

Directors now control the agents and the policy of the Company is being carried out in a satisfactory manner. That policy is to do an insurance business on a legitimate basis. Namely that we must receive a fair rate for carrying the risk, so that the business of insurance will pay the shareholders a fair return for their investment, for, remember, all of your Directors are very large shareholders. Although our policy may be called a conservative one, still we are liberal underwriters, and write freely on the better classes of hazards if the rate is adequate, and although our gross assets and net surplus are less than when we met before, we believe our property to be in a much better condition. I now beg to move the adoption of the report."

The motion was seconded by Mr. H. R. Forbes, the Deputy-Governor.

Mr. Thos. R. Wood was reminded by the statement given, how the Provincial Insurance Co. had formerly followed the very same track with respect to Foreign business, and the result turned out the same. "I never knew an insurance company to fail because it did too little business," said Mr. Wood, "it has always been because it did too much. Companies have always been aiming at big gross revenue, instead of net revenue." He referred to a company which did a very large business in the United States, taking premiums of \$4,500,000 in 1873-74: this its directors deliberately cut down until it reached \$2,500,000, with the result that more money was made out of the smaller receipts. "I hope," he continued, "that the results to this Company will be similar, and I shall look forward to a better statement at next annual meeting."

Mr. H. L. Hime concluded, after listening to the Governor's explanations, that all must approve the action of the Directors. Though it may sound well, he said to be doing business in Smyrna, Trinidad, and other distant places, that does not compensate for the risks run. We are far better off doing business nearer home on small lines. In doing business of the kind described, "all over the world," there has been too much honor and too little profit.

The report was adopted.

Mr. Robert Thompson, in moving that the thanks of the shareholders be given to the Board, considered the report highly satisfactory. "We have got over the worst, and I think there is a great future ahead of this Company."

The Governor, in acknowledging the vote, admitted the gratification with which the thanks of the meeting were received. The Board had given a great deal of time to the business, and speaking for himself he was willing, if re-elected, to do all in his power for the best interests of the Company.

Mr. Morison having left the chair, it was taken by the Hon. Wm. Cayley.

Mr. Walter S. Lee then moved, seconded by Mr. Macdonell, a vote of thanks to the chairman for presiding. He had attended many such meetings, he said, and heard many explanations, but never heard any so thoroughly in detail and given with such business-like precision. "None of us will deny," said Mr. Lee, "that the Foreign business should be curtailed."

The motion was carried; the Governor thanked the shareholders for the vote, and the meeting adjourned.

The scrutineers reported the following gentlemen elected directors for the ensuing year:— Messrs. John Morison, H. R. Forbes, Hon. Wm. Cayley, H. S. Northrop, George Boyd, John McLennan, M.P., J. Y. Reid, John Leys and Henry Taylor.

At a subsequent meeting of the Board, Mr. John Morison was re-elected Governor and Mr. H. R. Forbes, Deputy-Governor.

GUARANTEE COMPANY OF NORTH AMERICA.

The Tenth Annual Meeting of Shareholders in this company was held on the 10th February last at its offices in Montreal, Hon. Jas. Ferrier in the chair. The report for the year was submitted as under:

REPORT.

The Directors beg to present their Report of the operations of the Company during the past year, and its position at the close of the Tenth Year of its existence.

During the year there have been 11,406 new applications for \$14,675,275.00; of which there were 758 declined and in abeyance, amounting to \$1,108,100.00: 10,648 new bonds issued in the year for \$12,567,175.00; 2,774 of which are bonds issued for transferees of prior bonds which

do not produce new Revenue \$3,688,050.00; making 7,874 Bonds issued for new business amounting to \$8,879,125.00; the annual premiums on which amount to \$72,003.30.

The total business in force is 10,059 bonds, covering..... \$13,623,100 00

The annual premiums on which are \$110,512 12 Add—Interest on Investments 12,366 09

Total annual revenue..... \$122,878 21

During the year a keen competition has prevailed, and a dangerous policy of cutting rates has been resorted to by competitors in their efforts to obtain business.

This Company has nevertheless kept steadily on its course, and that it has transacted its business to the satisfaction of its clients is sufficiently apparent in their continued adherence, at its standard rates, while the very large acquisition of new corporations to its list of patrons gives satisfactory evidence of the confidence reposed in the Company.

The policy of cutting rates is at all times a dangerous one, as affecting both the interests of the Company and the security of the insured; but in the case of Guarantee it is more particularly so; as, beyond the mere insurance element, there is a service to be performed which, if not thoroughly done, results in a failure of the chief element of a Guarantee Company, and unless a sufficient premium be paid to enable this service to be properly performed, the system becomes a matter of chance or speculation, and not only loses much of its virtue as a protection to the employer, but involves the company transacting it in dangerous responsibilities, which may affect its ultimate stability.

The financial position of the company is as follows:

Balance from last year.....\$350,549 50

Receipts.

