new business of Rs. 34,07,250 has been completed during 1954 and the premium income was Rs, 10,40,481. The Life Fund increased from Rs. 56,09,150 to Rs. 63,64,151.

The valuation made for the triennium ended 31st December, 1954 reveals an all round progress of the Company. Compared to the triennium that preceded, the period now under reference has recorded a substantial increase in the average, per year, cf new business, and premium come. The expenses have beeu stabilised at a reasonable level, and the average renewal expense ratio was only 13½%. The mortality experience has very much improved. The average net rate of interest earned has been 3.61%.

The net surplus disclosed amounted to Rs. 3,28,828 and the with-profit policyholders were allowed a Bonus at the rate of Rs. 16 under Whole life Policies and Rs. 12/8 under Endowment Assurance policies per 1000, per annum.

In the General Department, the net fire premium amounted to Rs. 5,09,168 and the miscellaneous premium totalled Rs. 2,15,707. After providing adequate reserves for unexpired risks, both the departments left a profit of Rs 70,789. A dividened at the rate of Rs. 3 per share (6% free of income-tax, was delared.

Mr. Pranlal Devkaran Nanjee, the Chairman and his colleagues on the Board, and Mr. Suresh K. Desai, B.A., LL.B., the Manager deserve to be congratulated for the good progress that the Company is recording every year. We wish the Institution every success.

Popular Insurance Company, Limited.

TWENTYFIVE years of continuous and constructive work on conservative lines have enabled the Popular Insurance Company to offer service to the public with absolute security. Its progress is steady, its financial position is sound, and its administrative cost is economic.

During 1954, the Company completed a new business of Rs. 36,12,250 as against Rs. 31,86,250 in 1953.

Premiums, interest and other receipts amounted to Rs. 9,42,208 as compared to Rs. 8,35 617 in 1953. The renewal expense ratio calculated according to rule 25 (b) worked out to 17.3% as against 17.6% in the previous year,

The Life Assurance Fund during the year increased by Rs 4,94,225 and stood at the end of the year at Rs. 36,31,031. The net interest earned on the mean life fund was 3.86% as against 3.52% in 1953.

The sixth actuarial valuation as at 31st December, 1954 is stated to be in progress and the results, it is hoped, will be quite satisfactory.

The sound position of the company is entirely due to the efficient, sound and conservative methods adopted by the Managing Director, Mr. B. Vittal Rao, in carrying on the administration, with the whole hearted co-operation of the Directors. We wish the Institution every success.

Sterling General Insurance Company, Ltd., NEW DELHI.

A strikingly progressive Institution, the Sterling General Insurance Company, Limited, maintains well its onward march to serve more and more men and women of our Country. Started in 1944, the Company transacts both Life and General Insurance business and in this short span of 11 years, it has established a name and position in Indian Insurance. The total gross and net premium of the General Department was only in 1945 was Rs. 4,73,204 and Rs. 2,61,134 respectively in 1945. But in 1954 the gross premium amounted to Rs. 51,03,013 and the net premium Rs. 32,71,738 i.e. mose tham ten times. The company has recorded year after year a progressive increase and in no year the premium income was less than in the previous years.

In the Life Department too, the new business has been steadily increasing year after year and in 1954 the Company issued policies assuring a sum of Rs. 85,58,054 which exceeded the business completed in 1953 by nearly Rs. 20 lakhs. There was a proportionate increase in the premium income and other receipts. The Life Assurance Fund increased by Rs. 7,53 157 and stood at the end of the year at Rs 47,13,148. The ratio of expenses to the premium receipts was less than that of the previous year.

In the Fire department the net premium amounted to Rs. 5,46,499. Reserve for unexpired risks amounted to Rs. 1,96,392 and the profit transferred was Rs. 1,97,486

Marine Department: The net premium was Rs. 4,16.037. Reserve amounted to Rs. 1,48,645 and the profit transferred was Rs. 11,108.

Miscellaneous and Workmen's compensation: The net premium received in 1953 was only Rs. 13,78,360 whereas in 1954 it was Rs. 23,09,202. The reserve amounted to Rs. 7,92,862.

The Assets and Liabilities of the Life Department was valued as at 31st December, 1953 on very conservative basis and the valuation disclosed a surplus of Rs. 1,76,395. A Bonus at the rate of Rs. 7 and Rs. 5/- per 1000 per annum on whole life and endowment policies was declared.

The results are gratifying indeed. Mr. K. S. Ramamurthi, M.A., the Deputy General Manager, who is in charge of the Office at Madras, has effectively organised the vast field under his control. Mr. M. N. Seth, the General manager at the Head Office, with his long experience, has managed the Institution well. We wish it every success.

Western India Life Insurance Company, Ltd., SATARA.

IF our countrymen have confidence today in Indian Insurance Companies, it is entirely due to the confidence inspired in them by a small number of well conducted Insurance Companies like the Western India. This Company was founded at the historically famous town of Satara in 1913 by some of the patriotic citizens of that place. Mr. W. G. Chirmule, the first managing director of the Company, giving up his lucrative practice as a pleader, took up the management and administered it with all caution. He cared for quality and not for quantity in business. Soon the public realised that the Company is in good hands and their interests will be fully safeguarded. The progress was steady and the financial position was getting stronger and stronger as the years rolled by. Today, after four decades of exemplary service, the Institution stands rock-like, with a foundation that is stronger than ever before and that is second to none. It has built up a tradition of its own for fine principles and liberal service that will interest everyone connected with the business of insurance.

Over Rs. 20 crores of business is in force and the Life Assurance Fund amounts to nearly Rs. 7 crores. Investments are in first class securities and to off-set any depreciation a reserve of Rs. 10,00,000 is built up.

During 1954, 15,508 proposals for assurance amounting to Rs. 4,77,85,762 were received. The Company issued 13,023 policies for Rs. 4,06,96,513. In addition, 28 policies were issued under Annuity plans. The receipts by way of premiums and consideration for Annuities amounted to Rs. 1,02,83,873. Interest, dividends and rents, less income tax, amounted to Rs 24,82,177 After providing for death and maturity claims to the extent of Rs. 32,10,783 and meeting expenses of management, surrenders, depreciation, etc., a sum of Rs. 63,76,358 was added to the Life Assurance Fund.

The Company's assets and liabilities were valued last as at 31st December, 1953 on very conservative basis. A surplus of Rs. 32,00,000 was disclosed and the with profit policyholders were granted a bonus at Rs. 15 on whole life policies and at Rs. 12 on endowment policies, per Rs. 1000 sum assured, per annum.

Everyone connected with the Western India Life Insurance Company have cause to be proud of its achievements and useful social service to the public. We wish the Institution every success.

Police Co-operative Insurance Society, Ltd.,

A departmental Life Assurance Society, the Police Co-operative is working successfully from 1926. Over 90 % of the Officers and men of the West Bengal Fire Service are insured with the Society. Over 70 % of the Officers and men of the Calcutta Police are also insured with the Society. The Society's premium rates are very low and especially when it is managed very efficienty and economically it is easy to do business, but as a departmental co-operative society, its field of operation has been limited. Its principal Officer, Mr. B.B Dotto is a very able, experienced and popular insurance-man and he has now taken steps to obtain the necessary permission from the authorities concerned to extend the business wherever possible. In the State of West Bengal itself he is making his best efforts to cover Excise and Jail departments staff.

For some years he has been trying to extend the operation of the Society in the other States. He has succeeded in respect of Bihar State and the Government of that State has now agreed to sanction deduction of premiums at source As a result, the Society has been able to complete a business of Rs. 41,87,000 upto 20th September 1955 and before the close of the year, the record may well reach Rs 50 lakhs. Mr. Dotto is now making efforts to introduce the business in the States of Bombay, Delhi and Uttar Pradesh. The State of Madras also is on his itenary and if the Society succeeded in securing necessary permission from these states, it can expect to complete a very decent business every year.

During 1954, the premium income of the Society amounted to Rs. 4,06,084 and the interest income, Rs. 59,565. The Life Assurance Fund at the end of the year stood at Rs. 17,08,786. A valuation made as at 31st December, 1954 revealed a surplus of Rs. 1,01,475 out of which a reversionary bonus at Rs.10/- on whole life and Rs. 8/- on endowment policies, per Rs. 1000 per annum, was declared. The valuation has thus revealed the excellent financial position of the Society. The Directors of the Society and the Secretary, Mr. B. B. Dotto have well deserved the confidence reposed in them by the members. Our congratulations to them. We wish the Society every success.

Premier Life & General Insurance Company, Ltd.,

AMONG Insurance Companies established in the State of Madras, only a few have successfully extended their organisation throughout the Country and the Premier Life & General Insurance Company, Ltd., is one among those few. The Company has established Branch Offices at Kanpur, Calcutta, Dibrugarh (Assam), New Delhi, Jamshedpur, Hazaribagh, Jodhpur, Bombay, Jhansi, Ahmedabad, Kakinada, Bangalore and various other places. Inspectorates and Agencies are functioning throughout the Country.

The Company transacts Life Insurance Business and Miscellaneous Insurance. The premium income of the Life Department during 1954 amounted to Rs.1,77,757 The Life Assurance Fund increased from Rs. 9,40,118 at the beginning of the year to Rs. 10,17,718 at the end of the year. During the year, the claims totalled Rs.

