FINANCIAL STATEMENT FOR THE YEAR ENDING DECEMBER 31ST, 1901.

REVENUE ACCOUNT.

Dr.

Fire losses, including an appropriation for all losses reported to December 31st, 1901		$1,570,025 56
Marine losses, including an appropriation for all losses reported to December 31st, 1901		596,981 87
General expenses, agents' commissions, etc		1,023,101 47
Balance to profit and loss		189,048 37
		$3,379,157 27

Cr.

Fire premium	$2 974,428 08	
Less re-assurance	513,825 93	
		$2,460,602 15
Marine premium	$1,108,794 07	
Less re-assurance	276,766 49	
		832,027 58
Interest		86,527 54
		$3,379,157 27

PROFIT AND LOSS ACCOUNT.

Dr.

Dividend No. 80	$72,248 27	
Dividend No. 81	57,365 57	
		$129,613 84
Written off investments		11,675 45
Balance reserve fund Dec. 31st, 1901		1,050,553 16
		$1,191,842 45

Cr.

Reserve fund at December 31st, 1900	$1 002,794 08
Balance of revenue account	189,048 37
	$1,191,842 45

Assets.

United States and State bonds	$175,103 00
Dominion of Canada stock	66,657 00
Bank, loan company, and other stocks	473,124 10
Company's building	65,000 00
Municipal bonds and debentures	823,853 09
Railroad bonds	559,570 24
Cash on hand and on deposit	259,555 93
Bills receivable	124,882 20
Mortgages	32,550 00
Due from other companies—current accounts	185,412 04
Interest due and accrued	10,085 45
Furniture, maps, plans, etc., at head office and branches	66,141 53
Agents' balances and sundry accounts	418,697 72
	$3,260,632 30

Liabilities.

Capital stock paid-up	$1,940,370 00
Losses under adjustment	212,343 57
Dividend payable January, 1902	57,365 57
Reserve fund	1,050,553 16
	$3,260,632 30

RE-INSURANCE FUND.

Reserve to cover estimated liability on outstanding risks. $969,210 00

GEO. A. COX,
President.

Western Assurance Co.'s Offices, Toronto, Feb. 13th, 1902.

J. J. KENNY,
Vice-President and Man. Dir.

AUDITORS' REPORT.

To the president and directors af the Western Assurance Company :

GENTLEMEN,—We hereby certify that the books of the company have been audited and the vouchers and securities relating thereto have been examined for the year ending December 31st, 1901, and the same are carefully kept, correct, and properly set forth in the above statement.

(Signed) JOHN M. MARTIN, F.C.A., R. F. WALTON, } Auditors.

Toronto, Feb. 13th, 1902.

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

The statements that have just been read, which, with the directors' report, have been in the hands of the shareholders for some days, indicate, I think, very clearly the general results of the business of the company for the past year; but in moving the adoption of the report, I am glad to avail myself of the opportunity of enlarging somewhat upon the matters with which it deals.

You will have noted that there has been a considerable increase in the company's premium income, and perhaps the most encouraging feature in connection with the transactions of the year is the evidence which our records afford that the growth in this is due as much to the higher rates obtained on the risks we have been carrying as to an increase in the amount of business we have assumed. It will also be observed that, after deducting from the balance shown in the revenue account the amount received from interest on investments, there remains $102,521, which represents the difference between the premium receipts and the losses and expenses for the year—or what may be termed the "underwriting profit." Taking into account the volume of business transacted, it must be admitted that this balance on the underwriting transactions of the year is a very moderate one, being equal to about three per cent. on the premium income—which would scarcely be regarded as an adequate return in any ordinary business. It is true that out of the year's receipts some conflagration losses of considerable magnitude had to be provided for. Such disasters we have regarded in the past as rare occurrences, or at least as events which warranted our treating any year in which one occurred as exceptional. The experience of late years, however, is leading companies to regard these as a much more important factor than formerly in the fixing of rates.

