1925

KENYA

262

20758

...nown Agents

Date

7th May 1925

8 May 25

Asiatic Civil Servants. Insurance of Lives

Fwd copy of corres. they have had with the Govt of Kenya

Previous Paper

20036/25 & Ar Uga.

26 JUN 1925

MINUTES

This shows the result of enquiries which C.A. have made at the instance of the Govt of Kenya as to the rates which would be charged if a ... insurance scheme were adopted. I cannot however think that such a scheme would meet the ... case in your minute within.

Subsequent Paper

1.5352 F

Uganda [illegible]

so until a scheme has been worked out in detail and it has been ascertained that ~~the~~ it is acceptable to the staff concerned

~~[illegible]~~

? ask Kenya / Uganda / T.T. } to work out an agreed scheme on the lines proposed and to submit it for approval

W.C.B.
23.5.25

If the Pensions Ord^ce. [illegible] officers, dependents a non-contributory [illegible] gratuity, we shall certainly be pressed before [illegible] [illegible] non-European [illegible] and the [illegible] [illegible]. For the non-European [illegible] more than a contributory life assurance and a P.F. is the best arrangement [illegible]

I think that in addition to the proposed scheme the three Govts. should be told to consider the desirability of a P.F. for the non pensionable [illegible] ~~[illegible]~~

In 1920, the Secretary of State in communicating to the East African Governments the revised conditions of service for Asiatic officials,

(25027/20) directed that the Government of Uganda should take up with the other Governments the question of establishing a Provident Fund for these officials.

The Kenya and Uganda Governments corresponded

(1?11/22) and came to the conclusion that a Widows and Orphans' Pension Scheme would be preferable. It was however necessary to point out that the statistics which they were able to supply were absolutely inadequate as the basis of such a scheme, and they were urged

(?429/22/23) to revert to the idea of a Provident Fund.

(48029/24) After some more argument Uganda produced a scheme under which every official would contribute £8 a year [illegible] widows would receive fixed annuities of £[illegible] a year. Mr. Bain, the inventor, claimed that the scheme was for practical purposes, sound ~~[illegible]~~, but this is doubtful.

The scheme has not found favour with any of the other Governments concerned:—

Kenya prefers compulsory life insurance, the Government contributing nothing but merely collecting the premium from salary.

Tangenyika prefers a Provident Fund.

Zanzibar reverts to the old idea of a Widows' and Orphans' Pension Scheme, but failing this would like a Provident Fund.

The various schemes which have been propounded are therefore as follows:-

(1)

(1) A Provident Fund.

(2) A Widows' and Orphans' Pension Scheme on an actuarial basis.

(3) A Widows' and Orphans' Pension Scheme on an arbitrary basis.

(4) Compulsory insurance with no Government assistance.

(2) is out of the question owing to lack of data; (4) seems to me to be giving the staff a stone when they asked for bread; they can already insure their lives for themselves if they like, though they probably do not in most cases.

We are left with (1) - our original proposal - and (3) - the Uganda proposal.

As regards (3) I think that Mr. Bain's scheme, perhaps with some modifications, might well be made to work. Difficulties would no doubt arise when it came to working out details, but these could probably be surmounted. The main objection to an arbitrary scheme is that it may work out to the serious disadvantage of one side or the other. So, of course may a scheme based on actuarial calculations, but the risk is infinitely less.

If it is decided that an arbitrary pension scheme is impracticable, we must clearly fall back on the original idea of a Provident Fund. The only serious objection which has been raised to such a Fund is that if pensionable officials were not included they would be no better off: if they were, and bonuses were paid as in the case of the Uganda Railway Fund the cost to Government would be very heavy, while the benefits would not necessarily go to the widows and orphans whom we are trying to help.

This objection is sound, if the P.F. must follow the lines of the Uganda Railway fund. But it should surely be possible to evolve a modified scheme under which the Government contributions at least should be devoted to the assistance of widows and orphans.

For instance something could perhaps be evolved on the following lines:-

(a) Compulsory contributions at fixed proportion of salary, e.g. 1/12th.

(b) Compound interest allowed on contributions at a reasonable rate, e.g. 4% (subject to revision at stated intervals).

(c) No bonuses.

(d) On a contributor dying in the service his widow or other dependants ~~estate~~ to be paid the amount of his contributions and interest, plus a gratuity (to be determined by the Government) fixed in some arbitrary way e.g. half a month's pay for each year of service with a minimum of three months and a maximum of a year's pay. Failing dependants, the amount of contributions and interest to be paid to the estate.

(e) On a contributor leaving the service contributions and accumulated interest to be refunded. (Pension or gratuity to be dealt with under existing rules)

(f) Government to have discretion to pay refunds of contributions and gratuities in instalments, compound interest continuing to accrue on unpaid balance.

(g)

(g) Government to have discretion to grant in special cases gratuities up to 6 months final pay (not pension) to widow or orphans of an official dying after leaving the service.

(h) Voluntary deposits to be allowed, and to earn interest.

Such a scheme of course abandons principle of an insurance scheme under which A's contributions are used to increase the benefits payable to B's widow; but it is simple, and should encourage thrift and provide something for the widows at considerably less cost than a Provident Fund scheme on the lines of that adopted for the Uganda Railway.

I would suggest that something on these lines might be put to the local Governments as the basis of a scheme, and that they should be urged to adopt it without further delay.

Tanganyika Territory may require special consideration. For one thing Treasury sanction would be required and I do not know that the Treasury would like the above proposals. For another thing it may be thought preferable to bring all non-pensionable employees in the Territory into whatever is arranged by way of a Provident Fund for [illegible]. It would however leave the pensionable [illegible] Asiatics in the cold.

C.J.J. 14.5.25.

