

NORTH AMERICAN LIFE ASSURANCE COMPANY.

ANNUAL REPORT.

Gratifying Results of the Year's Business

The annual meeting of this company was held at its head office, Toronto, Tuesday, January 29th, 1895. John L. Blaikie, Esq., President, was appointed Chairman, and William McCabe Secretary, when the following report was submitted:

The directors have much pleasure, at the close of such a year of financial stringency as 1894, in presenting a report showing so many proofs of continued prosperity in every important branch of the company's work.

During the year applications for new insurances and restorations were received for \$3,028,000, and insurances thereon for \$2,850,400, were granted, being an increase considerably in excess of that of any former year. The premiums actually received in cash show an increase of \$63,539.65, being by far the largest of any year in the company's history.

The interest on the investments was well paid, and, coupled with the premium income, aggregated \$5,583,394.93, a strong proof of the ability of the business and investments of the company.

The assets amount to \$1,987,446.33, of which the large sum of \$244,410 represents the addition to the reserve fund, which now amounts to \$1,564,420. During the year the sum of \$163,426.52 was paid to policy holders, and after making full provision, on the most conservative basis, for every liability, there remains the relatively large sum of \$338,216.75 as net surplus available for policy holders. It is pleasing to report that the results of the company's investment policies which matured during the year gave, as heretofore, entire satisfaction to the holders. The allocation of surplus to the investment policies maturing in 1895 was approved as recommended by the company's consulting actuary, whose report of the company's work for 1894 is herewith submitted. The books of the company were closed on the last day of the year, and, as heretofore, the full Government report was promptly mailed to the Superintendent of Insurance at Ottawa.

The auditor made a complete audit of the company's affairs monthly, and at the close of the year verified the cash in hand and in banks, and also examined each mortgage and every other security held by the company. This report, and also that of the Auditing Committee, which made a minute audit quarterly, are herewith submitted. The services of the company's staff of officers, inspectors and agents continue to deserve special commendation.

JOHN L. BLAIKIE,
President.

Summary of the Full Financial Statement and Balance Sheet for the Financial Year Ending December 31st, 1894.

Cash income	\$1,987,446.33
Expenses for death claims, endowments, profits, and all payments to policy holders	\$1,634,265.52
Assets	\$1,987,446.33
Reserve fund	\$1,564,420.00
Net surplus for policy holders	\$338,216.75

WILLIAM MCCABE,

Managing Director.

Audited and found correct.

JAMES CARLYLE, M.D.,

Auditor.

Auditing Committee of the Board.

EDWARD GALLEY, JAMES SCOTT,
To the Directors of the North American Life Assurance Co.

Gentlemen—I have made a very careful investigation of your methods and system of business as they are indicated by your books, accounts, and various home office records. I cannot refrain from saying that this investigation has been unusually interesting to me, because it has so very clearly and conclusively proven to me the great degree of executive and administrative capacity brought to bear by the officers of your company upon even the minute details of the business.

One consideration has been very forcibly impressed upon my mind as I examined your books and records, and enquired into various details of your business, that the North American Life is being built upon a foundation that is faultless. The structure that you are rearing, year by year, could never have attained such perfect harmony of outline and proportion, and never could have been so solid and enduring as it now is, if the foundation of the company's business had been hastily or carelessly laid in the initial years of your corporate existence.

Life insurance companies are subjected to such a searching public and official scrutiny in every detail of their business, that it is of vital import that no flaw shall be permitted to impair their usefulness or weaken their claim to public confidence.

If you wish to know the secret of your success, you must look back to what you and your executive officers did in 1891. What you have done since then has been in harmony with the foundation you then

laid. You then gave the stamp of your approval and adoption to methods, plans, and systems that appealed to a conservative judgment, and which were consistent with an enduring success, and success has followed almost as a matter of course.

In view of the serious depression in business circles during the past two years, your increase in premium income is very noteworthy, and will be found to be very unusual. The increase of \$63,539.65 in premium income for 1894 evidences the adaptability of your agency staff, and proves that it consists of men of vigor and intelligence who know how to apply their energies with the best effect.

Your gain in interest receipts speaks well for the judiciousness of your investments. The comparatively high rates of interest obtainable in something for which the holders of your deferred dividend policies may be profoundly grateful.

The valuation of your assets, and the determination of your liabilities, have been conducted conservatively, and they show a clear surplus of \$338,216.75. This surplus fund shows beyond any question the absolute security you are enabled to offer to policyholders during even the severest of monetary depression. The profits you are in a position to earn are very largely in excess of what can be earned by companies debarred from privileges of being able to invest their assets in Canadian securities.

