

BRITISH AMERICA.

Encouraging Statement at the Annual Meeting.

PRESIDENT G. A. COX'S ADDRESS

Progress of the Past Year Reviewed.

MR. COX DISCUSSES THE QUESTION OF MUNICIPAL INSURANCE—REFERENCE TO THE RECENT FIRES.

The annual meeting of the shareholders of the British America Assurance Company was held in the company's office, in this city, recently.

The President, Mr. Geo. A. Cox, occupied the chair. Among the shareholders present were: Messrs. S. F. McKinnon, Robert Thompson, Robert Beaty, J. K. Niven, John Hoskin, Q. C., George A. Cox, Augustus Myers, E. G. Fitzgerald, H. M. Pellatt, J. J. Kenny, J. Stewart, John Scott, James M. Hamilton, P. Jackes, A. E. Ames, Dr. Daniel Clark, Dr. J. C. Warbrick, Jas. O'Hara, J. K. Osborne, Robert Bond (Guelph), H. D. Gamble, W. H. Banks and H. O'Hara.

Mr. P. H. Sims, who was appointed to act as secretary, read the following

ANNUAL REPORT:

The directors have pleasure in submitting to the shareholders their report on the business of the company for the year ending 31st December, 1894.

From the accompanying statements of account it will be seen that the company has made satisfactory progress during the year. The total income amounted to \$1,464,654, and the balance of income over expenditure was \$97,690.84. Two half-yearly dividends, at the rate of 7 per cent. per annum, have been declared; the "surplus," or reserve fund, has been increased to \$517,424, and, after making ample provision for a reinsurance reserve to run off all existing risks, the net surplus of the company has been increased by \$12,264.

The directors regret to have to record the death of Mr. A. M. Smith, who has been a valued member of the Board for the past two years. The vacancy thus caused has been filled by the election of the Hon. S. C. Wood as a director.

SUMMARY OF FINANCIAL STATEMENT.

Total cash income.....	\$1,464,654.84
Total expenditure, including appropriation for losses under adjustment.....	1,366,964.00
Balance.....	\$ 97,690.84
Dividends declared.....	\$ 52,500.00
Total assets.....	\$1,467,482.15
Total liabilities.....	200,357.16
Surplus to policy-holders.....	\$1,267,124.99

The President, in moving the adoption of the report, said: "I desire in the first place to say, on behalf of my fellow-directors, as well as for myself, that it affords us more than ordinary satisfaction to be able to meet the shareholders with a statement of the business of the company for the past year, and of its condition at the close of 1894, which I think we can say, without laying ourselves open to the charge of egotism, bears evidence of the realization of the expectations which we entertained when we assumed the responsibility of the direction of the affairs of the company at the close of the year 1892. At the annual meeting in the February following, when the shareholders ratified the changes which had been made in the directorate, we expressed our confidence in the future of the company—our belief that notwithstanding the somewhat discouraging experience of some preceding years, the British America Assurance Company might be placed upon a footing such as its old-time standing among the financial institutions of this country and as one of the oldest insurance companies on the continent entitled it to occupy. I am free to confess

that had we realized that at that time we were just entering upon a period of almost unprecedented financial stringency and business depression, bringing with it, as such conditions invariably do to fire insurance companies, an abnormal ratio of losses, we might have hesitated in assuming this responsibility. Our task, however, has been rendered less difficult than we might have anticipated under these adverse circumstances: first, by the promptness with which shareholders accepted the \$250,000 new stock which at the outset we decided it would be well to strengthen the financial position of the company by issuing; and, secondly, by the hearty manner in which our representatives, in both Canada and the United States, have seconded our efforts to place the business upon a satisfactory basis. To the support and co-operation we have thus received, and to the great advantage of having in our Vice-President, who has fulfilled the duties of Managing Director, an able and experienced underwriter, I attribute mainly the progress we have made during 1894, and the profit we are able to show as the result of the transactions of a year, which, generally speaking, has not been a favourable one in the business and financial world. We have, as the figures of our statement demonstrate, entered upon the present year stronger in every respect than we were a year ago, with a larger business on our books, an increased reserve fund, and, after making provision for all losses which occurred up to the 31st of December, and for the increased liability under unexpired policies, a gain in net surplus. I think we may also claim that by prompt settlement of losses, and by affording our agents every possible facility for conducting business, we have placed the company upon a footing which will command for it a full share of the benefits which must accrue to fire insurance interests, in common with others, from a revival in trade and a return to more prosperous conditions throughout the country.

