

Gobt. of {1896} Madras.
FINANCIAL.

Issued

Recd.

Encl.

G.O., No. 334, 14th May 1896.

MAY.

Policies.

Informing the Agents of the Indian Guarantee and Suretyship Association and the Sun Life Assurance Company of India of the objections which preclude the acceptance of their — as security for the conduct of public servants; and extending to one year the period of six months fixed for — being replaced by substantial security.

23626 d/ 24. 7.95
194510 d/ 3.8.95

5788

10.1.c

Recd. 8.6.96

No. 1912 W, d/ 2nd July 1896

Communicated
to officers of the P.W.
Dept. in continuation
of G.O. No. 2362 W d/ 24 Sept 1895
24 Sept 1895

11/6/96

DISPATCHED
JUL 96

Ch. E. for I with 1/16
C. E. for Pys.
Suply. Engro
C.A. to Govt.
Exec. P.W. Accts.
Exec. Pys. Accts.

INDEXED

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers :—

G.O., No. 502, Financial, dated 6th July 1895.
" " 638 " " 29th Aug. "

READ—also the following paper :—

From Messrs. McDOWELL & Co., Agents, Indian Guarantee and Suretyship Association, to the Chief Secretary to Government, Financial Department, dated Madras, 7th December 1895.

Adverting to G.O., No. 502, Financial, dated 6th July 1895 (communicated to us at our request by the Board of Revenue), with regard to the guarantee policies of this Association, we have the honour to request that Government will be pleased to state specifically what conditions in the form of policy are objected to, to enable us, if possible, to make such alterations as will make the guarantees acceptable to Government.

2. We had no reason to apprehend that Government would issue such summary instructions for discontinuance of the use of the Association's policies, as the form of guarantee had been submitted (some ten years ago) for the opinion of the Government Pleader Mr. H. H. (now Mr. Justice) Shephard, and it was on receipt of that officer's opinion that Government permitted its servants the use of guarantee policies.

3. As present policy-holders will no doubt find it a great hardship to procure a cash or other substantial security, and as this Association has been generally of great utility to all persons, who are in positions of trust but unable to lodge cash securities, we trust Government will be good enough to assist this Association by suggesting such alterations in the form of guarantee as will make it acceptable to Government and of use to its servants.

ORDER—No. 334, Financial, dated 14th May 1896.

In G.O., No. 502, Financial, dated 6th July 1895, it was decided, in supersession of all previous orders on the subject, that the policies of the Indian Guarantee and Suretyship Association should not be accepted in future from any class of Government officers and such officers as had been allowed to deposit these policies were required to replace them by substantial security within six months from the date of receipt of the above order. In their letter, dated 7th December 1895, read above, the Agents of the Association request that Government will specify the conditions in the form of the Association's policy which are objected to, in view to enabling the Association, if possible, to make such alterations as would render the guarantees acceptable to Government.

2. The Agents will be informed that the following objections preclude the acceptance of their guarantee :—

(i) The Association guarantees only against loss by fraud or dishonesty and not against loss by negligence, disobedience, &c.

(ii) The guarantee involves the following inconvenient conditions :—

(a) The Government has to make sure of the accuracy of the initial declaration of the assured employé ;

(b) It is obliged to claim recovery of the sum assured within ten days from the date of receiving notice of the act of fraud or dishonesty ;

(c) It must see that the premia are regularly paid ; and

(d) It must undertake to prosecute the employé in every case in which it claims to be indemnified by the Association.

(iii) It is essential to a good security that it should be in hand and liable when a defalcation occurs. The Association may, however, at any time cease to guarantee or the policy-holders may fail to pay the premia, in which cases there would be no security whatever when the defalcation occurs.

3. In G.O., No. 3386, Revenue, dated 21st August 1895, recorded in G.O., No. 638, Financial, dated 29th August 1895, it was decided that the policies of the Sun Life Assurance Company of India which guarantees employers against loss by fraud or dishonesty only, and imposes certain obligations on them, were equally unsuitable as security for the conduct of Government servants. With their letter, dated 27th September 1895, the Chief Agents of the Company submit four forms of security bonds in use in the Inland Postal department and inquire whether policies drawn up on the lines of these forms would be acceptable to Government. In a further letter, dated 26th November 1895, the Agents forward for reference three forms of policy in use in the United Kingdom. To the bonds in use in the Inland Postal department there is the same objection as that referred to in paragraph 2 (iii) *supra*, viz., the danger of fraud on the expiry of the guarantee and before arrangements can be made to replace the officer or to get other security. In the administration of this Presidency, time and distance come into play so largely that it is not possible to act in these matters as do the Postal authorities of the United Kingdom. The Chief Agents of the Sun Life Assurance Company of India will be informed that, in view of the above considerations, the Government is unable to modify the decision communicated to them in G.O., No. 638, Financial, dated 29th August 1895.

4. In future only cash (including Bank of Madras deposit receipts) or its equivalent in promissory notes will be accepted as security from public servants.

5. In view of the recommendation in the Proceedings of the Board of Revenue, Mis. No. 4320, dated 11th November 1895, the period of six months fixed in paragraph 2 of G.O., No. 502, Financial, dated 6th July 1895, as that in which policies should be replaced by substantial security will be extended to one year from the date of that order.

(True Extract.)

[Signature]
for Chief Secretary.

To the Agents, Indian Guarantee and Suretyship Association.
" Agents, Sun Life Assurance Company of India (Limited).
" Board of Revenue (Separate Revenue) through the Revenue Department.
Copy to the Public Works Department.
" to the Local and Municipal Department.
" to all Heads of Departments under the Chief Secretary.

Issued

Reed.

Encl.

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No. 1912 W. d. 2^d July 1896.

communicated to
officers of the P.W. Dept. in
continuation of G.O. No.
2362 W. d/24 September 95

Sd. D. H. C.

W

Ch. Efor I.
Ch. for Rys.
S. Es.
C. A. to Govt.
Env. P. W. a.
Env. Ry. a.

No. 334, FINANCIAL, 14TH MAY 1896.

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FINANCIAL DEPARTMENT.

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(True Extract.)

J. F. PRICE,
Chief Secretary.

To the Agents, Indian Guarantee and Suretyship Association.

„ Agents, Sun Life Assurance Company of India (Limited).

„ Board of Revenue (Separate Revenue), through the Revenue Department.

Copy to the Public Works Department.

„ to the Local and Municipal Department.

„ to all Heads of Departments under the Chief Secretary.

MEMORANDUM.

Communication to officers of the P.W.D.
REQUESTED for reference the undermentioned papers:—

6. additional spare copies of G.O. (Financial)

No. 334 d/14-5-96

5. spare copies of G.O. (Public) No. 563 d/25-5-96

R. W. Jones.

Head clerk

P. W. SECRETARIAT,

Chepak, 16-6-1896.

To

The Head clerk

Chief Secretariat.

30. 500-3 7-94.

Furnished

6 blank

Speed Clerk

Chief Clerk

16-696
My

P. W. A. G.