

gratulate you on the sound standing of your Company. The appended capital account shows that, notwithstanding the unprecedented number of losses charged to our account in the year 1879, the available assets of the Company have increased by \$2,328,40, with a less amount at risk of \$692,591 than at the end of the preceding year.

LOSSES.

The bill of losses paid during the year foots up to \$85,031.42; of this sum \$61,880.66 were on account of losses that occurred during the year, and \$23,150.76 for losses that had not been reported or adjusted. As will be seen by the appended table, the paid losses are to the 1st of October only—subsequent losses are referred to in the Inspector's report—and which occurred during the last three months of the preceding year. The report of the Fire Inspector hereto attached will show the total number of claims made during the year, and the appended tabular statement gives the particulars of each loss paid as nearly as could be arrived at.

POLICIES.

The number of policies issued during the year amounts to 13,388, of these 7,204 were on the cash system, and 6,184 on the premium note system, the great increase in the latter system being most gratifying, not only for the reason that it guarantees strength and security to a Company, but evinces a desire on the part of the members to return to the mutual system—pure and simple—a consummation your Directors not only wish for, but are taking every means to encourage.

FINANCIAL STATEMENT.

The appended accounts will show the financial standing of the Company. The falling off of the receipts on the cash system have been more than counterbalanced by the amount of premium notes, the total increase of premiums being \$21,231.10, and when it is remembered that nothing is collected on these notes at the time of issuing—nothing till the end of the second year—it will be understood that at the end of next year a very considerable addition will be made to the cash receipts, as these notes will then begin to yield rates. As pointed out by your Board in their report for 1877, and again for 1879, when referring to the question of rates, the Board freely admitted they were sailing too close to the wind at their then rates, and although they expressed their repugnance at the idea of advancing rates, yet they plainly stated that if losses continued in the same proportions as they had done for some time past they would not hesitate in their duty. And as losses not only continued, but increased, your Board on 1st July last advanced the rates on ordinary farm property from 75 cents per \$100 to 90 cents, and also increased the rate of assessment from 50 per cent., of premium note to 57½ per cent. This action of your Board appears to have met the approval of the members, as no diminution of the business has occurred, and very little grumbling indulged in—none at all, it may be said, when the circumstances have been explained and understood by the members. Should a falling off in losses take place, as at the present writing appears to be probable, your Board will be only too glad to go back to old rates, and in any event it is confidently hoped that no member will be called upon, excepting for one term of three years, to pay the increase. Once before, in 1865, an advance was found necessary; better times occurred thereafter, and a reduction of rates followed. Let us hope that history is only repeating itself at the present.

To recur to the matter of losses. It is deeply to be regretted that a very large proportion of fires, as stated in our Inspector's report, are attributable to *incendiarism*, and to these must be

added many more that come under the head of "unknown causes," which is perhaps a more gentle way of expressing the same thing. But the same result is attained from either—a serious loss not only to the public at large but to insurance companies, and your Board are of the opinion expressed by them in their last annual report, that it is high time that our Legislature should adopt some easy and inexpensive means to enquire into the origin of every fire, requiring a registration of each such fire as a matter of statistic, if for no other reason, and also providing a cheap and simple method of investigating any case where suspicion might arise. This, in the opinion of your Board, would lessen the number of fires, and, as a consequence, reduce the cost of insurance.