I doubt whether there are any [illegible]

See [illegible] 2373/24 T. For [illegible] of one [illegible] for all [illegible] but [illegible] probably that the separate views of [illegible] separation [illegible] the general of the [illegible] [illegible]

C.O.
20758
8 MAY 25

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES,
THE DATE OF THIS LETTER BEING QUOTED
& FOLLOWING REFERENCE: S/409
TELEGRAMS: CROWN, LONDON
TELEPHONE: 7730 VICTORIA

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1

7th May 1925

265

Sir,

I have the honour to enclose, for the information of the Secretary of State, a copy of correspondence which we have had with the Government of Kenya relative to the insurance of the lives of Asiatic Civil Servants in that Colony.

.12.24.
.4.25.
.4.25.
& enclos.

I have the honour to be,
Sir,
Your obedient Servant,

W. H. Wrichhead

for Crown Agents

The Under Secretary of State,
Colonial Office,
S.W.

CA

FROM THE TREASURY TO CROWN AGENTS.

267

THE TREASURY,

(P.O. Box No. 591)

Nairobi,

29th December, 1924.

Ref. No. 910/1923/47

Gentlemen,

I have the honour to request that you will be good enough to make enquiries with regard to insuring the lives of Asiatic Civil Servants of this Colony, and furnish me with any available particulars.

2. There are approximately Six hundred and forty (640) Asiatics in the service of this Colony and it is desired to establish a scheme of compulsory Life Insurance. The salaries range from £90 to £360 per annum and the premiums would be based on the rate of salary drawn (e.g. 4%).

3. There are doubtless Indian firms who would undertake such business but I would prefer to deal with a European firm if possible.

I have the honour to be,

Gentlemen,

Your obedient servant,

(sgd.) H.W.Bayles.

for Treasurer.

409

268

PROM THE CROWN AGENTS TO THE TREASURER, KENYA.

18th April, 1924.

Sir,

I have the honour to acknowledge the receipt of your letter of the 29th December No. 910/1923/47, and to state that we immediately set on foot enquiries as to the insurance of the lives of Asiatic Civil Servants in Kenya.

2. We regret the delay in reply. Considerable difficulty has been experienced in obtaining suitable proposals, in the absence of detailed information as to the conditions, and nature of work entrusted to the officers in question. However, enquiries are now nearing completion, and we hope to address you fully on the subject by an early mail.

I have etc.

(Signed)

for Crown Agents.

B/409

1st May, 1925.

Sir,

In continuation of our letter No. 25/ of the 18th April, relative to the insurance of the lives of Asiatic Civil Servants in Kenya, I have the honour to enclose herewith copies of two schemes which have been submitted to us by the Commercial Union Assurance Co. and the Atlas Assurance Co. respectively. The former Company also submit a pension scheme which may be of interest. It is therefore enclosed as well. It will be observed that both insurance schemes relate to endowment policies. We are advised that, in view of the difficulties that are likely to arise in establishing the identity of Asiatic claimants, companies are not disposed to consider whole life policies.

2. We trust that the information contained in this letter will be of value to the Government of Kenya. If it is decided to pursue the matter and the proposals which we send are not considered appropriate, it would be of assistance if you would explain in some detail :-

(a) Conditions of service of the Asiatic Civil Servants.

(b) Class of employee, more particularly with regard to social status, sex, mode of living, degree of education etc.

(c) Nature of work entrusted to them.

(d) Places of residence and approximate number at each

place/

place.

(e) What evidence of health, if any, is obtained before officials are appointed to the Staff?.

(f) What evidence would be produced in the event of a claim by death and what proofs of the identity of the individual could be obtained?.

(g) Would it be desired to assure future members joining the services?.

(h) At what age is the endowment insurance to be payable?.

3. In dealing with a somewhat unusual enquiry of this kind, insurance companies are inclined to quote more favourable terms if the conditions are precisely stated.

I have the honour to be,

Sir,

Your obedient Servant,

For Crown Agents.

SUGGESTIONS FOR SCHEME OF INSURANCE OF ASIATIC EMPLOYEES OF THE GOVERNMENT IN KENYA.

The Commercial Union Assurance Company Limited would be prepared to consider proposals for a Life Assurance or Pension Scheme, or both, for the Asiatic (Indian) Employees of the Government in Kenya but until full information and particulars are available it does not bind itself to carry any such scheme into effect and the terms suggested hereunder may be varied when a definite proposal is put forward and they do not imply any responsibility on the part of the Company at the present stage.

It is understood that the employees in question at present number about 650 and that the number will probably increase considerably in the future and it is assumed that all members of the present Staff up to age 45 will be required to come under the scheme and that all future members will do so on entering the service or at the end of the probationary period, if any.

It is also understood that the premiums will be provided

(a) by a deduction of 4% from salaries
(b) by a contribution by the Government

It is assumed that all the employees are males. The Company would not be disposed to grant assurances or pensions on the lives of female Asiatic employees (if there are any) unless they form quite a small percentage of the whole Staff.

The Company would desire to arrange if possible that all policies (whether for Life Assurances or for

Pensions/

Pensions) should be contracts with the Government, the latter undertaking the whole responsibility for collecting and paying the premiums to the Company and all payments under the policies being made to a Government Official of European nationality duly nominated and empowered by the Government who would be able to give the Company a valid discharge and would be responsible for the proper disposal of all payments received from the Company so that the latter would under no circumstances be required to enter into direct relations with the employees. The Government would no doubt be prepared to undertake to notify the Company of the death of any employee as soon as possible and to furnish certificates of death and identity in order that the payment of the Sum Assured might be made or that payment of the pension might cease.

LIFE ASSURANCE SCHEME.

The Company would prefer that all policies should be made payable at a fixed age (65 at the latest) or at previous death.

