

## Meetings.

## WESTERN ASSURANCE COMPANY.

The annual meeting of the shareholders of the above company was held at its offices in this city, on Thursday, the 20th inst. Mr. Geo. A. Cox, president, occupied the chair, and Mr. C. C. Foster, having been appointed to act as secretary to the meeting, read the annual report of the directors.

## REPORT.

The directors beg to submit herewith their report on the business of the company for the year 1895.

The premium income shows a considerable increase over that of the preceding year, and in the fire branch—notwithstanding the losses sustained in the conflagrations in Toronto in the early part of the year—a satisfactory profit has been realized. This result is chiefly due to the moderate loss ratio experienced on the fire business of the company in the United States which, it may be noted, has shown during the past two years a steady and marked improvement.

The past season has been to companies engaged in underwriting on the lakes a most trying one. The losses, both on hulls and cargoes, are shown by the statistics of the business which have been compiled to have been far in excess of those of any previous year. The low water on the lakes and rivers materially increased the dangers of navigation, while the disasters from other causes, particularly to the larger and better class of vessels, were exceptionally numerous. Under these circumstances, with the large volume of this class of business which the company transacts, the loss on last season's operations on the lakes has, as might naturally be supposed, been sufficiently serious to affect the total result of the business of the company for the year. On the ocean business a fair profit has been realized.

The directors feel that taking into consideration the numerous losses of an exceptional nature which the company has—in common with others in the same line of business—been called upon to bear, the showing made in the accompanying statements cannot but be regarded, on the whole, as satisfactory.

The directors desire to express their appreciation of the services of the officers and agents of the company during the past year.

## FINANCIAL STATEMENT OF THE WESTERN ASSURANCE COMPANY, FOR THE YEAR ENDING DECEMBER 31ST, 1895.

## REVENUE ACCOUNT.

## Dr.

Fire losses, including losses under adjustment at December 31st, 1895 .....	\$1,125,763 77
Marine losses, including losses under adjustment at December 31st, 1895 .....	440,501 00
General expenses, agents' commissions, and other charges ..	765,091 04
Balance to credit of profit and loss .....	76,536 06
	\$2,407,891 87

## Cr.

Fire premium.....	\$2,090,867 38
Marine premium..	615,820 76
Less re-assurance .....	374,448 83
	\$2,332,239 31
Interest account .....	75,652 56
	\$2,407,891 87

## PROFIT AND LOSS ACCOUNT.

## Dr.

Dividend No. 68 .....	\$ 50,000 00
Dividend No. 69 .....	50,000 00
Depreciation in securities .....	7,367 86
Balance—Reserve at December 31st, 1895 .....	1,072,952 16
	\$1,180,320 02

## Cr.

Reserve funds at December 31st, 1894 .....	\$1,103,783 96
Balance of revenue account .....	76,536 06
	\$1,180,320 02

## Assets.

United States and State bonds..	\$ 293,760 00
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Dominion of Canada stock ....	158,160 75
Loan Company and other stocks	378,242 64
Company's building .....	65,000 00
Municipal bonds and debentures	563,446 76
Cash on hand and on deposit....	290,016 87
Bills receivable .....	57,523 72
Mortgages .....	62,326 01
Re-assurances .....	46,654 37
Interest due and accrued .....	9,629 49
Agents' balances and sundry accounts .....	396,435 12
	\$2,321,195 72

## Liabilities

Capital stock paid up .....	\$1,000,000 00
Losses under adjustment .....	198,243 56
Dividend payable January, 1896	50,000 00
Balance of Reserve fund .....	1,072,952 16
	\$2,321,195 72

## RE-INSURANCE AND SURPLUS FUNDS

Reserve fund .....	\$1,072,952 16
	\$1,072,952 16
Re-insurance reserve - being the estimated amount necessary to re-insure or run off outstanding risks .....	\$794,460 75
Net surplus .....	278,491 41
	\$1,072,952 16

GEO. A. COX,

President.

J. J. KENNY,

Vice-President and Managing Director.  
Western Assurance Company's Offices,  
Toronto, February 12th, 1896.

## AUDITORS' REPORT.

To the President and Directors of the Western Assurance Company:—

GENTLEMEN,—We hereby certify that we have audited the books of the company for the year ending 31st December, 1895, and have examined the vouchers and securities in connection therewith, and find the same carefully kept, correct and properly set forth in the above statement.

R. R. CATHRON,

JOHN M. MARTIN, F.C.A.,

Toronto, February 12th, 1896.

Auditors.