In conclusion, your Directors have again to refer to the strict economy practiced in the managements of the Company. The appended table will show the expence of the Company each year since its inception; and a comparison made with the returns of any one of the principal companies reporting to the Ontario Government will show that for the insured the total cost of carrying on the business of your Company is from one-third to one-half lower than any other company. This is no idle boast, for a comparison of figures will at once show its correctness. Your Directors would not refer to this subject particularly, were it not for the fact that a number of new insurance ventures have sprung into existence during the last few years, and parade the fact that they have been able to issue at exceptionally low rates, disguising from the public the fact of their youth, and that the amount of risk they have been obliged to carry is but small. Our own losses for the first four years were as follows: 1859, \$—; 1860, \$220; 1861, \$4,463.04, and 1862, \$8,661.15. At this rate of loss only a small premium could be charged, but after a company becomes established the losses annually fluctuate—one year small, another large—and the uncertainty of the cost of insurance in mutual companies was the then great objection against them. Your Company was the first to adopt the system of providing a *guarantee fund*, in order that a uniformity of rates might be established, and your Directors claim that they have been successful in establishing this, so that an insurer may depend with the same certainty on the cost of his insurance as if in a proprietary company. This is a position that in the absence of a guarantee fund none of the apparently cheap companies can offer. The Legislature of Ontario have recently appointed an inspector of insurance, an officer greatly needed, and under the supervision of the able gentleman selected, Dr W. T. O'Reilly, the farmers of the Province may look with confidence that their insurance interests will be looked after with an impartial eye.

Three Directors now retire by rotation—they are, Crowell Willson, Samuel Eccles and D. Black, Esquires, who are eligible for re-election.

All of which is respectfully submitted.

CROWELL WILLSON, President.

CASH ACCOUNT.

Receipts.

Balance from 1878.....	\$41,648 74
Received from Agents	37,734 23
" Ass'm't No. 16	197 08
" " No. 17	14,113 27
" " No. 18	31,880 52
	46,190 87
Bills payable	15,000 00
Interest	1,317 95
Division Court suits	1,441 84
Mortgages	154 95
Transfer fees	220 48
Extra premiums	98 78
Cancelled policies, Prem. Note before assessment	41 43
Old assessment	\$101 46
Steam Threshers' Lien's	166 00

Assessment in advance	
deducted from losses	398 18
Sundries (small sums) ..	3 80
	669 44
Molsons Bank	184 44
	\$144,703 15

Disbursements.

Losses	\$85,031 42
Bank commissions paying losses..	199 53
Salaries—Fire Insp'tor's salary and expenses..	\$2,566 74
Salaries—Officials, Auditors, and Clerks	5,781 86
Salaries—Directors' Fees	1,419 40
" Policy writing	654 35
	10,422 35
Postages—An'al Report	397 63
" Ass'm't No. 18	213 73
" General	553 66
	1,165 02
Printing	1,286 85
Advertising	301 38
Stationery	222 48
Sending out Annual Reports	131 45
Sending out notices assessment No. 18	86 86
	218 31
Law expenses	869 93
Re insurance	307 92
Returned premiums	66 71
Paid agents	338 90
Rent	775 00
Petty expenses—Cleaning Office, Telegrams, etc	84 56
Reward—Conviction of Incendiary	100 00
Assessments Returned,	
16 and 17	12 34
Molsons Bank	56 25
	68 59
Incidentals	49 65
Cheques returned (Consolidated Bk.)	61 30
Dominion Stock	\$25,000 00
" Deposit	5,000 00
Cash in Federal Bank..	12,248 88
" Treas'r's hands (postage stamps)....	884 37
	43,133 25

\$144,703 15

Assets December 31st, 1879.

Amount available of premium notes	\$176,936 18
Amount due on assessment No. 17.....	1,664 11
Amount due on assessment No. 18.....	23,945 81
	\$202,546 10
Balance due by agents, secured by agents' bonds and members' due bills	\$ 41,309 37
Bills receivable	5,664 26
Mortgages	4,194 15
Office furniture	607 83
Dominion stock	\$ 25,000 00
Dominion deposit	5,000 00
	\$ 30,000 00
Cash in Federal Bank..	\$ 12,248 88
Cash in Treasurer's hands (postage stamps)	884 37
	\$ 13,133 25
	\$297,454 96

Liabilities.

Losses adjusted in '79, but not due until '80	\$ 10,766 30
Bills payable	15,000 00
	\$ 25,766 80
	\$271 688 66
Audited and found correct, as above set forth.	
J. HAMILTON, } Auditors.	
A. ELLIS, }	
London, Ont., February 13th, 1880.	