Medical examination of each member of the present staff by a Doctor of British nationality would be required, for which the Company would pay a fee of Sh. 1. 5. in each case. If new employees will be required to undergo a medical examination on entering the service and come into the scheme within six months thereafter it might be possible to accept other evidence of good health and possibly any additional assurances required in consequence of increase in the pay of employees already insured might be issued on a certificate of good health given by the Departmental Head.

Subject

Subject to the arrangements for collection and administration above indicated the Company would be prepared to allow a reduction of 6% on the ordinary annual premiums.

An extra premium is charged by the Company for Assurances on Indian lives. The usual rate is 15/-% per annum but if the employees are resident in unhealthy districts or are employed in hazardous occupations a higher rate might be required. The 6% reduction would not apply to the extra premiums.

The following table gives specimen net rates of premiums for Endowment Assurances for £100 without profits payable at 65 or previous death :-

Annual Premium Normal rate	6% Reduction	Reduced Annual Premium	Assumed extra Premium	Reduced Annual Premium including Extra Premium.
£1.13.11.	£-. 2. -.	£1.11.11.	£-.15. -.	£2. 6.11.
1.19. 4.	-. 2. 5.	1.16.11.	-.15. -.	2.11.11.
2. 6. 6.	-. 2.10.	2. 3. 8.	-.15. -.	2.18. 8.
2.16. 5.	-. 3. 5.	2.13. -.	-.15. -.	3. 8. -.
3.10. 5.	-. 4. 3.	3. 6. 2.	-.15. -.	4. 1. 2.
4.11. 9.	-. 5. 6.	4. 6. 3.	-.15. -.	5. 1. 3.

The percentage of the salary which would be covered by the proposed 4% deduction if the policies were effected at the above rates is given for various ages at entry in the following table :-

Assurance effected at age next birthday	Annual Premium Per Cent	Percentage of Salary Covered
20	£2. 6.11.	[illegible]
25	2.11.11.	[illegible]
30	2.18. 8.	36

Assurance effected at age next birthday	Annual Premium Per Cent	Percentage of Salary covered
35	£3. 8. -	118
40	4. 1. 2.	98
45	5. 1. 5.	79

It is understood that the present salaries vary from £90 to £360 per annum. Assuming them to increase regularly with the age from £100 at age 20 to £350 at age 45 the sum assured covered by a 4% deduction would be -

Assurance effected at age	Assumed Salary	Sum Assured
20	£100	£170
25	150	231
30	200	[illegible]
35	250	[illegible]
40	300	[illegible]
45	350	277

[illegible] table relates to the initial assurances only.

If all future employees enter the scheme at age 20 and effect an additional assurance for every complete £50 increase in salary the sums assured under the respective policies would be as follows assuming the same scale of salaries as in the preceding table -

Assumed Salary	4% deduction on increase in Salary	Total deductions from Salary	Sums Assured by individual policies	Total sums Assured
£100		£4	£170	£170
150	£2	6	77	247
200	2	8	68	315
250	2	10	59	374
300	2	12	49	423
350	2	14	40	463

Assuming that the Government is prepared to supplement the assurance effected by the employee's contribution by a policy of approximately equal amount the total assurance to be effected on the lives of new members after the introduction of the scheme might be taken as follows :-

Sum Assured by individual policies.			Annual Premium		
By Employee's Contribution	By Government Contribution	Total Sum Assured	Payable by Employee	Payable by Government	Total Annual Premium
£170	£180	£350	£4.-.-.	£4. 4.3.	£8. 4.[illegible]
77	73	150	2.-.-.	1.17.8.	3.17.[illegible]
68	82	150	2.-.-.	2. 5.-.	4. 5.[illegible]
59	41	100	2.-.-.	1. 5.-.	3. 5.[illegible]
49	51	100	2.-.-.	2. 1.2.	4. 1.[illegible]
40	60	100	2.-.-.	3. 1.3.	5. 1.[illegible]
£463	£487	£950	£14.-.-.	£15. -.7.	£29. -.[illegible]

The sum of £950 would suffice to purchase an [illegible] annuity of about £96 per annum on a male life aged 65 on the basis of the Company's present rates for European lives, the annuity being payable by half-yearly instalments with proportion to date of death. By this application of the proceeds of the assurance policies a pension scheme involving pensions of fixed amount is provided in addition to the protection of life assurance until attainment of age 65.

PENSION SCHEME

Accumulation Premiums

In pension schemes not involving life assurance the Company guarantees to accumulate at compound interest at at 3% per annum all the premiums paid to it and in the event of the death of the annuitant or the surrender of the policy before the pension age is reached this accumulated sum would be returnable to the policy holder. On attaining the pension age the policy could be surrendered for the accumulated sum calculated as above stated.

The following are specimens of the rates of annual premiums normally charged by the Company for Deferred Annuities or Pensions of £10 per annum purchased at various ages and commencing at age 65* together with the accumulated sum (Cash Option) receivable at the pension age in lieu of the pension :-

Age next Birthday	Annual Premium	Cash Option at age 65 :
20	£1. -. 5.	All ages at entry
25	1. 5. 1.	
30	1.11. 3.	
35	1.19. 9.	£97. 4. -.
40	2.11.10.	
45	3.10. 3.	
50	5. 1. 6.	
[illegible]	8. 4. 8.	

As no commission would be payable the Company would increase the pensions by 3% i.e. to £10. 6. -. per annum and in view of the fact that the mortality of Asiatic lives after age 65 may be expected to exceed that of British annuitants the Company might be prepared to grant some further increase in the amount of the pensions.

...tion ...ing of ... Scheme

Until details as to age distribution, salaries, contributions

* i.e. first half yearly payment six months later.

