

STANDARD BANK OF CANADA.

The second annual meeting of the shareholders of this bank was held in its office, Toronto, on Wednesday, the 11th instant. On motion, the Hon. T. N. Gibbs, M.P., President, took the chair, and read the following:

REPORT.

The Directors beg to submit to the shareholders the following statements of the business of the bank for the year ending 30th June, 1877, and they believe that, considering the prevalent commercial depression, they will be deemed satisfactory:

It was found necessary, on account of the small dividends received from some of the old insolvent accounts, to make use of the amount (\$20,000) which was placed to contingent account last year to provide against probable, but at that time unascertained, losses.

The Board, however, are pleased to state that, out of the year's profits, they have been able, after paying all expenses, interest, etc., to declare two dividends amounting to six per cent., and to carry forward the sum of \$10,156.76 at the credit of profit and loss account, with which they expect to be able to begin a Reserve Fund next year.

The Directors have continued their conservative policy in the management of the bank, and since last annual meeting have satisfactorily closed two more of the bank's agencies, viz., Wingham and Oshawa, which they had not funds enough to work at a profit.

The various agencies of the bank have been carefully inspected, and found to be in good order; and the Board has pleasure in stating that the officers of the bank have discharged their duties to their satisfaction.

THOS. N. GIBBS,
President.

STANDARD BANK OF CANADA, June 30, 1877.
Profit and Loss Account.

Balance of profit and loss account carried forward from last year	\$647 74
Profits for year ending 30th June, 1877, after deducting expenses, interest, etc.	41,259 13
	\$41,906 87
Dividend No. 2, paid Jan. 2, 1877	15,037 50
Dividend No. 3, payable July 2, 1877	15,232 50
Reduction (10 per cent.) on office safes and furniture account	1,480 11
Balance carried forward	10,156 76
	\$41,906 87

GENERAL STATEMENT.

Liabilities.

Notes of the bank in circulation	\$ 237,211 00
Deposits bearing interest	320,385 25
Deposits not bearing interest	187,795 14
Balances due to other banks in Canada	8,939 61
Reserve for interest due to depositors	5,311 07
Total liabilities to the public	759,642 07
Capital paid up	507,750 06
Dividends unclaimed	208 50
Dividend No. 3, payable July 2, 1877	15,232 50
Balance of profit and loss account carried forward	10,156 76
	1,292,989 83
<i>Assets.</i>	
Specie	\$ 39,420 91
Dominion notes, legal tenders	68,402 00
Notes of and cheques on other banks	33,325 55
Balances due from other banks in Canada	27,625 47
Balances due from foreign agents	5,766 66
Assets immediately available	174,570 49
Loans, discounts, or advances to corporations	38,300 00

Real estate (other than bank premises)	13,925 23
Notes and bills discounted and current	1,033,510 15
Notes and bills overdue (secured)	14,682 50
Notes and bills overdue (considered good)	4,503 47
Office safes and furniture	13,500 00
	\$1,292,989 83

J. L. BRODIE,
Cashier.

After some observations by the President on the business and prospects of the Bank, the following resolutions were put and carried unanimously:

Moved, seconded by Mr. W. F. Cowan, Vice-President, That the report and statements now read be adopted and printed for distribution among the shareholders.

Moved by Hon. W. Cayley and seconded by S. Trees, Esq., That the thanks of the shareholders are hereby tendered to the President, Vice-President, and Directors of the Bank, for the able manner in which they have conducted its affairs during the past year.

Moved by Mr. Adam Spears, seconded by Mr. John Koch, That the thanks of the shareholders be given to the Cashier, Inspector, Agents, and other officers for their zealous attention to the interests of the Bank.

Moved by Mr. Frederick Wyld, seconded by Robt. N. Taylor, That the ballot box be now opened, and remain open till two o'clock this day, for the receipt of ballot tickets for the election of Directors, the poll to close as soon as five minutes shall have elapsed without a vote being tendered, and that Messrs. Henry Pellatt and John Stark do act as scrutineers.

The scrutineers presented the following report:

Standard Bank,
Toronto, 11th July, 1877.

J. L. BRODIE, Esq.,
Cashier:

SIR: We, the undersigned Scrutineers, appointed at the general meeting of the shareholders of the Standard Bank of Canada, held this day, do hereby declare the following gentlemen duly elected directors for the ensuing year: Hon. T. N. Gibbs, M.P.; Messrs. W. F. Cowan, A. T. Todd, W. F. Allen, G. D. Morton, M.D., R. C. Jamieson, Frederick Wyld.

