

Empire of India Life Assurance Company Limited

Report of the Administrator Dewan Bahadur, R Varadachari

THE Revenue Account and the Balance Sheet of the Company with the Auditors' Report relate to the year ended 31st December 1953. The working of the Company during the year has been satisfactory and encouraging considering the handicaps under which it had to carry on.

Claims Against Ex-Directors

The Criminal proceedings started by the State of Bombay against certain former Directors and Officers of the Company and others are still going on and all the accused have been committed by the Presidency Magistrate to stand their trial in the Sessions Court of Greater Bombay. Acting on the advice of eminent Counsel, I have filed a Civil Suit against some of the ex-Directors and certain other persons claiming a sum of Rs 77,50,000 and for other reliefs including a declaration about the ownership of the controlling block of shares numbering 2,618.

Public Confidence

It is gratifying to note signs of the return of confidence among the general public in the financial position of the Company consequent on its management by an Administrator under Government auspices and the shares of the Company, which at one time were quoted at as low as Rs 400 per share, have gradually gone up to Rs 700 per share. The Shareholders' Fund amounted to Rs 6,61,392, out of which I declared, after obtaining a direction from the Controller of Insurance, a dividend of Rs 20 per share for the year 1952.

Investments

The total assets have increased from Rs 10,40,44,290 to Rs 11,97,50,963 between 1951 and 1953. For reasons which have been explained in my previous Reports, I have concentrated the new investments almost entirely on Government Securities. Since my taking over/charge I have up-to-date invested Rs 214 lakhs in Central and State Government Securities. The total investment in Government securities at the moment represents nearly 70 per cent of the total assets. The investments made by the previous management have been under continuous scrutiny and every effort has been made to recover them. Actually 8 suits have already been

instituted in the law courts to recover Rs 8,65,000 on account of loans advanced on the mortgage of properties during the years 1948-50.

Estate Duty Act

The outstanding feature of the year was the promulgation of the Estate Duty Act which has created a new class of clientele, mostly from professional and propertied (lasses going in for insurance for the first time at late ages. This new class of insurance for big sums is not an unmixed blessing from the point of the companies, as the assessment of the risk in such cases is a difficult matter.

Rate War

The recent rate war and its attendant evils have resulted in a large number of policies being made paid-up and new policies at the new rates being substituted. This involves a considerable waste of time and money. It is doubtful whether the general reduction in rates would really help the public or the Life Insurance industry in the long run.

Triennial Valuation

The statutory triennial Valuation is due as at the end of the year 1954, and I have good reasons to believe that there will be a sizable surplus which would justify a handsome bonus.

Progress of Business in the Year 1953

New Business: During the year 14,858 proposals were received for assurances amounting to Rs 4,24,86,250. Of these, 11,489 proposals resulted in policies assuring Rs 3,22,06,250 of which Rs 2,43,000 was re-assured. The New Business, after deduction of re-assurances, was accordingly Rs 3,19,63,250 representing an annual income of Rs 17,85,101 and Rs 32,873 by single payments.

Expense Ratio: The overall expense ratio in the year was 28.55 per cent as against 26.93 per cent in 1952 and 27.43 Per cent in 1951. The Renewal Expense Ratio in the year was 19.80 per cent as against 19.63 per cent in 1952 and 19.10 per cent in, 1951. The increase in the expense ratio is due to (a) the law charges necessitated by the litigation connected with the changes in the Company's management dur-

ing the years 1950 and 1951; (b) the necessity for consolidating the field force which had been badly affected by these changes; and (c) the increase in salaries due to the settlement of the long-standing grievances of the staff referred to below.

Business in Force: The total number of Policies in force as at 31st December 1953 was 1,37,791 assuring a sum of Rs 29,22,04,030 inclusive of bonus, of which Rs 24,83,013 was re-assured. The total number of Annuity Policies in force was 40 with an annual payment of Rs 60,960.

Claims: The claims by death during the year amounted to Rs 18,08,941 representing an increase of nearly Rs 2¼ lakhs over the figures of the previous year. The ratio of actual claims by death to those expected on the mortality basis used in the last Valuation works out to 44.73 per cent on the basis of policies and 51.73 per cent on the basis of Sums Assured. The claims by maturity showed an increase of nearly Rs 11 lakhs over those of the previous year. The total of the maturity claims in any year is affected by the popularity of particular terms of endowment in the earlier years.

Income and Outgo: The income for the year amounted to Rs 1,46,87,691 (after deduction of tax at source) of which Rs 1,17,10,318 was derived from premiums. The Outgo amounted to Rs 1,10,03,675. The excess of Income over Outgo is Rs 36,84,016.

Rate of Interest: The net interest yield during the year of 3.03 per cent is slightly lower than in the previous year due to our not taking credit for interest on Mortgages taken to Court. Such interest will come into account when realised.

Management and the Staff

The relations between the management and the staff were satisfactory. There were no regular scales of pay in the Company during the last 56 years and increments had been given at the discretion of the management. The staff had been representing against this for a long time and after prolonged discussions with the Union, an amicable settlement was evolved by me with the invaluable

