nearly all the financial, commercial and agricultural interests of the country have been passing through a very trying time, perhaps none more so upon the whole than our loan companies, because of their more direct interest in the agricultural productions of the country, where low prices for produce and consequent shrinkage in values of land have prevailed. It should therefore, I think, be gratifying that during this quinquennium the directors have been enabled from the net profits to pay a six per cent. dividend each year, and in addition to increase the Reserve fund from $290,000 to $345,000, equal to $11,000 per annum, and I am pleased to be able to congratulate the shareholders, depositors, and debenture-holders upon having emerged from this period of depression in a stronger position than that in which we entered it. There is now unmistakable evidence upon every hand that the country has entered upon a new era of prosperity, and we fully expect to participate in that prosperity.

The unfortunate experience of one or two of the smaller companies has caused apprehension in the minds of some as to the effect it may have upon the credit of loan companies generally who place their debentures in Great Britain. I do not anticipate any difficulty in that respect. There are good and bad investments in every country and the experience of British investors in the debentures of Canadian loan companies during the last quarter of a century will compare favorably with their investments at home.

A more perplexing problem with all our financial institutions is where best to find profitable investment for the rapid accumulation of funds in the hands of our life companies, loan companies, banks and trust companies. So far as this company is concerned it will be seen that we have been directing our attention with considerable advantage to the purchase of Dominion and provincial Government bonds, municipal and other high-class securities, trusting to the advancing value of securities of this description to compensate for the lower rate of interest they carry.

I deeply regret having to record the death, since our last annual meeting, of Mr. Wm. Finlayson, of Glasgow, the senior member of the firm of Messrs. Finlayson & Auld, who have for so many years represented the company in Great Britain with so much satisfaction to the company and with so much credit to themselves. The surviving members of the firm, Messrs. MacKechnie and Auld, continue to represent the company, and we are under renewed obligations to them for the satisfactory manner in which they have done so during the past year.

In August last, Mr. F. G. Cox resigned his position as manager of the company to accept the position of managing director of the Imperial Life Assurance Company. The vacancy thus created was filled by the appointment of Mr. E. R. Wood, as manager, who has for many years, and with much satisfaction and advantage to the company, filled the position of secretary. The company's entire staff continue to discharge their duties most satisfactorily.

Before I submit for your approval the resolution adopting the report I shall be glad to answer any questions or supply any information desired by any shareholder present. If there are no such enquiries, I beg to move, seconded by Mr. Hall, the vice-president, the adoption of the report.

In seconding the resolution, Vice-President Hall said:

Gentlemen,—The steady solid growth of the company from the date of its organization in March, 1884, down to the present time, must, I am sure, be satisfactory to the shareholders. They have received six per cent. for every day that their monies have been in the hands of the company, and in addition to paying that rate a reserve fund of $345,000 has been accumulated, of which $150,000 is represented by premium paid on capital stock issued from time to time, and $195,000 by actual earnings. This latter amount is equal to over $14,000 for every year of the company's history. It will be remembered by many present that the advisability of paying a higher dividend than six per cent. has been discussed at various times, but the directors have always refused to do so, feeling that the accumulation of substantial reserve was more in the interests of the shareholders. Most of the original shareholders still retain their stock holdings, but those who have been obliged to sell out have reaped the benefit of the reserve by the increased premium brought by the stock.

I am pleased to be able to state that while the directors have had an eye to making profits for the shareholders they have not forgotten the interests of the depositors and debenture holders. They have entrusted their funds to the company at low rates of interest, and are entitled to the best possible security. With this in view the directors have invested largely in easily convertible securities in order that they might be prepared for any and every contingency. It will be noticed on reference to the report that the company has $961,977.27 in Dominion and Provincial Government and municipal securities and call loans, which is all practically cash, inasmuch as it could be turned into cash on a week's notice. This amount is in excess of the total amount of the company's deposits, and more than 25 per cent. of the total liabilities to the public. I venture to say that this feature of the report will be satisfactory and gratifying to all concerned, but especially to the depositors and debenture holders.

I have pleasure in seconding the resolution for the adoption of the report.

The usual votes of thanks were passed.

Auditors—Messrs. Wm. Manson, H. M. Pellatt and F. H. Mathewson were appointed auditors for 1898 at Peterborough, Toronto and Winnipeg, respectively.

