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THE INDIAN POLICY-HOLDER

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Nationalisation of Life Insurance in India.

THE Government of India have decided to nationalise the business of Life Insurance in the Country and it is only a matter of time hereafter to carry it out formally. Already, the President, by promolgating an Ordinance on the 19th January, 1956 transferred the Management of all Life Assurance Business to the Government of India, and the "Custodions" referred to in the Ordinance have taken charge of all Companies. With a congress majority in the legislatures, it is a formal affair to have the Bill to nationalise the business, passed. But one wonders as to the necessity for such a hasty step. What is inherently wrong with the existing organisation? Will the Government of India be able to swear that under their management, evil practices prevelent now will cease to exist, efficient service will be rendered to the insuring public under better terms and conditions, and at the same time a more rapid progress will be maintained? It is fantastic for one to presume that much could be accomplished and proceed to act on that presumption especially in matters affecting the interests of millions in the Country. Mr. C. D. Deshmukh, the Union Finance Minister, in a broadcast over the All India Radio, on the other day observed that the Nationalisation of Life Insurance will be another milestone on the road the country has chosen in order to reach its goal of a Socialistic Pattern of Society. All those connected with the Government of the Country are repeating time in and time out that they are aiming at transforming the present set up into a socialistic pattern of society. But no one has so far specifically given any clear definition to the expression and what exactly they have in their minds. If, in the business of Life Insurance, the object is to eliminate the capitalists, who are considered to be exploiting the public funds, it can be easily achieved by legislation and by paying reasonable compensation to the shareholders. All Companies can be mutualised and they may be allowed to continue the business. If some of the managements are considered unsocial elements, they can be removed and wherever necessary, Government nominees may be appointed to take care of the policyholders' interests. Anyway, a sweeping change as the one the Government have decided to bring about now is altogether unnecessary, and it is also doubtful whether the pace of progress made by the Companies will be maintained under Government Management. In a vast Country as ours, with a population of over 400 millions, one cannot expect cent per cent discipline and high moral standard in each individual. The mismanagement of a few companies cannot be a valid reason to nationalise the whole business.

It may be safely pointed out that the public can have more confidence in the Government to honour the contracts than in private enterprises. But, the public know too well how very difficult it is to deal with the Government and the Government Officials. Mr. Deshmukh has stated that the Government took into consideration all the arguments that were put forward by the chairmen of Insurance Companies against "Nationalisation," weighed the pros and cons and than only arrived at the decision. He observed "There is no reason why a nationalised industry cannot be run efficiently. It is our intention to see that those who are entrusted with the running of nationalised insurance have the discretion and freedom of action necessary to enable them to secure the maximum efficiency. ...... We are determined to see that the gospel of insurance is spread as far and wide as possible and so that we reach out beyond the more advanced urban areas well into the hitherto neglected rural areas." It is unnecessary for us to comment on all his utterances as everyone knows how well and efficiently the Government enterprises in the land are thriving. It must be remembered that Government machinery and all their undertakings are also run only by men and not angels and their actions are not always free from criticism. It would be a travesty of truth if all perfection is claimed for the Government and the private enterprises are condemned with unsocial activities. His observation pointedly "The misuse of power, position and privilege that we have reason to believe occurs under existing conditions is one of the most compelling reasons that have influenced us in deciding to nationalise life insurance" is a gross exaggeration. If it is true to some extent with the private enterprises, it is equally true with the Government administration also. Mr. Deshmukh has given an assurance to the employees at all levels that they have nothing to fear and that they should be loyal and work devotedly. Is it possible at all if the business is nationalised? Will the Government be able to retain the entire Office and field staff? Particularly in South India in each town there are a large number Inspectors at present working for the various Companies. Will the Government retain all such employees and even if they are prepared to retain their services, will all of them be able to secure the required quota of business for one and the same Institututi0n? Whatever be the success of the Government in other undertakings, in so far as Life Assurance is concerned, we may say, Mr. Deshmukh's view that the per capita insurance can be raised to Rs. 200, is not so easy as he thinks, even with all discretion and freedom of action bestowed on the Officials.

Nationalisation of Life Insurance

President's Ordinance

THE Government of India have decided to nationalise life insurance in the country. As a first step the President has promulgated an Ordinance bringing under Government management all life insurance companies.

The Ordinance provides for compensation to shareholders on an equitable basis, reflecting the allocations to shareholders in the past for the period during which management is vested in Government.

Mr. C. D. Deshmukh, the Union Finance Minister, in a broadcast on 19th January 1956, said that Government proposed to place before the next session of Parliament a Bill in this connection.

The Life Insurance (Emergency Provisions) Ordinance, 1956, promulgated on the 19th, vests in the Central Government with immediate effect the management of life insurance business. For purposes of this ordinance, capital redemption business and annuity and certain business which are akin to it are deemed to be life insurance business. In the case of insurers carrying on only life insurance business, the entire management of the insurer vests in Government. Where the insurer carries on other classes of business in addition to life insurance, the management of only the life insurance business vests in Government.

The provisions of the Ordinance apply also to the foreign business of Indian insurers and the business in India of foreign insurers. In the case of Provident Societies their entire business is affected.

General insurance business will be unaffected and will continue to be managed as at present.

The Ordinance envisages the appointment as soon as practicable of Government's nominees to manage the business of insurers that has vested in Government. Pending the appointment of these persons who will be termed Custodians, the existing managements would continue but as agents of Government. They will have no authority to make investments. To the extent it is possible to do so, it is Government's intention to draw the Custodians from the ranks of the employees of insurers.

Step to Socialistic Society

The Union Finance Minister, who was broadcasting on the 19th from All India Radio, said all life insurance companies, Indian as well as foreign doing business in India would come under Government management and control. This would be followed by the more elaborate action called for complete nationalisation.

He said, "Both in respect of the short period during which the management of the companies will vest in Government and in respect of the ultimate assumption of proprietorial reghts over them, reasonable compensation will be paid by Government.

Mr. Deshmukh said: "The nationalisation of life insurance will be another mile-stone on the road the country has chosen in order to reach its goal of a Socialistic Pattern of Society. In the implementation of the Second Five-Year Plan it is bound to give material assistance. Into the lives of millions in the rural areas, it will introduce a new sense of awareness of building for the future in a spirit of calm confidence which insurance alone can give. It is a measure conceived in a genuine spirit of service to the people. It will be for the people to respond, confound the doubters and make it a resounding success.

He said, what was reasonable compensation was a matter on which there was room for difference of opinion. But I am confident that the basis adopted by Government will be generally regarded as fair".

Mr. Deshmukh said, "In the course of their observations on the organisation of the credit system of the country in connection with the First Five-Year Plan, the Planning Commission drew attention to the necessity of fitting increasingly into the scheme of development visualised for the economy as a whole the banking system and, in fact, the whole mechanism of finance, including insurance, the stock exchanges and other institutions connected with investment. For it is only thus, they said, that the process of mobilising savings and utilising them to the best advantage becomes socially purposive.

