

ANNUAL REPORT OF THE Confederation Life Association

For the Year Ending Dec. 31st, 1888.

In presenting the Seventeenth Annual report of the Association your Directors are glad that they can congratulate the policyholders and shareholders on the satisfactory results which the report and financial statements show. They have nothing startling to report, as the conservative principles which have guided the operations of the Company in the past have been kept steadily in view, though they have had to contend with the apparent determination of many companies to get business at any cost, and in any way, a practice which is having a demoralizing effect on both the agents and the public.

During the year the board has had under consideration 1831 applications for a total assurance of \$2,780,803: of these, 121 for \$10,500 were declined. The total new issue for the year, including 25 policies for \$37,535 received, was \$1,735 for \$2,027,843. The total business in force at the close of the year was \$16,702,937, under 10,890 policies on 9,580 lives. The death claims have been favorable. There were 67 deaths, calling for the sum of \$112,014.00, including bonus additions. The following statement of the death claims for the past eight years, and the receipts for interest and rents during the same period, will doubtless prove interesting to persons already connected with the Company, and will be well worth the consideration of intending insurers:—

DEATH CLAIMS (NET).

1881.....	\$ 40,540 66
1882.....	51,656 18
1883.....	73,914 75
1884.....	70,520 00
1885.....	82,525 33
1886.....	85,948 85
1887.....	119,300 02
1888.....	112,044 00
	\$338,471 43

INTEREST AND RENT.

1881.....	\$ 48,220 95
1882.....	57,229 73
1883.....	61,000 01
1884.....	72,889 72
1885.....	85,968 78
1886.....	98,718 51
1887.....	112,190 40
1888.....	129,072 17
	\$669,384 27

These figures show that for the past eight years the interest and rents actually received have paid the death claims and left a balance over of \$32,912.79. If, to the foregoing there be added the figures for the previous nine years of the Association's existence, it will be found that the interest and rents have not only paid the death claims from the outset, but leave a surplus of \$14,761.04, a result which your directors believe has never before been attained in the same period of time. Such a result bears the most emphatic testimony to two things, namely, carefulness in the selection of risks, and the satisfactory character of the Company's investments. Your Directors do not think it prudent to enter for the race for new business at any cost, being satisfied to secure a fair share on conservative lines. As a result substantial progress has been made, and the Company's stakes in every way strengthened. In this your directors are convinced that they are best carrying out the true principles of a life insurance institution. The financial statement, duly attested, submitted herewith, will fully exhibit the Company's condition. Mr John Langton, who has been one of the auditor's for years, having felt it necessary to resign, owing to ill-health, Mr. W. R. Harris was appointed to the vacancy, and with Mr. John M. Martin has continued the audit.

Your directors are pleased to refer to the continued faithfulness of the agency and office staff, in both of which some important changes have taken place.

All the directors retire, but are eligible for re-election.

W. P. HOWLAND, President.
J. K. MACDONALD, Managing Director.

FINANCIAL STATEMENT.

RECEIPTS.		DISBURSEMENTS.	
Net ledger assets carried forward from 1887.....	\$2 079,065 10	Expenses.....	\$110,392 08
Real estate written down.....	\$ 5,125 02	Re-insurance premiums.....	5,400 95
Mortgages written down.....	10,100 00	Annuities.....	4,042 30
	15,225 02	Commissions on loans.....	3,030 00
	\$2,063,840 14	Rents.....	3,301 02
Dec 31st, 1888.		Taxes.....	1,420 87
Premiums.....	510,102 78	Insurance superintendence.....	374 31
Annuities.....	\$5,980 00		
Temporary reduction of premiums purchased by profits.....	2,815 90	TO POLICYHOLDERS.	
Cash value of surrendered policies applied to purchase temporary reductions.....	1,422 03	Death claims.....	\$133,302 09
	10,248 62	Endowment claims.....	9,850 00
Interest and rents.....	129,072 17	Surrendered policies.....	10,340 02
Re-assurance (Sun Life).....	5,000 00	Dividends.....	9,312 72
	\$2,718,863 71	Temporary reductions.....	39,240 80
			208,124 23
		Dividends to stockholders and civic tax.....	12,140 53
		Balance to new account.....	2,361,615 82
			\$2,718,863 71

BALANCE SHEET.