The president, in moving the adoption of the report, said:

"In considering the report, shareholders should bear in mind that the year with which it deals has been, in many respects, a remarkable one in our business. It will be remembered by those connected with fire and marine underwriting in this country as a year which brought with it disasters of an exceptional character—heavy losses upon classes of business regarded as the most desirable—and, therefore, as one which was generally disappointing in its results to insurance companies. Under these circumstances, I feel that we may claim that there is more matter for congratulation in the balance-sheet now before you than there has been in many of the annual statements we have had the honor of presenting to shareholders, in which, under more favorable conditions, our revenue account exhibited a much more substantial balance of income over expenditure than is shown as the outcome of our transactions for 1895.

"The serious fires in the early part of the year in this city, involving an aggregate loss of some two million dollars, are, no doubt, fresh in the minds of shareholders. The 'Western' was called upon to pay to its policy-holders in these disasters \$102,500, about one-half of which, however, was covered by re-insurance in other companies. Closely following these came other fires of exceptional magnitude, to which I need not refer in detail, but I may say that, on the whole, the company never experienced a more unfavorable opening in any year than its fire records show for the first three months of 1895. The ultimate profit shown on our fire business at the end of the year was, therefore, gratifying to us, as it was reassuring to the theories we have entertained based on the doctrine of average. It will be of interest to shareholders to know that we regard the existing arrangement for the joint management and supervision of the United States branches of this company and those of the British America Assurance Company, as contributing in no small measure to this favorable result. This arrangement, as will readily be understood, enables the companies

to provide for a more thorough inspection of their risks, and a more efficient oversight of their agencies than could be secured, without undue expense, by either company independently; and, as intimated in the report, it is to the profits from our fire agencies in the United States that we have had to look in the past year to make up our losses in other departments. In some previous years, it will be remembered, our experience has been the reverse of this, and these varying results in different fields go to confirm the wisdom of the policy of extending, as widely as possible, with proper provision for local supervision, the operations of companies engaged in the business of fire insurance, and enabling them thus to distribute over a wide area the burden of conflagrations, such as experience has shown us may occur at any time and at any place where large values are concentrated. It is, I may say, the recognition of the vital importance of this principle—and the conduct of the business upon these lines—that enables the British American and Canadian companies, operating throughout this continent, to offer property holders a guarantee of indemnity from loss by such disasters; and I will say further that it is the absence of facility for the application of this essential principle of insurance, namely, a wide distribution of risks of moderate amount, that must be fatal to any scheme for municipalities assuming the fire risks upon the property of their citizens, as it has been suggested they should do by some ardent social reformers, who appear to lose sight of the fact that investors will look for larger returns in the way of interest on municipal bonds, if they are called upon to assume greater risks than are undertaken by the shareholders of an insurance company. In making this reference, I wish it to be understood that I speak as one more largely interested in the debentures of the city of Toronto and the general credit of the city than in the stocks of our fire insurance companies.

"Although the fire business has always been our chief source of income, we have, as you are aware, almost since the organization of the company, been engaged to a limited extent in marine underwriting. In this branch our operations during recent years have been chiefly confined to the inland lakes and rivers. From this source we have, on the whole, over a series of years, derived a moderate margin of profit, but from various causes the record of the lakes for the past season has been one of continual disaster to shipping, the casualties having been, as far as can be judged from published records, more than double those of any preceding year in the amount of property lost. As a consequence we have to report a very considerable loss on the business of the year in this branch, the losses and expenses having exceeded the premiums by upwards of \$100,000. I have little doubt that as a result of the generally unprofitable nature of last season's business an improvement in rates, which is recognized on all hands as necessary, will be brought about before the opening of navigation. Failing this, there would appear to be no course open to us but to discontinue this branch of our business altogether.

I may briefly summarize the past year's experience of the company by saying that the profits on our fire business were practically absorbed by the losses of our marine branch, and that our interest earnings were sufficient to pay (after providing for the amount written off for depreciation in securities) about 7 per cent. upon our capital stock, the additional 3 per cent. required to make up the usual dividend being taken from the Reserve Fund accumulated from the surplus of previous years. On account of the larger volume of business on our books, we have increased the amount estimated as necessary to run off unexpired policies to \$794,460. The actual liability under this reserve is, of course, dependent upon the number and amount of the policies which may become claims before the expiry of the term for which the premiums have been paid. Similar estimates in previous years, however, have proved to be more than ample, and our reserve for this purpose, I may say, is considerably larger for our volume of business than that set aside to provide for unexpired risks in the statements of any of the British companies which have come under my notice.

"At the last annual meeting we reported that the company had re-insured all the risks in Canada of the United Fire Insurance Company of Manchester, England, which company ceased operations in this country on the 15th of