

Quarterly and half-yearly premiums on existing policies due, subsequent to Dec. 31st, 1885, (reserve thereon included in liabilities)	20,130 39
Interest due and accrued	47,610 14
	\$1,676,334 68

Liabilities.

Dec. 31st, 1885.	
Assurance Fund (including bonus additions)	\$1,273,806 35
Annuity funds	11,354 71
	1,285,161 06
Less for policies re-assured	16,661 31
	1,268,499 75
For temporary reductions	13,741 90
Lapsed policies, value on surrender	2,101 48
	1,284,343 13
Losses by death, not due (since paid)	10,448 65
Premiums paid in advance	644 93
Declared dividends to policy-holders	656 41
All other accounts, including medical fees, directors' fees, &c.	7,524 50
Sinking Fund to meet maturing debentures	576 13
Surrendered policy waiting majority of beneficiary	207 22
Paid up capital stock	80,000 00
Held to cover cost of collecting premiums outstanding and deferred on Dec. 31st, 1885	9,734 60
Surplus	282,199 11
	\$1,676,334 68

J. K. MACDONALD,
Managing Director.

We have made the usual thorough audit of the books of the Association for the year ending 31st December, 1885, and have examined the vouchers in connection therewith, and have compared the above statement and balance sheet with the same, and found the whole correct.

We have also examined the securities represented in the assets, which are safely contained in the vaults of the Association (excepting the securities held by the Dominion Government amounting to \$83,855.00 par value), and found them in good order.

JOHN LANGTON, } Auditors.
JOHN M. MARTIN, }

Toronto, 12th April, 1886.

The President, in moving the adoption of the report, said:—

GENTLEMEN,—We have again the pleasant duty of placing before you the usual statement of the business of the company, and it is one which we feel confident will be satisfactory to our policy-holders, and which will further add to the confidence and good feeling which the public have hitherto evinced in the company.

Soon after the last general meeting our general manager submitted for the consideration of the Board the question of what our policy should be in the conduct of our business. He informed us that other companies were taking measures by which the cost of obtaining business was unduly enhanced, and he considered that unwise. He desired the opinion of the Board. The directors first asked for the benefit of his own views. They were expressed in short terms. He said he believed the true policy for this company was to keep its balance sheet right and avoid unnecessary, unwise, or extravagant expenditure for the sake merely of increasing new business. These views the Board fully concurred in. The policy of other companies was not only to increase the cost of business beyond what was prudent and wise, but they were doing this in the face of a state of things which made it more undesirable than it would be otherwise. We had had a general reduction in the rate of interest, and consequently less return would be received from funds coming into the hands of the company, and we felt that we ought to be more cautious as to the basis on which our business was done than it had been necessary to be heretofore. Now, notwithstanding our adoption of the policy suggested, and no doubt it has tended to some extent to limit the amount of new business the company has obtained during the

year, yet we have not been standing still but advancing, as you will see by the statement.

Th President then referred to the increase in the various items and went on to say:—Then our assets, gentlemen, at the end of 1884 stood at \$1,415,944.03, and at the end of 1885 at \$1,676,334.68, showing an increase of \$260,390.45.

It will be seen that the item of real estate shows an increase of \$31,256.59, which arises chiefly from the taking over of a vacant lot on Princess street, Winnipeg, and the erection thereon of two substantial warehouses. Before going on to build these warehouses the Board made careful enquiry as the probability of our being able to let them to suitable tenants, and the result has fully justified the anticipation, as they are under lease to two first-class wholesale firms at a rental which, after the payment of fire insurance and taxes, will yield within a fraction of eight per cent., not only on the cost of the building, but on the full charges at which the lot was taken over. (Applause.) We considered it better to take this course than to have the land lying unproductive.

Ever since the company was organized the views of the general manager and of the Board have been that our first duty was to pursue such a course as would ensure the stability of the company and the security of policy-holders, and that purpose has been steadily kept in view and acted upon, and I think the statement which we have been able to lay before you will prove it has been successful. If any special information is desired, I or the general manager will be most happy to furnish it. I beg, therefore, to close by moving, seconded by my friend, the Hon. Wm. McMaster, "That the report of the directors, the financial statements, and the reports of the auditors, actuary, and the trustees of the savings bank policies be received and adopted."

Hon. Wm. McMaster, vice-president, did not think he need say anything in support of the motion; after the reading of the report comment was unnecessary. He desired, however, to bear testimony to the zeal and energy which had characterized the management of the company from its inception, and especially during the year now last closed, to which was attributable the very favorable position of their affairs. The position of the company, as regards stability, was second to none in Canada, and he congratulated the shareholders upon its present position and future prospects. (Cheers.) He had great pleasure in seconding the resolution.

Mr. J. K. Macdonald, the managing director, said—Mr. President and Gentlemen:—I have a remark to make in connection with the report, and perhaps I had better state now what I have to say while the motion for its adoption is before you.

