

THE Great-West Life Assurance Company.

DIRECTORS' REPORT.

To the Shareholders of the Great-West Life Assurance Co.:

Your directors have much pleasure in submitting herewith for your approval the report and statement of accounts for the year 1901, the ninth full calendar year of the company's operations.

During the year, 2,337 applications for insurance, amounting to \$3,482,250 were received; policies were issued or revived for \$3,224,595, and 160 applications for \$245,000 were declined. The insurance in force on the 31st of December, including bonus additions, was \$13,415,599, a gain for the year of \$1,570,030.

The total cash income for the year was \$475,936.31, an increase of \$71,698.71 over the previous year; the premium income being \$421,965.16—an increase of 18 per cent. over the previous year, and the interest income being \$53,971.15—an increase of 28 per cent. over the previous year.

All the investments of the company (outside of office premises and of debentures principally deposited with the Dominion Government) are on the security of first mortgages on improved and rental bearing properties in the West, and on policies of the company. The average rate of interest earned on all invested funds was over 7 per cent. and on the total ledger assets 6.80 per cent.

An opportunity having occurred to secure the present office premises on satisfactory terms for five years, and, having outgrown the previous quarters, arrangements were made to lease the company's building at a rental yielding 6 per cent. net on the cost, including repairs and improvements.

The net amount of death claims upon policies of the Great-West Life and upon the re-insured business of the Dominion Safety Fund was \$86,937.80. The percentage of claims was again favorable, being below the expected.

Your attention is called to the fact that the reserve now exceeds a million dollars, and that it is largely in excess of the stringent requirements of the Dominion Government.

We are again paying to our policy-holders, who participate in a five years distribution of surplus, the same handsome profits distributed last year.

A dividend of 8 per cent. on the paid-up capital has been paid.

CONSULTING ACTUARY'S REPORT.

NEW YORK, January 29th, 1902.

To the Board of Directors, the Great-West Life Assurance Company, Winnipeg, Manitoba

GENTLEMEN: Having just finished the valuation of your policy and other liabilities, and reported thereon to your managing director, I have taken the occasion to carefully scrutinize the items entering into the statement of your company as for December 31, 1901, and am very pleased to note the indisputable evidence of careful and economical management of your affairs, which has resulted in your company making a very gratifying and substantial progress during the year just closed.

Your surplus now amounts to \$72,344.45, an increase of about 60 per cent. over the surplus showing of last year—which is an exhibit extremely satisfactory in view of the pressure of the different companies to obtain business, and the difficulties which have resulted from so keen a competition.

While the amount of death claims somewhat exceeds the amount experienced in previous years, they are well within the expectation indicated by the tabular death rate on which your premiums are based. I regard it as one of the most essential elements in the progress of a life insurance company that its medical department shall adhere strictly to the rule of conservatism and safety. Agents are very apt to exercise an undue pressure for the passing of some risk which is not up to the standard; but it is a most judicious thing to resist any such pressure and put upon the books of the company only such business as is the result of the most rigid selection.

Your interesting earning capacity is one of the most encouraging features of the business of your company, and is something which ought to make the Great-West Life a very

easy company for the agents to work for. It will be in the future a still larger factor in surplus earning for your company than it has been in the past, and I have much pleasure in offering my most sincere congratulation upon this phase of your business.

There is a great temptation to a new life insurance company to write too much new business—more than they are able to properly assimilate. An effort in this direction is very prejudicial to the surplus earning capacity of the company, unless future possible gains in this respect are regarded as a satisfactory offset to a present unfavorable showing in respect of the surplus accrued for the benefit of policy-holders. Your officers have always heeded my advice in relation to the amount of new business which they should push for during each year, and I am glad that they have restrained this item within reasonable and proper limits. It is very satisfactory indeed to notice that with a considerable increase in the amount of business issued and in force, your expenses are but very little more than they were in the year 1900.

Congratulating you upon the progress made by the Great-West Life Assurance Company, and hoping that the same favorable conditions will continue to prevail, I beg to remain, very respectfully yours,

WM. T. STANDEN,

Consulting Actuary.

Summary of Financial Statement and Balance Sheet for the Year 1901,

INCOME.

Premium income	\$421,965 16	
Less reinsurance	2,203 95	
		\$419,761 21
Interest and rent income	53,971 15	
		\$473,732 36

EXPENDITURE.

Paid to policy-holders for death claims, surrenders, annuities and dividends on policies	\$ 98,370 79
Commissions and travelling expenses	76,479 70
Taxes, licenses and fees	3,332 82
General expenses	60,743 07
Dividend to shareholders	6,000 00
Balance	228,805 98
	\$473,732 36

ASSETS.

Mortgages on real estate	\$ 867,974 63
Debentures	76,552 40
Loans on policies	66,261 05
Real estate	24,917 94
Reversions	4,650 73
Outstanding and deferred premiums	99,131 53
Interest and rents	29,660 23
Cash on hand and in banks	9,999 70
Other assets	15,181 57
	\$1,194,329 78

LIABILITIES.

	4 Per Cent. Basis
Reserve	\$1,004,720 14
Other liabilities	17,265 19
Surplus to policy-holders, on 4% basis	172,344 45
	\$1,194,329 78