

May 18, 1886.

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May 18, 1886.]

# DOMINION CHURCHMAN

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## PROCEEDINGS OF THE FOURTEENTH ANNUAL MEETING OF THE CONFEDERATION LIFE ASSOCIATION.

The fourteenth annual meeting of the Confederation Life Association was held at the General Offices of the Company, Toronto street, Toronto, on Tuesday, April 13th, 1886.

A large number of policyholders and others interested in the Company's affairs were present.

On motion, the President of the Company, Sir W. P. Howland, was called to preside, and Mr. J. K. Macdonald, Managing Director, to act as Secretary.

The advertisement calling the meeting having been read, the minutes of last meeting were taken as read and confirmed.

The Secretary was then called on to read the fourteenth annual report as follows:

### THE DIRECTORS' REPORT.

The uniform success of this Association has made it an agreeable task for the Directors to submit the annual report, and to meet the policyholders and shareholders from year to year. The experience of the past year, 1885, has only varied from that of previous years in so far as the results in some very essential points have been even more satisfactory.

Your Directors regret that the apparent determination to secure business at any cost, exhibited by many competing companies, and which arose probably to a large extent, at least in the first instance, from an apparent determination on the part of foreign companies to crush out the native institutions, and from the introduction of plans which relieve the companies working them from the responsibility of paying immediate profits, has led to a degree of extravagance in the securing of new business, which must have a serious effect upon the balance sheets of the Companies. Your Directors conceived that a due regard to the interests of existing policyholders would not permit them to pay for business more than it was worth, and that a smaller new business, with a well-cared for balance sheet, would be better for both existing and incoming policyholders. The result has been a slightly decreased volume of new business; but on the other hand, the large sum of \$108,757.86 as the surplus for the year, and with the ratio of expenses to income again reduced.

1491 applications for assurances, amounting to \$2,497,012 were received and considered. Of these, 1385, for \$2,289,012 were approved, and 7 lapsed policies, for \$8,026, were revived, making the total approved 1,392, for \$2,297,038, 103 applications for \$265,000 were declined, and 3, for \$3,000, stand deferred.

The year closed with 8,436 policies, for \$13,009,715 of assurance, on the books.

The death claims continue to bear testimony to the care exercised in the selection of the risks. There were 47 deaths, calling for (including declared and interim bonuses) the gross sum of \$87,525.33; under fifty-three policies, \$5,000 having been re-insured, made the net death losses \$82,525.33. It is worthy of mention that no less than \$20,977 was paid on deaths due to accidental causes, and that claims to the amount of \$24,157.40 were reported in or for the month of December, and though the proofs in a number of cases were only received at a considerably later date, all were placed and provided for in the year to which they belonged. No claim to our knowledge arising in 1885 remains unpaid or unprovided for.

The financial statements which accompany and form part of this report do not call for any remark. They exhibit the transactions of the Association in a thoroughly clear and simple manner.

The two auditors have continued to give close attention to the monthly audit, and it must be a cause of entire satisfaction to all concerned in the Company's affairs that two capable gentlemen have been appointed with such remuneration as will admit of their giving sufficient time to the thorough and complete checking of the operations of the Association.

It will be a source of sincere gratification that the Fourteenth Annual Report shows that the Association possesses a cash income from premiums of \$380,733.15, and a cash income from interests and rents of \$85,968.78, forming together \$466,701.93, while the cash assets have reached the large sum of \$1,676,334.68—and if the subscribed but unpaid, capital be added, as some companies are now doing, the assets are \$2,596,314.68.

It will be no less gratifying to the policyholders to observe the magnificent surplus of \$282,199.11 over all liabilities, including current unpaid accounts; and if the subscribed, but unpaid, capital be included, and the liability to the stockholders excluded, following the practice of other companies, as above, the surplus, as security to policyholders, is \$1,282,199.11.

Your directors have decided to further popularize the policies of this Association by changing the quinquennial period from the arbitrarily fixed year, to that of the quinquennial year of the policy itself. This change will make the quinquennial advantages apply to each policy at regular intervals of five years, without waiting for any particular year, and thus do greater justice to policies passing out of existence in the interim.

It affords your Directors great pleasure to bear testimony to the continued faithfulness of the office staff, as well as of the present staff of general and local agents.

J. K. MACDONALD,

Managing Director.

W. P. HOWLAND,

President.

### CASH STATEMENT.

#### Receipts.

1884.

Dec. 31. Cash on hand and in banks. . . . . \$ 56,076 24

1885.