ASSETS.		LIABILITIES.	
Mortgages.....	\$1,632,529 74	Assurance and annuity fund.....	\$2,234,415 00
Debentures.....	207,450 03	Losses by death, accrued.....	12,248 25
Real estate.....	197,920 58	Premiums paid in advance.....	623 19
Loans on stocks and debentures.....	125,313 30	Fees—Doctors, Directors, Auditors.....	7,958 22
Government stock and deposit.....	4,727 82	Rent.....	350 00
Loans on company's policies.....	126,205 58	Held to cover cost of collecting outstanding and deferred premiums.....	12,205 93
Fire premiums due from mortgagors.....	1,700 85	Capital stock paid up.....	100,000 00
Furniture.....	2,783 06	Dividend to 31st Dec., 1888.....	6,000 00
Loans to agents, etc. (secured).....	1,056 44	Surplus.....	178,584 27
Advances for travelling agents' expenses.....	1,099 95		\$2,553,362 86
Agents' balances.....	272 81		
Sundry current accounts.....	859 37	Surplus above all liability.....	\$178,584 27
Suspense (cash in Bank of Commerce).....	4,816 16	Capital stock, paid up as above.....	100,000 00
Cash (in banks, \$53,218.75; on hand, \$493.20).....	58,709 95	Capital stock subscribed, not called in.....	900,000 00
	\$2,365,500 04	Total surplus security for policyholders.....	\$1,178,584 27
Less liabilities (current accounts).....	854 82		
	\$2,361,615 82		
Outstanding premiums (reserve included in liabilities) \$48,340.36 covered by notes.....	97,515 64		
Deferred (½ yearly and ½ yearly) premiums (reserve included in liabilities).....	21,543 75		
Interest due and accrued.....	57,039 68		
Difference between cost and market value debentures.....	5,747 97		
Total assets.....	\$2,553,362 86		

J. K. MACDONALD, Managing Director.

AUDITORS' REPORT.

We hereby certify that we have audited the books of the Association for the year ending 31st Dec., 1888, and have examined the vouchers connected therewith, and the above financial statements agree with the books and are correct. We have also examined the securities represented in the assets, which are safely kept in the Association's vault (except the securities lodged with the Dominion Government, amounting to \$34,046, par value) and found them in good order.

Toronto, March, 18th, 1889.

JOAN M. MARTIN, F. C. A., } Auditors.
W. R. HARRIS, }

ACTUARY'S REPORT.

I hereby certify that I have computed the value of the assurance and annuity obligations of the Association as at December 31st, 1888, as set forth below. The assurances were valued according to the Institute of Actuaries' Mortality Experience Tables and 4½ per cent. interest—the annuities according to the Government Annuity Tables and 4 per cent. interest.

	Amount.	Reserve.
Assurance in force.....	\$10,061,084 00	\$2,074,407 00
Bonus additions.....	101,533 00	50,661 00
	\$10,762,937 00	\$2,125,068 00
Less for re-assurances.....	146,576 50	23,357 00
	\$10,616,360 50	\$2,101,711 00
Net policy liability.....		23,535 00
Eleven annuities, \$4,592.30 annually.....		101,500 00
Temporary annuity account.....		7,609 00
Contingent liability, lapsed policies liable for restoration or surrender.....		
Total.....		\$2,234,415 00

Toronto, March 11th, 1889.

W. C. MACDONALD, Actuary.

NOTE.—It having recently been asserted that all companies doing a Life Insurance business suffer an impairment of capital in the earlier years—a mis-statement which has been specially applied to this Association—the directors take this opportunity of stating that the capital of the Confederation Life has never been impaired, as the Association has enjoyed a Surplus over all liabilities, increasing yearly from \$4,237.99 at the end of the first year. The Directors would also call special attention to the fact that the participating policy-holders are getting 95 per cent. of the profits on the participating branch, the shareholders receiving only 5 per cent. in return for the guarantee afforded by the capital, \$1,000,000.