"In relation to the business of the present year it will be of interest to shareholders to know how we were affected by the two serious fires which occurred in this city last month, and I am pleased to be in a position to say that for disasters of such magnitude, involving together a loss of nearly one and a half million dollars, the net losses sustained by this company were moderate, being some \$33,400 by both fires. These fires afforded a forcible illustration of the necessity of care on the part of companies in distributing their risks, even in the most substantially constructed sections of our cities, to avoid the chance of excessive loss in any one conflagration. They can scarcely have failed also to have had the effect of shaking the faith of the advocates of municipal insurance in the scheme having this object in view, which has been discussed in our City Council during the past year. There have been many practical demonstrations on this continent of the necessity of such protection as is afforded by the capital and resources of fire insurance companies, deriving their income, in millions annually, from the extended, and, in some cases, world-wide fields in which they have agencies established, and who are thus in a position to distribute the burden of fire losses, and particularly that of serious conflagrations, so widely as not to materially affect any community or any individual by the contributions in the shape of the premiums which they require to enable them to afford protection against loss by such disasters. That we in Canada are not unduly taxed in this respect may be seen by reference to the Dominion Government insurance reports. These show that while during the past twenty-five years some companies have made a fair profit, others have paid out more than they have received, and that on the entire business the companies reporting to the Insurance Department at Ottawa are realizing so small a margin of profit upon the premiums they are receiving in this country that they have to rely for their dividends to shareholders, as far as Canadian business is concerned, largely upon the interest on their investments. I would not take up your time discussing this question were it not that I observe a bill is about to be introduced in our Local Legislature to authorize municipalities to undertake the insurance of property within their corporate limits. I may say that, in common with many of you, I am much more largely interested as a property-owner than an insurance shareholder, and although I have little doubt

as to the fate of the bill referred to, I feel it my duty to avail myself to this opportunity to point out some of the dangers which such an experiment would involve. It would, I feel confident, seriously affect the credit of any municipality which embarked in it, and depreciate the value of its bonds. The holders of debentures of such a city or town would be placed in the position of shareholders in an insurance company which had assumed a liability for loss by fire in one locality many times in excess of its available assets. In case of a serious conflagration, a city relying upon its own resources for insurance would present a spectacle which might well be compared to that of a man endeavoring to lift himself out of the mire by his boot-straps. Does anyone for a moment suppose that Chicago, Boston, St. John, New Brunswick, or St. John's Newfoundland, or, in fact, many of our Ontario towns which have suffered from severe fires, would have been rebuilt under any system of municipal insurance? It would, moreover, fail to afford such security as financial institutions require, and, consequently, it would involve the necessity of other insurance being procured by borrowers beyond that charged for by the municipalities. But I need not enlarge upon the many objections to which this proposed system of so-called insurance would be open. The single fact that it would place my city undertaking it in daily danger of being rendered hopelessly bankrupt must condemn it in the judgment of all who give the matter serious consideration. I feel, as I have said, interested in this question chiefly as a citizen and as a tax-payer, and my reason for touching upon it here is that, having constantly before us in our business the dangers of conflagration hazard, it seems fitting that a word of warning (even though the possibility of the consummation of this project may be remote) should be given to those who would impose upon us a liability which might involve such disastrous consequences to us both as individuals and as a community."

The Vice-President seconded the adoption of the report, which was carried, and a vote of thanks passed to the President, Vice-President and Directors for their services during the past year.

The following gentlemen were elected to serve as Directors for the ensuing year: Geo. A. Cox, J. J. Kenny, Hon. S. C. Woods, S. F. McKinnon, Thos. Long, John Hoskin, Q. C., LL.D., H. M. Pellatt, R. Jaffray, A. Myres.

At a meeting held subsequently, Mr. Geo. A. Cox was elected President and Mr. J. J. Kenney Vice-President.

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THE NORTH AMERICAN LIFE.

The best testimony to the progress of the North American Life Assurance Company is contained in the report of their consulting actuary, an American insurance expert, upon their methods and systems of business during the past year. The expert in question, Mr. W. T. Standen, of New York, declares that the secret of the Company's success is the logical result of the strong and enduring foundation laid down in 1881 by its officers, upon which its business has since been conducted. He holds that in view of the general depression in business the increase of \$63,860 in the premium income of the Company during the past year says much for the energy and adaptability of the company's staff, while the gain in interest receipts is a striking testimony of the judiciousness of the Company's investments. The fact that the management are able, after a most conservative valuation of liabilities and assets, to show a clear surplus of \$338,217 shows beyond any question that the security of the policy-holders is absolute, and it is abundantly evident that the North America Life has attained that degree of solidity which can best be understood by comparison with its rivals. During the past five years the payments to policy-holders have increased 123 per cent.; the insurance in force 60 per cent.; the cash income 91 per cent.; and the surplus 374 per cent. In other words, the asserts are one and a half times, and the surplus four times, as large as they were four years ago. In fact the North American Life, thanks to the efforts of its officers, now stands in the front rank of Canadian Companies.—*Journal of Commerce*, Montreal, Feb. 15, 1895.