Deepening Channels of Saving

Principally with a view to ensuring the spread of banking and credit facilities to the rural areas, the Imperial Bank of India was nationalised last year. The nationalisation of the insurance is a further step in the direction of more effective mobilisation of the people's savings. It is a truism which, nevertheless, cannot too often be repeated that a nation's savings are the prime mover of its economic development. With a Second Plan in the offing involving an accelerated rate of investment, and development, the widening and deepening of all possible channels of public savings has become more than ever necessary. Of this process the nationalisation of insurance is a vital part.

Let me give you a few figures. To-day some 50 lakhs of policies are in force paying annually a premium of Rs. 55 crores. The life insurance assets amount to roughly Rs. 380 crores from which the companies derive annually a net income of approximately Rs. 12 crores.

The total insurance in force exceeds a thousand crores, that is, a little over Rs. 25 per head. Quite recently it was claimed on behalf of private enterprise that the business in force could be increased to Rs. 8,000 crores and the *per capita* insurance to Rs. 200. I am in complete agreement. There can be no doubt as to the possibilities of life insurance in India and I mention these figures only to show how greatly we could increase our savings through insurance.

I need scarcely say that the decision to nationalise say that the decision to nationalise has been taken after deep

and careful consideration of all relevant factors. I may indeed, with justice, claim also that we have done so with the certainty of the approval of the public and after full examination of the views expressed by the interests involved—for this matter has been the subject of public debate and discussion for several months past. On the one hand, there has been a very general demand for the nationalisation of the entire insurance industry. On the other hand, the chairmen of a large number of insurance companies. Life, General and Composite have set out *in extenso* all the arguments that could possibly be adduced against nationalisation and have endeavoured to show that insurance of every form can flourish best only under private enterprise and with the stimulus of competition.

It is obvious that, in a short talk such as this, I cannot enter upon a discussion of these arguments and to explain why they have failed to satisfy us and why we have, in spite of them, come to the conclusion that nationalisation of life insurance is essential for the implementation of our Plan and, therefore, required in the public interest. Ample opportunity will, of course, be provided for such detailed discussion in Parliment. I might, however, summarise the arguments that have been urged against nationalisation and comment briefly on them.

Criticism of State Enterprise

State schemes in other countries and in India it is said, have not been successful, that several foreign countries which went into the question fully decided against it that a State enterprise cannot possibly function with the same flexibility and efficiency that the private enterprise, can and finally, that the State-run life insurance cannot achieve the highest ideals of insurance, I do not understand this last point and will, therefore, not comment on it. To us on an objective appraisal that the only conclusion that can be drawn from the experience of other countries is that wherever there has been a whole-hearted attempt by the State, nationalisation has been an unqualified success, even in the face of severe competition from the private sector and failures wherever they occurred, have been due to the half-hearted manner in which the experiments were tried.

There is no reason why a nationalised industry cannot be run efficiently. It is our intention to see that those who are entrusted with the running of nationalised insurance have the discretion and freedom of action necessary to enable them to secure the maximum efficiency. It has become almost axiomatic with some to maintain that State enterprise must be inefficient. And yet, the fact is that far too much is claimed for the efficiency with which private enterprise is run. Thus even in insurance which is a type of business which ought never to fall, if it is properly run, we find that during the last decade as many as 25 Life Insurance Companies went into liquidation and another 25 had so fritterted away their resources that their business had to be transferred to other companies at a loss to the policy-holders.

Unhealthy Trends in Investment of Funds

Then again though I do not wish

unduly to emphasise this point, far too unhealthy an enterprise has been shown by a number of insurance companies in the investment of funds. Only recently there was the case of the Bharat Insurance Company when some Rs two crores were misapplied and there have been several other cases. The amount of capital required for starting or running an insurance company is extremely small as compared to the total life fund that it may come to control. Once however the control is secured, the tendency not infrequently has been to utilise the funds to meet the capital requirements of enterprises in which the managements are interested rather than those which are clearly in the interest of policy holders.

I would like also briefly to explain why we have decided not to bring the general insurance business into the public sector. The consideration which influenced us most is the basic fact that general insurance is part and parcel of the private sector of trade and industry and functions on a year to year basis. Errors of omission and commission in the conduct of its business do not directly affect the individual citizen. Life insurance business, by contract, directly concerns the individul citizen whose life savings so vitally needed for economic development, may be affected by any acts of folly or misfeasance on the part of those in control, or be retarded by their lack of imaginative policy.

My object in speaking to you to-night is strictly limited. I thought it desirable that I should myself give you some idea, however brief, of what we intend to do during this interim period and in particular, to assure all those directly affected—the policyholders, the management and the staff, both office and field—that the companies concerned will be able to continue to work uninterruptedly.

The Ordinance is designed to ensure that the existing managements of the insurance companies are able to carry on exactly aa before until such time as a custodian is appointed to look after the affairs of each company. The only difference will be that the management will function as agents of Government, and that certain of its powers will be restricted. Thus, it cannot invest any of the funds of the company save in accordance with instructions given by the duly authorised offices of the Government; likewise while the payment of all claims of policyholders can be made by the existing management under its own authority, it must seek the authority of the authorised person if the payment of a claim is not in accordance with the normal practice. In other words, it will be our object to see that there is as little interference in the day-to-day management as is consistent with the attainment of our main objective, *viz.*, the safeguarding of the funds of the policyholders, and to the extent they have a claim, the interests of the shareholders. Naturally, it will be our endeavour to put a stop to any malpractices that may come to our notice.

To the policy holders, I wish to give the assurance that there policies will be as safe as they are today, if not, safer. Private insurers may fail, but the State cannot fail. To those intending to take our life policies, I would say that they should proceed with confidence in view

of the proposed nationalisation and indeed step up their proposals for, on nationalisation, their policies will have the full backing of Government and acquire a new element of absolute safety. To the staff at all levels, I would say that they have nothing to fear. I seek their loyalty and devoted work. I cannot of course guarantee the continuance of sinecures. I should also like to reassure the spokesmen of the private sector, industrialists and others that it is not Government's intention to divert the available funds to the public sector to a greater degree than under present arrangements. Indeed it will be my endeavour to see that at least as much money as is today made available for investment in the private sector continues to be so made available. If there is a change, therefore, it will be only to ensure that there are no privileged sections in the private sector. The misuse of power, position and privilege that we have reason to believe occurs under existing conditions is one or the most compelling reasons that have influenced us in deciding to nationalise life insurance.