Policy holders are often carried away by the size or age of a life company. The crucial test is the ratio of assets to total liabilities. Next in order of importance, probably, stands the surplus and surplus-earning power of a company.

With assets held down to a rigid gold basis, you nevertheless fully cover every liability, and have a large margin for safety over and above every requirement.

Undoubtedly the North American Life Assurance Company has attained that degree of solidity which can best be understood by comparison with any of the large companies. In all essentials—especially those of acquired surplus and surplus-earning power—it is not excelled to day by any other company.

Insurers are too apt to overlook these requisites and give undue importance to mere age and size, which unsupported by other valuable considerations, really count for nothing. Illustrations of this can be seen to-day in the United States, where many of the smaller companies, although forced into competition with their larger rivals, are giving much better and more satisfactory returns to their policy holders than many of the largest companies.

Stupendous assets are off-set by correspondingly large liabilities. In the balance sheet they do not add strength, the test of which, in well established companies, is the true ratio of resources of assets to liabilities, which is absolutely independent of the question of size.

WM. T. STANDEN,

Consulting Actuary.

Mr. John L. Blaikie, in moving the adoption of the report, said:—

Gentlemen—I have a pleasant duty to discharge in moving the adoption of the report and balance sheet now submitted for your approval.

That you will heartily approve of them and adopt them I do not doubt for a moment, as in all the vital particulars that make up solid success in a life assurance company there is most gratifying progress, and results have been attained which cannot fail to afford great satisfaction to policy holders and guarantors, and at the same time cheer our agents in the prosecution of their arduous labors for the company.

This is fully borne out by the facts and figures to which I invite your attention.

Total cash income for 1894 \$1,987,446.33

1893 1,623,906.68

Increase (16 per cent.) 363,539.65

Total reserve and surplus funds, December 31st, 1894 \$1,564,420.00

1893 1,200,983.35

Increase (17 per cent.) 363,436.65

Total reserve and surplus funds, December 31st, 1893 1,200,983.35

1894 1,564,420.00

Increase (15 per cent.) 363,436.65

These large increases are all the more gratifying when we consider the hard times so many have experienced during the past year, and the keenness of the competition for business by all classes of companies.

Any thoughtful and intelligent person who studies these figures cannot fail to come to the conclusion that ample provision is made to meet every contract entered into with its policy holders, and not only so, but also that the North American Life is building up a large surplus, out of which profits for policy holders alone can come, which compares most favorably with any other company making returns to Government.

Payments to policy holders for 1894, including death claims, endowments, profits on investment policies, etc., 1894 \$1,634,265.52

1893 1,470,795.97

Increase (11 per cent.) 163,469.55

The mortality in 1893 was exceptionally light, and though in 1894 it has been great, it is still largely within expectation, and it has to be borne in mind that there is a much larger amount of risk in the increase of policies in force. There is real satisfaction, however, in paying promptly every fair death claim as it arises, as has been the

practice of the company from the beginning, as in so doing we are fulfilling the functions of a life assurance company, and helping to provide for widows and helpless children.

When I tell you that the interest and rents due are less than 3 1/4 of 1 per cent. of total assets, you must admit that it speaks well for the care and ability with which the Finance Committee and the executive officers of the company have discharged their duties.

A comparison of the business of the company as it was five years ago with what it was at the close of 1894 is at once interesting and encouraging:—

	December 31, 1894	December 31, 1889	Amount	Per cent
Assets	\$1,987,446.33	\$1,170,795.97	\$816,650.36	69.74
Surplus	\$338,216.75	\$71,365.63	\$266,851.12	37.4
Cash income	\$1,987,446.33	\$1,170,795.97	\$816,650.36	69.74
Expenses	\$1,634,265.52	\$1,470,795.97	\$163,469.55	11.13
Net surplus	\$338,216.75	\$71,365.63	\$266,851.12	37.4

These figures show that the company's surplus has during the brief period of five years increased about fourfold, while the assets have increased about one and a half fold.

The more closely any person scrutinizes the figures of all the life insurance companies doing business in the Dominion of Canada, with a view to ascertain which can do the best for insurers, the more he will be convinced that the North American Life stands in the very front rank.

The independent report made by Mr. Standen, our consulting actuary, is not only of unusual interest, but is also extremely gratifying, endorsing in such an unqualified manner, as it does, all the methods by which the North American Life prosecutes its business, giving it a very high position among successful life insurance companies as respects solidity, equity, and profit-earning power for the benefit of its policy holders.

I gladly avail myself of this opportunity to say the success in which we all rejoice is largely due to ability and devotion to duty of Mr. McCabe, our managing director; of Mr. Goldman, our secretary; and other officers of the company, also to the unceasing care and great professional skill of our medical director, Dr. Thorburn.

