Our Reserve is calculated on the Actuaries' Table, the highest assumed rate of mortality, and all our business new and old is on a 4 per cent. basis, and has been for several years. Some of the Companies still base their reserves on the Government standard H.M. 4 1-2 per cent., while the majority of them have adopted a lower rate of interest for new business only, still retaining the Government standard for their old business.

The death rate is a certain and fixed quantity, while the rate of interest or value of money is very unstable, but always with a downward tendency. So whatever we may do with regard to profits, surplus, etc., we are bound to make ample provision for payment to the utmost farthing of our obligations. In making these remarks I do not wish to be understood as meaning that the time has arrived to change our basis of Reserve, but if the time should come when it may become necessary, that The Ontario, as on former occasions will be one of the first to adopt a still higher standard of safety.

It is gratifying indeed to observe the very great decrease in lapses and surrender values. This has been the weak spot in all life assurance Companies for many years, but let us hope the very marked improvement this year may continue, and that not only we, but all other Companies may share in a like improvement.

In conclusion—I have endeavored to show you that as compared with 1896 we added largely to our insurance in force and as compared with 1887 we nearly doubled the amount of insurance on our books; that as compared with the past or any other year our lapses are very much less, our reinstatements more, our total income much greater, and that we paid more surplus last year than in any previous year; that as compared with 1887 we paid more than double, that we added largely to our Reserve and to our surplus, that our death rate was less, and that up to the first of May in the present year our new business is greater by $101,000 than for the same time last year, and our death rate up to May 1st is not greater than for the corresponding period of last year. Therefore have we not reason to hope, with the active and earnest co-operation of our policy holders, Board, Agents and staff, in all legitimate and honest ways, to anticipate for 1898 as great, or even greater prosperity than we had in 1897?

VICE-PRESIDENT'S ADDRESS.

Mr. Alfred Hoskin, Q.C., second VicePresident of the Company, said in seconding the adoption of the Report: "I must be permitted to add a few words to what has been said in regard to our late President. In his death the Company not only sustained a great loss, but the Board was deprived of a friend. Mr. Bowman was an all-round man, he was not only careful and solid, but had a clear mind and foresight. His judgment in the investment of our funds was sound, and he was always alive to the advancement of the insurance part of the business. The agents and all connected with the business, cannot but admit that he was ever ready to listen, and, after consideration, to adopt suggestions made in the interests of the Company. He earned his rest, and I feel warranted in saying that we all miss him.

"I desire to add a few words as to the position of the investment part of our business. Although we are an insurance company, and every effort should be made to push and enlarge that portion of the business, yet the stability of that depends upon the security of the investments—without the latter the former would be in peril, and the agents would find a difficulty in securing insurances if the assets of the Company were doubtful. In 1897 the invested funds of the Company amounted to $3,484,781. The care of such a large sum entails considerable labor and anxiety upon those who have charge of the same, for upon the earning power of this sum depends largely the profits we have to divide. It be obtained are steadily falling, and in addition the difficult-is almost unnecessary for me to remark that the rates to ies of finding investments are increasing. Complaints are sometimes made by policy-holders that their profits are not increasing fast enough, but if they thought for a moment they must conclude that, as profits are less in every kind of business and in loan companies, the profits from the investment of assurance companies must be similarly affected.

"I find that in 1896, our average rate of interest on our invested assets was 5.62 per cent., and in 1897, 5.13 per cent. This to a great extent arises from our having to reduce the rate, in many instances, from 6 to 5 1-2 per cent. In comparison with other companies of about our size, I find that during the years 1896 and 1897 the net rate of interest earned by them was respectively only 4.44 & 4.34, 4.92 & 4.65, 4.76 & 4.63 per cent.; so you will see that our showing, by comparison, is a good one. Agents very naturally desire to get as much remuneration as possible, but they should have regard to the decreasing earnings of all Companies, and also that very few concerns can stand an increasing expenditure upon a decreasing earning power.

"I find that, as compared with other Canadian companies, our investments (except in two companies) upon mortgages are larger and (except on one instance) our investments on debentures are greater, comprisng about 75 per cent. of our total funds invested. Our remaining investments consist almost of loans on the security of our policies and real estate.

"I might state for the information of the policy-holders, that once a year a committee of the Board nhandles every mortgage and debenture, and ascertains the position of each mortgage account, and where thought necessary gives instructions for their being looked after."

ASSESSMENT COMPANIES.

Mr. B. M. Britton, Q.C., M.P., Kingston, referred to the harmony that existed at the Annual Meeting of the Company, and the enthusism manifested in its proceedings from year to year. He was pleased to note the steady growth of the Company, and the satisfactory results achieved for its policy holders. He contrasted the advantages which policy holders enjoyed in a well managed Legal Reserve Life Company like The Ontario Mutual Life as compared with certificate holders in any kind of Assessment Companies, which, as well said by the Superintendent of Insurance for the Dominion, "were an experiment" and that "what has just taken place in the case of the Massachusetts Benefit Assessment Association exemplified in a striking manner what may be expected in the case of all similar Associations." At best insurance in such Societies can be considered only as temporary. He believed that the time was rapidly approaching when many of the Assessment Companies must necessarily go to the wall. Certificate holders must, if such Associations do not wholly collapse, "either drop out or pay very largely increased premiums, and that too at a time when by reason of impaired health, or for other causes it may be impossible to obtain insurance elsewhere."

No Company can stand forever, humanly speaking, unless the premiums charged are sufficient to cover the risk of dying and the expenses of conducting the business. Public opinion at the present time is much more enlightened on this subject than formerly, in proof of which he instanced the discussions which have recently taken place in Parliament on the subject of Life Insurance in general and Assessment Insurance in particular. The half-heartedness with which Legislators approached the subject in the past has been supplanted by a sincere desire to understand the needs of the insuring public, and to safeguard their interests by legislation of a practical character, which while fostering all legitimate life insurance, will make it impossible for counterfeit insurance to obtain a lasting foothold in Canada.

OTHER BUSINESS.

Hearty votes of thanks were accorded to the President, Vice-Presidents and Directors for carefully looking after the Company's affairs, and to the Manager, Secretary, Actuary, Officers and Agents for faithfully discharging their respective duties during the past year.

Regret was very generally expressed at the absence of the Manager from this meeting owing to severe illness, from the effects of which he has not yet recovered, and a resolution conveying the sympathy of the meeting was passed, and expressing the hope that his health may soon be restored.

On Motion of Mr. J. L. Troy, Dr. Webb, Medical Director, and Mr. George Wegenast, Actuary, were appointed scrutineers for the election of four Directors. The balloting which followed resulted in the re-election of Messrs. B. M. Britton, Q.C., M.P., Francis C. Bruce, Wholesale Seed Merchant, Hamilton, J. Kerr Fiskin, B.A., Toronto, and Geo. A. Somerville, Manager of The Huron & Erie Loan and Savings Company, London.

On Motion Messrs. J. M. Scully and Geo. Davidson were re-appointed Auditors for the present year.

The Directors met subsequently and re-elected Mr. Robt. Melvin, President; Mr. C. M. Taylor, First Vice-President; and Mr. Alfred Hoskin, Q.C., Second Vice-President of the Company for the ensuing year.