

PHOENIX ASSURANCE COMPANY LIMITED

THE WAR AND INSURANCE BUSINESS

"LEGITIMATE OPPORTUNITY" FOR SATISFACTION

TOTAL ASSETS, \$86,872,445.

YEAR'S INCOME OVER \$21,500,000

The ANNUAL GENERAL MEETING of the shareholders was held on April 25th at Phoenix House, King William street, London, E.C., under the presidency of the RIGHT HON. LORD GEORGE HAMILTON, P.C., G.C.S.I., the chairman of the company.

The GENERAL MANAGER (Sir Gerald H. Ryan), having read the notice calling the meeting and the auditors' report.

The CHAIRMAN said:—Gentlemen, I assume that, in accordance with our usual custom, it will be your pleasure to take the directors' report as read. (Agreed.) We meet in anxious and distressful times, and under conditions which do not often afford satisfaction to those gathered together. It is, therefore, with pleasure that I submit for your consideration the report and accounts of the Phoenix Assurance Company for the year 1916. I think it will be admitted on all hands that these documents furnish the proprietors with legitimate opportunity for the expression of their satisfaction. With the exception of one or two items on which I shall have to comment later on there is little in our accounts indicative of the tension imposed upon the financial and commercial resources of the country by the most gigantic war the world has ever known.

SUCCESS IN ALL DEPARTMENTS OF THE BUSINESS.

Taking our departments as a whole, we cover, perhaps, the majority of the financial and commercial operations of this country, and it is remarkable that in each one of the several branches of our work we have achieved a success which even in pre-war times would have been considered highly favourable. The business of insurance in this country has well withstood the devastation and disturbance caused by this great war. I well remember that on the outbreak of hostilities in 1914 our advisers and other men of experience in insurance were very anxious as to the effects of the war upon interests which it was their duty to protect. I think we can fairly contend that insurance in its various forms is one of the prominent and essential elements of our social and commercial life, and that, as conducted in this country, its foundations have been so solidly and ably built up in time of peace as to render it well protected against the passing storms and misfortunes of war. However this may be, you will, I think, all admit that it is not an unpleasant picture to which I shall draw your attention as I briefly refer to the results of the company's operations in its several branches.

THE FIRE DEPARTMENT: A SUBSTANTIAL PROFIT.

Our fire figures are chiefly notable for the fact that our income has increased by a very substantial sum—no less than \$375,000 (hear, hear)—and that we record the lowest ratio we have shown since 1907. In consequence of this, a substantial profit of \$675,000 has been carried to profit and loss after our fire fund has been made up to the satisfactory round figure of \$10,000,000 by the addition of \$250,000. (Hear, hear.) It would lead me far afield to speculate on the reasons for this favorable working of our claim experience, but I think it will be satisfactory to the proprietors that I should mention one circumstance in connexion with our fire business, which is that, contrary to recent experience, our American business has shown good results, and the position we occupy, in comparison with the trading profits earned by the great British companies in that field, is considered quite satisfactory by the board, and reflects much credit on those who are directly responsible for our American operations.

These satisfactory returns are undoubtedly largely due to the special and unceasing attention which our management have given during the past few years to the improvement of our organization in the United States. We contemplate with confidence the progressive continuance of the good results shown this year.

THE MARINE DEPARTMENT: CONTINUED GROWTH OF THE PREMIUMS.

In the marine department, a conspicuous feature is the continued growth of our premiums, which last year rose from \$5,268,070 to \$6,846,005. This is mainly due to what is practically a new development arising from the war, namely, the underwriting of war risks, which we, in common with our leading competitors, regard as necessary to protect our business connexions throughout the world. I think it

right to mention that we cannot expect—nor, indeed, should we, I think, desire—that our premium income should remain on such a high level after the war has been brought to a close and marine insurance resumes its normal course. The profit shown in this department, viz., \$750,000, when considered in conjunction with the increase in our marine fund, must be regarded with entire satisfaction. As you know, this is, relatively speaking, a new branch of our company's work, and we are indeed fortunate in having highly skilled colleagues and advisers to deal with this very difficult class of insurance. (Hear, hear.)

Whilst this branch of marine insurance has been profitable, we must not disguise from you the fact that the destruction of our marine tonnage by submarines and mines is assuming serious proportions. From a national point of view the outlook is grave, and the curtailment of supplies of all kinds which the continuous diminution of our sea-carrying tonnage necessitates can only be successfully surmounted by strict frugality and self-denial on the part of all classes of the community. Speaking as one who has in various ways accurate information upon the subject, I wish to give you this emphatic note of warning.

THE ACCIDENT DEPARTMENT: "A VERY PROMISING BRANCH."

The interruption of business in many of its old channels has prevented us from further developing our accident department in the year under examination. We still, however, regard this department as a very promising branch of our work, and look forward to the time when it will not so greatly lag behind its sister departments in point of magnitude. The profit earned in the department—viz., \$100,300—is, however, a very satisfactory percentage of the premiums collected, and shows the business to be well and safely conducted.

THE LIFE DEPARTMENT: A REVIVAL.

The life department showed a revival from the somewhat low level attained in the year 1915, when the full effect of the war and the grave uncertainties as to the future made themselves felt. Here a large business of a very successful character was transacted, and the department is in a satisfactory condition, notwithstanding two adverse circumstances, the first being the heavy claims—viz., \$458,590, which prematurely matured through deaths due to the war, and the second, the heavy depreciation which had to be written off our life funds.

THE PROFIT AND LOSS ACCOUNT: RECORD TAXATION FIGURES.

Leaving these matters for a moment, I pass on to call your attention to the profit and loss account, which gives a summary of our financial working in the year. From the figures there given you will see we have interest not specifically applicable to the life account amounting to \$763,675, which is our first contribution towards dividend and interest on Debenture stocks. Then our trading profits are set out in detail, and amount to the large total of \$1,528,995. There are, however, exceptional objects to which much of this yield of profit has to be appropriated. In the first instance, you will observe that income-tax and special taxes require nearly \$500,000, which, again, is a record figure in our company's experience. Depreciation of assets again requires us to set aside no less than \$430,000. A safe provision for writing down our office premises in London and at provincial centres requires \$125,000, and the directors have, after much consideration, decided to clear off the books of the company the outstanding balances of all fire accounts due from agents or companies in areas included in the field of war. Whether events will prove that so drastic a treatment of these balances is necessary I cannot say. Many of them are due from firms who have been connected with the company for a long period of years, and who may make every available effort to redeem their obligations after the close of hostilities. Nevertheless, it is impossible to put a value on this asset, and you will no doubt agree as to the prudence of writing it off altogether. This does not, of course, mean that we abandon all hope of recovery, but any sum which we may be so fortunate as to obtain on this account will come in as profit when realized.

THE YEAR'S DIVIDEND PAYMENTS.

Our dividend payments in the year amounted to \$901,370,