Inspection Committee—Messrs. F. C. Taylor, Richard Hall, and F. H. Mathewson were appointed Inspection Committee fo 1898.

Dr. J. A. Fife and Geo. M. Roger having been appointed scrutineers, reported the following gentlemen elected as directors for the ensuing year: Hon. Geo. A. Cox and Messrs. Richard Hall, F. G. Cox, E. S. Vindin, F. C. Taylor, J. J. Kenny, Rev. J. Potts, D.D., Robert Jaffray, J. H. Housser, Wm. Mackenzie, A. A. Cox and Sir Thos. W. Taylor. The meeting then adjourned.

At a subsequent meeting of the directors the following officers were elected: President, Hon. Geo. A. Cox; Vice-Presidents, Richard Hall, and F. G. Cox.

NORTH AMERICAN LIFE.

The annual meeting of this company was held at its head office in Toronto, on January 25th. Mr. John L. Blaikie, president, was appointed chairman, and Mr. Wm. McCabe, secretary. The directors' report presented at the meeting, showed marked proofs of continued progress and solid prosperity in every leading branch of the company's business. Details of the substantial gains made by the company during the past year are more particularly referred to in the remarks of the president and report of the consulting actuary.

Summary of the Financial Statement and Balance Sheet for the year ended December 31st, 1897.

Cash income ....$	699,550 49
Expenditure (including death claims, endowments, matured investment policies, profits, and all other payments to policy-holders)..	454,367 26
Assets....	2,773,177 22
Reserve fund	2,245,920 00
Net surplus for policy-holders.	427,121 33

Wm. McCabe,
Managing Director.

Audited and found correct.
Jas. Carlyle, M.D.,
Auditor.

Mr. W. T. Standen, of New York, the company's consulting actuary, in his full and detailed report of the year's operations, said:

"I have very carefully examined the accounts and balance sheet of the company, as at December 31st, 1897, and beg leave to report to you as follows, upon the result of such examination:

"Your obligation for investment policies that matured in 1897 called for an outlay of over $89,500—the individual settlements not only being generally satisfactory, but, as a matter of fact, comparing more than favorably with the settlements made by other companies upon similar forms of policies.

"The covering of this obligation, together with $136,579.96 paid to beneficiaries under policies that matured by death of the insured; $28,005.10 paid for matured endowments; 4,291.46 paid to annuitants; and $13,101.08 paid for surrendered policies, gives a total of over $271,000, paid out during the year to policy-holders alone.

"These and several other items of disbursements in a life insurance company's business are practically uncontrollable—some other items involved in the cost of management being more or less under control. It is, therefore, very gratifying to me, as an evidence of very careful management, to note that those controllable expenses are less than eight per cent. of your total disbursements.

"The continued tendency to lower rates of interest, upon such strictly first-class securities as you are authorized to invest in, emphasizes the wisdom of your management in having begun two years ago to compute reserves on new business upon that high standard of value known as the Hm. 4 per cent. Table. The course now being pursued, must be of the utmost advantage, because it is year by year applying this more rigid test to a larger and larger volume of your business, without materially disturbing your current accumulation of surplus.

"This feature also enters, with other considerations, into the important question of reducing the estimates of future surplus on investment policies, which is a necessity recognized by all the life companies. I, therefore, heartily recommend that your company adopt the estimates herewith submitted by me, based as they are, upon existing conditions, and resulting in amounts as favorable as the actual settlements now being made by the best-managed companies.

"I am glad to see that the increase in your cash income in 1897—$57,762.41—is greater than the gain effected in the previous year—a most excellent result in view of the commercial and business conditions that prevailed.

"Notwithstanding the large amount paid to policy-holders, heretofore referred to, namely, $271,000—it is very satisfactory, indeed, to find that you were again able to show an increased net surplus. This gain has been effected in spite of the conservative basis of valuation, which has been applied to the assets of the company. For instance, the market value of your debentures, etc., is $21,453.15 in excess of the amount for which you have taken credit in your statement. Following the course usually pursued, you could have properly increased your surplus account over $21,000.

"The new business written in 1897 being 2,621 policies, insuring $3,556,024 (being the largest in the history of the company), is a very handsome result, in view of increased competition in such a limited field, and especially of the financial conditions that existed throughout the greater portion of the year. I regard it as specially satisfactory that the bulk of the business is upon long-term investment plans, most favorable to the policy-holder, as well as to the company, from every point of view.

"An extremely satisfactory feature of