Contribution by the Government &c. have been furnished it is impossible to work out any illustrations of the aggregate cost of the pensions. A memorandum is however annexed which besides giving general information shows in Tables (a) and (b) the cost to the employees and to the employer of a pension scheme which has actually been brought into operation on somewhat similar lines. The illustrations given assume an annual increase of salary and the consequent purchase of a further annuity every year.

Table (a) shows the cost of an individual pension purchased

1. by a fixed percentage deduction from the salary of an employee who enters the scheme at the commencement of his service; and

2. by a varying contribution from the employer sufficient to bring the pension up to 2/3rds of the final salary.

Table (b) shows the aggregate annual cost of all such pensions when the time has been reached when the employees comprised in the scheme have all entered at the date of commencement of their service i.e. at age 17. If service had commenced at age 20 instead of 17 the cost of the pensions would be higher because of the loss of three years' contributions and interest.

Table (c) applies only to the special case for which it was compiled.

The Company will be pleased to consider any modification of the schemes above outlined which may be proposed and to give any further information required. To facilitate this it is desirable that the proposals should be as definite as possible and that the fullest information respecting the employees' occupation, residence,

general/

general health and any special requirements or circumstances should be given. The proportion of final salary desired to be secured as pension should be stated.

The Company would desire to be furnished with a list of the employees distinguishing sex and giving —

(a) date of birth;
(b) date of entry in the service;
(c) initial salary;
(d) present salary;
(e) occupation;
(f) place or district of employment.

Under the heading of occupation sufficient information should be given for the formation of an opinion as to the degree of risk arising from employment if in any respect of a hazardous character. Under the heading of place or district of employment some information as to the distance from the coast, elevation above sea-level and the general nature of the climate should be given.

It may be worth while to mention that the Company has often been asked to give quotations for [illegible] commencing at 60 instead of 65. Whilst it has no objection to undertake such pensions their necessarily high cost usually makes the earlier pension age impracticable as it has the effect of increasing the cost by about 50% on the average.

(Sgd.) W.K. Pagden.

Actuary
Union Life Branch
of the
Commercial Union Assurance Company Limited.

1 & 2, Royal Exchange Buildings,
LONDON. E.C.3.

March, 1925.

NOTES RE STAFF PENSION SCHEME

The simplest and from many points of view the most satisfactory method of providing pensions on retirement to the members of a Staff is a scheme by which Deferred Annuity policies are taken out on each life. The policies issued by the Commercial Union Assurance Company have features which render them especially suitable for this purpose. Amongst them may be mentioned the following:-

1. On attainment of the deferred age the pension contracted for may be taken or a sum in cash at the option of the policyholder. Thus if the pensioner is in a poor state of health it may be greatly to his advantage not to take an annuity but the equivalent cash option and invest it in some other form than an annuity on his own life, for instance an annuity on the joint life of himself and his wife payable until the death of the survivor.

[illegible] he may prefer [illegible] the cash [illegible]

2. The pension age may at any time before the attainment of the age already fixed be altered. Thus if the age fixed in the first instance were 65 but shortly before attaining that age the pensioner finds that he will not retire for three more years the age can be altered to 68 and the benefits of the policy adjusted accordingly.

3. At any time before the attainment of the pension age the policy can be surrendered by its holder and in that event all premiums paid will be returned accumulated with compound interest at 3% per annum. From this it will be seen that no money paid under these policies can ever be lost to the policyholders. He either obtains in return more than he has paid or receives the appropriate pension.

Pension schemes are sometimes formed and worked by the members of a Staff themselves but it will be generally conceded that a first class powerful Assurance Company has greater advantages in working such schemes. In the case of a staff an unexpected disaster such as the Great War may render a fund hitherto apparently solvent totally unable to provide the benefits hoped for. Then again it is well-known that the longevity of annuitants is increasing. In the early stages of a Pension Fund this feature would not be disquieting but after 40 or 50 years when there are many pensioners drawing on the fund the financial effect of this may be very important and lead to unwelcome results such as the scaling down of pensions. The investment of the fund also presents difficulties when it is of a comparitively small amount. It may seem easy to invest £300 or £400 per annum in Trustee Securities and obtain a fair rate of interest without loss but history shows that there are pitfalls even in this. Had a man invested £100 a year and the dividends thereon in British Consols from 1901 to 1920 he would at the end of the 20 years have lost practically the whole of the dividends through depreciation of capital, a fact which can easily be verified by working out the proceeds from public records. An Assurance Company being favourably situated for the investment of large funds can afford to take the risk of depreciation of capital and yet allow a rate of interest of 3% per annum free of tax. It is usually therefore better to seek the assistance of an Assurance Company in such a matter.

Usually the greatest difficulty in starting a pension scheme lies in the fact that as a staff are of all ages, some near the retiring age, to provide adequately for the older members requires either a heavy premium or the payment of a considerable single premium in addition to an annual premium of a smaller amount. A youth who enters at age 20 at a salary of £150 can provide for a pension of £100 a year at age 65 by means of a yearly payment of about £10 per annum representing 6⅔% of his salary whilst at age 40 a similar pension would cost about £30 per annum or $\frac{1}{5}$ of his salary. It therefore becomes an important practical point how to meet this difficulty so that the cost in the case of the older life should not be excessive whilst justice is done to the younger lives. Hence any scheme should be considered from two points of view:-

1. The permanent scheme to be applied to all new members of a staff, and

2. The transitional scheme to cover existing members of a staff

and as the latter scheme should automatically merge into the former it is best to consider the permanent scheme first:-

1. It may be arranged that a pension should commence at age 65 and that the amount should be $\frac{1}{60}$ of the final year's salary for each year's service since age 25 and to illustrate the working of such a scheme specimen staff and salary scales have

been prepared. To these have been applied the "Commercial Union" Scheme for purchasing Deferred Annuities and Tables (a) and (b) have been prepared.