First, then, as to "outstanding premiums." These may, at first sight, seem to aggregate a large sum. I may say in explanation that a large proportion of that sum is in the shape of short date notes, which have been taken to accommodate policy-holders, some of whom were not prepared to pay their premiums, which fell due about or at the close of 1885. These premiums are, of course, backed by the surrender value of the policy, and are at the same time bringing in a fair rate of interest (for the notes bear interest), and are a perfectly good security. We adopt this course in many cases, as our policy-holders find their difficulty is only of a temporary nature, and prefer to give a note rather than borrow permanently upon the policy.

Then, as to "interest," another item which aggregates a considerable sum in the report. This is made up of "interest accrued" and "interest due." It has been the practice of our Finance Committee, when requested, and where the security upon which the loan was made admits of its being done, to allow the interest to stand over until such time of the year as it might be most conveniently paid by the borrower.

The item therefore is made up of interest allowed to stand over, and also interest which happens to accrue due, either at the close of the year or not very long before that date, and thus in that way it happens to aggregate a considerable sum. However by a mere trick of bookkeeping the item could be so changed that it would appear in a very different shape. I have been told it is the custom of many companies to deal with such items as paid, putting the amount through the books as cash received

and charging it on the other side to the mortgage account. It would also be quite possible to change the character of this item by accepting notes from borrowers, and passing them through cash into the bills receivable account, and in that way hide the nature of the transaction. We might also treat as not due, interest which has been allowed to stand over, but it has been the practice of this company to deal with matters just as they actually are. We therefore count this interest as overdue, and accordingly it stands as such.

The report was then adopted amid applause. Votes of thanks were passed to the directors, the medical examiners, solicitors, office staff, and to the general and local agents which were responded to by Mr. W. S. Lee, Mr. H. J. Johnston, Provincial Manager for Quebec; Mr. W. A. Lamb and Mr. S. Cornell, of Thedford.

Mr. W. H. Beatty, in speaking to a resolution, referred to the remark of Hon. Mr. McMaster that the report was a good report for the shareholders. Now he (Mr. Beatty) was not a shareholder in the Association—simply a policyholder, and as such he desired to say that he considered the report was an extremely good report for the policyholders also. (Hear, hear.)

The retiring board was re-elected and met for organization immediately after the close of the annual meeting. Sir. Wm. P. Howland was re-elected President, and the Hon. Wm. McMaster and Wm. Elliot, Esq., Vice-Presidents, for the current year.

ONTARIO MUTUAL LIFE ASSURANCE COMPANY.

The sixteenth annual meeting of the Ontario Mutual Life Assurance Company was held at the head office, in the town of Waterloo, Ont., on Wednesday, the 14th April, 1886. As on former occasions, many influential and representative policy holders from different sections of the Dominion attended, to the number of about 100.

The president, I. E. Bowman, Esq., having taken the chair, on motion, W. H. Riddell, Esq., secretary of the company, acted as secretary of the meeting. Notice calling the annual meeting having been read, on motion of Alfred Hoskin, Q.C., Toronto, seconded by Robert Baird, Mayor of Kincardine, the minutes of last annual meeting were taken as read, and the same thereupon confirmed. The president then read the directors' REPORT.

Your directors submit the following statements as their sixteenth annual report, containing an exhibit of the business transacted during the past year, and showing the financial position of your company as at the 31st December, 1885.

Our total receipts for the year amount to \$270,697.44, being \$237,665.32 for premiums, and \$33,042.12 for interests on investments.

The applications for assurance granted during the year amount to \$1,867,950 under 1,355 policies, and the total number of policies in force at the end of the year is 6,381, covering assurance for \$8,259,361.71 on 5,867 lives, being an average of \$1,408 on each life. We also received fifty-four applications for \$74,500 from persons whose health was not up to our standard, and were therefore declined. Our net assets are \$660,617.05, showing an increase of \$96,716.80; and our total assets are \$753,661.87, being an increase of \$101,000.11.

The death losses are considerably in excess of the previous year, an unusual proportion of large policies having become claims, but the number of deaths does not indicate any abnormal increase in the rate of mortality.

Our expenditure shows a reduction of \$8,639.83 in the cost of management, and the ratio of expense to income has been reduced from 26½ % to 21½ %. This enables us to continue the same distribution of surplus to policy holders for 1886 as last year, after making full provision for the payment of all our death losses, and adding \$107,471.10 to reserve.

The detailed statement prepared and duly certified to by your auditors is herewith submitted for your information.

You will be called upon to elect four directors in place of Frank Turner, I. B. McQuesten, B. M. Britton and John Marshall, whose term of office has expired, but who are all eligible for re-election.

On behalf of the board,

ISAAC E. BOWMAN,
President.