73,396 out of which Rs. 15,261 was by death and Rs. 68,135 by maturity. The expenses incurred by the Company are within the limits prescribed by the Insurance Rules and the Actuary prof K. B. Madhava, who valued the assets and liabilities of the Company as at 31st December 1953 has paid high compliments to the management In his report he observed: "These results are of course very satisfactory. There is also assured prevision for future bonuses. Thus fortified you should now march ahead very vigorously."

In the Miscellaneous Department, the Company transacts Motor Insurance and the premium income on the same is Rs. 12,15,672 as against Rs. 11,76,382 in the previous year. A dividend at 50 per cent (free of tax) to the shareholders of the Company on paid up share amounts was recommended.

We congratulate the management on the satisfactory progress of the Company and wish it every success.

Aundh Mutual Life Assurance Society, Ltd.,

THE progress of this Mutual Society has been on sound lines during 1954. Considering the keen competition that exists in the field and the difficulty experienced by more favourably placed companies for securing business at a reasonable cost, the record of this Mutual Society is a tribute to the management.

The Society has secured a business of Rs. 5,07,000 during 1954. The cost at which it was secured is within the margin provided for both in the premium rates as well as in the last valuation.

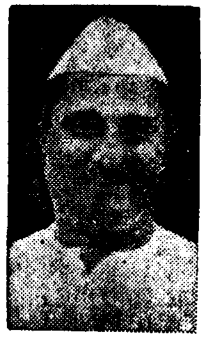
As a result of the year's transactions, the Life Assurance fund increased by Rs. 99,520 and stood at Rs 7,68,821 at the end of the year.

Only 3 Claims by death were reported. 15 policies matured for a total sum of Rs. 10,700. The society is keen to settle the claims promptly and with that end in view gives all possible assistance to the claimants for completing the claim papers.

A valuation of the Society's assets and liabilities was performed by Mr. K. A. Pandit, B. SC., F.I.A., Actuary, as on 31st December, 1953. 1773 policies assuring Rs. 23,73,975 and one annuity assuring Rs. 227 per annum were valued. Rate of interest assumed was only 2 and ¾ per cent. Mortality table applied was "Oriental" (1925-35) with a rating up of 2 years in age. Provision for future expenses and profits was made at 21 per cent of the with-profit premiums and 18 % of the without profit premiums. The valuation disclosed a surplus of Rs. 27,869. Bonus at Rs. 8/- per 1000 per annum on Whole Life Policies and at Rs. 6/- on Endowment policies was declared. The results are really worthy of achievement especially when the basis assumed is very stringent. We wish the Institution every success.

Sahyadri Insurance Company, Limited.

NASIK.



Shri S. K. PATIL, M.P.,
Chairman.

THIS is an Institution that attained its present stature and position in Indian Insurance not by an impressive paid-up capital or by an extensive organisation created overnight at a huge initial expense, but by sheer adherence to the best principles of Life Assurance and thereby gaining public confidence. It was started in 1936 and in the course of about 20 years, its assets and liabilities have been valued four times. All the valuations were made on very stringent basis. During the second World War, when the interest yield on first class investments went down much below the rate assumed in calculating the premiums, Insurance companies in general had to face a critical period. A large number of companies disclosed deficits in their valuations. Even in such adverse conditions, the Sahayadri Insurance Company, disclosed only a surplus in its valuation. Such was its financial position. The management has continued to be cautious all throughout not only in doing business at a moderate cost, but also in salection of risks, in making investments, in effecting appoinments in the field etc., The fourth Actuarial Valuation made as at 31st December, 1954 disclosed a surplus of Rs. 2,25,924 and a Bonus at the rate of Rs. 10 on whole life policies and Rs. 8 on Endowment policies has been declared.

During the year 1954, the company completed a new business of Rs. 31,93,575. The net premium income amounted to Rs. 8,26,475. The net interest, dividend and rents amounted to Rs. 1,50,649. On the mean life assurance fund the yield was 3.95 %.

The Life Assurance Fund at the close of 1954 amounted to Rs. 41,88,417 representing a rise of Rs. 5,99,868 over that of the previous year.

It is really creditable to the management that the financial position of the Institution is so satisfactory and sound which is not easy of achievement in the midst of unfair and unhealthy competition existing in the field at present. We wish the Institution every success.

All India General Insurance Co., Ltd.,

ONE of the leading composite Insurance Companies established in India, the all India General Insurance Company, Limited, enjoys public confidence almost from its inception. Its Board of Directors consisting of some of the best known and ablest businessmen in the Country, and its efficient administration at the Head Office, enabled the Institution to complete equally with other well established companies in the field and march ahead of them. Though it is only a little over a decade since the Company was established, the Institution has earned a name both in General as well as Life Insurance business for offering sound advice, able underwriting, good security and prompt settlement of claims.

In 1954, the Company received 3857 proposals for assurances amounting to Rs. 1,01 19,500 in the Life Department. 2899 proposals resulted in policies for Rs. 76,11,500. At the end of the year 18,121 policies assuring Rs. 4,26,52,500 were in force. The net premium received amounted to Rs. 17,52,940. A substantial sum of Rs. 13,25,705 was contributed to the Life Assurance Fund which now stands at Rs. 8S,54,504.

In the Fire Department, the net premium amounted to Rs. 9,79,952. A sum of Rs. 3,91,980 has been provided for unexpired risks, at 40 % of the premium income.

Marine Department: The net premium in this department amounted to Rs.90,802 and the Reserve for unexpired risks was provided at 75 % of the premium income.

Accident and Miscellaneous Department: The net premium of this department amounted to Rs. 5,00,430. A sum of Rs. 2,00,172 has been provided for unexpired risks.

Thus, the Company has maintained a very striking progress despite the keen competition for business in the field. The Board of Directors and the General Manager of the Company, Mr. M. Subba Rao, M. A , B. Com., deserve warm congratulations for the Institution's success and its sound financial position.

The field organisation of the Company also deserve ample tributes for the good work done. Besides Branch Offices in all important centres in India, the Company is represented at Ceylon by their Chief Agents, Messrs. De Soysa & Co., Ltd., In England Messrs. H.M. Beddall & Partners Ltd., London, act as representatives effectively. In South India, a well equipped Divisional Office is established in Coimbatore under the efficient management of Mr. P.V K. Shanmugam, B.A., He has contributed substantially to the company's business record by his able organisation of the field and business capacity.

We wish the Institution every success.

National Indian Life Insurance Company, Ltd.,

LIBERAL policy conditions, liberal return, favourable mortality experience, adequate reserves and sound investments have all attracted public attention so much that the National Indian Life Insurance Company, Limited, established in the year 1907 and managed well by Messrs. Martin & Co., was able to progress steadily almost from its inception. The Association of such great personalities like Sir K. N. Mookerjee, K. C. I., K. C. V. O., Maharaja Bahadur Sir P. C. Tagore, Kt., Sir Nil Ratan Sircar, Kt., M. A., M.D., LL. D., D.C.L., on the directorate gave the Institution a status and position that few of the Indian Companies could boast of. In the field, the Company established Branch Offices and Chief Agencies in all important centres of the Country and recognised the merits of successful fieldworkers by more responsible posts. Mr. T.V. Raghaviah, the present superintendent of Branches and Agencies is one such successful workers. His sincere and devoted services as an ordinary agent, drew the attention of the Head Office Management who encouraged him suitably. Subsequently he was appointed as the Branch Secretary at Madras and the entire South was placed under him for organisation. His energy and enthusiasm to organise the field and secure business from high quarters is something unique and deserves emulation by the younger generation.

Built up by the loyal services of such a team of fieldworkers and managed well at the Head Office by able men the National Indian Life Insurance Company, is progressing satisfactorily today. In 1954, its record of new business was Rs. 3,30,75,900. At the end of the year 64,114 policies assuring Rs. 13,44,38,048 were in force. The Life Assurance Fund increased by Rs. 44,93,246 and stood at Rs. 3,84,82,648. The rate of interest earned was 3.88 %.

A Biennial valuation of the Assets and Liabilities held disclosed a as at the end of December, 1954, disclosed a outstantial surplus and a Bonus of Rs. 18 on Whole Life and Rs. 15/- on Endowment policy was declared.

We congratulate the Management of the National Indian for its past achievements and wish it further successes in the future.

New Guardian of India Life Insurance Co., Ltd.,

STRENGTH, security and stability are the watch words for the Management of the New Guardian of India Life Insurance Co., Ltd., in carrying on its business transactions. Every year, the New Business completed is steadily increasing and in 1954 the record was Rs. 90,54,100. Correspondingly the Life Fund also is built up adequately, so that the liability under the policies are fully covered. We give below the premium income for each of the years 1954 and also the Life Assurance Fund at the end of each year so that it may be readily seen how nearly 2/3rds of the premium income has been contributed to the Life Assurance Fund.

Year.	Premium Income Rs.	Life Fund Rs.
1950	13,62,194	46,89,672
1951	15,17,121	54,77,500
1952	15,99,331	64,29,942
1953	16,50,676	76,15,438
1954	18,41,007	87,22,116

Again, in investing these funds also, great care is being taken. A perusal of the Annual Accounts reveals that a major portion is invested in Government Securities and the like. The Company's policy is therefore to care more for the soundness of the investments than the earnings on them.

In the matter of selection of risks also, the management is most careful. Very favourable mortality experience all these years reveals this aspect of the business.

The aim of the Company is to afford sufficient insurance service to the public at moderate cost. Consistent with this ideal, the premium rates of the company are fixed compartively low. Adequate reserves are built up. And then, claims are settled with utmost promptness. The total claims paid since the inception of the Company exceed Rs. 20,00,000. During 1954 alone a sum of Rs. 3,40,181 was paid in satisfaction of claims. On the date of the Annual Report, claims amonting to nearly Rs. 82,000 only were outstanding.