TABLE (a) illustrates the individuals point of view, that is to say the working out of the scheme in the case of a youth who entered a firm's service at age 17 next birthday and after working through the salary scale retires at age 65 on a pension of 40/60ths of £500. This table also shows how much cash would be available at any intermediate age if circumstances such as death, ill-health or dismissal rendered it necessary or desirable to give up the pension policy.

TABLE (b) illustrates the collective point of view, that is to say the total cost in any one year for a staff which is constituted in accordance with the scales of number of staff and salary and which is assumed to be constantly kept up in number by the admission of as many youths each year as members leave from various causes such as death, retirement, etc.

From these tables it will be observed that in the case of a youth of 17 the annual premium to secure a pension of 2/3rds of his salary starts at 5.65% of the salary and gradually rises up to 13.05% of the salary, the average over the whole of his career being 10.87%. In the case of the staff as a whole it will be seen that the percentage of total premiums to total salaries is 9.37%. If therefore a firm were to require a staff to pay 5% on their salaries as a contribution towards the cost of the scheme the balance being found by them this balance would be approximately $4\frac{1}{3}$% of the salaries and such a scheme would provide that every person who enters the firm's service in future would on retirement obtain a pension of two-thirds of the final salary provided he had completed 40 years' service after attaining age 25.

2. TRANSITIONAL SCHEME. To meet the cost of the existing members of a staff various suggestions may be made. A large single payment may be made at the outset which would represent roughly the accumulated premiums which the present staf

s not had to pay in the past. In the case of [illegible]
ther Officers' Superannuation Act 1922 the difficulty has been met in
e following way. The amount of the pension instead of being 1/60th
r each year's service up to age 65 (not exceeding 40/60th in all) has
en fixed at 1/60th for each year's service from the present age up to
ge 65 and 1/120th for each year's service up to the present age. Thus
[illegible] present age 50 who entered the service at 25 and retired at 65
ould receive a pension of 25/120ths for past service and 15/60ths for
uture service = 55/120ths in all. To lighten the burden provision has
en made in the Act that the officers shall pay 5% on future salary
ly and that in lieu of the large additional single payment at the o[illegible]
t which would be necessary to make this possible a fixed additional
ment shall be made over a term of years out of public funds.

If we assume that a suitable Transitional Scheme for existing
mbers of a staff would be to confine it to members under age 55 and to
rovide a pension at age 65 of 1/120th of a final year's salary in
respect of each year's service from age 25 up to the present age and 1/60 th in respect of each year's service from the present age up to the retiring age
ut without payment of any single premium or its equivalent, such a
cale would have the following advantages:- 282

1. the expense be not so great as that entailed in providing a pension of the full 2/3rds of salary to all members

2. as regards future service all members present [illegible] future are treated alike, and

3. the scale will gradually merge into the permanent scale referred to in Section 1.

o illustrate the workin of this scheme completely would require the
reparation of many tables but a fair idea may be gathered from Table
[illegible] which shews what percentage of the salary of the present staff
would be required as annual premiums if it were now instituted. It
shews that the total annual premium for the pension policies which
would be immediately set up would be £5,511 on a salary roll of
£[illegible],515 or 13.27%. As time elapsed this percentage would ultimately
[illegible] through the influx of young members of the staff and the retirement

the present older members of the staff be reduced until it approximated to the 9⅓% shown by Table (b).

The scales of Staff and Salary which have been prepared and used are of course only instruments to enable general calculations to be made and are not suggested as being suitable in all cases or necessarily what is likely to happen in the future. Usually staffs do not remain stationary but increase in number and the proportion of younger members becomes greater if new members of the staff are all taken on at a young age which would reduce the average cost. This or any other considerable change either in the numbers of the staff or in the scale of salaries will be reflected in the average annual cost of the scheme.

MALE LIVES ONLY

T A B L E (a)

Showing, in the case of a youth entering at age 17 and receiving salary increments in accordance with the assumed salary scale, how the pension of 2/3rds of final salary payable after age 65 is built up.