To the members of the public, I would reiterate that this step has been taken after long and mature consideration. I would appeal to them not to be led away by those who would oppose that step on purely dogmatic considerations, regarding State enterprise as invariably a failure and private enterprise as unerringly successful. We are determined to see that the gospel of insurance is spread as far and wide as possible and so that we reach out beyond the more advanced urban areas well into the hitherto neglected rural areas. We have not been influenced by any doctrinaire dislike of private enterprise in reaching our decision Were that so, we would not have left alone the other big sector, the general insurance. Ours is a positive approach, I might even say in this case, a creative approach.

Provisions of the Ordinance

The Life Insurance Ordinance promulgated reads as follows:

"An Ordinance to provide for the taking over, in the public interest of the management of life insurance business pending nationalisation of such business:

Whereas it is expedient in the public interest that life insurance business should be nationalised: and whereas it is expedient that pending such nationalisation adequate steps should be taken to protect the interests of policyholders: and whereas Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action:

Now, therefore, in exercise of the powers conferred by Clause (1) of Article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:

1. (i) This Ordinance may be called the Life Insurance (Emergency Provisions) Ordinance, 1956. (ii) It shall come into force at once.

2. In this ordinance, unless the context otherwise requires: (i) "appointed day" means the date on which this Ordinance comes into force:

(ii) "controlled business" means:—(1) in the case of any insurer specified in Sub-clause (A) (ii) or Sub-clause (B) of Clause (9) of Section 2 of the Insurance Act and carrying on life insurance business:—

(a) all his business, if he carries on no other class of insurance business:

(b) all the business appertaining to his life insurance business, if he carries on any other class of insurance business also:

(c) all his business, if his certificate of registration under the Insurance Act in respect of general insurance business stands wholly cancelled for a period of more than six months on the appointed day;

(ii) In the case of any other insurer specified in Clause (9) of Section 2 of the Insurance Act and carrying on life insurance specified in Clause (9) of Section 2 of the Insurance Act and carrying on life insurance business:

(a) All his business in India, if he carries on no other class of insurance business in India: (b) All the business appertaining to his life insurance business in India, if he carries on any other class of insurance business also in India.

(c) All his business in India, if his certificate of registration under the Insurance Act in respect of general insurance business in India stands wholly cancelled, for a period of more than six months on the appointed date.

Provident fund Society

(111) In the case of a provident society, as defined in Section 65 of the Insurance Act, all its business.

Explanation—An insurer is said to carry on no class of insurance business other than life insurance business if, in addition to life insurance business he carries on only capital redemption business or annuity certain business or both; and the expression "business appertaining to his life insurance business" shall be construed accordingly.

(3) "Custodian" means the person appointed under Section Four to take over the management of any controlled business:

(4) "Insurance Act" means the Insurance Act, 1938: (5) "Insurer" means an insurer as defined in the Insurance Act, who carries on life insurance business in India, and includes a provident society as defined in Section 65 of the Insurance Act:

(6) "Notified order" means an order notified in the official Gazette:

(7) All other words and expressions used herein but not defined, and defined in the Insurance Act, shall have the meanings respectively assigned to them in that Act.

3. (1) On and from the appointed day, the management of the controlled business of all insurers shall vest in the Central Government, and, pending the appointment, of a Custodian for the controlled business of any insurer, the persons in charge of the meanagement of such business immediately before the appointed day shall, on and from the appointed day, be in charge of the management of the business for and on behalf of the Central Government; and the controlled business of the insurer shall be carried on by them subject to the provisions contained in sub-sections (3) and (5) and to such further directions, if any, as the Central Government may give to them by notice addressed and sent to the principal offier of the insurer.

(2) Any contract, whether expressed or implied, providing for the management of the controlled business of an insurer made before the appointed day between the insurer and any person in charge of the management of such business immediately before the appointed day shall be deemed to have terminated on tne appointed day.

(3) No insurer shall without the previous approval of the person specified by the Central Government in this behalf in respect of that insurer (hereinafter referred to as the authorised person),—(a) make any payment of grant any loan in respect of a policy of life insurance otherwise than in accordance with the normal practice observed by him in respect of such matters immediately before the appointed day; (b) incur any expenditure from the assets appertaining to the controlled business otherwise than for the purpose of making routine payments of salaries or commissions to employees, insurance agents special agents or chief agents or for the purpose of meeting the routine day to day expenditure; (c) transfer or otherwise dispose of any such assets or create any charge, hypothecation, lien or other encumbrance there on. (d) invest in any manner any moneys forming part of such assets: (e) acquire any immovable property out of any moneys forming part of such assets; (f) enter into any contract of service of agency, whether expressly or by implication, for purposely connected wholly or partly with the controlled business or vary the terms and conditions of any such contract subsisting on the appointed day; (g) enter into any other transaction relating to controlled business other than a contract relating to the issue of a new policy of life insurance or vary the terms and conditions of any agreement relating to any such transaction subsisting at the commencement of this Ordinance.

(4) The approval of the authorised person may be given either generally in relation to certain clauses of transactions of the insurer or specially in relation to any of his transactions.

(5) Every insurer shall deposit all securities and documents of title to any assets appertaining to the controlled business in any schedaled bank in which the insurer had on account immediately before the appointed day or in any branch of the State bank in the place where the head office or the principal office of the insurer is situated or, where there is no branch of the State Bank in such place, the nearest branch of the State Bank, and no such security or document shall be withdrawn from the scheduled bank or the State Bank, as the case may be except with the permission of the authorised person;

Provided that nothing contained in this sub-section shall apply to any security or document of title kept with approved trustees by reason of the provisions contained in Sub-section (6) of Section 27 of the Insurance Act or kept in trust with an official trustee in pursuance of the articles of association of an insurer unless the Central Government, by notified order, otherwise directs.

Explanation

Explanation: In this Sub-Section—

(a) scheduled bank means a bank included for the time being in the 'Second Schedule to the Reserve Bank of India Act 1934; (b) State Bank means the State Bank of India constituted under the State Bank of India Act, 1955.

(6) Every insurer shall deliver forwith at the place and to the person specified in this behalf by the Central Government in

respect of that insurer the following documents namely:

(1) The minutes book or any other book or any other book in India containing all resolutions up to the appointed day of the persons in charge of the management of the controlled business before the appointed day; (ii) the current cheque books relating to the controlled business which are at the head office of the principal office of the insurer; (iii) all registers or other books containing particulars relating to the investment of any moneys appertaining to the controlled business including investments or mortgaged properties and all loans granted and advances made otherwise than on policies.

(8) The persons in charge of the management of the controlled business of an insurer under this Ordinance shall be entitled to such remuneration, whether by way of allowance or salary as the Central Government may fix; and any such persons may by giving a month's notice in writing to the Central Government of his intention so to do, relinquish charge of the management of controlled business.

IV. (1) The Central Government may as it is convenient administratively so to do, appoint any person as custodian for purpose of taking over the management of the controlled business of an insurer.

