

# The New India Assurance Company Limited

Mr A D Shroff Surveys

## The Problems facing Insurance Business

**P**RESIDING over the 34th Annual General Meeting of The New India Assurance Company Limited held in the Company's Head Office in Bombay on 24th June 1953, Mr A D Shroff, Chairman, reviewed the general economic situation and also dealt with a number of problems facing Insurance Business in India. Referring to the Five-Year Plan he said, although no spectacular results had yet been achieved, definite progress had been made on long-term projects. The Government had accepted the principle of deficit-financing to augment their resources for financing the Plan, and he was of the opinion that, within limits and under expert control, this should stimulate further economic development.

Welcoming the appointment of the Taxation Enquiry Commission, Mr Shroff observed that the future taxation structure of the country should lay greater emphasis on providing conditions for accelerating capital formation rather than on eliminating inequalities of income and wealth. Referring to the Estate Duty Bill which proposes to exempt life Policies from the estate of a deceased to the extent of Rs 5,000 only, he entered a strong plea to the Government for substantially raising this exemption limit.

He emphasised the role of insurance as an instrument for mobilising the savings of the country and said that Indian insurance was making substantial contribution towards the implementation of the Five-Year Plan. In this context, he requested the Government of India to amend some of the restrictions imposed by Section 27A of the Insurance Act so that Indian Insurance Companies can be a source of financial assistance, particularly to small industries.

Mr Shroff made a reference to New India's enterprise in providing insurance facilities against types of risk which have not so far been covered in this country. He mentioned in particular Hull Insurance, Machinery Insurance and Cattle Insurance. In regard to Hull Insurance, he expressed the gratitude of Indian Companies to the patriotic decision of the Scindia Steam Navigation Company to place with them their entire Hull Insurance Business.

With regard to Machinery Insurance, he revealed that New India had secured the co-operation of Munich Reinsurance and Allianz & Stuttgarter who have placed at the Company's disposal a team of technical men and their long experience in this line.

Continuing Mr Shroff observed that the progress made by the Company in the field of operations abroad had been satisfactory. The Company is now represented in 36 different countries either through its own branches or through agencies. Nearly 40 per cent of its direct business in 1952 was secured

10.9 per cent of the total premium income of that branch".

Fire premiums totalled Rs 229 lakhs as against Rs 223 lakhs in 1951. After bringing interest into account, the Department showed a profit of Rs 36.4 lakhs equal to 15.9 per cent of the premium income. Premiums in the Miscellaneous Department amounted to Rs 65.52 lakhs registering an increase of Rs 7.8 lakhs over last year. The profit shown by the Department after taking credit for interest was Rs 10.97 lakhs which was equivalent to 16.7 per cent of the premium income. The premium income of the Marine Department was Rs 91.15 lakhs showing an increase of Rs 8.45 lakhs over the previous year. After taking credit for interest and providing a reserve on 99.8 per cent basis, the Department showed a profit of Rs 30,584.

The progress of Life Department continued to be satisfactory. New Business written during the year totalled 53,275 policies assuring Rs 18.04 crores. The premium income of the Department inclusive of consideration for Annuities amounted to Rs 4.24 crores as against Rs 3.85 crores last year. The interest income after deducting income-tax was Rs 56 lakhs. The Life Fund had now reached Rs 17.01 crores. The overall result of operations in 1952 was reflected in a strengthening of the Company's financial resources by Rs 2.9 crores which now stood at Rs 23.2 crores. From the year's Profits, the Board recommended the payment of an income-tax free dividend of Rs 2 per share.

Dealing with some of the other problems facing the Company and Indian Insurance Mr Shroff observed that there were immense possibilities for further development for Indian Insurance and for the New India. For this development, it was necessary to have well-trained men, both on the development and administrative sides. Mr Shroff then gave details of the various Training Schemes, such as the Model Office, and the Mobile Training Unit which are now actually in operation for the intensive training of Apprentice Officers and Development Personnel.

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Business Record for 1952	
GENERAL INSURANCE	
	Rs.
Fire Premiums ..	2,29,28,452
Fire Insurance Fund ..	1,55,00,000
Marine Premiums ..	91,14,890
Marine Insurance Fund	1,32,00,000
Miscellaneous Premiums	65,51,666
Miscellaneous Insurance Fund ..	51,00,000
LIFE ASSURANCE	
First Year Premiums ..	81,39,123
Renewal Premiums ..	3,37,66,102
Life Fund ..	17,00,71,472
New Business ..	18,04,24,858
Business in Force ..	83,85,01,092

from its operations abroad. The Company's Branches in Rangoon, Bangkok, Singapore, Hongkong and Tokyo which he visited recently had established valuable contacts in the Far East and South East Asian countries. The Company had been investigating the possibility of opening branches at Manila and Djakarta.

Reviewing the working of the Company in 1952, Mr Shroff said: "The results of our operations during the year 1952 were on the whole satisfactory. We secured a total premium income of Rs 8.10 crores, of which Rs 5.86 crores were in the General Department and Rs 4.24 crores in the Life Department as against a total premium income in 1951 of Rs 7.49 crores made up of Rs 3.64 crores and Rs 3.85 crores in the General and Life Departments respectively. The profit of the General Branch amounted to Rs 41.95 lakhs, being