The last valuation was held at 31st December, 1953 and a surplus of Rs. 2,90,628 was disclosed. The policyholders entitled to participate in the profits received at the rate of Rs. 12/- under whole Life and at Rs. 10/- under Endowment Assurance policies, per Rs. 1000 per annum.

Such a strong position of the Campany is entirely due to the efficient management and we congratulate Mr. N. Narayanan, the Manager, and the Directors of the Institution on their success.

Empire of India Life Assurance Company, Limited.

THE Empire of India Life Assurance Company, Limited, was started in 1896-97 and from small beginnings it developed on sound lines and enjoyed a privileged position as one of the best managed companies in India. Mr. E. F. Allum and Mr. R. E. Bharucha by their unceasing labour and careful management laid the foundations so strongly, safely and wisely that even today, the Company's financial position continues to be quite satisfactory. Imbued with a spirit of service, the Management set before themselves lofty ideals to be reached and they succeeded in their attempts.

Now, the Company is worked successfully under the direct supervision of the Government of India, Insurance Department. Dewan Bahadur R. Varadachari is entrusted with the administration and he has proved beyond doubt that the progress can be maintained without incurring unduly heary expenses year after year. Particularly after the company changed hands, the new management incurred every year very heavy expenses and that was out of proportion to the results achieved. But since it has been placed under Mr. Varadachari, economy in all directions has been effected. For instance in the matter of salaries and allowances to top officials, the average outgo amounted to Rs. 22,106 every month in 1950 which has been reduced to such a low level as Rs. 8,111 per month. The overall expense ratio was so high as 33.66 % whereas for 1954 it was only 28.4 %. Similarly the renewal expense ratio has gone down from 21.38 % to 18.62 %.

As a result of economy exercised all round and satisfactory progress maintained, the latest valuation held as at 31st December 1954 has disclosed such a strong financial position as to inspire further confidence in the Institution's ability to serve the insuring public. A Bonus at the rate of Rs. 18/- undr whole Life policies and Rs 15/- under Endowment Assurance Policies per Rs. 1000 sum assured, per annum is declared.

During 1954, the Company completed a new business of over Rs. 3.84 crores and the renewal expense ratio has gone down from 19.8 % in 1953 to 18 61 % in 1954. There has been an excess of income over outgo to the extent of Rs. 45,58,685 in 1954 and the Life Assurance Fund stood at Rs. 10,63,33,889. Investment in Government securities alone account for 70 % of the total assets and the net interest yield has been 3.32%. Indeed, this is a very happy position and the credit for it must go to Dewan Bahadur R. Varadachari, the administrator. We wish the Institution every success.

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

THE United India Fire & General Insurance Company, Limited, Madras, plays a great part in Indian Insurance. The Institution was started by the late lamented Industrialist and Banker, Mr. M. Ct. M. Chidambaram Chettiyar, in 1934 and its present General Manager, Mr. N. Rama Rao, B A, B.L, is in charge from the beginning. During these 17 years the Company has grown in size and importance in Indian Insurance tremendously. In 1954, the Institution's financial position has been further strengthened and stood as under:-

	Rs.
Capital paid-up	9,99,997
Fire Insurance Fund	5,08,226
Miscellaneous Insurance Fund	1,59,394
Marine Insurance Fund	10,70,088
General Reserve	2,00,000
Dividend Reserve	55 000
Profit & Loss App. Account	38,536
Total	30,31,243.

Institutions established in South India for the purpose of transacting General Insurance Business are not many and those that have expanded on an all India basis are only few. The United India Fire & General has the caredit of being the leader among them.

During 1954 its gross premium income in the Fire Department amounted to Rs. 21,46,504. In the Miscallaneous department the gross premiums amounted to Rs. 6,64,122 and in the Marine department it amounted to Rs. 18,52,864.

The net premium of the Fire, Miscellaneous and Marine Departments were Rs. 10,16.453 Rs. 3,18,787, and Rs.10,70,088 respectively.

A dividend of As. 6 per share free of Income-tax has been paid to the Shareholders.

1954 has thus proved another successful year for the Institution. Public confidence in its strangth and its capacity for prompt service have increased. Mr. M. Ct. Muthiah, the new Chairman and Mr. N. Rama Rau, the General Manager assited by the Deputy General Manager, Mr. M.D. Smart have given new impetus to the vigorous expansion of the Institution's organisation and business. We are sure the future years will witness more rapid strides in the Company's progress.

Canara Mutual Assurance Company, Limited.

A Mutual Company of twenty years standing, the Canara Mutual has made splendid progress from year to year. The directors are very influential gentlemen, and the Managing Director, Mr. T. R. A. Pai is one with considerable business experience. From the inception, the Institution is working satisfactorily. Compared to a lot of other insurance companies, the premium rates of the Canara Mutual are low. The business is properly and efficiently handled. In the matter of selection of lives, the management is very careful. Further, administration expenses are scrupulously controlled, and the Company's funds are very carefully invested. Not only a decent percentage of yield on the funds is aimed at, but the security of the funds is given the top priority. Confidence, created by such a high degree of efficiency all round on the part of the management, had its reward. By the end of 1954, the Company had on its books a business of nearly Rs. 3.5 crores in force and the Life Assurance Fund exceeded Rs. 1.06 crores.

In 1954, the New Business completed was Rs. 88,29,450 and the premium income was Rs. 20,15,646. A sum of Rs. 12,69,185 was added to the Life Assurance Fund. The expenses incurred on adminstration was only 12.76% of the Renewal premiums, as per rule 25 of the Insurance Rules.

During these 20 years, the assets and liabilities were valued five times and the results of each valuation excelled those of the previous one. The last valuation was made as on 31st December, 1953 and the surplus disclosed amounted to Rs. 8,40,028. A Bonus at the rate of Rs. 18/- on whole Life and at Rs. 15/- on Endowment Policies, per 1000 per annum was declared. This is a rare achievement indeed.

We congratulate the Directors and the Management on the success achieved by the Company and wish it a more prosperous career.

Bombay Mutual Life Assurance Society, Ltd.,

THE oldest and the best managed Mutual Life Office in India is the Bombay Mutual. Started in 1871 on a very small scale, the Society had to face a great many odds, but yet, the promoters were not discouraged. They had that foresight that an Institution started with high ideals of service to the public would certainly develop only if the management is honest and efficient.

84 years have passed since the Society was established and during this long period, it has built up a tradition for offering first class service to the policyholders. Its financial position is getting stronger and stronger every year.

The business in force on 31.12.1954 exceeded Rs. 45 crores and the Life Assurance Fund amounted to Rs. 15,32,41,382.

During 1954, a new business of Rs. 6,83,71,288 was completed. The premiums received totalled Rs. 2,21,11,724. The average rate of interest realised was 3.55 % after deduction of income tax. A sum of Rs. 1,23,21,542 was added to investments.

The Renewal expense ratio was 15.9 %.

As at the end of 1954, the Assets and Liabilities of the Society were valued and it was found that the financial position is so satisfactory as to allow the with-profit policyholders a Bonus at the rat of Rs. 21 on whole Life Policies and at Rs. 18 on Endowment Policies, per Rs. 1000 per annum, issued at the higher rates of premium from 1.4.1947. On other policies, the bonus declared was at Rs. 19 and Rs. 16 per 1000 per annum.

The achievement is one of which any management can feel justly proud and Mr. U. S. Desai, the Chairman of the Society, his colleagues on the Board and Mr. M.V. Sohonie, M. SC., F.I.A., Actuary and Manager, all richly deserve congratulations. We wish the Society every success.

Industrial & Prudential Assurance Company, Ltd.,

A striking increase in the new business, an appreciable increase in the premium income and the life Assurance Fund and a low expense ratio are the salient features of this leading Life Office's Annual Accounts for the year 1954.

The new Business increased from Rs. 3,00,26,150 in 1953 to Rs. 4,59,89,267, i.e. an increase of over 50 %. The total number of policies in force was 70235 assuring the sum of Rs. 23,72,49,851. The Life Assurance Fund increased from Rs. 6,40,35,126 to Rs. 7,15,48,006, the addition being over Rs. 75 lakhs. Investments in Government and approved securities alone account for Rs. 3,37,93,661. An investment reserve of Rs. 35,82,366 is built up as a measure of security.

Economy in management is reflected by low expense ratio. The renewal expense ratio calculated as per rule 17D of the Insurance rules, has been only 14.9 %.

Mortality Experience of the Company is quite satisfactory. The percentage of actual deaths to those expected is only 50.68 %.

Mr. K.A. Pandit, B.SC., F.I.A., Actuary, valued the assets and liabilities of the Company as at 31st December, 1954. The valuation basis assumed was: Mortality-Oriental (1925-35) ultimate table; Rate of interest 2 and 7/8 %; Provision for Expenses and profits - 22.18 % of the premiums on with profit assurances and 16.09% of the premiums on without profit assurances. On these stringent basis, the valuation disclosed a surplus of Rs. 66,48,698. A simple reversionary bonus to participating policyholders at Rs. 18 per thousand per annum for whole life policies and Rs. 15 per thousand per annum for endowment and other with profit policies was declared.

The results are gratifying indeed and reflect the high degree of efficiency that the Management is capable of. The policyholders of the Industrial & Prudential have cause to be proud of the splendid way their Institution progresses and we wish it greater success in the years to come.

Co-operative Assurance Company, Limited.

