

THE BRITISH EMPIRE MUTUAL LIFE ASSURANCE COMPANY

HEAD OFFICE FOR CANADA - - MONTREAL

55TH ANNUAL REPORT

(For the Year ending 31st December, 1901.)

The Directors have much pleasure in submitting to the Members their Fifty-fifth Annual Report on the progress of the Company's business.

NEW BUSINESS.

During the year 1,187 Proposals were received for the assurance of \$4,004,775. The Policies issued were 1,014 in number, assuring \$2,868,745, and carrying premiums of \$123,210.

Re-assurances were effected with other Companies for \$320,165, at premiums of \$7,995.

Immediate and Reversionary Annuities, 21 in number, were granted for \$8,865 per annum, the consideration money received being \$98,585.

REVENUE FROM PREMIUMS AND INTEREST.

The total Premium Income for the year was \$1,364,165, after deduction of Re-assurance payments. The Revenue from Interest was \$562,990, being at the rate of \$3.80 per cent. (after deducting Income Tax), calculated upon the average funds of the year, invested and uninvested.

DEATH CLAIMS AND EXPENDITURE.

The Claims arising from the death of 444 persons assured under 508 Policies were for the aggregate sum of \$870,330. The number of deaths and the amount paid in Claims were both well within the expectation.

6 Annuitants in receipt of \$1,590.25 per annum died during the year.

The Disbursements on account of Commission and Management Expenses, show a decrease in amount and percentage to the Revenue from Premiums.

AUDIT OF ACCOUNTS.

The audit has been continuous and of a very strict character, and was, as usual, conducted by the Professional Accountants appointed by the Members. The following is the Auditor's Report:—

"We have examined the above Revenue Account and Balance Sheet with the accounts and vouchers relating thereto, and with the locally audited accounts of the Canadian and Indian Branches, and hereby certify them to be in our opinion accurate, and properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, as shown by the books of the Company.

"Our requirements as Auditors have all been complied with."

TOTAL FUNDS AND POLICIES IN FORCE.

At the close of the year the total Funds amounted to \$15,074,700. Comparing this with the Funds at the beginning of the year, an increase is shown of \$506,920. The policies in force were 24,701 in number, assuring \$43,306,355, including Bonus additions (after deduction of Re-assurances); and 218 securing Annuities of \$90,025 per annum.

DIRECTORS AND AUDITORS.

The Directors deeply regret to announce that towards the end of the year the death of Dr. J. H. Trouncer deprived them of the counsel, and the Company of the services of a highly-valued member of the Board. Dr. Trouncer had filled the office of Director since 1871, had been Chairman of the Board from January, 1892, to April, 1894, and was a Deputy-Chairman at the time of his death. The vacancy in the Directorate thus created was filled up by the Board, in accordance with the Articles of Association, by the appointment of Mr. John Tryon, of the firm of Messrs. Saltwell, Tryon & Saltwell, of 1 Stone Buildings, Lincoln's Inn, who now submits himself for re-election.

The retiring Directors are His Honour Judge Bompas, the Right Hon. Viscount Dillon and Mr. George Phillips. The retiring Auditor is Mr. Henry Spain, F.C.A. All these gentlemen are eligible, and offer themselves for re-election.

VALUATION AND BONUS.

The Directors are pleased to announce to the Members the results of the Actuarial Investigation as at the 31st December, 1901. According to the Report of the Actuary, the operations of the Company during the two years since the last Valuation have produced a very satisfactory profit, but out of such profit the Directors again deem it expedient to devote a considerable sum to strengthening the reserves, a course which has been consistently followed for many years and is believed to be in the best interests of the Company. In particular, the Directors are of opinion that no portion of the business should now be valued at a higher rate of interest than 3 per cent., and this involves a large increase in the reserves of the Canadian section of the business which on the last occasion were based on 3 1-2 per cent. The Valuation has been made on the basis of the new British Offices OM(6) Table with interest at 3 per cent. for all Assurance contracts, according to the net-premium method, and the Government Annuitants' Table (1883) with interest at 3 per cent. for annuities.

As a result of the Valuation upon this stringent basis, the Directors have allotted Reversionary Bonuses at the rate of \$12.50 per annum per \$1,000 Assured by all Home and Indian policies entitled to participate in the general section and \$13.75 upon such Policies in the Temperance Section. In both cases these Bonuses are upon the same scale as at the two last Valuations. During the current quinquennium, the Directors will also allot to all Policies entitled to full participation in the profits, which may become Claims in the period, an Interim Bonus at the rate of \$1.00 per cent. for each complete year of duration counting from the 1st January, 1902.

In regard to the Canadian Section, the continued fall in the rate of interest, not only experienced by the Company, but remarked upon by the Insurance Commissioner of the Dominion as a general feature, has led the Directors to decide that the rate of 3 1-2 per cent. previously employed in the valuation of the Canadian contracts can no longer be maintained. After strengthening the reserves so as to place them on a 3 per cent. basis, the Directors regret that there is no surplus in the Canadian Fund for division as Bonus. But it must be pointed out that a lower scale of premiums was adopted in Canada on the assumption of a higher earning power of capital than obtains under present conditions, and that Canadian Policyholders enjoy an advantage as compared with the other Members of the Company in respect of such lower rates. Moreover, increasing the reserves will have the effect in Canada, as in England, of safeguarding the Policyholders' interests and improving the Bonus prospects.

The Directors have, however, resolved to offer to the Canadian participating Policyholders the option of increasing their premiums to the level of the rates now in force in England, and receiving at future divisions of profits the same Bonus as may be declared upon Home policies, as an alternative to remaining in the Canadian Section, with participation in the profits of that Section.

After providing for the Bonus above mentioned and making additional reserves on Paid-up and Limited Premium Assurances, there is a balance of surplus of \$16,495 (apart from the Reserve Fund of \$262,195) to be carried forward.

The Actuarial Valuation of the Positive Funds has been made upon the same basis as on the last occasion, namely, for Home Policies the Institute of Actuaries' HM Table at 3 1-2 per cent. interest, for Indian Policies the "Positive" special Indian Table of Mortality at 3 1-4 per cent.; in both cases 80 per cent. of the Participating Premiums and 85 per cent. of the Non-Participating Premiums being valued. A surplus of \$37,310 has resulted, of which \$33,000 has been distributed among the Participating Policyholders (to whom all the divisible profits belong) in accordance with the terms of the Transfer, and the sum of \$4,310 carried forward.