During the past fourteen years the company has disbursed for death losses, endowments profits on investment policies, etc., over three-quarters of a million of dollars, and at the present time holds as security for its policy holders assets, as per balance sheet, \$1,987,446.33, and in addition, uncalled guarantee fund of \$240,000, or in all the large sum of \$2,227,446.33, thus giving a relative security doubtless unsurpassed by any other company.

For my own satisfaction I have examined into the relative position attained by this company and four leading companies. I found this investigation very interesting and satisfactory, and I am sure you will be pleased to hear the result, as it indicates very clearly the great growth and unexcelled position attained by our company.

Comparing the business of the North American Life, at the end of its fourteenth year, with that of the companies referred to at the same period in their history, it will be found that the oldest of these companies had but one-third the business in force that the North American has, the surplus of the second was over 20 per cent. less than that of the North American, that the assets of the third were more than a million dollars less than those of the North American, while the cash income of the fourth was less than one-half of that of this company. Now, gentlemen, I have said enough in support of the motion to adopt the report and balance sheet, and enough to make us all proud of the North American Life Assurance Company; enough, too, to serve as a stimulus to our numerous agents in the field to renew their labors with redoubled energy and zeal, so that at the close of 1895 a large increase of business will be shown, and a positive benefit accrue to every person who has been induced to become a policy holder in the company.

During the past year the company paid many death claims where, but for the policy, widows and fatherless children would have been left in dire want and distress. This fact must always be a powerful argument by our agents in canvassing for business, as many men are so circumstanced as to be entirely unable to provide for their families in any other way than by insuring their lives, and hence failure to do this becomes criminal neglect. Many insurers, however, can be approached and convinced by an entirely different kind of argument.

Keep, calculating men are met with, who won't listen to any argument other than IT WILL PAY—and our agents can meet such men and satisfy them that to take out an endowment policy in the North American Life Assurance Company is a paying investment, and at the same time a much safer and sounder one than many of the investments for money now obtainable.

Gentlemen, I would like to repeat what I said on a former occasion, and to do it by way of warning, and that is, that a class of companies are pushing business in our

midst whose methods are radically unsound, who make contracts that will not mature for many years, making no adequate provision for their payment at maturity, so that the holders of such policies are doomed to cruel and bitter disappointment.

It does appear to intelligent onlookers that it is a most important thing, and in entire disregard of public interests, that any companies should be permitted to carry on such business, and at the same time not be subject to inspection by the Dominion Government in the same way as all the regular life insurance companies are.

In conclusion, I have only to say, let every gentleman here present, whether policyholder, guarantor, director, or agent, not only resolve to push forward the interests of the North American Life Assurance Company, but watch for opportunities of doing so and thus ensure a large and steadily growing business for the year on which have now entered.

The vice president, Hon. G. W. Allan, according to the resolution, said that the president had so fully covered every point in the report that it really left him nothing further to say, except that he fully endorsed every remark of the Chairman as to the progress of the Company and the solid position it had attained, and as a Canadian institution we could all look forward with perfect confidence to its increased growth and future prosperity. The motion was unanimously carried.

The Chairman expressed great regret at the absence, through illness, of Mr. James Scott, chairman of the Finance Committee, whose able and comprehensive report on the satisfactory position of the investments of the Company was read by the Hon. G. W. Allan, who said:—I should like to be permitted to add to what Mr. Scott has said a few words with regard to our mortgage investments. Perhaps I may claim to speak with the advantage of some little experience having been connected as a director and president with loan companies for over thirty years. I have taken a good deal of interest in the subject as a member of the Board of Directors of this Company, and I can say without hesitation to our policy holders and others, that I doubt very much if there is any other company in the country whose securities are of so high a character as those held by the North American Life. They have been selected with great judgment, and we have the advantage of a man of very large experience in Mr. Galley, who exercises great care in reporting on all properties offered to us for loans.

James Thorburn, M.D., presented his full and interesting annual report on the mortality experience of the Company, after which Mr. J. K. Kerr, Q.C., moved a vote of thanks to the Medical Director for the able manner in which he had conducted the affairs of the medical department. This was seconded by Sir Frank Smith, who expressed confidence in the future of the Company, and his satisfaction at the excellent financial result of the past year's work.

Hearty votes of thanks were tendered the Board, officers, and agents of the Company, and at a subsequent meeting of the newly-elected Board Mr. John L. Blaikie was unanimously re-elected President and Hon. G. W. Allan and J. K. Kerr, Q.C., Vice-Presidents.

St. John, N. B.

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