2. On the appointment of a Custodian under Sub-Section (1), all persons in charge of the management of the controlled business of the insurer for and on behalf of the Central Government immediately before such appointment shall cease to be in charge of such management and shall be bound to deliver to the Custodian all books of account, registers or other documents in their custoday relating to the controlled business of the insurer.

3. Nothing contained in Sub-Section (3), (5) and (6) of Section 3 shall apply to any insurer the management of whose controlled business has been taken over by the Custodian, but the Central Government may issue such directions to the Custodian as to his powers and duties as it deems desirable in the circumstances of the case, and the Custodian may apply to the Central Government at any time for instructions as to the manner in which he shall conduct the management of the controlled business of the insurer or in relation to any matter arising in the course of such management.

(4) The custodian shall receive such remuneration as the Central Government may fix; and the Central Government may at any time cancel the appointment of any person as custodian and appoint some other person in his stead.

(5) The custodian may, in relation to the controlled business of any insurer the management of which has been taken over by him, exercise all or any of the powers which the Controller of insurance or an administrator appointed under Section 52-A of the Insurance Act may exercise under Section 106 or Section 107 of that Act.

Compensation

(6) The amount of compensation payable in respect of the vesting in the Central Government of the management of the controlled business of an insurer shall, for every month during which the management thereof remains vested in the Central Government, be a sum which is equivalent to one-twelfth of the annual average of the share of the surplus allocated to shareholders as disclosed in the abstracts prepared in accordance with Part 11 of the Fourth Schedule to the Insurance Act in respect of the last two actuarial investigations relating to the controlled business as at dates earlier than January 1, 1956.

Provided that, if in respect of the controlled business of an insure no such surplus as is referred to in this Sub-section has been allocated to share-holders either because there are no share-holders or for any other reason, the compensation shall be payable at the rate of one rupee per month for every Rs. 2 000 or part thereof of the premium income of the insurer relating to his controlled business during the year 1954.

7. (1) The amount of compensation payable under Section 6 shall in the first instance be payable out of the 7.5 per cent of the surplus referred to in Sub-section (1) of Section 49 of the Insurance Act earned by the insurer during the period the management of the controlled business of the insurer vests in the Central Government, and where such compensation or any part thereof cannot be so paid out the Central Government shall make due provision for the payment of such compensation, or part thereof as the case may be.

(2) The compensation payable under Section 6 shall be distributed among the persons entitled thereto by the Central Government in such manner as may be prescribed by rules made in this behalf. Provided that in the case of an insurer who is a company the Central Government shall have due regard to the wishes of the members expressed by them at any general meeting convened for the purpose;

Penal Clauses

8. If any person—

(a) fails to deliver to the custodian any books of account, registers or any other documents in his custody relating to the controlled business of an insurer in respect of the management of which the custodian has been appointed: or (b) retains any property of such insurer appertaining to the controlled business of the insurer: or (c) fails to comply with the provisions contained in Sub-section (3) or Sub-section (5) or Sub-section (6) of Section 3: or (d) fails to comply with any directions issued under Sub-section (1) or Sub-section (7) of Section 3: he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to Rs. 1,000 or with both.

9. No proceeding for the winding up of an insurer, the management of whose controlled business has vested in the Central Government under this Ordinance or for the appointment of a Receiver in respect of such business shall lie in any court.

10. In computing the period of limitation prescribed by any law for the time being in force for any suit or application against any person by an insurer in respect of any matter arising out of his controlled business, the time during which this Ordinance is in force shall be excluded.

11. The provisions of this Ordinance shall have effect notwithstanding anything inconsistent therewith in any other law or in any instrument having effect by virtue of any other law.

12. The Central Government may, by notified order, direct that all or any of the powers exercisable by it under this Ordinance may also be exercised by any such persons as may be specified in the order.

13. (1) No suit prosecution or other legal proceedings shall lie against any

custodian or authorised persons in respect of anything which is in good faith done or intended to be done under this Ordinance.

(2) No suit or other legal proceedings shall lie against the Central Government or any custodian or authorised person for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Ordinance.

14. Nothing contained in this Ordinance shall apply to:

(a) any insurer in respect of the management of whose affairs an administrator has been appointed under Section 52-A of the Insurance Act: (b) any insurer whose business is being voluntarily wound up or is being wound up under the orders of a court: (c) any insurer to whom the Insurance Act does not apply by reason of the provisions contained in Section 23 thereof: (d) any approved superannuation fund as defined in Clause (A) of Section 56 of the Indian Income-Tax Act, 1922: or (e) any insurance business carried on by the Government.

15. (1) The Central Government may, by notified order, make rules to carry out the purposes of this Ordinance; (2) in particular, and without prejudice to the generality of the foregoing power, rules made under Sub-section (1) may provide for (a) the form and manner in which books of accounts appertaining to controlled business shall be maintained by insurers: (b) the manner in which any compensation payable under this Ordinance may be paid to the persons entitled thereto. (c) the circumstances in which the remuneration payable to persons in charge of the management of the controlled business of an insurer under this Ordinance or to custodians shall be met by the Central Government, whether wholly or in part."

Indian Life Assurance Offices Association.

The announcement of the Nationalization of Life Insurance by Shri C. D. Deshmukh, Finance Minister, Government of India, must have come as a surprise to not only the insurance trade but also to the business community and the public. It was, of course, known for some time that the Government in the Finance Ministry were giving this matter their earnest consideration. The Trade Association, that is, the Indian Life Assurance Offices Association was actively considering the pros and cons of the question of nationalization and was busy preparing a Memorandum for submission to the Government of India on behalf of the Trade as a whole for their earnest consideration, and was hoping that before any final decisions were reached, they would have an opportunity to place their point of view before the authorities.

Now that, however, the Government of India has taken a decision and promulgated the Ordinance to take over the business of life insurance in their hands, speaking personally, I would say that it becomes the duty of every person connected with the trade to extend his whole-hearted cooperation to the Government in its efforts to realise the objectives of mobilizing the resources of the community through the media of Life Insurance. Of course, the Association of the Trade has not yet met to decide its attitude to this step of the Government, and it will naturally take some time before they do so, because they are an All India organisation and members of the Committee are residing in different parts of India. In view of the complexity of the task of integrating over 150 offices transacting life insurance business into a powerful, purposive, efficient and a resilient organisation capable of bringing the message of life insurance to every home, I trust the Government will take the trade and particularly the executive and manegerial personnel of the trade who have a life time experience and study of the business of life insurance into their confidence. I would urge upon the Government to set up an Advisory Council from amongst the representatives of the Trade to assist the Government in the onerous task which it has taken upon its shoulders so as to have a smooth passage from private to public ownership of the business of Life Insurance.