#### Revenue items.

Dec. 31. Premiums. . . . .	380,088 22
Premiums paid in advance. . . . .	644 93
Interest. . . . .	84,468 80
Rent. . . . .	1,499 98
Repayment of investments. . . . .	208,819 70
Agents' balances. . . . .	142 37
From sundry sources. . . . .	907 01
	\$732,647 25

#### Expenditure.

Dec. 31st, 1885.

Expenses for year. . . . .	\$ 82,573 16
Re-insurance. . . . .	4,417 66
Surrendered policies. . . . .	13,183 40
Death claims. . . . .	83,671 67
Matured endowments. . . . .	1,144 00
Dividend to stockholders. . . . .	8,000 00
Taxes on same. . . . .	134 20
Annuities. . . . .	2,692 30
Profits to policy-holders in cash. . . . .	2,477 52
Profits in reduction of premiums. . . . .	9,891 51
Commission on loans. . . . .	539 00
Rent. . . . .	2,374 78
Taxes. . . . .	607 25
Interest paid on overdrafts, etc. . . . .	270 18
Insurance superintendence. . . . .	332 85
Agents' shortages assumed as a loss and written off. . . . .	1,087 78
Investments. . . . .	425,332 13
Fire premiums, etc., paid for mortgages. . . . .	1,082 79
Erskine Church account. . . . .	1,254 97
Sundry advances, current accts., etc. . . . .	1,632 24
Cash on hand, \$181 49; in banks, \$89,766 37. . . . .	89,947 86
	\$732,647 25

#### BALANCE SHEET.

##### Assets.

Dec. 31st, 1885.	
Debentures (par value). . . . .	\$ 166,539 00
Mortgages. . . . .	1,125,042 22
Real estate. . . . .	56,058 27
Loans on Stocks and Debentures. . . . .	31,755 00
Government 5 per cent. Stock and Savings Bank Deposit. . . . .	4,658 18
Loans on Company's Policies. . . . .	30,114 84
Agents' Balances. . . . .	249 22
Quebec Government Tax (in suspense). . . . .	890 00
Sundry accounts. . . . .	1,810 55
Furniture, \$2,485 54, less 10 p. c. written off for year, \$248 54. . . . .	2,237 00
Fire Premiums, etc., repayable by mortgagors. . . . .	2,046 27
Cash on hand. . . . .	181 49
Cash in banks. . . . .	89,766 37
Premiums in course of collection (reserve thereon included in Liabilities), of this the sum of \$38,865 21 is covered by short date notes. . . . .	77,215 83
Quarterly and half yearly premiums on existing policies due, subsequent to Dec 31st, 1885 (reserve thereon included in Liabilities). . . . .	20,130 39
Interest due and accrued. . . . .	47,610 14
	\$1,676,334 68

##### Liabilities.

Dec. 31st, 1885.	
Assurance fund (including bonuses additions). . . . .	\$1,273,806 35
Annuity funds. . . . .	11,354 71
	\$1,285,161 06
Less for policies re-assured. . . . .	16,661 31
	\$1,268,499 75
For temporary reductions. . . . .	13,741 90
Lapsed policies, value on surrender. . . . .	2,101 48
	\$1,284,343 13
Losses by death, not due, waiting proofs. . . . .	10,448 65
Premiums paid in advance. . . . .	644 93
Declared dividends to policy-holders. . . . .	656 41
All other accounts, including medical fees, directors' fees, etc. . . . .	7,524 50
Sinking fund to meet maturing debentures. . . . .	576 13
Surrendered policy waiting majority of beneficiary. . . . .	202 22
Held to cover cost of collecting premiums outstanding and deferred on Dec. 31st, 1885. . . . .	9,734 60
	\$1,314,135 57
Surplus on policy-holders' account. . . . .	362,199 11
Paid up capital stock. . . . .	80,000 00
	\$282,199 11

We have made the usual thorough audit of the books of the Association for the year ending 31st December, 1885, and have examined the vouchers in connection therewith, and have compared the above statement and balance sheet with the same, and found the whole correct.

We have also examined the securities represented in the assets, which are safely contained in the vaults of the Association, excepting the securities held by the Dominion Government, amounting to \$83,855 par value, and found them, in good order.

JOHN LANGTON, }  
JOHN M. MARTIN, } Auditors.

Toronto, 12th April, 1886.

OFFICE OF THE SUPERINTENDENT OF INSURANCE, OTTAWA, 29TH MARCH, 1886.