Premiums..... \$129,084 91
Interest..... 12,366 09
Claims recovered, etc.. 6,279 39

\$147,730 39

Capital account 7,420 00

Total receipts during year from all sources. ——— 155,150 39

\$505,699 89

Expenditure.

Working expenses including commissions, advertising, travelling Inspector's expenses, salaries, law charges, special correspondents telegrams, postage, printing, stationery, rents, taxes, etc.....\$ 66,376 18
Losses..... 26,316 65

\$ 92,692 83

Dividend to stockholders (2 half-years at 3 p.c.) 14,378 95

Purchase of "Citizens" business 3,000 00

\$110,071 78

Balance carried forward\$395,628 11

Deduct from this reserves—which will have to be paid—

Claims notified.....\$ 4,283 17

Sundries..... 5,059 36

9,342 53

Net assets\$386,285 58

Reserve remaining in hand—

Capital paid up\$300,000 00

For premiums in hand on unexpected risks, being 50 per cent. of all actual premiums on all

guarantees in force.. 55,256 06

355,256 06

Surplus as regards shareholders, over and above capital and all liabilities.....

\$31,029 52

Resources for sec'y of policy-holders—

Assets, as above.....\$386,285 58

Capital subscribed and subject to call 368,600 00

Total resources\$754,885 58

UNITED STATES.—The business of the Company has become very much more developed

and has yielded fairly satisfactory results. The Company continues to transact by far the largest Guarantee business in that country—it having now on the books over 300 Railways, Banks, Express, Telegraph, and other Commercial Corporations in the Union, besides its connections in Canada. The system of Agents and Correspondents has been materially extended, as have also the channels for information necessary to a proper conduct of the business. This has involved a heavy outlay, much of which will not recur in future years. The value of this may be realized to some extent in the fact that over 112,000 confidential communications have passed through the Company's Office during the past year independent of some 3,000 telegrams. As the Company's *clientele* extends, it becomes, of course, more valuable to those transacting business with it, and many clients have experienced the value of its ramifications, which are at all times placed at their service.

CANADA.—The business continues to steadily progress and to contribute in a material degree to the strength and success of the Company. In January, 1882, a favorable opportunity occurred to assume the good will and business of the Guarantee Branch of the Citizens' Insurance Company, and it is gratifying to say that, having thoroughly investigated and sifted the risks on their Books, no losses have resulted therefrom during the year. By the acquisition of that Company's business, this Company acquired the records of nearly 5000 Employees, dating back as far as 1863; thus placing this Company in possession of the records of over 33,000 Employees.

CLAIMS.—All due claims have been promptly paid, and the few outstanding are merely awaiting the necessary certifications. The total losses paid by the Company, to date amount to over \$180,000.

DIVIDENDS.—It has been considered best to still restrict the return to Shareholders to 6 per cent. per annum, pending the augmentation of the net Surplus, which the Directors considered to be of primary importance as provision against extraordinary contingencies.

These dividends are more than paid by the interest on Investments and the claims recovered and it may be stated that during the whole of the company's existence the Dividends paid to shareholders have not exceeded the receipt for those two items. The premium income has, therefore, in no degree, been appropriated for that purpose. The chief expenditure has been, as hitherto for the extension and perfection of its system for the protection of its patrons, by a thorough knowledge and supervision of its risks, and an efficient conduct of its business, the balance going to accumulate for the increased security of the Company's engagements. The result of the year may be epitomised as follows

After payment of all losses and Expenses, making provisions for outstandings, and Reserves for Unearned Premiums, and paying 6 per cent. on the paid-up capital, the surplus to shareholders has been increased to \$31,029.52 against \$19,368 last year; the surplus and resources, for the security of policyholders, being, as shewn on the first page, \$754,885.58.

It will be gratifying to the shareholders to learn that the extent of the Company's business now constitutes it not only the largest in America, but the second largest Guarantee Company in the World, in respect of both the extent of its *clientele* and independent Financial Resources. It still continues to be the only Company in North America strictly confining itself to the business of Guarantee.

In 1881 the Bonds of the Company were authorized by the Legislature of the state of New York to be accepted by the Courts of that State on behalf of Administrators, Trustees, Guardians of Minors, &c.; but after insight into the indefinite character of the risks to be undertaken, the Directors concluded that they were of a nature alien to the business of this Company, and often of such excessive amounts that it was not prudent, in the interest of their other clients, to associate risks of that nature with those usually undertaken by the Company.

A resolution was therefore passed on the 23rd April, 1882, that the business be entirely restricted to the granting of bonds of security for officers and employees in positions of trust, where there is a systematic supervision and recognized employers. The thanks of the shareholders are due to the directors of the several branch boards, and the agents of the Company, for their valuable assistance in promoting the advancement of the Company's interests. All the directors retire but are eligible for re-election. The certified balance sheet and auditors' report are open for the inspection of share-