

Before doing so, it may be well to allude briefly to the history of the company and the causes which led to its formation. The great increase of the general wealth and commerce of the Dominion, induced the belief among many, that there was ample room for a new Canadian company, and that more capital could be profitably invested in the business of insurance. Further, rates were charged for insurance (not from losses in the Dominion) which were deemed excessive and unnecessary. This gave an increased impetus for its formation. A public meeting was, therefore, held in February, 1873, when it was resolved that an act of incorporation should be sought from Parliament to carry on the business of fire and marine insurance. This was obtained in the following May, with an authorized capital of \$5,000,000. An immediate effort was made to obtain subscriptions to the capital stock, and through the unwearied and energetic action, principally of Mr. Perry, this was accomplished, and ten per cent paid thereon. A deposit of \$50,000 was made with the Dominion Government, a license obtained to begin business, and the first policy was issued here on the 13th August.

Subscriptions to the stock of the company were obtained throughout the Dominion, and local boards formed wherever the community of any place took sufficient interest in the company. At Halifax, the Halifax Mutual Insurance Company merged itself in the Royal Canadian; and the local board there are doing a successful business, with the power to open agencies in Prince Edward Island and other parts of Nova Scotia. A local board has also been established at St. John, N.B., with power to transact business wherever desirable in New Brunswick. Local boards have also been established in Toronto, Quebec, London, Kingston, Windsor, Hamilton, Brantford, Cobourg, Guelph and Port Hope, and much of the success of the company is due to the exertions of the Directors of these boards.

The feeling of the public in favor of your company, and the principles on which it was established, were made at once apparent by the large business that was offered. We have not been over urgent to obtain business; the evidence of which is, that there have been risks refused and cancelled after careful consideration, which have since been burnt, amounting to the aggregate sum of \$88,000.

In April last, your Directors deemed it necessary to apply to Parliament, at its last session, for an amendment to their charter, for an increase of capital, and also for the right of carrying on their business of fire and marine insurance in the United States and elsewhere. This power was granted, but before any business could be carried on, a deposit of two hundred thousand dollars had to be made with the Commissioner of Insurance at Albany. This was effected in July last, by the purchase of United States bonds to that amount, bearing five and six per cent interest. The Directors were thus enabled to open offices in Boston, New York, Detroit, Philadelphia, Baltimore and Chicago,—appoint local boards of directors, and through them, agencies in Maine, New Hampshire, Vermont, Connecticut, Rhode Island, New Jersey, New York, Ohio, Pennsylvania, Michigan, Illinois, Minnesota, Iowa, Indiana, and Wisconsin, at points which are well built, provided with an abundance of water, and efficient fire departments and appliances. The work of carrying out this extensive arrangement was a subject of much anxiety and onerous labor, but, as your Directors proceeded with great care and caution, they hope the results will prove highly satisfactory, and beneficial to the interests of the company; and your Directors have to record their appreciation of the cordial assistance they received from numbers of influential American citizens.

The first policy issued in the United States,

after the deposit of the \$200,000 at Albany, was on the 5th Aug., so that the results of the United States business cannot be judged of at present.

By the following statement, it will thus be seen that the gross assets of the Company are \$562,162.87; and the reserve fund amounts to \$220,287.20.

Considering the unfavourable outlay of commencing such a business—in stationary, forms of insurance for the various agencies and equipments of those, numbering over one hundred and forty-three, from Halifax to Sarnia, as well as those already named in the United States, advertising, travelling expenses, &c.,—the Directors feel that there is much reason for congratulation on this result of the past year's business. In saying this, however, the directors deem it their duty, at this your first meeting, to declare that a general law applicable to the whole Dominion, regarding fire insurance, is required as to the construction of buildings, and the enforcement of such laws for the general security, would tend largely to reduce the cost of underwriting, and thereby the price or rate to the insured. In this important step, as it seems to your directors, and by improving the municipal laws, they would willingly join all other insurance corporations. The fact cannot be concealed that the laws on the subject of the construction of buildings in all of our cities, and in the United States, are defective, and even those which exist, are not rigidly enforced. It is of little use for any one to spend capital to make his own building fire-proof, if his neighbour's house is not fire-proof also, and common justice to those, who, at great expense, erect fire-proof buildings, demands that liberal allowances should be made to such as make such improvements, while heavy rates should be charged on those who neglect to do so, and endanger others. If such a policy was pursued generally, a constant, but direct encouragement would be given for others to adopt it. Mutual interest on the part of underwriters should induce them to co-operate with each other in trying to attain such a reform in the municipal law, as well as a general law regarding the construction of buildings, and the appointment of an official architect to superintend the strict enforcement thereof, whereby the risk would be lessened and the cost to the insured reduced.

