the Policies subsisting at 31st December last, was		£1,662,933 7 7
To which must be added the value of the bonuses or additions declared up to 30th December 1865		339,575 14 2
Value of Deferred and Survivorship. annuity Policies		12,537 12 3
Amount of Claims outstanding as at 31st December last		44,363 16 7
		£2.059,410 10 3
From which falls to be deducted the value of Policies and Bonuses, applicable to £1,420,143 : 10s. reassured		180,258 14 5
		£1,879,151 16 3
The assets in the life department were		£2,095,351 7 7
Deduct the above liabilities	£1,879,151 16 3	
To this has been added the amount recommended to be reserved to meet Contingencies, etc.	33,925 6 2	
Total Liabilities		1,913,077 2 5
		£182,274 5 2
To show correctly the profit of last five years, there has to be added the sum paid away during that period in prospective bonuses amounting to		10,027 1 9
Making a total surplus of		£192,301 6 11

One-tenth of which, or £19,230: 2: 8, belongs to the shareholders.

The Policyholders of this Company, assured on the participating scale, are entitled to share in the above surplus to the extent of nine-tenths; and the policy-holders of the United Kingdom Company, insured with profits, are entitled to share in the proportion of two-thirds to nine tenths. The Directors in conformity with the report of the actuaries, on this footing propose to declare a bonus of £1. 5s. per cent per annum on all sums assured in their own office, and 18s. 6d. per cent. on sums insured by the policies of the United Kingdom Company, being the share to which they are entitled under the agreement with this Company. Although the bonus is at the rate of 25s. per cent per annum on the sums assured by the policies of this Company effected since last investigation, it is much higher on policies of older standing, and in many instances amounts to £1 :19s. per cent per annum on the original sum assured, in consequence of the present bonus being declared not only on the original sum assured, but also on the previous Bonus additions.

The Directors further recommend that a Prospective bonus of £1 per cent. per annum should be paid on all the policies of this Company on the participating scale existing at 31st December last, which may become claims prior to the next division of profits, and 14s 10d per cent. per annum on the policies on the participating scale of the United Kingdom Company. The bonus and prospective bonus, as the proprietors are aware, are not payable on any policy which has not been five full years in existence. The tenth part of the surplus remaining, after allocating the sums due to the policy-holders, belongs to the proprietors, and has been credited as under:—

General Results.

The sum at the credit of the fund of undivided profits will now stand as follows:—

Last year, after paying the dividend, the reserve fund amounted to		£429,774 15 3
There has this year been added—		
1. The balance from the Fire Department for the year 1870	£107,549 8 9	
2. Profit on investments, as valued at 31st December last	20,008 4 10	
3. To this has now been added the one-tenth of the life surplus and the profit on the annuity fund, (see Actuaries report)	22,731 11 0	
		150,289 4 7
		£580,063 19 10
Deduct sum paid on 25th September last in anticipation of the profits of 1870		20,000 0 0
Balance which will remain at the credit of the reserve fund		£560,063 19 10
The reserve of premiums to cover unexpired risks of 1870, as above		185,059 15 8
Total		£745,123 15 6

The Directors, on considering the above satisfactory results of the business, feel entitled to recommend that a dividend at the rate of 20 per cent. on the Company's stock, or £1 15s per share, be now declared, together with a bonus of 8 per cent., or 10s per share. Of the above dividend 10s per share was paid on 25th September last in anticipation of the profits of 1870, and the remaining 15s, along with the proposed bonus of 10s, amounting together to £1 5s per share, will be paid on 24th April current. The risks which attend the conduct of a large and constantly increasing business, such as that under their charge, impresses on the Directors the necessity of maintaining, and, at the same time, increasing year by year, within reasonable limits, the reserves of the Company.