Employees' State Insurance

Progress in Madras Region Reviewed

Speaking at the first meeting of the Regional Board of the Employees State Insurance Scheme on 21th at the Secretariat, Mr. M. Bhaktavatsalam, Minister for Industries and Labour, expressed the hope that the Central Government would soon decide the question of extending the medical benefits to the families of workers.

The Minister reviewed the progress in the extension of the scheme to many parts of the Madras Region and said that the implementation of schemes like the Employees' State Insurance Scheme and the Employees Provident Fund Scheme would go a long way towards raising the standard of living of the workers and ensuring them better and satisfactory working conditions which would contribute to industrial peace and national prosperity.

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Mr. Bhaktavatsalam said that in the Madras region, out of 2,800 employers employing about 4,50,000 employees the benefit provisions had been applied so far only to about 625 employers employing about 1,30 000 employees including about 13,000 female workers. Arrangements were about to be completed for implementing the Scheme in five industrial centres in the Travancore-Cochin State and he hoped that the Scheme would be implemented there also in the near future. The preliminary work connected with the implementation had been carried out in the Mysore State also. It would therefore, to be seen that almost every State in this Region had been quite active to ensure that the Scheme was extended to all important centres and towns as early as possible. So far as the Madras State was concerned, it was proposed to extend the scheme at an early date to Madurai including Ambasamudram and Tuticorin, Kozhikode inluding Feroke, Salem, Mangalore, Cannanore. Tirupur, Udumalpet and Koilpatti. There future programme should also include the extension of the Scheme in due course to the other sparse industrial areas in each State so that the first phase of the implementation could be completed as early as possible and their efforts directed thereafter towards the extension of the Scheme to other categories of employees and also to the expansion of the benefit in quantity and quality, as far as our resources permit.

Referring to the nature of the dispensary treatment to the employees, the Minister said that the Insurance Corporation had approved three types of approach, namely, the Service system wherein full-time dispensaries were set up by the State Government exclusively for the use of insured persons; the panel system wherein the services of private practitioners were made available to the insured persons who could choose any doctor from the panel according to their conveniences, and utilisation of the medical facilities provided by some employers under certain conditions. In Coimbatore, they were providing treatment partly under the panel and partly under the service system. The State Insurance dispensaries, however, had been set up only in places where Panel doctors were not available. In Madras they had set up, wherever possible, the State Insurance dispensaries under the Service system. However, some part-time panel doctors also had been appointed in places where it has not been possible to establish a full time dispensary. In both the places they were also utilising the services of the employers' medical facilities wherever offered. The working of all the three systems was proceeding satisfactorily in this region.

"The Scheme", Mr. Bhaktavatsalam said, "has now been in force for some months in ten areas in this region. The workers in those places are already getting medical treatment and disablement and dependents' cash benefits eversince the date of implementation in the respective places. In Coimbatore where the Scheme has been in force for over nine months the sickness and maternity cash benefits also have commenced. In Hyderabad also these benefits will commence shortly, on January 30. The working of the Scheme, broadly speaking, in these places appears to be satisfactory although there may be scope for improvement here and there which I am sure with your help and advice we can effect from time to time. Establishment of Local Committees also, I hope, will solve many of the day-to-day adjustments of details in the successful working of this intricate but very useful Scheme".

Insurance in India

Mr. T. T. Krishnamachari, Union Minister

Mr. T. T. Krishnamachari, Union Minister for Commerce and Industry, justifying the Government's decision to nationalise life insurance in the country observed that insurance provided a very valuable method of making the low-income groups invest in funds which could be ultimately used not merely for the purpose of protecting them in future but also for providing them with the basis for national development.

In this connection, the Union Minister referred to the National Savings Scheme and said that the Scheme had been 'good enough' but not 'very good' and, therefore, they had to take up insurance.

The Union Minister, who was addressing a large and distinguished gathering of businessmen when he declared open the new building of the Southern India Chamber of Commerce at Esplanade on 20th Janurry, also stated that nationalisation of life insurance which might have come to them as a 'bomb-shell' had been devised, shaped and perfected over a period of years. The Government had finally felt that they could not devise any legislative hedge which could not be jumped over by those in the insurance field who put public funds to 'misapplication.' One of the first requirements of an egalitarian society they were now trying to build up, he added, was security for the individual in regard to future and the insurance provided an important field in the scheme of social security.

Explaining himself further, Mr. Krishnamachari said. "We have had a series of legislative measures controlling insurance, but we have finally felt that legislative control had become ineffective. You also know there had been instances—some glaring ones—to which my colleague had referred: of misapplication of public funds in the insurance field. Ultimately we have come to this conclusion for two reasons, undoubtedly, one a negative reason—public funds of the policyholders being misapplied, and second, a positive one, we could devise no legislative hedge which could not be jumped over."

Continuing, Mr. Krishnamachari said, "We are trying to build up a society in which there will be more even distribution of wealth—an egalitarian society. One of the first requirements of such a society is security for the individual in regard to future. Insurance provides an important field in the scheme of social security And that is not all. In a country with low levels of income, it is very difficult for the Government, or for that matter any organisation, to syphon in any surpluses that the people might have as saving for the purpose of national development. Attempts had been made in the past trying to make the low income groups contribute to the National Savings Scheme. The scheme had been good enough but not very good. Therefore insurance provides a very valuable method of making the low-income groups to invest in funds which will be ultimately used not merely for the purpose of protecting them in future but also for providing them with the basis for national development."

"I have dealt with these at some length merely to indicate that the Prime Minister's message to you says that you have a field in which you can operate and you have a part to play in this ambitious scheme we have before us under the Second Five-Year Plan, and that anything that we do is not intended primarily to injure the interests that now exist," he added.

Scheme Welcomed by Employees

In the course of a statement issued on the nationalisation of life insurance, representatives of eight insurance employees' unions have welcomed the ordinance issued by the Government and hoped that if nationalisation was effectively implemented, many of the evils prevalent in the field could be put an end to.

Urging that the big monopoly now dominating the insurance field must be strictly excluded from the nationalised set-up the statement appeals to the Government to actively associate with the administration of nationalised insurance representatives of employees who are strong and sincere supporters of the scheme.

The statement also requests the Government to clarify the position regarding the future of the employees and the terms and conditions of their service.

The statement was signed by the Secretaries of the following employees' unions: United India, Oriental, National Insurance, Prithvi and Allied Insurance Companies, Hindusthan Insurance, General Assurance Society, British India General Insurance and New Asiatic Insurance.

Nationalisation of Insurance

Mr. Cowasji Jehangir

Mr. Cowasji Jehangir, Chairman of the Board of Directors of the Oriental Government Security Life Assurance Company, observed that the method adopted by the Government of India to nationalise life insurance was "undemocratic." "To effect such a radical change in the private sector by an ordinance is not democracy, and there was no reason for doing so unless Government feared opposition and criticism," Mr. Cowasji Jehangir said in a statement on behalf of the Board of Directors of the Company. There was no question of effective opposition in the legislature and the criticism there was bound to be of a most ineffective character, he said.

