

# The Oriental Fire and General Insurance Co., Ltd.

## Speech of the Chairman, Shri B K Kaul, ICS

THE following is the Speech delivered by the Chairman, Shri B K Kaul, I C S, at the Sixteenth Annual General Meeting of the Shareholders held on Tuesday, June 30, 1964:

1) The Report, Accounts and Balance Sheet for the year ended 31st December 1963 are already in your hands and, with your approval, I propose to take them as read. Before we proceed to consider these for adoption, I would like to review some of the points which had a bearing on your Company's working during the year.

2) Mr Jawaharlal Nehru, suddenly passed away on Wednesday, 27th May 1964. Mr Nehru's death is a stunning blow to the entire nation. An anguished Nation has been mourning the sudden passing of her most beloved son, an illustrious fighter for freedom, an outstanding statesman, a world leader. He occupied a place in the hearts and hopes of hundreds of millions of our countrymen. He was the architect and symbol of modern India. By his death our country in particular and the world in general has suffered a grievous loss. The best tribute we can pay to our departed leader is to work hard and do our duty well so that our country may prosper.

3) As I mentioned last year, your Company was appointed by the Government as its sole Agent in connection with the administration of the Emergency Risks Insurance Schemes (Goods & Factories). During the year 1963 the Company received over 4,24,279 applications under these Schemes at 163 centres all over India. I am glad to say that the Company was able to cope up with the enormous work connected with the applications in a satisfactory manner. The work was done by the Company entirely on a non-profit basis.

4) In the foreign field, the Governments of Ceylon and Burma restricted the writing of general insurance to State Institutions from 1st January and 1st February 1964, respectively. In both these territories we had been doing modest but profitable business for a number of years. As the unexpired business is not being taken over, we are required to run off the existing risks and, therefore, have to keep a skeleton staff for some time to come.

In Kuwait a new agency was established in 1963 and their results have been satisfactory.

Whilst our operations in Pakistan gave us cause for concern in earlier years, we have been able to take effective measures to put the business on an even keel by setting up a regional office at Dacca exercising better control on underwriting and claim and by exploring fresh avenues of profitable business.

In Africa, a Union of the Republic of Tanganyika with Zanzibar was recently announced. We have been operating in East Africa including these two territories for a number of years and I have no doubt that the Union shall provide increased opportunities for expansion of our business.

I had stated last year that we were progressing in the matter of expansion of our foreign business with caution. Whilst this policy has continued we have explored the possibilities of expansion in the Middle East and other Arab countries. It may perhaps be possible to make a beginning in some of these areas during this year, as our negotiations in some cases are quite far advanced.

### Operating Results

5) Turning now to the results of the year's working, the net profits for the year of the Company after making provisions for taxation is Rs 17.11 lacs as against Rs 19.40 lacs for the year 1962. The slight fall in the net profits has been due to an increase in claims and in the salary and allowances paid to the staff under the revised agreement.

The Gross Premium income of the Company in 1963 was Rs 1,014.93 lacs as compared to Rs 878.62 lacs in 1962. After fulfilling the statutory obligations and making other cessions the net premium of all departments increased from Rs 492.29 lacs for the year 1962 to Rs 583.88 lacs for 1963 showing an increase of Rs 91.59 lacs i.e. 18.60% over the previous year's figure. This increase is made up of Rs 74.25 lacs from business transacted in India and Rs 17.34 lacs from business transacted out of India. Considering the market conditions this rise may be considered quite satisfactory.

The overall claims ratio of net claims to net premiums has shown an upward trend i.e. 59.71% for 1963 as against 56.09% for 1962.

In the Fire Department the claims

ratio for the year 1963 was 46.31% as compared to 34.83% for the year 1962. The increase in the claims ratio was mainly due to adverse experience on our Foreign acceptances. On the Miscellaneous side the claim ratio has increased from 57.79% for the year 1962 to 61.22% for 1963, largely on account of continued adverse claims experience in Motor Department in India and out of India. On the Marine side the claims ratio for the year 1963 has registered a fall to 90.34% as compared to 93.26% for 1962.

The overall ratio of commission and expenses of management to net premiums is around 32.4%, which is considered satisfactory.

As a result of the year's working the Departmental Reserves have shown an impressive increase of Rs 44.53 lacs at Rs 328.69 lacs for the year 1963 as compared to Rs 284.16 lacs for the year 1962 showing an increase of 15.67%, over the previous year's figure.

Our Investments as at 31st December 1963, aggregated to Rs 457 lacs and the total depreciation thereon was around Rs 4.50 lacs and is more than adequately covered by the Investment Reserve. Considering the magnitude of the total investments and the general fall in the prices of shares and securities, it will be seen that the depreciation of 0.98%, is nominal.

6) Your Directors have recommended dividend at the rate of 8% (subject to deduction of tax at prescribed rates) on the paid up value of shares as compared to 6% for the year 1962.

The General Reserve has been further augmented by an appropriation of Rs 3.75 lacs.

The year's working has resulted in a substantial increase in the funds of the Company from Rs 454.14 lacs in 1962 to Rs 504.60 lacs in 1963 registering an increase of 11.11%, over the previous year's figures.

7) In conclusion, I take this opportunity to express my thanks to our clients and well-wishers both in India and abroad who have continued to extend us their support. I also thank the officers, staff and development officials of the Company for their loyalty and good work.

*N.B.* This does not purport to be a record of the proceedings of the Annual General Meeting.