J. K. Macdonald, Esq.,

Confederation Life Association,

Toronto.

DEAR SIR.—The following is the result of the valuation of the Policies of your Company as at 31st December, 1885. The Institute of Actuaries H. M. Table of Mortality with 4½ per cent. interest, was employed in the valuation of the Policies and Bonus additions. In computing the values of Annuities, the Government Annuity Tables, with 4½ per cent. interest, were used.

	No.	Amount.	Value.
Policies. . . . .	8,436	\$12,971,084 00	\$1,256,053 59
Bonuses. . . . .	508	38,631 00	17,752 76
Total. . . . .		\$13,009,715 00	\$1,273,806 35
Less re-insured. . . . .		138,403 50	16,661 32
		\$12,871,311 50	\$1,268,499 75
Annuities. . . . .			11,354 71
		\$12,871,311 50	\$1,268,499 75

Yours truly,

W. FITZGERALD,

Superintendent of Insurance.

The President, in moving the adoption of the Report said:—

GENTLEMEN,—We have again the pleasant duty of placing before you the annual statement of the business of the Company, and it is one which we feel confident will be satisfactory to our policy-holders, and which will further add to the confidence and good feeling which the public have hitherto evinced in the Company.

Soon after the last general meeting our General Manager submitted for the consideration of the Board the question of what our policy should be in the conduct of our business. He informed us that other companies were taking measures by which the cost of obtaining business was unduly enhanced, and he considered that unwise. He desired the opinion of the Board. The Directors first asked for the benefit of his own views. They were expressed in short terms. He said he believed the true policy for this Company was to keep its Balance Sheet right and avoid unnecessary, unwise, or extravagant expenditure, for the sake merely of increasing new business. These views the Board fully concurred in. The policy of other companies was not only to increase the cost of business beyond what was prudent and wise, but they were doing this in the face of a state of things which made it more undesirable than it would be otherwise. We had had a general reduction in the rate of interest, consequently less return would be received from funds coming into the hands of the Company, and we felt that we ought to be more cautious as to the basis upon which our business was done, than it had been necessary to be heretofore. Now, notwithstanding our adoption of the policy suggested, and no doubt it has tended to some extent to limit the amount of new business the Company has obtained during the year, yet we have not been standing still, but advancing, as you will see by the Statement.

The President then referred to the increase in the various items, and went on to say: Then our assets, gentlemen, at the end of 1884 stood at \$1,415,914 03 and at the end of 1885 at \$1,676,334 68, an increase of \$260,390 65.

It will be observed that the item of real estate shows an increase of \$31,256 59, which arises chiefly from the taking over of a vacant lot on Princess street, Winnipeg, and the erection thereon of two substantial warehouses. Before going on to build these warehouses the Board made careful enquiry as to the probability of our being able to let them to suitable tenants, and the result has fully justified the anticipation, as they are under lease to two first-class wholesale firms at a rental which, after the payment of fire insurance and taxes, will yield within a fraction of eight per cent., not only on the cost of the building, but on the full charge at which the lot was taken over. (Applause) We considered it better to take this course than to have the land lying unproductive.

Ever since the Company was organized the views of the General Manager and of the Board have been that our first duty was to pursue such a course as would ensure the stability of the Company and the security of policyholders, and that purpose has been steadily kept in view and acted upon, and I think the statement which we have been able to lay before you will prove it has been successful. If any special information is desired, I or the General Manager will be most happy to furnish it. I beg, therefore, to close by moving, seconded by my friend, the Hon. Wm. McMaster, "That the Report of the Directors, the Financial Statements, and the Reports of the Auditors, Actuary, and the Trustees of the Savings Bank policies be received and adopted."

Hon. Wm. McMaster, Vice-President, did not think he need say anything in support of the motion; after the reading of the Report comment was unnecessary. He desired, however to bear testimony to the zeal and energy which had characterized the management of the Company from its inception, and especially during the year now last closed, to which was attributable the very favorable position of their affairs. The position of the Company, as regards stability, was second to none in Canada, and he congratulated the shareholders upon its present position and future prospects. [Cheers] He had great pleasure in seconding the resolution.

Mr. J. K. Macdonald, the Managing Director, said: Mr. President and Gentlemen,—I have a remark to make in connection with the Report, and perhaps I had better state now what I have to say while the motion for its adoption is before you.

First, then, as to the outstanding premiums. These may, at first sight, seem to aggregate a large sum. I may say in explanation that a large proportion of that sum is in the shape of short date notes, which have been taken to ac-