rangements then in existence, that they would be able to report a prosperous year's business in the United States; unfortunately, this anticipation has not been realized. The losses in the early part of the year, especially in the Southern States, proved to us, as to nearly all other companies, very disastrous. At the end of the half year, your Board considered it prudent to withdraw, and reinsured or cancelled its risks in that department.

The whole business of the United States seemed, however, to be in a very hazardous state, and toward the end of the third quarter of the year, your Directors considered it wise to abandon the field altogether. They consequently reinsured the remaining business with the Commercial Union Assurance Company, a first-class Company, on terms considered mutually satisfactory. This was only done after the most serious consideration of the Board; and they believe, considering all the circumstances, that the course they have adopted was prudent, and in the best interests of the Company.

In this connection, it may be mentioned that, out of eighty-one companies in the state of New York, seventy-two lost capital, ranging from five thousand to two hundred thousand dollars, during last year. The year 1879 has been the most disastrous to the Insurance Companies of the last five years, not even excepting the year of the St John fire.

It is gratifying to state that our Canadian business has again shown a small profit. The expenses have been re-adjusted for the coming year to suit our reduced business, and being now a purely Home Institution, the directors hope that ull the influence of the shareholders will be used to give the Company business, which with its reduced liabilities, is now one of the strongest among Canadian Companies.

The retiring Directors are Messrs. Andrew Robertson, the Hon. J. R. Thibaudeau, D. McIntyre, Hugh MacKay, and W. F. Kay, who are eligible for re-election.

Respectfully submitted.

ANDREW ROBERTSON,
President.

Montreal, March 4th, 1880,

STATEMENT FOR YEAR ENDING 31ST DECEMBER 1879.

Assets.

United States Bonds	271,562 50
Montreal Harbour Bonds	57,400 00
Montreal Warehousing Bonds	18,250 0
Sincennes-McNaughton line stock	1,000 00
Mortgages and real estate	48,500 00
Cash in Bank	50,754 48
Cash in head office	769 52
Bills receivable	29,878 53
Agents Bal. & Sundry debtors	52,018 45
	$530,133 48

Liabilities.

Capital stock paid up	$300,000 00
Due to sundry creditors	43,379 72
Losses under adjustment	53,648 75
Re-insurance	72,000 00
Balance	61,195 01
	$530,133 48

PROFIT AND LOSS ACCOUNT.

Expenditure.

United States:		
Losses, Fire and Marine	$302,045 20	
Re-insurance and Ret. Premiums, Fire and Marine	50,619 10	
Commissions & charges, Fire & Marine	151,778 87	
		$507,443 17
Canada:		
Losses, Fire & Marine	$140,526 81	
Re-insurances, and ret. Prems., Fire and Marine	56,533 65	
Commis'ns. & charges Fire & Marine	61,872 81	
		258,933 27
		$766,376 44

Revenue.

United States:	
Premiums, Fire & Marine	$ 299,871 99
Canada:	
Premiums, Fire & Marine	269,030 90
Interest account:	
Interest on investments	20,456 06
Balance to Contingent account	177,017 49
	$766,376 44

Contingent Account.

Dividend No. 3	$ 15,000 00
Re-insurance of all outstanding risks in the United States	176,684 66
Written off for bad debts and Depreciated assets	61,515 02
Balance from Profit and Loss	177,017 49
Balance	133,105 01
	$563,286 18
Balance of last year's account	$ 552,414 49
Assessment calls collected	10,871 69
	$563,286 18

Security for Policy Holders.

Capital	$300,000 00
Contingent Account	133,105 01
Capital uncalled	800,000 00
	$1,233,105 01

[Verified,]

ARTHUR GAGNON, Treasurer.

JOHN McDONALD, Auditor.

Montreal, 14th March, 1880.