In presenting our report to shareholders a year ago I referred at some length to the unprofitable results of the fire insurance business on this continent, and expressed the hope that the advanced rates which were being adopted by companies generally would place it on a more satisfactory footing than it had been during the preceding two years; and, while I am pleased to be able to say that much has been done in the direction of securing more adequate rates, the feeling among fire underwriters is that there are many classes of risk, and many cities and towns, where further advances are necessary, and the various rating organizations are adjusting their tariffs to meet the requirements of present conditions. There can be no doubt that there has been an increase in the fire waste on this continent, altogether out of proportion to the growth in the value of property. By many this is thought to be largely due to the extensive use of electricity for light and power, and an examination into the causes of fires in which our own company has been interested goes far to sustain this theory. This is a comparatively new hazard, and one which will doubtless be overcome in a large measure when its weak points are better understood. It would appear also that the fire hazard on this continent has been increased—though this may appear an anomaly—by the industrial prosperity of the past two years; for it is a well recognized fact that in times when manufacturing establishments are compelled to work their machinery and their employees overtime, there is always a marked increase in losses upon this class of property. But whatever the causes of the greater fire losses which are being experienced may be, the inevitable effect must be higher rates; for the protection afforded by fire insurance companies—without which the trade and commerce of the country would become paralyzed—will only be maintained permanently on a basis of rates that will afford a fair return upon the capital invested in the business. As I have said, considerable progress has been made in this direction—more especially throughout Canada. In the United States, owing to the larger number of companies doing business there, it has been more difficult to secure concerted action; but improvements have been made in many quarters, and the two serious conflagrations reported during the past fortnight at Waterbury and Paterson—following closely, as they do, a year which has proved unprofitable to almost all companies operating in that field, will, I feel assured, lead to prompt measures being taken to reimburse them for losses that have been sustained.

Taking into account the conditions that we have had to meet in our business, and which I have endeavored to briefly outline, your directors, as intimated in their report, deemed it wise to reduce the dividend for the last half-year, making it at the rate of six per cent. per annum, feeling assured that conservative action in this direction would meet with the approval of the shareholders.

I am glad to be able to say in reference to the London Branch of the company, opened two years ago, that it continues to progress satisfactorily. While on a visit to Great Britain last summer I had an opportunity of meeting our chief representatives there, and I feel that we are fortunate in having secured the services of energetic and capable underwriters to look after our interests. I would express our appreciation of the services rendered to this Branch by our London board of directors.

I desire also to acknowledge the good work performed by the officers, branch managers, and agents of the company generally during the past year.

The vice-president seconded the adoption of the report, which was carried unanimously. The election of directors for the ensuing year was then proceeded with, resulting in the unanimous re-election of the following gentlemen, viz:—Hon. G. A. Cox, Hon. S. C. Wood, Messrs. G. R. R. Cockburn, Geo. McMurrich, H. N. Baird, W. R. Brock, J. K. Osborne, J. J. Kenny and the election of E. R. Wood to fill the vacancy caused by the death of the late Robert Beaty.

At a meeting of the board of directors held subsequently, Hon. Geo. A. Cox was re-elected president, and Mr. J. J. Kenny vice-president for the ensuing year.

THE CONTINENTAL LIFE INSURANCE COMPANY.

ANNUAL REPORT.

The annual meeting of the shareholders of the Continental Life Insurance Company was held on Wednesday, February 12th, at the new offices of the company, Manning Chambers, Toronto. The annual report of the directors was received with enthusiasm and great satisfaction, and was as follows :

Your directors take pleasure in presenting their annual report of the operations of the company for the year 1901.

The number of new applications for insurance and revival of policies received during the year was 955, for $1,134,000.00. Of these 54, for $64,000.00 were declined, or were deferred and still pending at the end of the year. The policies issued and revived were 905, for $1,073,-000.00, an increase of $350,705.00, over the amount written in 1900.

In addition to the above, your directors beg to report that the business and assets of the Farmers' and Traders' Life and Accident Assurance Company were successfully taken over, the policies on their books being 904, for $909,500.00. For the larger portion of these the Continental Life has issued its own policies.

The total amount of insurance in force at the end of the year 1901 was $2,104,666.00, which, compared with the amount in force at the end of the previous year, $705,200.00, shows a gain of $1,399,466 00.

The income from insurance premiums was $54,926.98, and from interest, etc., $4,874.63, making a total of $59,801.61, an increase of $42,575.13 over 1900.

The total assets, after paying death losses, expenses of management, etc., and the cost of the Farmers' and Traders' business and assets, amounted to $148,884.53. This includes $25,000 of debentures, which have since fallen due and been paid and the amount handed over to the Dominion Securities Corporation by arrangement in connection with the purchase of other long date bonds for deposit with