H. PELLAT,
JOHN STARK,
Scrutineers.

At a subsequent meeting of the newly-elected Board, the Hon. T. N. Gibbs, M.P., was re-elected president, and Mr. W. F. Cowan, vice-president, by a unanimous vote.

J. L. BRODIE, Cashier.

INSURANCE QUESTION—Continued.

The fact that the contract of Life Insurance has commonly been so drawn as to make such forfeitures possible at the option of the company, whenever the insured is unable to pay a premium, has been the cause of endless reproaches and misunderstandings. It is not just in itself that the security given by the pledge of the insurance should be more than is adequate to cover the debt. And even though it were true without exception that the practice of the companies is more liberal than the letter of the contract, and that they always allow to the withdrawing member any surplus value of his relinquished insurance above their lost annuity, it would still be improper and impolitic to draw the contract in such a form that it shall be optional with them to do right or wrong, and that an act of mere justice shall be granted as a favor. In the early days of the business the error was natural, since no proper remedy for it was known. The companies were conscious that the lapses of policies are, on the whole, a serious injury to them, and the only obvious method of securing themselves was by the condition of forfeiture. It was generally adopted, but rapidly led, on the part of the

companies, to various devices and methods for alleviating its hardships, in cases of injustice; and on the part of the public to misunderstandings which have proved to be the most serious difficulty the business has met. Indeed, the very devices adopted as remedies have, on the whole, aggravated the evil.

For the system of annual premiums, in its nature a mere contrivance for extending credit to purchasers of insurance, was permitted to control the theory of the subject, as if it were its essence and sum. We have seen that this theory is complete, when the insurance contract is regarded as a single and final purchase and sale, by which the relations of the parties are irrevocably determined from the first. But the theory commonly taught and received of late years in America is very different. It begins by assuming that the insurance contract is renewed from year to year; that the annual premium is to be regarded as composed of distinct parts, one part paying for the insurance of the year, and another part deposited with the company, to be held and accumulated in trust should the insured survive the year, towards the payment of his claim whenever it shall fall due. From this view, two inferences are natural and easy: 1. That the company must always have in reserve at the end of the year, against each continuing policy, a sum equal to the second part of the premium, or the deposit; and that the possession of this sum is the test of the solvency of the company. 2. That the deposits in question, thus held in reserve against any particular policy, is the "reserve" belonging to that policy; is, in some sense, the property, not of the company, but of the policy-holder; and that it can never justly be appropriated, without his consent, to any purpose but the payment of his claim. This theory forms a consistent and beautiful system of thought. The assumptions on which it rests are easily comprehended; the calculations which it requires to determine the values of insurances are such as any boy of fourteen, with a turn for figures, can thoroughly learn in a few weeks; and he who has learned them almost inevitably persuades himself that he is a complete master of the science. The fascinations of this theory have been strong even for actuaries of high rank; it is not surprising, therefore, that for a whole tribe of amateur actuaries and sciolists they have been irresistible. These gentry have re-echoed and exaggerated the cautions and tentative approval given to the system by certain eminent writers, until it has become the popular form of conceiving the subject, has found recognition in the laws of most of our States, and has been generally adopted as the test of the business by nearly all the criticism of it which claims to be intelligent. It has been extensively countenanced by the companies themselves, under the guidance of an able school of actuaries; and to this day many of their most successful officers, while well aware that it leads to countless inconsistencies and evils in practice, are so fully possessed of their belief in it as to be ready to throw all blame rather on the facts than on the theory.

That it has, as a theory, its uses as well as its beauties, can not be denied. But as it is currently held and applied in practice, it is misleading, dangerous, and destructive. The two inferences from it, which are mentioned above, are in practice false, and have been the sources of most of the difficulties with which Life Insurance now struggles. In the first place, the use of net valuations of reserve as a test of solvency, though not positively enjoined by the statute law of New York, has become the uniform practice of the State authorities here as in most of the States. It is rather worse for this purpose than no test at all. A company may be, many companies have been, for every commercial purpose, as far removed from danger of insolvency as the Bank of England, when a net valuation of reserves by the legal standard would show a vast deficiency. A company may be, some have been, hopelessly bankrupt by a fair commercial standard, when such a valuation, faithfully made and given to the world by