loss, it was as fair to make an allowance for only two premiums paid, as for 8 or 10; and that the contrary course was calculated to deter many from opening Policies. It would, however, deprive the Company of one of the acknowledged sources of profit of a Life Office.

There remained one question, which, although it had been explained last year, seemed to require a few more remarks. The early division of Profits had frequently been objected to, and some either unacquainted with the principles of Life Assurance or unaware of the peculiar position of this Company might still hold opinions respecting it prejudicial to the Company.

He freely admitted that if the Board were to declare 40 or 50, or even 80, per cent.—as some American Offices had done—valid objections might be raised; and the same would apply were the Profits declared upon business *just transacted*,—a system which was frequently practised by some of the American Mutual Offices. But in the "CANADA," no Policy is awarded a share in the Profits, until two yearly premiums have been paid.

In the estimate of the position of the Company, before ascertaining and dividing Profits, the greatest care is observed, the full reserve for increase of age is made, and in addition, the reserve *peculiar to this Company* for risks run: if from the high rate of interest, and strict economy in the expenditure, an excess beyond these sums remains at the credit of the Assured in the Mutual Branch, it cannot be unsafe to divide it amongst those who are entitled to share in it. It must be remembered that the "CANADA" started with the professed intention of reducing the cost of Assurance to the greatest extent not incompatible with safety; and finding that the rates are somewhat above the true cost, it is the endeavour of the Board to return the excess to those from whom it has been received.

Much time and trouble would undoubtedly be saved were the Directors to calculate and divide the profits at intervals of five, or eight, or ten, years, instead of yearly, and the declared profits would be considerably increased, were they to allocate them to those only who had completed five years Assurance.

It may suit those, said he, who practised this system, to find fault with the one we have adopted, but it is undeniably the most equitable,