Salary according to assumed scale	Pension being 2/3rds of Salary £	Annual Premium for new Policy	Total Annual Premium Payable	Percentage which total annual premium bears to salary	Accumulated amount of premiums
£ 60	£ 40.[illegible]	£3.10.2	£3.10.2	[illegible]	[illegible]
75	50.-.-	18.3	4.8.1	[illegible]	3.6
100	66.13.4	1.11.8	6.-.1	6.60	284 [illegible].2
115	76.13.4	[illegible].19.5	6.19.10	6.08	14.7
125	83.6.8	[illegible]	7.13.7	6.14	22.3
140	93.6.8	1.1.8	8.16.[illegible]	6.29	30.9
150	100.-.-	[illegible]	9.9.11	6.33	40.8
160	106.13.4	1.18.[illegible]	10.8.[illegible]	6.42	51.8
180	120.-.-	1.12.8	11.17.10	6.61	64.0
200	133.6.8	1.13.10	13.11.8	6.79	[illegible]
200	133.6.8	-.-.-	13.11.8	6.79	94.5
220	146.13.4	1.16.11	15.8.7	7.01	111.5
235	156.13.4	1.9.-	16.17.7	7.18	130.5
250	166.13.4	1.10.4	18.7.11	7.36	151.8
250	166.13.4	-.-.-	[illegible]	7.36	175.2
270	180.-.-	2.4.[illegible]	20.12.[illegible]	7.63	199.5
285	190.-.-	1.14.11	22.7.[illegible]	7.84	226.[illegible]
300	200.-.-	1.16.8	24.3.10	8.06	256.6
300	200.-.-	-.-.-	24.3.10	8.06	289.2
325	216.13.4	2.7.6	27.11.4	8.[illegible]	[illegible].8
350	233.6.8	3.11.2	31.2.6	8.89	360.[illegible]
350	233.6.8	-.-.-	31.2.6	8.89	403.8
350	233.6.8	-.-.-	31.2.6	8.89	448.4
370	246.13.4	3.7.-	34.9.6	9.32	[illegible]
390	260.-.-	3.10.11	38.-.5	9.75	[illegible]
410	273.6.8	3.15.3	41.15.8	10.19	[illegible]
[illegible]	286.13.4	[illegible]	[illegible]	10.64	[illegible]
[illegible]	300.-.-	4.5.2	50.-.10	11.11	[illegible]
[illegible]	300.-.-	-.-.-	50.-.10	11.12	[illegible]
[illegible]	300.-.-	-.-.-	50.-.10	11.12	876.1
[illegible]	300.-.-	-.-.-	50.-.10	11.12	934.0
[illegible]	316.13.4	7.-.3	57.1.1	12.01	1,034.1
	316.13.4	-.-.-	57.1.1	12.01	1,123.9
[illegible]	333.6.8	8.4.1	65.5.2	13.05	1,216.4
[illegible]	333.6.8	-.-.-	65.5.2	13.05	1,320.1
[illegible]	333.6.8	-.-.-	65.5.2	13.05	1,426.9
[illegible]	333.6.8	-.-.-	65.5.2	13.05	1,5[illegible]
[illegible]	333.6.8	-.-.-	65.5.2	13.05	1,650.3
[illegible]	333.6.8	-.-.-	65.5.2	13.05	1,767.0
	333.6.8	-.-.-	65.5.2	13.05	1,8[illegible].2
	333.6.8	-.-.-	65.5.2	13.05	2,[illegible]
	333.6.8	-.-.-	65.5.2	13.05	2,[illegible]
	333.6.8	-.-.-	65.5.2	13.05	2,[illegible]
	333.6.8	-.-.-	65.5.2	13.05	2,[illegible]
	333.6.8	-.-.-	65.5.2	13.05	2,544
	333.6.8	-.-.-	65.5.2	13.05	2,6[illegible]
	333.6.8	-.-.-	65.5.2	13.05	2,8[illegible].1
	333.6.8	-.-.-	65.5.2	13.05	2,958.4
			Cash option		3,540.
			1,830.15.9	10.87%	

	Assumed number of Staff at each age	Assumed Salary applicable to each age.	Total Salary at each age.	Total Annual premium required to provide a pension of 2/3rds final salary.
	1	£500	£ 500	£ 65. 5. 2.
	2	500	1000	130.10. 4.
	1	500	500	65. 5. 2.
	2	500	1000	130.[illegible]. 4.
	1	500	500	65. 5. 2.
Total :-	192		£48015	£4,499. 8. 9.

= 9.37% of total salary

NOTE :- The annual premiums used above are based on the assumption that no commission is payable to any person.

MALE LIVES ONLY

TABLE (c)

...wing present annual cost of the transitional scheme (Lives over 55 ...ted). ... 288

...	Number of Staff at each age	[illegible]al salary at each age	Proportion of Salary to be secured as pension [illegible]0ths.	Annual premium to secure this pension	Percentage of present salary.
	10	£ 600	80	£ 35. 1. 8.	5.85
	10	750	80	45.12. 1.	6.08
	10	1,000	80	63. 5. -.	6.32
	10	1,150	80	75.1[illegible]. 8.	6.58
	10	1,250	80	85.15.11.	6.86
	10	1,400	80	99.18.11.	7.14
	[illegible]	1,350	80	100. 9. 3.	7.44
	[illegible]	1,200	80	95. 6.11.	7.76
	7	1,260	80	101.19.10.	8.09
	7	1,400	79	116.16. 6.	8.34
	6	1,200	78	103. 5. 1.	8.60
	6	1,320	77	117. 3. 5.	8.88
	5	1,175	76	107.13. 9.	9.16
	4	1,000	75	94.13. 3.	9.47
	4	1,000	74	97.15.11.	9.78
	4	1,080	73	109. 4. 7.	10.11
	4	1,140	72	119. [illegible]. 6.	10.4[illegible]
	4	1,200	71	129.19.10.	10.83
	4	1,200	70	134.13.10.	11.22
	[illegible]	1,[illegible]	69	151. 6.10.	11.64
	[illegible]	1,[illegible]	68	165. 4. 3.	12.09
	[illegible]	1,[illegible]	67	131.17. 2.	12.56
	[illegible]	1,[illegible]	66	157. 3. 2.	13.06
	[illegible]	1,110	[illegible]	160.13.10.	13.60
	[illegible]	1,170	64	165.19. 2.	14.18
	2	820	63	[illegible]. 9. 6.	14.81
	2	850	62	13[illegible]. [illegible]. 2.	15.4[illegible]
	2	900	61	14[illegible]. [illegible]. 2.	16.21
	2	[illegible]	60	15[illegible]. 6. 5.	17.0[illegible]
	2	900	59	161. 5.10.	17.92
	2	900	58	170. 2. 1.	18.90
	2	[illegible]	57	183.16.11.	19.9[illegible]
	2	950	56	201. 7. -.	[illegible].19
	2	1,000	55	225.11.11.	22.56
	2	1,000	54	241. 2. 2.	[illegible].11
	2	1,000	53	250.16. 7.	25.0[illegible]
	2	1,000	52	275.10. 5.	27.[illegible]
	1	[illegible]00	51	151.17. 3.	30.[illegible]
	2	1,[illegible]00	50	3[illegible].1[illegible]. 5.	33.28
	175	4[illegible],5[illegible]5		£5,310.13. -.	13.27

NOTE :- The annual premiums used above are based on the assumption that no commission is payable to any person.

GOVERNMENT OF KENYA - ASIATIC CIVIL SERVANTS.

(1) At and present a policy on the life of each Asiatic Civil Servant would be effected on the basis of 4% of each man's current salary or on any basis satisfactory to the Government of Kenya.