It was claimed, he added, that the step was taken in order to obtain financial assistance for the Second Five-Year Plan.

That might be possible only at the sacrifice of the interests of policy-holders and share-holders. It was inconsistent to expect financial assistance for the Plan from the nationalisation of the industry and at the same time expect that policy-holders should look forward to the same extent to increasing bonus, and share-holders to an equitable return for the value of their shares. The method described for valuing these shares appeared to the Directors to be grossly unjust and of an expropriatory nature, the statement added.

The statement said "Other countries have thought of nationalising this industry, and after mature consideration even the most Socialistic Governments have had to give up the idea. It is only left to be seen whether the industry will expand as claimed by the Finance Minister under Government management but the Directors are by no means obtimistic and this pessimism is the result of their long and varied experience of this industry."

The statement said that the Finance Minister had stated that one of the reasons for nationalisation was that malpractices had come to the notice of Government in the management of some companies. Government had been aware of this for the last few years and had by legislation assumed powers to prevent these malpractices. The Finance Minister had now practically admitted Government's failure to do so. If Government desired to act in regard to life insurance in an equitable manner, they might have made a distinction between companies which they suspected of mismanagement and other companies.

Concern in Business Circles

Mr. Babubhai M. Chinai, President of the Indian Merchants, Chamber, has issued a statement regarding the decision of the Government of India to nationalise life insurance. The commercial community, he says, viewed with concern the decision of the Government of India to nationalise the life insurance industry. In the first place it was not proper for Government to resort to the ordinance-making power-which is expected to be used only for meeting emergent situations—to nationalise life insurance, particularly, as such a step had denied the interests concerned an opportunity to place their considered views before the authorities. Government's decision seemed to have been inspired more by a doctrinaire approach than by a correct appraisal of the realities of the situation. If securing additional resources for financing the Plan was the immediate objective, it is not likely to be furthered, for the obvious reason that a major portion of the resources in the shape of life insurance funds had been as it was, invested in Government and other approved securities. It was not perhaps realised that nationalised insurance would not be in a position to render individualised service and build up a vast organisational set up so essential for making up the large leeway to be made in the field of life insurance.

The issue of compensation was particularly one which would bristle with practical difficulties, more so in the case of composite units in the industry. In any event, it was hoped that Government would try to settle this issue in a fair and equitable manner in consultation with all the interests concerned.

Insurance in Rural Areas

Shriman Narayan's Suggestion

It is reported that Mr. Shriman Narayan, General Secretary of the Congress has suggested that the additional resources which are made available through the nationalisation of life insurance should be mainly used for extending insurance facilities in the rural areas through the village panchayats and co-operative societies.

Mr. Narayan, in an introduction to a brochure entitled 'Insurance Business in India' to be published shortly by the AICC says that nationalisation of life insurance business will enable the Government to regulate the flow of investment of public savings for various schemes under the Second Five-Year Plan.

Nationalisation of Life Insurance

Mr. V. S. Shelvankar

Above and beyond whatever may be said in the usual way for or against any proposed scheme, there are considerations recognised by progressive thinkers and leaders as essential background to view or direct any change in the economic, social or other activities of our life.

We have gone on too long with our old thoughts and actions based on self-advancement and self-expansiveness, individually and collectively, and we now see before our very eyes that the structure which we have built on these foundations is fast breaking up, leaving us completely perplexed and aghast. Truly, it does not require much sensitiveness or imagination to recognise the root cause of the awful things happening all around us in this country and elsewhere. There is therefore an extraordinarily urgent call right now to recast our emotional and mental build, and think and act totally differently from the past, not in terms of "I" and "mine", "my group" and "your group" "my sector" and "your sector", but in the language of unity, the language of "we" and "ours". What is now required is creative action and not just modified action, and that can come only in a totally new way of thought and feeling. If there is evidence of some such awakening in plans like this nationalisation of insurance, why should we not recognise it?

Mr. J. P. Narayan

The nationalisation of insurance is one of the steps towards bringing about a change in the socioeconomic structure of the country, Mr. Jaya Prakash Narayan told a public meeting here this afternoon.

Mr. Narayan was not sure if such a course of action designed in the greatest good of all concerned, was a non-violent method but, certainly, he said, no open violence was involved in it. However, the compulsion of law was there which was contrary to the basic principle of Acharya Vinoba Bhave's movement to bring about a change of heart and persuade the "have" to voluntarily part with their surplus riches for the benefit of the "havenots".

The *bhoodan* and allied persuasive methods like Sampattidan, etc. he said, did not depend on legal assistance. Mobilisation of public opinion was enough to bring about the desired reformation in society, he said.

Mr. H. D. Rajah's,

Mr. H. D. Rajah, commenting on the Government's decision to nationalise life insurance business writes:

The expected has come. Nationalisation of insurance has been pressed by many members of Parliament and the Government have been saying that the question was under their active consideration. It is on a grand pattern of universal distribution of poverty based upon the so-called Socialistic Pattern of Society. What is sought to be done is to displace builders of this great industry in the name of the State.

Insurance business has thrived in this country by the steady and tireless efforts put in by hundreds and thousands of people, fostered and encouraged by able entrepreneur in the field which have resulted in a decent increase of life business in the course of the last decade.

Intensive private effort, continous propaganda among the people, personal labour and effort are the primary requisites for the building up of insurance business, especially in this country, where the per capita income is the lowest in the world and the desire to make an investment for the future is almost nil.

The broadcast speech of the Finance Minister refers to the mis-application of the funds of the Bharat Insurance Co. and the going into liquidation of about 25 Insurance companies during last year. If these were the only two important factors which have influenced the Government to decide in favour of nationalisation of insurance business, the Government's stand is very weak indeed.

Compared to the position of those 25 insurance companies, 149 insurance companies, out of which 109 companies do purely life insurance business and 40 companies do life and other classes of insurance business, have got their investments in accordance with the provisions of the Insurance Act, which can never be said to be liberal. The Managements of these insurance companies have to make periodical returns to the Controller of Insurance and the investment of the Life Insurance Fund is directly controlled in terms of Section 27.

In spite of such control, if the Bharat Insurance Company has misapplied its funds, it was only due to lack of vigilance on the part of the authorities and what I would say is that "there is something rotten in the State of Denmark." The Government have not made a good case for destroying this industry by so-called nationalisation.

I have no doubt that nationalisation of insurance is the deathknell to insurance business itself in this country for the bureaucrat will look only for his salary at the end of every month and will not worry about the development of the business. The funds of the insurance companies are fully invested already in terms of the Insurance Act, in Government securities and other approved securities, and to think that they will get more money out of insurance companies by nationalisation is mere moonshine.