WITH the completion of the year 1955, this Institution would be celebrating its Golden Jubilee. 50 years of service to the insuring public of India is a great achievement and the Co-operative Assurance Co., has rendered it with distinction.

In 1954, the company issued 852 policies assuring a sum of Rs. 30,74,900. The total premiums received amount to Rs. 9,91,767. The Life Assurance Fund increased to Rs.97,90,277 from Rs.93,18,163 at the beginning of the year. Claims by death amounted to Rs. 98,106 and by maturity to Rs. 6,14,300.

The company transacts general business also and in this department the progress is as follows:

		Rs.
Net premium in the	Fire department	88,977
,,	Mis. department	17,570
,,	Marine department	38,298

A profit of Rs. 28,986 from the fire department and Rs. 4,930 from the Miscellaneous department transactions has been realised. The operations of the Marine Department resulted in loss of Rs. 3,428. The total reserve of these departments for unexpired risks, amounted to Rs. 1,87,083.

A dividend to Share-holders at 5 % per annum was paid.

With a standing of 50 years and with a sound financial position, the Company is bound to meet with greater successes in the years to come.

National Insurance Company, Ltd., CALCUTTA.

THE National Insurance Company, Limited, occupies an enviable position in Indian Insurance today. It is one of the most fortunate Insurance Companies of our land to have its destinies shaped wonderfully by outstanding personalities and eminent Industrialists like Sri Lakshmipat Singhania, Sir Bijoy Prasad Singh Roy, K.C.I.E., Dewan Bahadur Sir A. Ramaswamy Mudaliar, K. C. S. I., Maharajadhiraj Bahadur Sir Uday Chand Mahatab of Burdwan, K.C.I.E., and others. Equally it is fortunate to have as its General Manager and Actuary, a dynamic personality in the person of Mr. S.D. Srinivasan, M.A., F.I.A., whose magnificent efforts to make National a national Institution have met with great success. The progress that the Company has made during the past few years has been really marvellous.

In 1954, the number of proposals received was 66016 for assuring Rs.22,29,87,033 The number of policies issued by the Company was 53,809 assuring a sum of Rs. 18,18,01,806. The record represents a 50 % increase over the previous year's business. The number of policies in force at the end of the year was 2,60,375 for a total sum assured including bonus additions of Rs. 67.12 crores.

The total premiums received amounted to Rs. 3,01,83,243. There has been an addition of over Rs. 1.52 crores to the Life Assurance Fund which stood at the close of the year at Rs. 13,74,94,572. The Renewal Expense ratio as per rule 17D of the Insurance Rules was 15.23 %. The yield on investments has been 3.59 %.

In the General Department also, the progress has been quite satisfactory. Fire Department net premiums amounted to Rs. 4,23,855, Marine department premiums, Rs.5,26,642 and Miscellaneous Department premiums Rs. 5.57,120. Reserve for unexpired liability in these departments amounted to Rs. 1,69,542, Rs. 3,15,985 and Rs. 2,22,848 respectively.

An investment reserve fund of Rs. 10,45,769 is built up in addition to other reserves. The excess of market values of the investments as at 31st December, 1954 over the book values was about Rs. 29 lakhs.

The directors recommended a dividend of 14 per cent free of Income-tax as against 10 per cent of the previous year.

The Company has established successfully a very good organisation all over India, East and West Pakistan, Burma, Malaya, Singapore, Indonesia, Hongkong, Ceylon and East Africa.

Hidusthan Ideal Insurance Company, Ltd.,

SHRI S.R.Y. Sivarama Prasad Bahadur, M.L.A., Rajah of Challapalli is the Chairman and Shri C. Ramanadha Babu is the Managing Director of this Institution. Mr. S. Ramachar, the General Manager, is one with long experience in the Insurance line. In the recent years the Company has extended its field organisation splendidly well and the progress is also quite satisfactory.

In South India, Branch Offices are functioning successfully at Coimbatore, Kozhikode, Secunderabad, Kakinada, Guntur, and Vizianagaram. At Trichinopoly, Srikakulam, Madanapalli, Kurnool, Khammameth and Ananthapur, Inspectors are working.

Three other Branches, one at Bombay, one at Ahemedabad and one at Calcutta are also maintained to extend the company's organisation in those parts.

The Company is transacting Life, Fire and Miscellaneous Insurance Business. Progress is quite satisfactory in all the departments.

In the Life Department, a new business of Rs. 72,63,250 was completed in 1954. This record is really an achievement when compared to the business of Rs. 53 lakhs in 1953. The premium income also showed an increase of over a lakh of rupees. The amount received was Rs. 10,55,461. The Life Assurance Fund at the end of the year stood at Rs. 37,64,883, an addition of Rs. 5.4 lakhs during the year,

Fire Department: The net premium in this department amounted to Rs. 2,70,456. After meeting the expenses and providing reserve at 50 % of the premium income, there has been a profit of Rs. 16,881.

In the Miscellaneous department, the net premium income was 1,01,958. The profit transferred to the profit and loss account amounted to Rs. 14,564. Reserve has been set up at 50 % of the premium.

We congratulate the management on the steady progress maintained and wish the Institution continued success.

Calcutta Insurance Company, Limited.

WE have great pleasure in congratulating the Board of Directors and Mr. P. K. Sen, Manager, on the splendid success achieved by the Calcutta Insurance Company, Limited during 1954. The new business completed recorded an increase of about 40 % over the previous year's figure. 4120 policies were issued for an aggregate sum of Rs, 1,17,49,775.

The premium income amounted to Rs. 25,52,938 and the Life Assurance Fund rose up to Rs. 1,40,13,586. The expense ratio, calculated on the basis of Insurance rules has been 17.4 %.

At the end of 1954, the total business in force amounted to Rs. 5,17,58,956. A valuation was made to ascertain the financial position of the Company. Mr. Tejomaya Ghosh, M. SC., A.S.A., F.I.A., Actuary, performed the valuation on 3 % interest basis, Oriental 1925 35 Ultimate mortality table, and provision for future expenses and profits being 17.5 % on without profits policies and 23.53% on with profit-policies. It was found that the Life Assurance Fund built up exceeded the net policy liability by Rs. 9,01,681. The Company utilised the surplus disclosed to pay the with profit policyholders a Bonus at Rs. 17/- per Rs. 1000 sum assured per annum under whole life policies and at Rs. 15/- Rs. 1000 under other classes of assurance. This is a record over which the Management may feel proud.

In the General Department also, steady progress is maintained. The net premium in the fire department amounted to Rs. 1,20,982. Marine department premium income was only Rs. 10,477 and in the Miscellaneous department, it amounted to Rs. 55,847. Adequate reserves for unexpired risks are provided.

A dividend of 5% tax free was paid to the shareholders.

We wish the Institution every success.

Asian Assurance Company, Limited.

THE Asian Assurance Company. Limited, established in 1910, continues to make very satisfactory progress. In 1954, it has completed an increased volume of new business as compared to its previous year's record. 9219 proposals for assurance amounting to Rs.3,20,79,905 were received. 7561 policies were issued for an aggregate amount of Rs.2,68,86,455 and this represents an increase of Rs. 65,75,080 over the 1953 new business.

The total net premium income amounted to Rs. 62,56,771 as against Rs. 60,54,205. The net interest, dividends and rents amounted to Rs. 14,93,701 as against Rs. 13,57,058. The renewal expense ratio was only 15.87%.

As a result of the year's transactions, the Life Assurance Fund increased by Rs. 34,71,967 and stood at the end of 1954 at Rs. 3,90,09,468. On the sale of investments a net profit of Rs. 4,55,960 was realised.

A net interest rate of 4.09% on the mean Life Fund was earned.

The mortality experience on the basis of Oriental (1925 35) ultimate table worked out to 52.7% in 1953 and 48.9% in 1954, which is very favourable.

The sum up, the Institution's record new business, low expense ratio, increased earnings on investments, improvement in mortality experience, all these good features constitute the progress. In addition, the valuation of the Company made by Mr. A.S. Gupta, M.A., F.I.A., A.S.A., Actuary, as on 31st December, 1954, disclosed a surplus of Rs 8,39,776 and enabled the declaration of a Bonus at Rs. 10/- on whole life policies and Rs. 8/- on endowment policies.

The financial position of the Institution is really commendable and the Management deserves congratulations. We wish Company every success.

General Assurance Society, Limited.

WITH a standing of 48 years, this well known progressive Institution triumphantly marches ahead. It commands an efficient field organisation that can be depended upon for steady business all throughout the year.

The Institution was transacting for a long time only Life Assurance Business. For the past some years it is transacting General Insurance Business also and the progress in all the departments is not only on sound lines but also very impressive.

In the Life Department, a new business of Rs. 3,10,54,950 was completed during. 1954. Compared to the record of 1953, this shows an increase of nearly one crore of rupees. The total premium income amounted to Rs. 70,72,785. As a result of able management, the life assurance fund increased by Rs. 49,80,157 and stood at the end of the year at Rs. 4,49,44,563

General Department: The net prmium in the fire business transactions amounted to Rs. 11,10,268. After setting up a reserve for unexpired risks at 40% of the premium, a profit of Rs. 1,60,478 was transferred to the profit and loss account. Marine department premium income was Rs. 10,79,660. Accident and Miscellaneous department net premium amounted to Rs. 16,87,476. These departments, have shown appreciable progress though there has been a loss after providing adequate reserves, for the unexpired risks.

A dividend at the rate of 6% on the paid up capital was declared.

