Balance of last year's Account....	$552,414 49
Assessment Calls collected	10,871 69
	$563,286 18

SECURITY FOR POLICY-HOLDERS.

Capital.....	$300,000 00
Contingent Account..................	133,105 01
Capital Uncalled..........................	800,000 00
	$1,233,105 01

VERIFIED,

ARTHUR GAGNON, Treasurer.

JOHN McDONALD, Auditor.

Montreal, 4th March, 1880.

Mr. ANDREW ROBERTSON, the President, in moving the adoption of the report, said :—The report which had been placed in their hands was so clear, if not so satisfactory in its results as could be wished, that it would require but little explanation at his hands in presenting it for adoption. If they would, however, allow him to trespass on their time for a few minutes, he would like to call attention to a few points in the history of the Company and the insurance business generally, which would tend to show that the course adopted by the Board, and which he *had heard some* of the shareholders *privately* object to, was the proper one under all the circumstances to adopt. Five years ago the Company commenced business in the United States. The contracts then entered into were generally to last for that or a longer period of time. It was a time of inflation. They all well knew the results of the last five years in business, they had been something like a dream of Pharaoh's lean kine. As a proof of this, in so far as insurance business was concerned in the year 1874, when they went to the United States, the average rate of premiums received by all the Companies then doing business was $97.85 per $100, whereas in 1878 they had been gradually reduced, year by year, till they reached 76.83, or a reduction of 21.02 per cent. As premiums fall, it was naturally expected that expenses should proportionately decrease, but such had not been the case, as while in every year of the five mentioned the rate of premiums steadily declined, so, on the other hand, expenses steadily increased. The British and Foreign Companies' expenses, which were 27.34 per cent in 1874, were increased in 1878 to 35.14 per cent, an increase of 7.80 per cent. Adding, then, the decrease in premiums to the increase in expenses, they have 28.82 per cent, or nearly 29 per cent of difference within five years, and he did not hesitate to state that when the final results for 1879 were obtained, they would show a similar, if not even a more, unfavorable result. The losses in the United States for 1879 had been nearly ten millions of dollars over 1878, say fully 20 per cent, and very much larger than any of the previous five years. There had been no very special or serious conflagrations, and the question had been asked why this great increase in fires in 1879. One reason had been given by the abrogation of the Insolvent Laws in the United States, it being said that if they could not fail they could burn. Whether this is true or not he left to their consideration; but from what he had seen of human nature, there seemed to be more truth than poetry in the suggestion. Another reason which weighed with the Board was the enormous trouble and labour involved by having to deal with over 40 State departments, with their varying laws, some of a retaliatory nature, besides their being constantly tinkered, coupled with the different and sometimes absurd interpretations of the Insurance Department, that it would require a Philadelphia lawyer to unravel and keep up with all the varied requirements. One of these would have soon affected us by being obliged to increase our deposits in the United States, had they continued doing business there. When they entered the United States they had to put up $200,000 in order to do business in certain States; at that time bonds were generally six per cent, new bonds were reduced to four per cent., and it was claimed by some departments that the deposit must therefore be increased so as to yield a revenue of six per cent., thus requiring $300,000 of 4 per cent., instead of $200,000 of 6's. The bonds they now held in deposit were 5 per cent. and 6 per cent., but as they matured in 1881, when they would be redeemed, we would then require to put up 50 per cent. more if the regulation referred to was to be in force. To have continued, therefore, would have entailed past with future calls, which the Directors felt would be undesirable; they, therefore, under the circumstances, decided that our retirement from the field was the only prudent course to adopt, and so far they saw no reason to regret, but, on the contrary, had to congratulate themselves on the decision they then carried out. Under these circumstances the Directors had some hesitation in declaring a dividend, but having, last year, laid down the principle that, so far as it could be done, the interest derived from the investments of the Company should, in part at least, be paid over to the shareholders, leaving the Contingent Fund to meet losses so long as the reduced capital was not impaired, and, as would be seen from the accounts, they received over $20,000 actual cash last year from that source, besides having interest-bearing securities, which would yield nearly as much this year. *The Directors ultimately decided* that the dividend should be declared, the more so that by the great reduction of liabilities in having left the United States, now left them, after deduction of all ascertained liabilities, over six dollars of assets to every dollar of contingent liability. Mr. Robertson concluded by moving the adoption of the report.

Mr. F. E. Gilman wished to know if Mr. W. F. Kay was qualified as a Director? He had been informed he had not paid the calls on his stock.

The Chairman believed there was no man who had made more sacrifices for the Company than Mr. Kay had, and he had paid more money than any one else. (Hear, hear.) First of all he held 3000 shares on which he paid in 10 per cent. cash, and he afterwards mortgaged his property to the Company for calls he could not meet; he stands in the books of the Company to-day for 338 shares.