Alleged Criminal Breach of Trust

The Managing Director of the Presidency Life Insurance Co. Ltd., Mr. N. J. Gor, and the Accountant were arrested by the Bombay C.I.D on 28th January, 1956 for alleged criminal breach of trust in respect of the company's funds amounting to Rs. 30 lakhs. They were both produced before the Chief Presidency Magistrate Bombay, who remanded them into police custody.

Nationalisation of Insurance

The Secretary, Coimbatore insurance Employees' Association, in a statement says the Association welcomes the ordinance issued by the Government taking the first step towards nationalisation of Life Insurance in India. He says: "We are confident that if nationalisation is effectively put through, many of the evils at present in existence in the insurance world can be put an end to. We would, however, like to express our opinion that if the nationalised insurance is to be effective and to put at the disposal of the country huge funds for the Second Five-Year Plan, the big monopoly groups today dominating the insurance world must be strictly excluded from taking any part in nationalised set-up. We also hope that Government will actively associate the representatives of employees with the administration of nationalised insurance since the employees are the strongest and sincere supporters of the nationalisation of insurance."

Motor Vehicles Insurance

Mr. C. Subramaniam, Finance Minister, disclosed to newsmen on the 23rd January 1956 that the Madras Government were actively considering the question of taking over third party insurance of motor vehicles.

The Minister was talking to Pressmen soon after his arrival from Delhi this evening.

Mr. Subramaniam said that no final decision had been taken on the proposal This question, he said, had been under the consideration of the Government for sometime now. The Government of India had been apprised of this proposal sometime back and again during his present visit to Delhi.

Giving some more details of the proposal, the Minister stated that the Madras Government expected to derive an income of Rs. One crore from this source. The insurance premium could be collected along with the tax and an organisation could be set up to settle claims and to administer the scheme, he added.

The Minister referred to the Central Government's decision to bring under Government management all life insurance companies, and said that the question of making available a share to the States out of the financial advantage was also under the consideration of the Central Government.

Mr. B. Gopala Reddi

Centre Might Stop States Taking over

Mr. B. Gopala Reddi, Chief Minister of Andhra, said the Centre might not permit State Governments to take over third party insurance of motor vehicles.

He was answering Pressmen who asked him whether Andhra had any proposal like the one now being contemplated by the Madras Government.

Mr. Reddi said like all other nationalised insurance business, the Centre in all probability would carry on third party insurance on motor vehicles.

He added State Governments which already carried on such business might be put on a special category.

Mr. H. D. Rajah, M.P.,

In the wake of nationalisation of life insurance business, Mr. C. Subramaniam, Finance Minister of Madras, has made a suggestion to take over the third party motor insurance by the State of Madras.

The idea seems to be that the third party alone will be taken over by the State whereas the comprehensive insurance covering the property of the motor car should be carried on by insurance companies. It is the same old story "heads you lose, tails I win."

Insurance companies were called upon to share all the losses arising from the comprehensive policies in motor insurance whereas the compulsory third party insurance which may not be a losing proposition compared to the comprehensive insurance is to be taken over by the State. No institution will voluntarily agree to commit suicide unless it is murdered by the authorities concerned.

The result of this move will be that several thousands of motor insurance agents and workers will be thrown out of employment and their families faced with starvation. This is the grand conception of a Socialistic Pattern of Society envisaged by the ruling party. Instead of playing with the mouse, if the cat were to eat it, the agony will certainly be minimised.

The difference between the Government of India's move and Mr C. Subramaniam's move is that the former allows the companies to carry on the business with the ownership vesting with it while the latter wants to appropriate the entire business so that those engaged in this class of business for several years have to face unemployment and consequent ruin in the evening of their lives.

Hindusthan Co-operative Insuranee Society, Limited, Calcutta.

THE Hidusthan Co-operative Insurance Society, Limited. Calcutta, one of the leading Life Offices of our Country, with a standing of nearly half a century, has given a splendid account of its activities and progress during 1954. In the matter of new business completed during the year, it ranks as the third with a record of Rs. 20.44 crores. In the previous year, i.e. in 1953, the Society completed only a business of Rs. 18.89 crores. The increase is therefore over Rs. 11.55 crores. Particularly the progress is worthy of mention and the Management deserves every praise for the achievement as so much has been accomplished without reducing the rates of premium in competition with other Insurers.

The total premium income amounted to Rs. 4,87,85,598 and income from interest, dividend and rents amounted to Rs. 78,35,279. The rate of interest, worked out at 3·32 % after deduction of incometax at source.

Life Fund and Investment: The Life Assurance fund at the end of the year amounted to Rs. 25,19,15,721 recording an increase of Rs. 2,72,70,891 over that of 1953. Government and approved securities alone represent 59.90 % of the total adjusted liabilities.

Claims: During the year claims by maturity amounted to Rs. 87,05,917 and by death Rs 35,63,361.

The Institution is managed well and its expenses in terms of premium income work out to only 14.36 % on the basis of Rule 17D of Insurance Rules. Compared to the previous year, this ratio is less by ·22 %.

The Directors and Management have acquitted themselves very creditably in carrying on the administration of the Society to the profit of all concerned.

News

Insurance Akademi

A large and distinguished gathering of Insurance men of Calcutta assembled at the Indian Association Hall on Tuesday the 22nd November, when the "Insurance Akademi," an association to promote and foster cultural, social and intellectual activities of persons actively connected with insurance and to encourage objective study of insurance problems of the day with the view of propagating the message of insurance in all the branches and ramifications was formed. Dr. H. K Das Gupta M. Sc. Ph. D. D.I.C. F.I.A. (Lond.) presided over the meeting.

A provisional Committee, was formed, with powers to co-opt, to frame the Constitution and Rules of the Akademi:

The office of the Akademi is located temporarily at 21/SA, Sankaripara Road, Calcutta-25.

Shri J. Banerjea, M. Sc , (Lond), Hindusthan Co-operative, entertained.

During December Shri J. Banerjea, M. Sc., (London), Senior Assistant Secretary, Hindusthan Co-operative Insurance Society, Limited, Calcutta, paid a visit to the Branch Offices in the South. Mr. N.K Rove, Manager, Madras Branch, gave a Tea Party on the 8th of December, 1955, in honour of Shri Banerjea at Woodlands Hotel, Mylapore, Madras.

On the 4th December, a pleasant function was got up at Mysore at the local office of the Hindusthan Co-operative to meet Sri J. Banerjea. The meeting was presided over by Sri S. Srinivasa Iyengar M. L. A., the leader of the Opposition in the Mysore Legislature.

Mr. G.H. Thakore, feted, at Calcutta.