Shri K.N. Dangali, Ag. Manager and Underwriter, General Department and Shri P. M. Dalal, B.Com., F.I.A., the General Manager, are to be congratulated for the satisfactory progress of the Society We wish it every success.

Metropolitan Insurance Company, Ltd.,

FROM the very start, the Metropolitan Insurance Company Limited, is having a vigorous growth and its policies and business management continue to appeal to the public in a greater measure year after year. Its new business record for the year 1954 exceeds Rs. 10 crores and 27 lakhs. In the whole of India, only four companies could secure more business than the Metropolitan, though it has been started only in 1930. Over Rs. 32 crores and 63 lakhs business was in force on 31st December, 1954. The Life Assurance Fund stood at Rs. 5,72,35,153.

The Company's financial position is equally satisfactory. Management Expenses are confined within reasonable limits and the excess of the premium and other income are invested wisely in Government Securities and the like. The Renewal Expense ratio for 1954 was only 14.59% as against 14.91% for 1953. The average rate of interest earned on investments was 3.99%.

As at the end of 1954, a Valuation of the company's assets and liabilities was made by Mr. P. K. Ghose, M.Sc., F.I.A., Actuary, on stringent basis. The Oriental (1925-35) Ultimate table was applied. A rate of 3% interest was assumed. For future expenses and profits, various provisions made work out to

20.1 % of premiums on the average. The valuation disclosed that the assets exceed the liabilities by a substantial amount of Rs. 57,51,374. Such a sound position is a tribute to the management. The Actuary recommended a reversionary bonus at Rs. 6/- on with profits policies of the closed section and at Rs. 15/- on other with profit policies, per thousand per annum.

The Company maintains a high reputation for prompt settlement of claims. It commands an excellent field organisation through Branch Offices and Inspectorates established in all important centres in the Country, and the service rendered by them to the public deserves high compliments.

We wish the Institution every success.

Lakshmi Insurance Company, Limited.

SOME of the outstanding patriots of India like Lala Lajpat Rai and Pandit Motilal Nehru were responsible for the floatation of the Lakshmi Insurance Company, Ltd., in 1924. At a time when Indian Companies successfully working were only a handful and when foreign companies have been exploiting the field, Lala Lajpat Rai made a bold decision to start the company, not with a view to make profit but with a view to offer service to the public at a moderate cost, to improve their economic conditions and to stop the drain through foreign insurance companies out of India. Started with such high aims, the Lakshmi Insurance Company made a good start and became very popular throughout the Country in a short period under the able management of the late Pandit K. Santanam.

The Company has now built up a Life Assurance Fund of Rs. 7,36,30,408. Its total assets amount to Rs. 7,70,96,771. The Company's progress would be still more striking but for the difficulties it had to undergo on account of the partition of the Country and the consequent necessity to shift its Head Office from Lahore to Delhi.

During 1954, the Company's new Business progress has been a record never reached before. It completed a new business of Rs. 5,64,94,050 recording an increase of over Rs. 2 crores and 11 lakhs as compared with the 1953 business.

Premiums received amounted to Rs. 1,18,84,914 as against Rs. 1,10,01,572 in 1953. The Life Assurance Fund increased by Rs. 77,30,835.

The expenses of management amounted to Rs. 36,62,516 and the renewal expense ratio works out to 16.68 %.

Claims on account of death amounted to Rs. 11,18,831. Policies to the extent of Rs. 28,30,884 were matured. Claims are settled promptly as usual, and the Company maintains its reputation well.

The Directors and Mr. Devi Chand, M. A., General Manager, deserve warm tributes for the good progress of the Company. We wish it every success.

Orissa Co-operative Insurance Society, Ltd.,

IT is only seven years since this Co-operative Insurance Society has been established and it is transacting Fire Insurance and Miscellaneous Insurance business. Even during this short period it has made much head way and its progress is very encouraging. The Indian Insurance Companies Association pool, Bombay, has admitted the Society as a member to work as representative for insurance business of Government of Orissa to participate in the business of the Pool. The Society has also an effective organisation in the field. Its Branch at Bombay and Organisation Office at Calcutta are working successfully. The Society has also Treaty arrangements with the Mercantile & General Re-Insurance Company, Ltd., London.

In the Fire Department, the Society received a premium income of Rs. 27,990 during 1954. In addition a sum of Rs. 368 was received from the Association Pool After meeting the expenses of the department and providing reserves at 40 % for unexpired risks, a profit of Rs. 10,999 was transferred to the Profit and Loss account.

Miscellaneous Department net premium amounted to Rs. 1,38,325. From the Indian Insurance Association Pool a sum of Rs. 210 was received. The department left a profit of Rs. 30,358 after meeting expenses and setting up necessary reserves.

A dividend at 9 % to Class I members was paid.

At the end of the year Reserve and other funds amounted to Rs. 4,42,086.

We wish the Society every success.

Prithvi Insurance Company, Limited.

ONE of the leading Institutions established in South India, the Prithvi Insurance Company is working on very sound lines and its new business records a steady progress. In 1954, 7295 proposals were received for assurance amounting to Rs. 1,74,70,154 and 23 annuities for Rs. 11,071 per annum. Of these and a few others awaiting completion at the ent of 1953, 5,207 resulted into policies assuring Rs. 1,33,22,398 and annuities for Rs. 11,068 per annum. The total amount of assurances including bonuses in force as at 31st December, 1954 was Rs. 5,45,37 076 and annuities for Rs. 1,14,786 per annum.

The total premium income amounted to Rs. 25,67,468 and income from interest, etc., was Rs. 3,37,077. The Life Assurance Fund stood at Rs. 98,56,107 showing an increase of Rs. 24,69,215.

Utmost economy in management is one of the good features of the Institution. Careful selection of risks has resulted in a favourable mortality experience. The Funds are invested in Government Securities and the like.

A valuation of the assets and liabilities of the Company, made as at 31st December, 1953 disclosed a divisible surplus of Rs. 3,89,838 and a Bonus of Rs. 10/- per thousand per annum was declared. Out of the Bonus, one half will vest immediately and the other half on attainment of age 60 in the case of whole life policies and on maturity dates in the case of other classes of policies.

In accordance with a scheme of mutualisation decided upon, the Company has closed the General Insurance department as on the 30th June, 1954.

We congratulate Mr. T. S. Swaminathan, M.A., F.I.A., F.C.I.I., the General Manager, and the Board of Directors on the steady progress made by the Company and wish it continued success.

Aisatic Government Security Life Assurance Co., Ltd.,

THE Asiatic Government Security Life Assurance Company, Limited, is 42 years old and maintains an excellent financial position. It has now a paid-up capital of Rs. 10,00,000 and is transacting Life and General Business.

In the Life Department, 2435 policies were issued in 1954 assuring Rs.51,72,980 besides 8 annuities for Rs. 1,850. The total amount of assurances including bonuses in force amounted to Rs. 2,27,79,662 and annuities for Rs. 4,250 per annum.

A total premium income of Rs.11,04,370 was received. The Life Assurance Fund at the end of 1954 stood at Rs. 72,19,505

Mr. S. Rangarajan, M.A., F.I.A., Actuary, held a valuation as on 31st December, 1954. His valuation basis were so stringent that there was a satisfactory margin between the assumptions and the actual experience. Still the valuation disclosed a handsome surplus of Rs. 3,14,706. A bonus at Rs. 16/- on whole life policies and at Rs. 14 on endowment and other classes of policies per annum, per Rs. 1000 sum assured, was declared. Out of the above rates, half will vest immediately and the other half will vest on attainment of age 60 in the case of whole life, progressive benefit and Till Position Improves policies and in the case of other classes of policies on the respective maturity dates.

In the General Department, the total gross premium income in 1954 amounted to Rs. 15,32,445 and the net premium income, Rs. 11,28,643. Reserves were maintained at 50 % of the net premium in Fire, Marine and Miscellaneous departments raspectively, for unexpired risks: The total of the Reserves amounted to Rs. 6,50,855. A net profit of Rs. 12,497 has been transferred to the Profit and Loss account.

A dividend at the rate of 3¾ % per annum free of income-tax for one full year in respect of the old shares and for one half-year in respect of new shares was paid.

The satisfactory financial position and the striking progress of the Company is a great compliment to the Officers and the Directors. We wish the Institution every success.

Jupiter General Insurance Company, Ltd.,

INCORPORATED in India in 1919, the Jupiter General Insurance Company, Limited, is a well known composite Insurance Institution, with a good record of service. It has well developed Branches in all important centres, in India. At Karachi (Pakistan), Srinagar (Kashmir) and Rangoon (Burma), a Branch Office is working satisfactorily. The Company's London Managers are Messrs. B. W. Noble, Ltd., Messrs. Moulana (Ceylon) Ltd., and W.L.R. Fernando represent in Colombo and the Oriental Agencies, Kampala, act as representative in British East Africa.

The administration of the Company is now placed in the hands of Dewan Bahadur R. Varadachari. The company's annual accounts for the year 1954 record not only a progressive development in business transactions but also a sound financial position. Indeed, the progress is a fine compliment to the gentlemen who are in charge of the Company's administration and business management.

Life Department: The new business completed was Rs. 99,19,000. And the Life Fund increased by Rs. 22,51,392. The Renewal Expense ratio worked out to 17.0 %.

The net premium income in the Fire, Marine and Miscellaneous Departments were Rs. 15,10,540, Rs. 4,80,303 and Rs. 18 08,048 respectively. After meeting all the expenses, and providing for adequate reserves, a profit of Rs. 38,951 was made out.