(2) Provided the whole of the non-European employees of the Government or of one Department or grade come into the scheme separate proposal forms will not be required but a list giving the full names, descriptions, sums to be assured and dates of birth will be sufficient. The date of birth must be certified by the Government. Provided the whole of the non-European employees or the whole of some Department or grade come into the scheme no medical examination will be required (unless the proposal is for an amount in excess of £1000) in respect of those employees who at the date of commencement of the scheme are in sufficiently good health to be performing their ordinary duties. In the case of those who may actually be away ill at the commencement of the scheme, the Company may require a medical examination before they can be admitted to the benefits of the scheme.

(3) New policies would be issued for an additional amount as salaries are increased but if a new policy is issued for every £20 increase in salary, the number of such policies would be very considerable and the individual amount of such policies would be distinctly small. It would be preferred that the additional policies were only issued in respect of say each £50 increase in salary. It might very well be arranged that for purposes of the Insurance Scheme salaries from £75 - £124 should be reckoned as £100, salaries from £125 - £174 should be reckoned as £150, salaries from £175 - £224

ATLAS ASSURANCE COMPANY LIMITED.

Proposed Assurance Scheme for non-European Officials in Kenya.

Endowment Assurances maturing at age 60

Annual Premium per £100 assured.		Sum Assured by Annual Premium of £4	
With Profits	Non-Profit	With Profits	Non-Profit
£. s. d.	£. s. d.	£	£
3. 4.10.	2.12.11.	123	151
3. 6. 2.	2.14. 1.	120	147
3. 7. 7.	2.15. 4.	118	144
3. 9. 1.	2.16. 8.	115	141
3.10. 9.	2.18. 0.	112	137
3.1[illegible]. 5.	2.19. 6.	110	13[illegible]
3.14. 4.	3. 1. 1.	107	13[illegible]
3.16. 4.	3. 2.10.	104	127
3.18. 6.	3. 4. 7.	101	123
4. 0. 9.	3. 6. 7.	99	120
4. 3. 3.	3. 8.10.	96	116
4. 5.10.	3.11. 3.	93	112
4. 8. 7.	3.13.11.	90	108
4.11. 7.	3.16. 8.	87	104
4.14.10.	3.19. 8.	84	100
4.18. 5.	4. 2.10.	81	96
5. 2. 3.	4. 6. 2.	78	92
5. 6. 4.	4. 9.10.	75	89
5.10.11.	4.13. 9.	72	85
5.15.10.	4.18. 1.	69	81
[illegible]	5. 2.11.	65	77
[illegible]	5. 8. [illegible]	62	73
[illegible]	5.14. 1.	59	70
[illegible]10.	6. 0. 3.	56	66
[illegible].10. 5.	6. 8. 2.	53	62
8. 0. 2.	6.16. 7.	49	58
8.11. 3.	7. 6.10.	46	54
9. 4. 0.	7.18. 7.	43	50
9.17. 7.	8.12. 1.	40	46
10.13. 6.	9. 8. 0.	37	42
11.12. 5.	10. 6.11.	34	38

[illegible] April, 1925.

ATLAS ASSURANCE COMPANY LIMITED.

Proposed Assurance Scheme for non-European Officials in Kenya.

Specimen for Life age 20 next Birthday at entry.

Age next Birthday	Salary	Increase in Salary	4% of Salary or Increase	Policy With Profits	Policy Non-Profits
	£	£	£ s. d.	£	£
	90		3. 12. 0.	111	136
	110	20	-. 16. -.	23	28
	130	20	-. 16. -.	21	26
	150	20	-. 16. -.	19	24
	170	20	-. 16. -.	18	21
	190	20	-. 16. -.	16	19
	210	20	-. 16. -.	14	17
	230	20	-. 16. -.	12	14
	250	20	-. 16. -.	10	12
	270	20	-. 16. -.	8	10
	290	20	-. 16. -.	6	[illegible]

[illegible]th April, 1925.

ATLAS ASSURANCE COMPANY LIMITED

… of a Compound Reversionary Bonus at the rate of 36/- per £100 … compounded triennially, with Interim Bonuses at the same rate.

Original Sum Assured - £100.

…years …and …premiums	Total Sum Assured and Bonuses	No. of years in force and No. of premiums paid.	Total Sum Assured and Bonuses.
	£101.16. –.	21	£144.10. –.
	103.12. –.	22	147. 2. –.
	105. 8. –.	23	149.14. –.
	107. 6. –.	24	152. 6. –.
	109. 4. –.	25	155. –. –.
	111. 2. 4.	26	157.16. –.
	113. 2. –.	27	160.10. –.
	115. 2. –.	28	163. 8. –.
	117. 2. –.	29	166. 8. –.
	119. 4. –.	30	169. 4. –.
	121. 6. –.	31	172. 4. –.
	123. 8. –.	32	175. 6. –.
	125.12. –.	33	178. 6. –.
	127.18. –.	34	181.10. –.
	130. 2. –.	35	184.14. –.
	132. 8. –.	36	188. –. –.
	134.16. –.	37	191. 6. –.
	137.[illegible]	38	194.14. –.
	139.12. [illegible]	39	198. 2. –.
	14[illegible]	40	201.14. –.

… the Directors hope to be able to declare Bonuses at not less than … above-mentioned rate for many years to come, but the Bonuses to … declared in future must always depend on the profits earned … the table given above therefore is an illustration only and must not … regarded as an estimate.

…25.

C.O. 20758/25

E. Africa

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Jeffries 22/6/25
Bonnie 22/6/25
Bottomley 22.6.25
Green 23/6

DRAFT.

