

<i>Liabilities.</i>	
Capital stock paid up.....	\$ 500,000 00
Losses under adjustment	94,142 46
Dividend payable Jan., 1890....	25,000 00
Reserve Fund.....	\$225,000 00
Balance, Profit and Loss.....	12,286 41
	<u>837,286 41</u>
	81,450,428 87
<i>Assets.</i>	
United States bonds	\$ 529,590 00
Dominion of Canada stock	211,417 50
Loan company and bank stock...	129,380 00
Company's building	65,000 00
Municipal debentures	\$4,668 49
Cash on hand and on deposit	130,566 25
Bills receivable	47,913 74
Mortgages.....	12,100 00
Re-assurance due from other companies	41,958 16
Interest due and accrued	6,546 73
Agents' balances and sundry accounts.....	196,988 00
	<u>81,450,428 87</u>

A. M. SMITH, President. J. J. KENNY, Managing Director.

AUDITORS' REPORT.

To the President and Directors of the Western Assurance Company:

GENTLEMEN,—We certify to having examined the books, securities, vouchers and bank balances of the Western Assurance Company for the year ending 31st December, 1889, and find them correct and in accordance with the annexed balance sheet and statement.

R. R. CATHRON,) Auditors.
JOHN M. MARTIN, F.C.A.,)

Toronto, Feb. 14th, 1890.

The president in moving the adoption of the report said :

"The report just read and the accompanying accounts present, I think, so clear a synopsis of the business of the company for the past year, that it is scarcely necessary for me to enlarge upon it to any extent. I may say, however, that it must be gratifying to the shareholders to note the position which the Western maintains among the insurance companies of this continent, evidence of which is presented in its premium income of nearly a million and three-quarter dollars (after deducting re-insurances), which comes to us from agencies scattered throughout all the provinces of the Dominion, the United States, and the British West Indies. And while it is true that the profit realized upon the year's business is not so large as might be expected under ordinary circumstances, and is, in fact, smaller than has been shown in our annual balance sheets for some years past, it must be remembered that the year 1889 has been in some respects an exceptional one. It is seldom we experience within the period of a few months four such conflagrations as those towards which we were called to contribute during last year, two on the Pacific Coast (which has hitherto been a very profitable field), and two, occurring within a very few days of each other, in the State of Massachusetts, at Lynn and Boston. So that when, with the calls upon our treasury which these involved coupled with the unfavorable experience in the Marine branch during the closing months of the year, we are able to meet our shareholders with a large enough profit balance to pay their usual dividend of ten per cent. and add something to our surplus, I think you will agree with me that we are presenting ample proof that our affairs are being conducted in such a manner as to command your confidence and reflect credit upon those responsible for the active management and supervision of the company's business, both at the head office and at the branches and agencies throughout its extensive field of operations."

"In regard to the outlook for the future, I need scarcely remind you that our business, being subject largely to elements beyond human control, is of such a nature that we do not feel safe in attempting to form an estimate in advance of the probable result of any year's transactions. We can only continue to pursue that

course which experience and prudence point out as best in the interests of the company, and rely upon the outcome being in the future as it has proved in the past, such as to yield shareholders a good return upon the capital invested while affording policy-holders ample security."

"I cannot close without a further reference than that made in the report to the loss we have sustained, since we last had the pleasure of meeting the shareholders, in the death of our late vice-president. His worth and his many virtues are too widely known to require more than passing notice here; but I may say that in the death of Mr. William Gooderham, we feel that the company has lost a faithful officer and director, and each member of the board a highly esteemed friend."

The vice-president, Mr. George A. Cox, in seconding the adoption of the report, said :—

"Mr. Chairman, you have very justly alluded to our late respected vice-president, who had for many years and with so much satisfaction to the shareholders discharged the duty that now devolves upon me. When I say that I deeply regret the fact that he is not here to discharge that duty to-day, I am sure I but give expression to the feeling of every shareholder and director, every officer and employee of the company."

"The experience of the company for the year under view affords in my judgment more than ordinary cause for congratulation, notwithstanding the fact that the profits are lower than for several years past. The year of 1889 will long be remembered amongst both fire and marine underwriters as one of unusual severity. In addition to the disastrous storms on the Atlantic coast as well as on the lakes, we have been heavily interested in no less than four serious conflagrations, and I repeat that it is certainly a matter for congratulation that the large annual premium income, amounting last year to over \$2,000,000 gross, pouring into the coffers of the company from nearly every important point on this continent, was sufficient to meet these exceptionally heavy losses on land and sea as well as the ordinary losses of the company, and to do that without impairing our capital, without encroaching to the extent of one dollar upon our large reserves, without reducing our usual ten per cent. dividend to our shareholders; in short, without in any way disturbing the business of the company in the even tenor of its way. It is particularly satisfactory to feel that our business is now so extended and so well distributed, as to give us that average risk and that annual income that will safely carry the company through such disastrous storms and through such serious conflagrations as we have experienced during the past year."

"It must also be remembered that in years when we escape these exceptional losses we go on rolling up our reserve funds, and in looking back over the reports of the last five year, including the one just closed, I am gratified to find that we have in that time paid \$232,589.53 to our shareholders in dividends, have transferred no less than \$205,000 to our Reserve Fund, and increased the amount standing at credit of Profit and Loss by \$11,298.30; in other words, the company has earned for you about 20 per cent. per annum on your paid-up capital, about one-half of which has been paid to you in dividends, and with the other half a large Reserve Fund has been built up to protect your capital in years of unusual disaster. Another very satisfactory feature in this year's report is the fact that our business has been done at a cost of less than 30½ per cent., a rate that compares most favorably with that of any other company. Before taking my seat I desire to add that for these highly satisfactory results you are chiefly indebted to your able and energetic managing director and his well-selected staff, who know their business thoroughly and attend to it promptly."

The managing director, in reply to an enquiry, explained that the amount calculated as necessary to provide for unexpired risks was somewhat less last year than at the close of 1888, owing mainly to the discontinuance of annual ocean hull business. The marine premiums of the past year being chiefly on