Out of a total asset of Rs. 3,64,97,657, Government Securities, Municipal and improvement trust bonds alone account for Rs. 1,92,80,123.

We wish the Company every success.

Indian Mercantile Insurance Company, Ltd.

A leading Indian Insurance Company with 48 years standing, the Indian Mercantile Insurance Company, Limited, transacts all kinds of insurance, Life, Fire, Marine and Miscellaneous business. Shri Krishnaraj M. D. Thackersey is the Chairman of the Board of Directors. The other members of the Directorate are all well known financiers and industrialists whose association is a great asset to any Institution.

Life Department: In 1954, a new business of Rs. 1,05,17,250 has been completed. The total number of policies in force was 17,008 assuring with bonuses a sum of Rs. 4,82,14,301 of which Rs. 58,50,994 remained reinsured.

The Life Assurance Fund amounted to Rs. 1,19,22,708 and the renewal expense ratio calculated as per rule 25 (b) of the Insurance Rules amounted to 12.8 % only.

The Company's Life Department Assets and Liabilities were valued as at 31st December, 1954 by Mr. K. A. Pandit, B. SC., F.I.A., Actuary on a very conservative basis and the surplus disclosed amounted to Rs. 9,06,607. It is indeed a tribute to the management who is responsible for such a sound financial position of the department. A Bonus at the rate of Rs. 18 per Rs. 1000 sum assured per annum on Whole Life policies and at Rs 15/- per thousand per annum on endowment Policies was declared.

The General Department has equally recorded good progress. In the Fire department, the net premium amounted to Rs 12,10,048. Miscellaneous department net premium amounted to Rs. 6,35,902 and the Marine department, Rs. 3,72,670. A reserve at 50 % of the premium income in the Fire and Miscellaneous departments and at 100 % in the Marine Department has been provided for unexpired risks. All the departments have worked at decent profit, the total of which amounted to 3,55,174. A dividend free of income-tax at Rs. 3/- per share was declared.

In conclusion, a perusal of the Institution's Annual Accounts and valuation report leaves one with an impression that there cannot be many Companies that can match to the sterngth, Stability and Service maintained by the Indian Mercantile. We wish the Institution every success.

Hindusthan Co-operative Insurance Society, Ltd.,

ONE of the most successful Insurance Companies of India the Hindusthan Co-operative Insurance Society, Limited, was started in 1907 at Calcutta, by some of the outstanding sons of Bengal with the blessings of the late Dr. Rabindranath Tagore. It has on its books a business exceeding Rs. 100 crores. Its Life Fund amounted to Rs. 22,46,44,830 on 31-12-1953. In 1954, the Society completed a new business of over Rs. 30 Crores as against Rs. 18.9 crores in 1953. The record is really a great credit to the Management.

The Society's financial position was valued as on 31st December, 1953 and it was found that the Assets exceeded the liabilities by over Rs. 1.77 crores, an achievement never reached before. While the previous two valuations enabled the Society to declare a bonus of Rs. 8/- only on both Whole Life and Endowment policies, the last valuation proved so satisfactory that it was possible to declare Rs. 15/- on Endowment Assurance policies and Rs. 17/8/- on Whole Life Policies per Rs. 1000 sum assured per annum.

The phenomenal expansion in the volume of business recorded in the recent years and the very strong financial position have enhanced the Society's prestige and influence all the more, in the eyes of the public. Its future is bound to be glorious. We wish it continued progress.

South India Co-operative Insurance Society, Ltd.,

THE South India Co-operative Insurance Society, Limited, was started in 1932 by that great Co-operator, the late Mr. V. Ramadas Pantulu, with the great ideal of serving the common people, particularly people of small means, who can afford to carry cover only for small amounts. Started with such a noble aim, the Society naturally received the public support generously and it has developed into a prominent Institution. It has completed over Rs. 82 lakhs during 1954.

A valuation was made as on 31st December, 1953 on a very conservative basis and a surplus of Rs. 3,06,793 was disclosed. A Bonus at the rate of Rs. 15/- per Rs. 1000 sum assured under Whole Life Policies and at Rs. 12/- per 1000 sum assured under Endowment Policies, per annum.

The Society's present strong financial position as disclosed by the Valuation and its commendable progress demonstrate public confidence in the principles of cooperation. The promoters who had the foresight to assess such a brilliant future for the Society and the present Management that is running it on sound lines deserve every praise. We wish the Society a long and prosperous career.

News

Nationalisation of Insurance

Memorandum Presented by Patna Insurance Club to Mr. M. C. Shah.

It is a great privilege and opportunity for us to be able to meet you, Sir, personally, holding as you do the portfolio of insurance of which industry we are the workers. We are the key producers on whose labour, intelligence and loyalty the vast edifice of the insurance industry has been built up and in any proposal to alter the organisational structure of the industry, we should be allowed to have our say. Acting as we do as public relations officers between the Management and the policyholders, we are aware of both sides of the picture and as such we claim our right to be heard.

In the first place, Sir, allow us to congratulate the Government of their alertness in moving the machinery to protect the interest of policyholders. We believe that the present Insurance Act, however, does not provide adequate executive powers for righting wrongs, but within the framework your department has never failed.

The Club expresses its strong opinion that so far as Motor Insurance is concerned all the nontariff companies should either be compelled to write business only on tariff rates or there should be no tariff at all and the present unfair distinction between tariff and non-tariff companies should be abolished. In case that be not immediately possible at least a minimum floor rate should statutorily be fixed for Motor Business for all tariff and non-tariff Companies in order to minimise the difference in premium rates as much as possible.

On the issue of nationalisation of the insurance industry our club is definitely of opinion that cosidering all aspects of the question, this issue should not be decided on its theoretical aspect alone. Nationalisation of Insurance is a great step fraught with tremendous consequences to the country in its ecnomic, social and political aspects. It will not be politically correct nor would it help the country if the issue is decided without a thorough enquiry into the actual conditions prevailing in India about public response to Life and other insurance, the methods by which insurance is sold in the country, the way in which claims are paid in this country, how far the Law of the land helps or retards the early payment of claims, the resources of the Government-human and material-in successfully taking over such a large industry and its ability to make insurance more popular, insurance cover cheaper, insurance services more prompt and expeditious and the Government's ability to prevent unemployment of the large number of personnel that may have to be discharged if the Government takes over. The club would therefore respectfully point out the necessity of a high level Enquiry Commission to study the issues thoroughly. In a word the purpose of nationalisation of industry should be made clear to those who are interested in the business in all its aspects.

It should be also enquired into whether in this industry the public and private sectors cannot be combined. That is, the organisation of the business remaining in the hands of the private owners, but the Government may keep control over money transactions through their own personnel. We of the Insurance Club, Patna would respectfully suggest a study of the methods followed by Germany after 1933 for the control of insurance industry retaining the private sectors and at the same time enabling the Government to utilise the Funds for nation building purposes.

Our Club is of opinion that Social Insurance Schemes should be made applicable to all workers including the salaried sections in the insurance industry.

In the opinion of the Club the Government of India's publicity campaign for thrift and savings should include insurance also.

M. C. Shah's Reply

Replying to the points raised in the memorandum, Mr. M. C. Shah said that the question of nationalisation of the insurance industry was being carefully examined by the Government and all pros and cons would be carefully gone into before any final decision is taken.

"May be," he added, in your opinion, nationalisation is not necessary, but Congress has pledged itself to the goal of a Socialistic pattern of society and therefore, all governmental steps are to be judged in that light."

Mr. Shah referred to the nationalisation of the Imperial Bank, imposition of the Estate Duty, enforcement of the company Law and many other measures of the Government and said that notwithstanding a strong opposition from certain sections of the community, these measures had to be adopted in the interest of the general public.

Explaining the aim of the Socialistic pattern of society, he said that the Government of India had accepted this goal of the Indian National Congress and, therefore, in all their activities they were progressing towards it.

"I assure you," he continued," that the question will be viewed in all its aspects. If, after a thorough examination, the Government consider nationalisation of insurance industry necessary, no patriotic person should oppose it. At this stage, I can only say that insurance nationalisation won't be done lightly or just for nationalisation's sake, but in the general interest of the country. Government have no fad either for or against it. They have the real interest of the policyholders at heart, and if they feel that, by nationalisation, they would serve their interest and activise the industry, they will surely do it."

Five-Year Plan

National saving, Mr. Shah said, was of vital importance in the planning period. The First Five-Year Plan, which was expiring in the year 1956, had done "marvellous things" for the country and it was now proposed to launch the second plan, with a total outlay of over rupees 4800 crores," in order to bring prosperity to the teeming millions, to provide

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need a stabilizer. Time control is that stabilizer.

Think of a flour mill—the miller needs a certain amount of flour to supply his customer's demands. To make this amount he puts in so much grain, but if the grain produces too much bran his ultimate aim of a certain amount of flour suffers. Therefore, the miller must put in more grain to produce the amount needed.

The miller is more fortunate than we for he can tell by his bins of pran and flour just how successful he is. Our results are not that obvious, the only gauge we have is time control and of course our pocket books. If the business we are writing produces to many rated cases, too many lapses our records will reveal them and will reveal the reasons for them,

It has been said a mediocre man with time control will produce more than a good man without an adequate method of control. This I believe. We can determine from our records what must be done to maintain *status quo*. It is imperative that we maintain control.

So you ask, "If you maintain controls so rigidly how are you free?" As an underwriter you are free to come and go as dictated only by your appointed book. You are free to go to your child's school functions, free to go to club meetings or any place else you desire. Again dictated only by your ambitions and through them, your appointment book.