No. 577

26 June 1925

I have &c. to refer to

1/ Sir Robert Coryndon's desp. No. 29 of the 8th of January,

2/ Mr Jardine's despatches No. 48 of the 28th of January and No. 133 of the 1st of April,

3/ Mr Scott's desp. to the Gov. of Uganda, No. 3359/19 of the 6th of August, 1924

4/ your desp. No. 68 of the 17th of March,

and connected corresp. on the subject of the establishment of a Provincial Fund

Fund or similar scheme for Asiatic officials.

2. I have now received the views of all the four Govts concerned in this question, and it is necessary to decide the lines on which further action should be taken. I may say at once that I consider it essential that a definite scheme of some kind for providing to some extent for the widows and orphans of Asiatic officials should be introduced [illegible] an early date.

3. The various forms which it has been suggested that such a scheme should take

Mr.
Mr.
Mr.
Mr. Strachey.
Mr. Shuckburgh.
Mr. Davis.
Sir G. Grindle.
Sir J. Masterton Smith.
Mr. Ormsby Gore.
Mr. Amery.

DRAFT.

Sir

are as follows:—

(a) A Provident Fund;

(b) A Widows' and Orphans' Pensions scheme on similar lines to that adopted in the case of European officials;

(c) A Widows' & Orphans' Pensions scheme on an arbitrary basis;

(d) A scheme of compulsory insurance with no financial assistance from the Govt.

4. I am unable to regard the [illegible] of these suggestions as adequately meeting the needs of the case. The officials in question can presumably insure their lives already if they desire

Mr Strachey.
Sir Shuckburgh.
Sir Davis.
Grindle.
[illegible]
[illegible]

DRAFT.

think that the ~~assistance to~~ participation of ~~be given by~~ the Govt. should be limited to the deduction of an insurance premium from the official's salary. The suggestion mentioned at (b) is, I fear, impracticable owing to the absence of data.

5. The choice in my opinion lies between the first and the third of the proposals detailed in para 3 of this despatch. The objection to [illegible] widows and [illegible] pension scheme [illegible] that it may well in practice work out to the disadvantage of one side or the other: the contributions may be disproportionately heavy having regard to the benefits to be gained or, with the gradual replacement of Europeans [illegible] by natives in the Govt. service, the Govt. may find itself liable for heavy recurrent expenditure on account of pensions without any proportionate set off by way of contributions received. I am however of opinion that further consideration might well be given to Mr. Davis's scheme.

6. Should it be found impossible for the Govts. concerned to agree upon

a scheme on the lines suggested by Mr. Davis a Provident Fund scheme will have to be evolved.

The ~~first~~ only serious objection which ~~has~~ has been raised ~~both~~ to such a scheme is that if pensionable officials were not included, they would be no better off than they are at present: while if they were included and bonuses were paid as in the case of the Uganda Railway Provident Fund, the cost to Govt would be very heavy, while the benefits would not necessarily go to the widows and orphans whom it is desired to assist, but would in most cases merely

...ndry
...Shuckburgh
...Davis
...Grindle
...Masterton Smith
...Amery

DRAFT.

represent an augmentation of the officials' pension.

7. The first point would be met if it were possible within a reasonable time to attach the payment of a death gratuity to the privileges of the pensionable staff. The way would then be clear to adopt a separate Provident Fund on the general lines of the Uganda Railway Fund for the non-pensionable staff. Should the institution of a system of death gratuities not be found practicable, as a result of the discussion which is now being given to the drafting

of pension legislation for the E. African Dependencies, the second part of the objects quoted above would hold good, but only on the assumption that the Provident Fund would be on the lines of the Uganda Railway Fund. It should, however, be possible without much difficulty to evolve a modified scheme which would encourage thrift and, without undue cost to the Govt., secure some provision for the dependants of both pensionable and non pensionable officials. The scheme might, for instance, take some such form as is suggested below :-

(a) Contributions by the official at a fixed proportion of salary, e.g.

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e.g. one twelfth. Participation in the scheme ~~[illegible]~~ to be optional in the case of officials already in the service; compulsory in the case of officials entering the service after its inception.

(b) Compound interest to be allowed on contributions at a reasonable rate, e.g. 4 per cent (subject to revision at stated intervals).

(c) No bonuses.

(d) On a contributor dying in the service, his widow or other dependants to be paid the amount of his contributions and accrued interest, plus a gratuity (contributed by the Govt.) fixed in some arbitrary way, e.g. half a month's pay for each year of service (or of contribution to the fund), with a minimum of three months and a maximum of twelve months' pay. Failing dependants, the amount of contribution and interest only to be paid to the estate.

(f) On a contributor leaving the service, contributions and accumulated interest to be refunded (pension or gratuity to be dealt with under the ordinary regulations).

(g) Govt. to have discretion to pay refunds of contributions and gratuities by instalments, compound interest continuing to accrue on unpaid balance.

( ) Govt. to have discretion to grant in special cases gratuities (up to six months' final pay not pension) to widow or orphans of an official dying after leaving the service.

(h) Voluntary deposits to be allowed and to earn interest.

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8. I am sending a similar despatch to

1) the Gov. of Uganda & the ... the Ag. H.C. for Zanzibar,

2) the O.A.G. of Kenya, the Gov. of ~~Uganda~~ the T.T. & the Ag. H.C. for Z'bar,

3) the O.A.G. of Kenya, the Gov. of Uganda, & the Ag. H.C. for Z'bar,

4) the O.A.G. of Kenya & the Gov. of Uganda & the T.T.

and I should be glad if, with these obsns and suggestions before them, the four Govts. concerned will confer together with a view to submitting agreed

agreed proposals to me at
an early date. It will
no doubt be thought
desirable to call representatives
of the staff into consultation,
in order that the scheme
evolved may, so far
the difficulties of the question
permit, conform to the wishes
of the officials whom it will
affect.

(Signed) L. S. AMERY