Your directors have given their serious consideration to the present position and future prospects of your company, and while they confidently rely upon your appreciation of its success thus far, they would desire to impress upon you the absolute necessity of increasing its means proportionate with the extended business undertaken. The great object of successful undertaking, is the distribution of safe risks over a large area of operations, and in this view they would recommend that the capital stock should be at once increased to \$6,000,000, to be apportioned in the first place among the present Shareholders, who, on subscribing, shall receive a bonus on paid-up stock, equal to the actual determined profits made at the time of the opening of the new subscription, thus giving the benefit of the past to the present actual shareholders; for your directors believe that, after paying an ample dividend, every effort should be made to husband and increase the company's resources, and so be prepared for any adversity.

By the Acts of Incorporation, your directors are not allowed to carry on Ocean Marine Insurance, without the vote of the shareholders being first obtained at a meeting convened for that purpose. This season being now well advanced, the consideration of this question can be deferred until the annual meeting in February next, when the results of Inland Marine business will have been fully ascertained.

By the amended Act, the general annual meeting of the shareholders for the election of directors and other business, has been fixed for the first Thursday of February in each year.

In conclusion, your directors hope that by a

strict adherence to the rules they have laid down for their agents, to divide their risks, and only to take a certain and limited amount on any one risk, the success of the past year may continue; and, by strict and careful management, a strong and powerful Canadian company may be built up. Your stockholders now number 1,957, in all parts of the Dominion, and, although only ten per cent. has yet been called in of the capital stock, yet, by their Act of Incorporation, each shareholder is liable to be called upon for the full amount of his stock, until the whole amount is paid up, but no shareholder of the company is responsible, beyond the amount of his respective shares in the capital stock thereof.

A dividend of 10 per cent. has been declared, and is payable on and after the 15th inst., at the head office and the several branches.

All of which is respectfully submitted.

ARTHUR GAGNON, JOHN YOUNG,
Secretary. President.

Montreal, 10th September, 1874.

COMPARATIVE STATEMENT for the information of Stockholders, showing a summary of Fire Insurance Business in Canada during the past year.

Name of Company.	Premiums of the Year.	No. of Policies (new.)	Amount of Policies (new.)	Amount at Risk.	No. of Losses in the Year.	Amount of Losses paid.	Losses in Suspense.	Losses Registered.	Rate per cent. of Losses to Premiums
1. Britannia	183,920 63	8,242	16,268,820 00	14,528,848 00	154	182,365 06	\$ 4,600 00	\$ 1,800 00	104
2. British America	191,035 41	9,545	17,256,795 00	14,540,474 00	254	117,970 77	5,290 00	None.	64
3. Guardian	54,387 13	1,704	5,647,383 55	4,501,958 44	92	71,265 15	4,010 00	None.	152
4. Imperial	134,710 87	4,585	12,422,815 33	9,921,800 99	283	46,802 40	5,318 19	7,200 00	63
5. Lancashire	66,783 80	3,223	5,535,137 01	4,624,547 00	97	130,608 56	5,647 65	10,800 00	64
6. Liverpool and London and Globe	238,632 04	11,129	23,549,017 00	22,331,200 00	230	43,875 14	None.	None.	59
7. North British	309,234 81	2,450	8,843,188 00	6,692,531 00	39	110,154 86	19,002 00	None.	52
8. Northern	72,359 58	12,458	20,882,829 00	24,862,988 00	105	67,723 39	3,650 00	None.	43
9. Phoenix	188,048 82	3,456	7,920,407 00	6,461,602 25	74	53,009 16	4,039 16	None.	98
10. Provincial	130,867 94	4,023	16,359,670 00	10,853,771 00	44	106,512 83	11,728 39	13,000 00	68
11. Quebec	179,169 71	3,546	10,589,098 00	6,600,256 00	78	99,558 41	None.	8,000 00	76
12. Royal	371,045 09	13,523	13,445,897 00	11,955,582 00	134	187,588 05	11,217 99	None.	46
13. Scottish	324,055 11	11,744	35,324,935 00	29,749,331 00	93	60,811 33	3,170 41	1,500 00	354
14. ROYAL CANADIAN	226,506 53	8,438	17,538,200 00	6,243,400 00	260	138,039 80	5,919 10	4,600 00	111
15. Western		11,738	19,567,910 00	16,533,200 00	260				57