

but no company has succeeded till now in obtaining a fire income exceeding two millions. That must be a source of gratification, because it carries with it the conclusion that when times improve and losses cease to be of the extraordinary character they have been for the last year and a half, the profit-giving power of the Royal will be found to have been greatly increased. But the report is not all matter for satisfaction, for the fire losses have been very heavy, much indeed beyond the average. It is true we could have made our own losses less because we have debited the year with losses both on the Queen and Midland Counties policies where we had not received the premiums, and it would have been perfectly legitimate to have written them against the funds of these companies, but they have all been placed against the year, and it is made consequently so much the worse. The epidemic of fires in 1892 has been very curious. Business had gone on very much as usual for a time, with a moderate amount of loss, when all at once fires increased enormously in number, without our being able to obtain any satisfactory explanation of the cause. They have not been confined to any particular country, nor to any particular time of the year, but have occurred over a large part of the world and at all seasons. In Liverpool, where our means of obtaining information might have been supposed to be good, every possible inquiry has been made, but we are entirely without satisfactory explanation as to the extraordinary increase both in the number and the severity of the fires. Under these circumstances we may well congratulate ourselves that in the days of our great prosperity we were sufficiently prudent to look forward to and prepare for days of adversity that might be expected to come sooner or later. During our prosperous times we happily accumulated such reserves as enabled us to meet calmly the succession of fires we have lately experienced, and to justify us in recommending the payment on this occasion of the same dividend as before, after which we carry forward to next year, at the credit of profit and loss, the very respectable amount of \$1,400,000. (Applause.) *In addition, there is a large increase in the value of our investments, particulars of which it has been customary to state at our meetings, and it will therefore, no doubt, be gratifying to you to hear that, as compared with the book values, the Stock Exchange value of our marketable securities shows a balance of over \$2,565,000 on the right side—i.e., these securities are worth \$2,565,000 more than they appear in the balance sheet. (Applause.) But that is not all—as it may be mentioned that our buildings have been largely written down as so to make perfectly certain that the values in our books are substantially below what we consider could be obtained for them if we should ever wish to sell. You will thus see how well our dividend is secured, and how large the funds are to protect us in days of adversity. It must not, however, be concluded that although the strong offices can look calmly on these fire losses, they are not making efforts to meet the position created by the increased number of fires. Not only is every endeavor being made to reduce losses, but attention is being given to readjust premiums to the altered conditions of the business, and, at the moment, the position has distinctly improved. We have had a bad year, but fire insurance is a wonderfully good business. It is 21 years since we showed a loss upon the accounts, and then that year's loss was caused by the great fire in Boston. The loss of the year now under review has to a considerable extent been caused by the conflagration in St. John's, Newfoundland. But for that fire we should have shown a substantial profit. During the intervening period of 21 years our profits have been very handsome indeed, for in that time we have increased our dividends from \$2 per share in 1872 to \$8.75 in 1892, and our fire funds have been raised from \$2,130,000 in 1872 to nearly \$15,000,000 in 1892. (Applause.) During the year we have, as mentioned at the last meeting, acquired the business of the Midland Counties Insurance Company—a very choice country business, which we have no doubt will add in years to come its share of profits to the Royal. In connection with that company we have followed the same course*

as we have done in our own business. We have written off \$2,775 from furniture account, and divided the funds, as shown on the statement printed with our balance sheet. In the life department we have had a large increase of business with a good year. The mortality has been slightly increased by the epidemic of influenza, but, from an estimate made at the end of the year, there is every prospect of an exceedingly satisfactory amount of profit at the next quinquennium at the end of 1911. You will notice, and no doubt approve, the action of the directors in adopting the Forged Transfers Acts of 1891 and 1892. Every shareholder will for the future know that his certificate is guaranteed, and that too without any extra charge being made. (Applause.) You will also be pleased to hear that we had no money deposited for any fixed time in any of the Australian banks. We had a small amount in banks, but only current balances required in our business. There are also the remittances sent to us in bills in the ordinary course of post, payments of which remain at present in abeyance, but there is little doubt all these will be met in due time, and we have not the slightest anticipation of any loss from these items. We have a few mortgages in the colony, the interest on which may for a time be difficult to collect until matters have settled down; but if there be ultimately any loss upon them, it will only be a very moderate amount indeed, for they are all small and most of them on property in the city of Melbourne, a part indeed in the centre of the city, the value of which cannot ultimately be seriously affected. (Applause.) Gentlemen, I think that is all I have to say, and I beg to move "That the report of the directors be approved and adopted, and that a dividend of \$5.75 per share be payable on or after Tuesday, the 4th July, making, with the interim dividend paid in January last, \$8.75 per share for the year 1892, free of income tax."

Mr. T. H. Ismay: Gentlemen, I have much pleasure in seconding the resolution which has been proposed by the Chairman, that the report and statement of accounts for the year 1892, as presented, be passed and adopted. The chairman has dealt very fully with the results of the company's workings during the past year, and there are only one or two remarks I should like to add to what has fallen from him. During a recent visit to America I had opportunities of conversing with your able representatives in New York and Chicago, and learning from them the opinions held in the United States with regard to the position of fire insurance business generally, and more especially in regard to American legislation against British and other foreign companies. Whilst this is continually the fore, you will be pleased to hear that it is opposed by the public, who do not wish to see competition restricted. Under the laws of the State of New York no one is permitted to place insurance with any company not authorized to transact business in the State, until he has filed an affidavit that he is unable to procure the insurance that he needs for the protection of his property in the companies so authorized. A list has been filed of upwards of 2,000 firms and individuals resident in the city and State of New York who have made such affidavits, and the number is growing daily. A somewhat similar condition of affairs exists in Boston, and largely also among the cotton and woolen industries in Philadelphia. In this we see the effects of adversity. Capital is withdrawn because of unproductiveness. Lines are reduced for a similar reason, and a demand for insurance has been created which is beyond the power of the authorized companies to supply. This must produce the usual commercial result—an advance in rates. The stronger companies have competed to get a grip of the business, in order that when rates advance they may benefit. This benefit we have yet to experience, but it will doubtless come. Greater firmness on the part of managers and agents is being exercised in regard to the business accepted, and those companies, like the Royal, which have been able to pass through the ordeal of the past two disastrous years, will soon begin to reap advantages therefrom. Gentlemen, I have nothing more to say, except that I feel you have to be congratulated upon, the sound position of your pro-