The shareholders are aware that an Act was passed last year, entitled "The Life Assurance Companies Act, 1870." The object of the Act is to render it compulsory on Insurance Companies to publish their accounts in a particular form, with the view of enabling the public to test the solvency of any particular office. In conformity with the provisions of that Act the accounts of this Company will be made and deposited with the Board of Trade; and copies of the profit and loss account, and an account showing the details of the investments of the Company, will be sent to each shareholder as soon as possible, along with a copy of the present report.

The Directors beg to return their thanks to the various local boards and agents for their attention to the business of the Company during the last year, and would earnestly press upon them, as well as upon the Proprietors, the necessity for each in his own sphere aiding in increasing and promoting the business of the Company. Looking to the great amount of competition, which appears to increase year after year, the active cooperation of all who are interested in the Company is absolutely necessary to maintain its position. By order of the General Court of Directors.

DAVID SMITH, *General Manager.*

ONTARIO MUTUAL FIRE INSURANCE COMPANY.

This is, as most of our members are aware, the Third Annual Report of the Directors. We have entered upon what may be called a second series. Our policies being mostly taken for three years, some have lapsed, and Renewals taken. Our Policies are now numbered up to 4,393. It is most pleasing to your Directors to be able to inform you of the continued progress and prosperity of your Company, as the statements to be laid before you will show.

Our present Report deals financially with the Company's doings for about ten and a half months. Our last Report was made up to 3rd March, 1870; this up to 10th Jan., 1871. The object in doing this was to meet in part the passage of the Bill before the Legislature of Ontario which provides that returns be made to the end of each year (31st Dec.)

It will be seen that in that time the business of the Company has been steadily on the increase. If you take up to present date, twelve months, it has more than doubled, viz:—

Policies in force at last Report, 3rd March, 1870		1,942
" issued up to 20th Jan. 1871		1,878
		3,820
Less lapsed and cancelled		323
In force at closing of books 20th Jan., 1871,		3,497
Policies issued up to 1st March		325
Policies issued and in force 1st March, 1871		3,822
Applications in office to issue, now in force	151	
" not yet in force	89	
Applications rejected, 49.		
The Report deals financially with 3,497 Policies only.		
Amount covered by Insurance,		$1,556,211 00
Average amount of each Policy		445 00
Risks taken for one year	30	
Cancelled,	2	
In force	28	
Covering property to the amount of		$10,100 00
Average amount of one year risks		360 00

The canceling of Policies arise from the alienation of property, converting buildings to other use than when insured, and in some cases from, on a close inspection of Risks, it was deemed by your Directors right to do so, keeping in view that the Company was formed for the insurance of non-hazardous property only, which they have kept strictly before them.

The Cash Account will show, we feel satisfied, that strict economy has been exercised in the management, and that proper care has been used in the accepting of Risks, the refusals and cancellings, and the small per centage of loss is in evidence before you.

The Capital Account will shew ample protection to policy holders. Our early members have had their Premium Notes given up, having paid only 60 cents on the dollar, while we think the rates for which the notes are taken will compare favorably with respectable Stock Companies.

Your Directors, while assessing for each loss, have deemed it to the interest of the members to collect only once in the three years, thus saving a great expense in postage, printing, &c.

All claims for losses have been paid, except one small one for $100 which your Directors do not think the Company liable for. A respectable balance is in the bank, while only 1,470 out of the 3,494 policies in force on the 20th January, have been called upon to pay more than the first payment of sixteen and two-thirds per cent., or one-sixth of their premium Note.

At the last Annual meeting your directors were authorized to apply for a special Act of Parliament to ameliorate certain difficulties which the Company, in common with other companies, was labouring under. As united action was taken by the Mutual Insurance Companies to have a general Act passed, your Directors deputed the President and Secretary to attend with the representatives of other Companies at Toronto, to aid in the passing of the Bill, but regret to say it has not become law.

Since the Report was made up two losses have been reported to the Board,—one for $619 has been paid, the other, only a very small one, the claim papers have not been sent in.

Your Directors regret the continued complaints of the non receipt of policies, they are regularly mailed, the fault therefore does not lay with the office.

It will be your duty now to elect nine Directors