

Meetings.

THE BRITISH EMPIRE MUTUAL LIFE ASSURANCE SOCIETY.

The annual meeting of the members of the above company was held on April 7th, at the Cannon Street Hotel, London, the Right Hon. Sir John Gorst, M.P., in the chair.

Mr. G. H. Ryan, general manager and actuary, having read the advertisement convening the meeting, the following report and accounts were taken as read:

DIRECTORS' 50TH ANNUAL REPORT.

The directors have much pleasure in submitting to the members their fiftieth annual report on the progress of the company's business. The original deed of settlement was dated the 26th January, 1847, and the British Empire Mutual Life Assurance Company has thus completed its jubilee year of existence. It is a happy combination of circumstances that enables the directors, when recording the attainments of the company's jubilee, to submit the most favorable report ever presented to the members.

Appended to the report are the annual accounts in the usual statutory form, including, for the first time, the items of account relating to the business of the Positive company, transferred as from the 1st January, 1896.

New Business.—During the year 1,394 proposals were received for the assurance of £1,009,773. The policies issued were 1,154 in number, assuring £792,648, and carrying premiums of £31,817.

Re-assurances were effected with other companies for £116,490, at premiums of £3,365.

Immediate annuities, 25 in number, were granted for £2,443 per annum, the consideration money received being £21,491.

The new assurances completed were in excess of those of 1895 by no less than £112,132.

Revenue from Premiums and Interest.—The total premium income for the year was £275,194, after deduction of re-assurance payments. The revenue from interest was £97,459, being at the rate of £3 18s. 10d. per cent. (after deducting income tax), calculated upon the average funds of the year, invested and uninvested.

Death Claims and Expenditure.—The mortality among the lives assured was again much below the estimate, and resulted in a considerable profit; 372 deaths occurred, and claims thus arose under 418 policies, assuring £140,745, inclusive of reversionary bonus.

Four annuitants, in receipt of £335 4s. 4d. per annum, also died during the year.

The disbursements on account of commission and management expenses show a reduced percentage on the premium receipts.

In addition to the above charges, there was an exceptional item of expenditure on account of the purchase of the business of the Positive and the liquidation of that company.

Total Funds and Policies in Force.—At the close of the year the total funds amounted to £2,549,942, showing an increase of £154,829 as a result of the operations of the year. The policies in force were 25,456 in number, assuring £8,581,248, including bonus additions (after deduction of re-assurances); and 146 securing annuities of £12,175 per annum.

Audit of Accounts.—The audit has been continuous and of a very strict character, and was, as usual, conducted by professional accountants.

Valuation and Bonus.—The directors heartily congratulate the members upon the prosperous condition of the company's affairs, as disclosed in the report of the actuary on the valuation of the assurance and annuity contracts, as at 31st December last. As on the last occasion, not only can an increased surplus be divided among the participating policy-holders, but the valuation reserves have been materially strengthened.

The members are reminded that the next valuation will be made at the end of 1899, the succeeding one at the end of 1901, after which last-named date the valuations will take place at the end of every five years.

The basis of valuation adopted in the case of the Positive Fund is—

Home Policies.—Hm. Table, 3½ per cent. interest. **Indian Policies.**—Positive Indian Mortality Table, 3½ per cent. interest.

Twenty per cent. of the premiums on participating policies, and 15 per cent. of the premiums on non-participating policies, have been

reserved for expenses and profits (all negative values excluded).

Upon the above basis, a surplus of £14,656 has been brought out in the home trusts, and Rs. 315,540 in the Indian trusts.

Directors and Officers.—The directors retiring by rotation are the Right Hon. Sir Francis Jeune, Dr. Hugh Campbell, and Mr. Sidney Young. The retiring auditor is Mr. C. J. Fox, F.C.A. All these gentlemen are eligible, and offer themselves for re-election.

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1896.

REVENUE ACCOUNT

Dr.

Funds at the beginning of the year (less Positive shareholders' fund and assets written down)	£2,395,112 19 6
Premiums (less re-assurance) ..	275,194 10 5
Consideration for annuities ..	21,491 4 8
Interest (less tax)	97,459 16 11
Fines and fees	137 5 9
	£2,789,395 17 3

Cr.

Claims	£140,745 17 2
Endowments matured	12,135 4 10
Surrenders ..	18,635 18 9
Annuities	8,354 13 8
Commission	14,971 6 3
Expenses of management	33,868 18 9
Cash bonus	534 1 9
Bonus reduction of premiums ..	2,042 19 10
Re transfer of Positive business (bonus to shareholders and sundry expenses of transfer)	8,164 10 9
Funds at the end of the year (as per balance sheet)	2,549,942 5 6
	£2,789,395 17 3

BALANCE SHEET.

Dr.

Assurance fund	£2,501,996 6 10
Reserve fund	47,945 18 8
	£2,549,942 5 6
Claims admitted or announced ..	42,361 17 3
Outstanding accounts	1,493 17 5
	£2,593,798 0 2

Cr.

