

STANDARD REPORT—Continued.

EXTRACTS FROM THE DIRECTORS' REPORT.

The results of the new business are again very favorable, the number of policies issued, and the sums assured, thereunder, being both considerably in excess of the corresponding figures for any previous year.

The claims by death are also somewhat in excess of the previous year, but the death rate of the company keeps well within the experience upon which the tables of rates are based. Looking to the return of new business for the five years since last investigation, it is found that the company have during that time granted 19,035 new policies, for £8,656,336.

Since 1850 the number of policies issued, and the corresponding sums assured have been reported as follows for each quinquennium:

Years.	Number of Policies	New Sums Assured.
1850-55.....	4,608	£2,492,988
1855-60.....	4,672	2,815,455
1860-65.....	6,559	3,834,365
1865-70.....	9,190	5,713,813
1870-75.....	6,318	6,048,764
1875-80.....	9,409	6,193,186
1880-85.....	11,925	6,714,260
1885-90.....	13,481	6,928,895
1890-95.....	19,035	8,956,336

The ratio of expenses and commission to the premium income has again decreased for the fourth year in succession, the ratio for the last five years having been as follows:

1891.....	17.85
1892.....	17.35
1893.....	17.37
1894.....	17.36
1895.....	16.84

The expenses have been somewhat increased during these years by the establishment of branches abroad, as has been explained at previous meetings of proprietors, but it must be understood that a widespread business, such as that of the Standard Company, is more costly than one confined to the United Kingdom, though not necessarily less profitable.

The invested funds continue to increase, and, according to the balance sheet, were at 15th November, 1895, £60,116 in excess of the previous year; but the Indian investments are stated differently from what has been the serious practice, as will be afterwards explained, and the comparison is not on this occasion a parallel one. During the last fifteen years the increase in the amount of the funds has been no less than 43 per cent.

The rate of interest on the invested funds has been maintained during the quinquennium, having been as follows for each of the five years:

1891,	£4 3 1
1892,	4 2 3
1893,	4 2 1
1894,	4 2 3
1895,	4 3 7

Indian Exchange.—In short, save in one particular, though that an important one, the progress of the company during the quinquennium has been uninterrupted. But as the results of the investigation have been adversely affected by this exception, it is now necessary to give some account of it before proceeding further. The difficulty has been connected with the rate of exchange with India, a matter which has been alluded to at the general meetings for some years past as engaging the special attention of the directors. As the proprietors are aware, the company has for a long number of years done a large business in India, the moneys collected there not being sent home, but being placed in Indian investments for the selection of which the board had very favourable opportunities.

As all know who have had monetary dealings with India

these funds, which of course stood in rupees, were originally, and for many years, equivalent to sterling money at the exchange of about 2s. per rupee, and so long as the liabilities against which they were held were in the same currency, the sterling value of the rupee did not affect the financial position of the company. Gradually, however, there was accumulated in Indian investments a large sum of money in excess of Indian requirements. The steady fall in the rate of exchange, and the uncertainty with regard to the future value of the rupee, caused at first some hesitation in the minds of the directors as to the best course to pursue with regard to this excess fund, but soon after the last investigation, the rate still continuing to fall, it became apparent to them that there was too little present prospect of a rise in the exchange to justify further delay and, consequently, the whole of the excess of rupee funds, over liabilities in that currency, has been dealt with during the quinquennium either by bringing the funds home at the rates of exchange from time to time prevailing—and this has been the case with the larger proportion of the amount—or by writing down the investments in Indian securities held therefor to the sterling par of exchange of 1s. 2d.

This necessity, and one all the more regrettable, seeing that the investments in India, *per se*, were all of the best and most remunerative description, has thus been forced upon the board by circumstances which have similarly affected all other persons or institutions having like interest in the East; and the result is that a very large sum has had to be written off on this account before bringing out the balance available for profit on the present occasion, which otherwise would have been at least as large as at any previous division. Besides this, the sum of £194,613 16s. has also been deducted from both sides of the account, for the purpose of bringing the rupee assets and rupee liabilities, so far as they balance one another, to the par of 1s. 2d. instead of 2s., at which, for convenience, they have hitherto been allowed to remain. But this, it must be understood, is only a book entry and does not affect the financial position of the company in any way, or the available balance of surplus. It does, however, show the total amount of funds, and also the total amount of liabilities, as less by this sum than they would otherwise have appeared; and in like manner if this change had not been made, the increase of funds over the previous year would have appeared as £254,729, in place of only £60,116 as above reported. In the statements of new assurances effected, and of the total subsisting assurances, the value of the rupee has also now been taken at 1s. 2d.

RESULTS OF THE INVESTIGATION.

Proceeding now to report the results of the investigation, the board have first of all to submit the following report by the committee of directors appointed to examine and certify the whole of the Company's securities amounting to £8,146,518.

Report of the Committee.—The committee appointed to examine the securities and other property held by the Company, as at 15th November, 1895, have now to report as follows:

They have satisfied themselves of the existence of all the security writs and stock, and share certificates, held by the Company in the United Kingdom, as well as the titles of the Company's heritable or real property therein.

The balances and securities abroad could not be examined by the committee, but these have been sufficiently certified to them by the Company's local directors, auditors, or bankers, or by public officials.

The vouchers for the loans within the value of the Company's policies, and some small items, have been examined by the auditor and accountant, and reported by them to be in order, as certified to the committee.

The committee have also examined the balance sheets of the Company's books, as at 15th November, 1895, and have ascertained that the amount of the assets, evidence of the existence of which they have certified, tallies in aggregate amount with the amounts stated in the balance sheet.