Mr. Andrew Robertson, the President, in moving the adoption of the report, said:—The report which had been placed in their hands was so clear, if not so satisfactory in its results as could be wished, that it would require but little explanation at his hands in presenting it for adoption. If they would, however, allow him to trespass on their time for a few minutes, he would like to call attention to a few points in the history of the Company and the insurance business generally, which would tend to show that the course adopted by the Board and which he had heard some of the shareholders privately object to, was the proper one under all circumstances to adopt. Five years ago the Company commenced business in the United States. The contracts then entered into were generally to last for that or a longer period of time. It was a time of inflation. They all well knew the results of the last five years in business; they had been something like a dream of Pharaoh's lean kine. As a proof of this, in so far as insurance business was concerned in the year 1874, when they went to the United States, the average rate of premiums received by all the companies then doing business was, 97.85 per $100, whereas in 1878 they had been gradually reduced, year by year, till they reached 76.83, or a reduction of 21.02 per cent. As premiums fell, it was naturally expected that expenses should proportionately decrease, but such had not been the case, as while in every year of the five mentioned the rate of premiums steadily declined, so, on the other hand, expense steadily increased. The British and Foreign companies' expenses, which were 27.34 per cent., in 1874, were increased in 1878 to 35.14 per cent., an increase of 7.80 per cent. Adding, then, the decrease in premiums to the increase in expenses, they have 28.82 per cent., or nearly 29 per cent., of difference within five years, and he did not hesitate to state when the final results for 1879 were obtained, they would show a similar, if not even a more unfavorable result. The losses in the United States for 1879 had been nearly ten millions of dollars over 1878, say fully 20 per cent., and very much larger than any of the previous five years. There had been no very special or serious conflagration, and the question had been asked why this great increase of fires in 1879. One reason had been given by the abrogation of the Insolvent Laws in the United States, it being said if they could not fill they could burn. Whether this is true or not he left to their consideration; but from what he had seen of human nature, there seemed to be more truth than poetry in the suggestion. Another reason which weighed with the Board was the enormous trouble and labor involved by having to deal with over forty State departments, with their varying laws, some of a retaliatory nature, besides their being constantly tinkered, coupled with the different and sometimes absurd interpretations of the Insurance Department, that it would require a Philadelphia lawyer to unravel and keep up with all the varied requirements. One of these would have soon affected us by being obliged to increase our deposits in the United States, had they continued doing business there. When they entered the United States they had to put up $200,000 in order to do business in certain States; at that time bonds were generally six per cent.: new bonds were reduced to four per cent., and it was claimed by some departments that the deposit must therefore be increased so as to yield a revenue of six per cent.. thus requiring $300,000 of four per cent., instead of $200,000 of 6's. The bonds they now held in deposit were 5 per cent., and 6 per cent., but as they matured in 1881, when they would be redeemed, we would then require to put up 50 per cent., more, if the regulation referred to was to be in force. To have continued, therefore, wovld have entailed past with future calls, which the Directors felt would be undesirable; they, therefore, under the circumstances, decided that our retirement from the field was the only prudent course to adopt, and so far they saw no reason to regret, but, on the contrary, had to congratulate themselves on the decision they then carried out. Under these circumstances the Directors had some hesitation in declaring a dividend, but having, last year, laid down the principle that, so far as it could be done, the interest derived from the investment of the Company should, in part at least, be paid over to the shareholders, leaving the Contingent Fund to meet losses so long as the reduced capital was not impaired, and, as would be seen from the accounts, they received over $20,000 actual cash last year from that source, besides having interest bearing securities, which would yield nearly as much this year. The Directors ultimately decided that the dividend should be declared, the more so that by the great reduction of liabilities in having left the United States, now left them, after deduction of all ascertained liabilities, over six dollars of assets to every dollar of contingent liability.

Mr. Alderman Gilman went into a lengthy review of the statement of accounts, quoting a great array of figures, which he had selected from the reports of the present and last year, with the object to show that the Company had lost nearly a half a million of dollars since the last annual meeting, and he also endeavored to show that the Company had $36,000 more liability. He then criticised the nature of some of the Company's assets and found fault with the amount drawn by the President. The Directors too, were censured for having drawn $4,367. The expenses of the head office, he was glad to say, had been reduced from $7,836 last year, to $3,316 for the current year. After some discussion on these points, on motion of the President, the report was adopted, and the President was voted a salary not exceeding $,2000 for this current year.