Mortgages on property within the United Kingdom	£367,782 5 8
Mortgages on property out of the United Kingdom	249,325 5 8
Loans on reversions	110,977 14 8
Loans on life interests	330,676 7 10
Loans on the company's policies and on Positive notes ..	159,849 2 3
Loans on personal security (with life policies and other collateral securities)	86,828 9 10
Indian Government securities ..	310,180 0 0
Colonial Government securities ..	100,992 0 0
Municipal securities	28,768 0 0
Foreign Government securities ..	13,759 0 0
Railway debentures and debenture stock	235,097 19 8
Railway stock and other stocks (preference and ordinary)	114,736 0 0
House property and land	190,699 8 4
Ground rents	99,776 8 6
Reversions	52,327 1 2
Life interests	1,789 8 3
Furniture and fixtures at head office and branches	1,213 3 6
Agents' balances	12,284 19 5
Outstanding premiums (payable in January)	40,850 14 6
Outstanding interest	6,361 19 9
Accrued interest	28,421 13 8
Cash—on deposit	21,533 10 3
In hand and on current account	29,567 7 3
	£2,593,798 0 2

The Chairman, — Gentlemen, it now becomes my duty to move that the report of the directors and the financial statements which have been put into your hands, be received and adopted. I cannot on this occasion meet the members without congratulating them on having attained the age of 50 years. It is a very satisfactory thing to all of us that the 50th

anniversary of our society should be distinguished by so favorable a result as the directors have been able to put before you in their report, and as I am able to announce to you to-day. The society during the past year has shown continuous and satisfactory progress. The funds of the society, as you will observe, are very largely increased, but you must remember that the apparent discontinuity of that increase—for the funds have jumped from £1,865,961 on the 31st of December, 1895, to £2,395,112 on the 1st January, 1896—is due to the fact that, on that date, the funds of the Positive Society were absorbed and amalgamated with those of the British Empire. That accounts for the very large apparent change in the amount of the funds, but in all the business transactions of the year the company has shown a most satisfactory progress. There were more proposals received, and the amount proposed was greater; there have been more policies issued, and the amount insured is greater, and the increase in the premium income, which in the year 1895 was £24,283, this past year was £31,817, and the company has retained more of this new business itself, having effected fewer re-assurances than it did in the year 1895.

The total premium income of the year was £275,194, that is after deduction of payments for re-assurances, and the revenue derived from interest was £97,459. That brings me to the only point in which the experience of the past year was not so favorable as that of the year 1895—the reduction in the rate of interest realized. In 1895 the revenue from interest actually realized amounted to £4 4s. 9d. per cent.; in the year 1896 the revenue from interest realized only £3 18s. 10d. per cent. Now that points to a phenomenon for which all assurance societies must be prepared, namely, a gradual reduction in the rates of interest at which it is possible for them to invest their funds. The society must be prepared, if they wish all their investments to be in sound and solid securities, to submit to a reduction in the rate of interest. The expenses of the company in proportion to premium income have shown a steady improvement for some years past, and in the year 1896 they amounted to 17.7 per cent. upon the premium income, as compared with 17.8 per cent. in the year before, and now that the amalgamation with the Positive Company has taken place, the directors have every hope of being able to show a considerable reduction of the percentage of expenses in the course of the years to come. This year is the valuation and bonus year, and the directors thought it right that in view of the reduction in the rate of interest, actual and prospective, the English policies—which constitute the great bulk of the contracts of the company—should be valued on the 3½ per cent. table, instead of the 3¼ per cent. table upon which they were valued at the last valuation, and I think the members of the society will think that it is a wise precaution in face of the reducing interest to make a continued reduction in the percentage at which the valuations are made.

The society's Canadian policies were valued at 3½ per cent. as they were on the last occasion. That is considerably below the legal requirements of the Canadian Government. The Canadian Government require the valuation of policies at 4½ per cent. The directors have brought the rate down to 3½ per cent.—one per cent. below the legal rate of valuation, and they think that that is a safe and prudent course. I am happy to say that notwithstanding the increasing of the reserves by adopting this lower rate of valuation, the result brings out a larger profit than before—it brings out a surplus of no less than £102,924—a surplus quite apart from the reserve fund, and we have determined that of that amount £98,430 should be divided among the participating policy-holders and the balance carried to reserve making the reserve fund £52,439. We have, therefore, been able to strengthen our reserves, and reduce the rate at which the valuation is taken, and notwithstanding that you have got an increased surplus. Well that is a very satisfactory record of the history of the past year.

Judge Bompas seconded the motion for the adoption of the report. He eulogized the skill, judgment and energy of the manager, and he said a good word for the chairman also.

The motion was unanimously carried, after which the retiring directors were re-elected.

A vote of thanks having been formally tendered to the chairman and directors, Sir John