Mr. Gilman was of opinion that the mortgage would not make him eligible, and as the property was entailed, the mortgage would not be worth much. Notwithstanding the large sum which he had lost in the company, the question remained as to his eligibility.

Here the Solicitor of the Company was appealed to, and he said a mortgage could not take the place of cash.

Mr. F. B. Matthews asked if he could transfer stock to make Mr. Kay eligible?

The Chairman replied it was too late to do so then. Mr. Kay would not be a candidate for re-election.

Mr. Gilman then went into a lengthy review of the statement of accounts, quoting a perfect maze of figures, which he had selected from the reports of the present and last year, endeavoring to show that the Company had lost nearly half a million dollars since the last annual meeting, while the Company had $36,000 more liability. Referring to the assets of the Company, he said that the bonds of the Montreal Warehousing Company for $18,250 were not very good, and if he was not misinformed, the Company had repudiated those bonds.

Mr. Clendinning thought that Mr. Gilman was not making a correct statement, and that he knew it. Indeed, he did not know whether Mr. Gilman did not, himself, draw up that repudiation. It was nothing but a quibble, and, as a lawyer, Mr. Gilman must know that.

Ald. Gilman replied that he knew nothing about it, but he wished to know if it was not repudiated.

The Chairman appealed again to the solicitor, who said a repudiation had been made, but there was some doubt as to whether it could be sustained.

Mr. Gilman replied that he had simply stated as a fact what had been done, and he did not think the bulk of their mortgages were of great value. He was of opinion that something ought to be done to change the Board.

Mr. Clendinning—"They had better put you on."

Mr. Gilman responded that he had no objection to serve. He went on to ask what had been done with the $540,000.

Mr. Clendinning—Better ask what the legal expenses have been.

In reply to a question the chairman said that the amount opposite Bills Receivable represented premium notes for marine business.

Mr. Gilman stated that the President had drawn a salary of $2,250 during the year, under a by-law passed the 6th May last, fixing it at $3,000, besides his fees as a director. He, the speaker, *had to subscribe his* $100, and he did not think it right for the Board to pass such a by-law. The President had, in accordance with that, drawn the allowance, except that due for the last quarter of the year. He did not allude to this out of disrespect, but as a purely business matter, and no less than $2,117 had been paid to the Directors, which, with the President's salary, was nearly one-half what the dividend amounted to. The expenses had been greatly out of proportion, and he was glad to see that these had been reduced. The reductions made last year and this in salaries alone amounted to as much as would enable them to make it a ten per cent. dividend. *He complained that on* the 5th of February he went to the office to get figures and was told he could have anything he wanted, but he did not get the information until Wednesday. He wrote to Mr. Robertson, and then the Secretary went to him with the information. If there had been a proper amount of economy, they would have had double the amount of dividend. He commended Mr. Robertson for refusing to receive the last quarter's salary; no doubt he considered he had drawn enough.

The Chairman remarked that he would not do the same work again for the money.

Mr. Gilman did not think the Chairman ought to look at it exactly in that light. It was an honor which he ought to appreciate. He was put there as one of the shareholders, and, at the end of the year, it was for them to vote what he should have.

Senator Thibaudeau, — Mr. Gilman would have the President to be satisfied with thanks.

Mr. Gilman replied that he would not attach a vote of thanks to $4,000. He would be the first man to give him the money if they were making it; but one year more like the last would oblige them to make a call. He supposed Mr. Robertson would say he, the speaker, was wrong, but he would try to show he was right. He called attention to the balance sheet, and said there was no provision for a re-insurance fund, which would amount to $72,000. Why was that not put in the statement? He found that last year it appeared as $344,000, and this year it was left off.

Mr. Pedlar asked the speaker to get to his point shortly. He had better show us where the losses had been made.

Mr. Gilman said the profit and loss account will show it, and said with the $72,000 which they had to provide, the loss would be $565,000 during the year. [A voice, "Pshaw."] They might say "Pshaw," but—

At this stage there was much confusion, and the Chairman had to call the meeting to order.

Mr. Gilman went on to ask where was the reinsurance fund now? They had lost it.

Mr. McIntyre replied they had passed it.

The Chairman had again to appeal and ask that Mr. Gilman should have a fair hearing, as he could give a satisfactory reply. They had nothing to fear from all Mr. Gilman could say. (Hear, hear.)

Mr. Gilman said the Company was over $475,000 worse than it was last year.

SEVERAL SHAREHOLDERS, speaking together—You don't know what you're talking about. He wants to be a director. (Great confusion).

The chairman insisted on a fair hearing for the speaker.

Mr. Gilman resumed, saying that out of the balance last year, amounting to $852,414.49 the sum of $344,446.57 was set apart for "Reserve