Mr. B. B Dotto, Secretary, Police Co-operative Life Insurance Society, Ltd., gave a Tea Party in his Office premises on Friday, the 16th December, 1955 to meet Mr. G.H. Thakore, M.A., (Cantab). President, Indian Life Assurance Offices Association. It was attended by all the leading insurance executives and journalists of Calcutta.

Mr. A. K. Bhattacharjee and Mr. H. N. Ghattak were all attention to the guests.

Madura Insurance Association.

The members of the Association held a special meeting on 21-12-1955 and passed the following ressolution:-

Resolved to express our feelings of deep sorrow at the sudden death of Sri. S. R. Srinivasa Iyengar, Branch Manager, Asian Life Office Madurai on 14-12-55 and Srimathi Rengammal, w/o Sri. Lakshmipathi, Inspector, New India Life Office, Madurai on 15-12-55 and to request the Secretary to convey the same to the members of the bereaved families.

Bock Review

JEEBON BEEMA:-- (Monthly Journal on Insurance in Bangalee: Editor-Benoy Bhusan Basu; Published from 21/3 A, Sankaripara Road, Calcutta-26. Annual Subscription Rupees Three. This issue Annas Ten.

"The Commerce India Special Number" of Jeebon Beema has been published with many valuable and educative articles on Insurance business, Salesmanship and Commercial information of various types, equipped with statistical facts and figures. Special references may be given of the articles written by Prof P.C. Mahalanobish, Sri Bimal Chandra Sinha and Sri Nilkanta Sahachar. Sri Sunilakshya Dutta has also dealt with very efficiently the article entitled "House problems and Life Insurance." Sri Subodh Chandra Chatterjee and Sri Prabhakar Mitra has discussed fully the subjects entitled "National Economic Planning" and" nationalisation of insurance" respectivally. It has very suitably complied the opinions of leading Insurance personalities regarding "Nationalisation of Insurance."

The Editor Sri B.B. Basu deserves much credit for collecting so much material on Commerce and Industry in this Special Number.

Guide to Life Policyholders: Revised second edition. by Bansilal N. Vani, B A., (Bom) A C.I.I. (Lond). Published by Mr. Jayendra B. Vani, 2nd floor, 132-D, Bhagatwadi, Bhuleshar Road, Bombay, 2. pp.94: Price Rs. 2/8/-:

Though the publication is mainly intended for the Life Insurance Policyholders, it is also very useful to fieldworkers. Especially in our Country where the Policyholders are totally ignorant of the provisions of the Insurance Act and do not bother themselves about their rights and privileges or the conditions of the policy contract, a book of this kind will be very helpful indeed. Mr. Vani has not only given extracts of the relevent portions of the Insurance Act in so far as they concern the policyholders, but also given the various forms of assignment, procedure to be adopted etc,. The various privileges of Indian Life Offices are given in detail with instructions as to how and when they are to be availed of. The book will be found useful to all even after Life Insurance is nationalised as no drastic changes are likely to be made

Oriental Diary-1956: Published by the Oriental Government Security Life Assurance Company, Limited, Bombay.

We have great plasure in acknowledging receipt of a copy of the above Diary from the Manager of the Oriental Government Security Life Assurance Company, Limited. It is very nicely got up as in the previous years and for 2 days a page is provided for notes. The Diary carries a full account of the "Oriental's" progress, its organisational set up, and its present position. Details of Post Office Insurance Fund, Life Assurance Companies income and out-go and liabilities and assets, Estate Duty, Rates of Income-tax, and general information regarding our Country's finances, agricultural production, industrial production, Railway finances, population, etc., etc., are given. The fieldworkers of the Company will find the Diary very useful.

Critical Study of the Post Office Insurance Fund

(*Continued from page 17 December Issue 1955.*)

There can be no valid objection from the private sector in insurance if the Post Office Insurance Fund extends its scope further and throws its membership open to all citizens of India. It is highly desirable that, before coming to the arena to wrench away business from well-established and aggressively powerful Indian insurers, the Post Office Insurance Fund should set their house in order. From the following observations of the All India Posts and Telegraphs Administrative Employees' Association made at the Press Conference stated before, we are aggrieved to learn that all is not well with the Post Office Insurance Fund which is earmarked to augment the resources of the Government for the Second Five Year Plan which is dear to all of us:

"The Association viewed with alarm, the gradual reduction of Postal Life Insurance Staff in the name of reorganization and with the consequent increase in work load per capita and reversion of officiating upper division men to lower division cadre on the alleged ground of reduction of posts due to decentralization of the Postal Life Insurance. So far 200 cases of assured amount matured for payment were lying outstanding because of heavy load of work. Again 56 class III employees and 17 class II employees had been declared surplus. 12 employees had been reverted and there has been cases of forcible retrenchment too".

We are much pained to learn the state of affairs of the Post Office Insurance Fund detailed above. We are further distressed to hear that the members of the Association had decided not to accept their salary on the pay day either on October 1 or on November 1, as a protest against the unsympathetic attitude of the Government. This sorry fact was also disclosed at the Press Conference.

In conclusion we sincerely hope that the Union Communication Ministry will pay an early attention to the serious position brewing among the employees of the Post Office Insurance Fund and give all possible relief to the suffering employees and look to their legitimate grievances and also arrange for payment of the claims with the promptitude without standing on troublesome formalities.

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Popular Insurance Company, Limited, Mangalore.

It is now a quarter of a century since this Institution was established and during this period, it has achieved notable success in its endeavours to serve the insuring public. In the midst of keen competition, the Management has been cautious enough to carry on the administration at a reasonable cost from the beginning and as a result it has been able to build up a Life Fund of over Rs. 36 lakhs. During 1954 the Company completed a new business Rs. 36,12,250 and received an income of Rs. 9,42,208. The expenses absorbed only 17.3% of the renewal premiums as per rule 25(b) of the Insurance Rules. A sum of Rs. 4,94,225 has been added to the Life Assurance Fund.

The Institution is now on a very satisfactory financial position. A valuation was made as on 31st December, 1954 assuming 3¼ interest rate, Oriental (1925-35) Ultimate Table of Mortality and provision for expenses at 22.5% and 17% for with and without profits assurances respectively. The valuation disclosed a surplus of Rs. 2,13,862. The portion that the policy-holders are entitled to amounted to Rs. 1,97,822 and the Actuary recommended a Bonus at Rs. 14 per Rs 1000 per annum on whole life policies and at Rs. 12/- per Rs. 1000 per annum on Endowment policies. The results are a tribute to the efficiency of the management, as in spite of strengthening the valuation basis it has been possible to declare a higher rate of bonus than the rate declared at the previous valuation.

Sri B. Vittal Rau, the Managing Director of the Company, deserves warm congratulations for the success of the Institution.

Registered No. M. 3297.

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