The freedom we have is exhilerating but I must warn you it can be dangerous. Dangerous because, being our own masters, we might tend to become lax and let our resolutions disintegrate. The result would be disastrous and could push us out of the business.

Inspiration

If a man is a successful life underwriter or is on his way to being one, there are several factors necessary to keep his morale on par with production required. We can sum up these factors in one word—'Inspiration."

Where are we to get inspiration? If you will forgive my personalizing I will tell you where I got mine and am still getting it.

The first person I came in contact with was my manager. He was the man who inspired me enough in the first place to make me want to join the industry. Whether he be my manager or yours, he should be the man to turn to when things aren't going too smoothly, someone who can re-affirm our faith in ourselves and our work. The manager can and should be our inspiration.

There have been many nights in the past year when I have gone home, tired, despondent and wondering why I ever entered life insurance. But there was always some-one there to bring me back to reality, someone to point out that our earnings are not a level dollar per day system but a fluctuating thing that average out far better than most. My second source of inspiration is my wife.

Our associates are always a source of inspiration. From them we learn continually whether by working on calls together or by discussions during staff meetings, in just plain "bull sessions" or through our Life Underwriters Association. From them too, comes a spirit of competition, like a friendly foot race at a picnic it enhances our enjoyment in what we are doing. You can probably think of many times that your associates made the load just a little lighter for you.

Our companies and managers must keep us on the bit. To do this they appeal to our competitive spirits through contests. Being salesmen, we are all endowed with a great sense of competitive spirit. Because of this, personally, I enjoy contests because I find them a magnificent source of inspiration and drive.

There used to be a joke around our house about magazines and the never ending supply of them. I didno't know anything then, for in the past year I have learned to handle a continuous chain of magazines and books dealing with life insurance.

Very rarely is there a day goes by that I don't get a new idea or new thought from this source. A prime example are Frank Bettger's books. Who can deny the tremendous lift his words give the reader.

Always in an insurance man's life, there are new and old incidents to excite and arouse a man to even greater achievements.

I recall talking to a woman one morning during my first month. Naturally I don't remember her exact words but they went something like this, "Mr. Harris, I was so thrilled with what you did last night, I just couldn't sleep." You see her husband had bought a $10,000 policy from me the evening before. This policy was his life insurance. Needless to say that conversation gave me a lift that carried me a long, long while.

Some of our inspiration is a result of sadness. The nature of our business demands this but it seems appropriate that a loss on one hand produces a gain for good on the other.

A few weeks ago a young man took his own life. He took it just four months before his suicide clause expired. Imagine our feelings when we drove out to deliver the returned premium only to find the wife in the hospital dying of cancer and the two kiddies in the hands of the Salvation Army.

How we yearned to have the cheque a 100 times large than it was. Is it any wonder all of us take just a few extra pains to see that all points are made clear when we make a sale and again when we deliver the policy?

A short while ago a dear friend and associate of ours passed away. His funeral was an inspiration for me. First of all it created a warm feeling in my heart to see so many people paying homage to a life underwriter who had devoted so much of his life to our community.

More heart warming was the sight of so many life underwriters taking time out to pay their respects. There in the church were men of Catholic faith, Hebrew faith, Anglicans, Presbyterian and so on. As I have said before today what a wonderful, industry.

A source of inspiration is our product and its many uses. I am going to read to you a little story that expresses so well what I want to say. ("This I Believe", published by L.I.A.M.A.)

Let us go, in fancy, into the office of the president of the Uptown National Bank & Trust Company and make him a financial proposition.

"Mr. President," I say as we confront him, "out in my neighborhood there is a small vacant lot in which I am interested. I am convinced that the town is moving in that direction and that the value of this property is almost certain to rise. Thus, I have come to the conclusion that I should like to make an investment in that lot.

"There are several reasons why I prefer a vacant lot to a piece of income-producing property such as a house. I have no great need for income just now because these are the best earning years of my life. Then, too, a large part of the income I would receive now would only go into taxes. For these reasons, I think that a vacant lot would be my best buy—providing, of course, that I am sure that its value will increase enough over the years to represent a fair return on the investment I am prepared to make. But vacant lots are speculative at best, and, as I am not eager to lose my money, here is the agreement I should like your bank to make with me.

"I have discovered from your Mortgage Department that the purchase price is a trifle less then $6,000; to be exact, $5,823. Now, if I buy it at that price I want you to give me the bank's written guarantee that—

1. The lot will be worth $10,000 thirty years from today and your bank will pay me that amount for it at that time.

2. I am prepared to accept a reasonable shrinkage in immediate market value if I should decide to sell the lot next week or next month or next year. That is only to be expected in the case of a long term investment such as this. But, regardles of that early shrinkage, (a) I want the bank to guarantee that every day of every year for the next thirty years, the lot will have a guaranteed market value which will be mathematically proportionate to the $10,000 which it will be ultimately worth; and (b) I want the bank to guarantee to buy it back; from me all its stipulated value at any time on demand, with no questions asked.

3. I want your guarantee that you will lend me at any time up to 100 per cent (not 50 per cent, or 66 per cent, but 100 per cent!) of the stated market value of the lot. I want you to guarantee that you will charge me no more than 5 per cent interest and that you will carry the loan as long as I choose—not merely as long as you choose—without demanding repayment or threatening foreclosure.

4. I want your guarantee that if I do not live for thirty years, you will take over the lot on the day of my death and, regardless of what it may be worth, you will pay to my heirs the full $10,000 which the lot is going to be worth thirty years from now. This guarntee must be effective even if my death should occur tomorrow.

5. I want you to agree to absorb any income taxes which will be chargeable to my heirs when they receive that $10,000 so that, in so far as income taxes are

concerned, will come to them free and clear.

6. I want you to agree that your Trust Department will administer this $10,000 either for my heirs at my premature death, or for me when I sell the lot on my 65th birthday, on such conditions as I may elect or on such conditions as they may elect, if I fail to make an election—and to handle this trust absolutely without charge or fee of any kind.

7. Besides all that, I want the bank to agree to pay any and all taxes or assessments which may be levied against the lot during the thirty years before I sell it to you for $10,000.

8. Finally, I want the bank to give me the privilege of buying this lot in installments over twenty years, if I should decide at the last minute not to pay cash. In that case, want the carrying charges to be extremely low--less than a 4 per cent rate —and most important, I want the bank to agree to pay all the installments falling due after my death and to deliver the $10,000 ultimate value of the lot to my family immediately, should I not live to pay all the instalments myself.

"That's all I ask, Mr. President. If your bank will give me those guarantees, I shall buy the lot."

And the banker laughed!

Yes, he might well laugh.

Yet all we have done is to describe a $10,000 Single Premium Endowment at 65, issued at age 35, with a purchase price of $5,823.80 —or, the very same investment but in twenty installments, known as 20-pay Endowment at 65.

Here, then is a piece of property which is better than any other property a man can buy because it will give him more income when he needs it than any other property. It pays income when income from property is not particularly needed—during his earning years —and in exchange for that pays him the largest and surest income when it is needed because earned income is cut off by death or eliminated retirement.

Whether bought for cash or financed over a period of time, life insurance constitutes one of the most valuable properties ever designed by the mind of man.

To close I want to leave a little thought with you. There are two seas in Palestine. The seas are located close to one another, are about the same size, are fed by the same river, but there, unfortunately the similarity ends.

The first sea is surrounded by green grass and palm trees, but not the second: The first sea is played upon by tourists and natives alike. It bears the dip of the paddle and the laughter of the child. It is a happy sea, but not so the second. The first sea has fish and fowl in plenty but not the second. What causes this amazing difference. Well by now you have probably guessed that the first sea is the sea of Gallilee and the second sea is the Dead Sea. The Sea of Gallilee is fed by the River Jordon and is emptied by the same river. It flourishes because it gives as much as it receives. The second sea or the Dead Sea is fed by the River Jordon but has no outlet. It becomes dull and loggy with its own selfishness. It keeps all that it receives. (Anonymous).

The point that I am trying to make is that if we are to prosper in this wonderful business of ours, we should only expect to receive in proportion to the amount we give.

them with food, cloth, housing and other necessities of life. All resources, therefore, he declared, should be marshalled for the success of the Plan and all decisions of the Government were to be viewed from this aspect. Government had to judge, he added, whether their actions would benefit the teeming millions.

Malpractices

Lashing out against malpractices prevalent in the insurance industry, the Central Minister declared: "There are over three lakh insurance agents spread all over the country. I know, there are cut-throat competitions. I am aware of the malpractices. I have definite cases where atrocious things have been done by certain insurance people against the interest of the policy holders. Our sole aim, therefore, is to see how the interest of the policy-holders is served and safeguarded and how all these evils in the industry are eliminated.

Other Points

About some other points, mentioned in the memorandum namely motor insurance, etc., the Minister promised that he would have them examined and if anything was worth consideration, he would be glad to do so.

Reverting to the question of nationalisation, he said that though he did not, at this stage, know what the Government's final decision would be he hoped that insurance men would appreciate that decision. since it would be arrived at after a thorough study and examination. Mr. Shah also assured the members that everything that had been said or written on the question would be taken note of.

Concluding, he rejected the idea of appointing a high-level enquiry commission and said: "I don't think I can even examine your suggestion for an enquiry commission. Excuse me for my frankness. I hope, you don't misunderstand me,"

Bharat Insurance Company, Ltd.,

The Administrator of the Bharat Insurance Company, Ltd., New Delhi, has been granted the necessary permission by the Controller of Insurance, Government of India, to accept fresh proposals for assurance and issue new policies. The Company suspended issuing new policies after the arrest of the Principal Officer of the Company, Mr. Ramakrishna Dalmia,

The Government of India accepted on the 17th Novr. 1955 the voluntary offer of Mr. Ramakrishna Dalmia to pay back a sum of Rs. 1.80 crores to the Bharat Insurance Company, Ltd., and the amount was credited to the account of the Company, with the stipulation that any further amounts found due would be similarly paid.

According to the preliminary findings of the Investigating Auditor, appointed under Section 33 of the Insurance Act, the shortfall in Government Securities was of the face value of Rs. 2.22 crores. Subsequent to his report and prior to the appointment of the Administrator, Government Securties of the face value of Rs. 30 lakhs were paid back. When the Administrator was appointed, the shortfall was in respect of Government Securities of the face value of about Rs. 1·92 crores. The book value of these securities was in the neighbourhood of Rs. 1.80 crores, which amount has now been paid.

The Administrator, acting under the powers conferred on him under Section 52 B of the Insurance Act as amended by the Insurance (Amendment) Ordinance 1955, issued orders to Mr. Ramakrishna Dalmia prohibiting him from transferring or otherwise disposing of properties held by him in his own name or believed to be held in the names of his benamidars or others. This order has since been cancelled.

We learn that the Controller of Insurance in conjunction with the Finance Ministry of the Government of India are satisfied as to the financial stability of the Company and therefore orders have been issued to resume normal business transactions. We are sure, the Policy-holders of the Bharat Insurance Company will now feel greatly relieved in the conviction that their interests in the Company are as safe as ever. The company's field officers and workers would also feel equally relieved of their anxity and resume their work with full confidence in the security of the Company.

"Oriental's" Inspectorate Office at Karaikudi opened:

The Oriental Government Security Life Assurance Company, Limited, opened an Inspector's Office at Karaikudi, on 26-10-55. Dr. M. Alagappa Chettiar, M.A., D. Litt. LL. D., Bar-At-Law, the well-known Industrialist, financier and philanthropist of South India, was requested to inaugurate the Office. A function was got up on the occasion and the policy-holders, agents, and special agents of the company and prominent citizens of Chettinad, all numbering over 500, were present. A decorated Pandal was erected to hold the function on the terrace of the "Brindhawanam Buildings". Sri K.R.K. Bhat, Branch Secretary, of the Company at Madurai welcomed the President Dr. R.M. Alagappa Chettiar on behalf of the Chairman and Board of Directors and the Management of the Oriental and the Oriental Fire. In the course of his address, Mr. Bhat referred to the greatness and achievements of the Institutions and the success of the field organisation in the South. Dr. R M. Alagappa Chettiar declared open the Inspectorate Office and paid a great tribute to the Directors and the Management of the Oriental and its contribution to the development of Indian Insurance.

Indian Insurance Institute. Silver Jubilee Souvenir.

We have pleasure to acknowledge receipt of a copy of the Silver Jubilee Souvenir from the Indian Insurance Institute. It is well got up and contains a very interesting account of the Institute's activities during the past 25 years. Section I contains a history and activities of the Institute. Section II contains extracts from the speeces of the past Presidents. Section III gives a graphic account of the Silver Jubilee celebration held on 14-5-1955. In Section IV, a few bulletins published by the Institute are reprinted. Graphs showing the progress of the Indian Insurance Business between 1930 and 1955 are published in Section V. Besides, the souvenir contains the photographs of the past Presidents, Secretaries and other important office bearers.

A perusal of the souvenir will convince anyone that the Institute has done much useful work during its existence of 25 years. Its service to the members and Indian Insurance in general is bound to be indispensable in the future. Insurancemen all over the Country should join the Institute in large numbers and extend their co-operation so that it may be able to widen the sphere of its activity and prove more beneficial to all.

We wish the Institute greater success in the years to come.

INSURANCE ACT

A Bill to replace the Insurance (Amendment) Ordinance, 1955, promulgated to widen the scope of Section 106 of the Insurance Act was introduced in the Lok Sabha, on 18th December by Mr. M. C. Shah, Minister for Revenue and Civil Expenditure.

The Bill seeks to include within the scope of the section all possible cases of misfeasance.

The Bill also empowers the Court exercising jurisdiction under Section 106 to attach: (a) any property of the insurer in the possession of the delinquent; (b) any property of the delinquent which belongs to him or which although ostensibly standing in the name of any other person (including a private company which is controlled by the delinquent) really belongs to him; and (c) any property transferred by the delinquent within two years before the commencement of the proceedings against him or during the pendency of such proceedings.

"It is possible" the Statement of Objects and Reasons of the Bill says. "that in certain cases the delinquent may conceal or transfer his property before any proceedings are instituted against him under Section 106. In order to meet such a situation, an Administrator appointed under Section 52-A is being empowered, pending the institution of proceedings by him under Section 106 against the delinquent, to attach any property which may be liable to attachment by the Court in proceedings under that Section. An order of attachment made by the Administrator will have effect for a period of two months only, but subject to any order made by the Court, will continue in force if proceedings under Section 106 are instituted before the expiry of that period.

The Bill, called the Insurance (Amendment) Bill, also makes certain incidental and consequential amendments in the principal Act.

WEDDING.

Sri V. Venkatachalam, Secretary.

South India Co-operative Ins. Society, celebrated the marriage of his daughter.

Sri V. Venkatachalam Pantulu, Secretary, South India Co-operative Insurance Society, Limited, Madras, celebrated the marriage of his daughter, Sowbagyavathi Seetha Mahalakshmi, with Chiranjeevi Parthasarathy, B. SC., D. M. I. T., (Auto) Son of Sri Paluri Venkateswara Rao Garu, Advocate, Guntur, with great eclat on Sunday the 27th November, 1955 at "Satya Griha" 155, Lloyds Road, Royapettah, Madras. A large gathering of friends and relatives were present in the morning when the Muhurtham was performed. The reception that was held in the evening at 5 P.M. was also well attended by prominent citizens.

Shri V. C. Setalvad, B.A., LL.B., J.P., entertained.

Shri V. C. Setalvad, B.A., LL.B., J.P., Managing Director, Industrial & Prudential Assurance Company, Ltd., paid a visit to the Madras Branch on 31-10-1955; and the workers and field force of the Branch entertained Shri Setalvad and presented him with a Welcome Address.

"Oriental" Mutualisation Scheme Not Sanctioned.

Government of India have decided not to sanction the scheme for mutualisation of the Oriental Government Security Life Assurance Co., Ltd., Bombay, said Mr. M. C. Shah, Minister for Revenue and Civil Expenditure in answer to questions in Rajya Sabha on November 24, 1955.

Mr. Shah said that Government had come to the conclusion that the scheme should not be accepted as it was not in the best interests of the policyholders.

In reply to Mr. B. C. Ghose, Mr. Shah said that Government was not opposed to mutualisation but on considering the schemes put before them, and after considering the objections to the scheme received from the public, they had reached the conclusion that the scheme was not in the interests of the policyholders.

Federation of Insurance Institutes (J. C. Setalvad Memorial)

Federation's Bulletin - October, 1956.

We have pleasure in acknowledging receipt of a copy of the first issue of the above Quarterly bulletin, published for the benefit of its members. This inaugural issue carries the messages of leading public men in and outside the country besides a full account of the activities of the Associated Institutes for the first quarter ending 30th September 1955. The bulletin offers interesting information to everyone connected with the business of insurance and copies can be had from the Secretary of the Institute at Universal Insurance Building, Sir Pherozeshah Mehta Road, Bombay 1.

OBITUARY.

Mr. N. Venkatachari, Secretary,

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

We very much regret to report the death of Mr. N. Venkatachari, Secretary, United India Life Assurance Co., Ltd., Madras, on the 24th November, 1954. He died suddenly of heart failure at 4 P. M. in the Office of the Company. Mr. Venkatachari joined the United India Life Assurance Company, Ltd., in 1920 and by dint of hard and sincere work, he rose to the position of the Secretary of the Company in 1937. He was 55 at the time of his death.

India Life & General Assurance Society, Ltd., Coimbatore.

The India Life & General Assurance Society, Ltd., Coimbatore, is progressing on sound lines increasing its popularity year after year. During 1954, the Company issued new Policies for Sums assuring Rs. 22 lakhs and the premium income for the year totalled Rs. 7,12,260. The Life Assurance Fund mounted up to Rs. 38,11,844. In the Miscellaneous Department, the premium income accounted for Rs. 22,313.

It is creditable that the Society, as a result of the Actuarial Valuation at the end of 1953, has declared Bonuses to the Policyholders that compare significantly with most of the senior offices. Tee basis of valuation has been fairly stringent and the Bonus at Rs. 20/- on Whole Life and Rs. 15/- on Endowment Policies per Rs. 1000 sum Assured per Annum is quite attractive. With a low premium rate and an attractive bonus record, the Company may well widen its sphere of activities and develop its organisation. Recently the Company has moved into its own new building which has been built in a central locality at Coimbatore on the most up-to-date lines. There is no doubt that the new building will enhance the company's popularity still further. We wish the institution and the management every success.

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However, the company has grown big in size, business in force has now soared to the most spectacular growth of **Rs. 7,00,00,000**

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Income	...	Rs. 42,00,000
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Claims Paid	...	Rs. 55,00,000

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