

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF THE CITIZENS' INSURANCE COMPANY AT THE ANNUAL MEETING HELD ON MONDAY, 7TH FEBRUARY, 1881.

The business of the Company during the past year has been more favorable than for some time previous. Although the rates obtained for insuring risks were generally less than before, the number of fires was smaller, and the losses consequently less. The different Departments show a fair business, the surplus in the Fire, Guarantee and Accident Branches is \$34,453.71. Last year on these same departments there was a deficit of \$11,173.89. The Life Department showed Assets of \$130,480.02, which this year is increased to \$146,508.96. It is gratifying to notice that a very considerable increase has taken place in the assets of the Company, which this year show a Balance over all liabilities of.....\$107,117.94 As against last year..... 57,982.87

Many of the claims which were outstanding against the Company last year have been settled and paid for, amounting to \$44,633.31.

Under the provisions of the Charter the Directors perceived that they had the power to establish an agency in Great Britain, not with a view to taking direct risks there, but with a view of accepting shares of favourable risks taken by other Companies there. Nothing has yet been done in the matter beyond the naming of an agent, but it is probable that a moderate business will result by-and-by.

The Company contemplates making a deposit with Government on account of its Guarantee business to the extent of \$36,000, so that the Company may have a better claim to a larger share of Government business. The Directors are of opinion that this deposit should be made.

In the favourable circumstances in which the Company is now placed, the Directors are desirous of placing themselves in the position of paying a dividend to the shareholders, should the results of another favourable year permit of it; but, it appears that so long as the Company has any part of its paid-up capital impaired, it cannot declare dividends, the Directors propose to apply to Parliament to be allowed to reduce their paid-up capital by \$138,900, leaving a paid-up capital of \$100,000 intact, the security to the public being by this means unaltered. This would enable them to begin to declare dividends, and thus place the Company in a more favourable position before the public.

The accounts of the Company have been carefully audited, and a certificate to that effect is amongst the papers on the table. The Directors who go out of office at this time are Messrs. N. B. Corse, J. B. Rolland and A. Prévost, all of whom are eligible for re-election.

HUGH ALLAN,
President.

Montreal, February 7th, 1881.

FIRE, GUARANTEE AND ACCIDENT BRANCHES.

Statement of Business for Year ending 31st December, 1880.

REVENUE.

Gross Premiums Received:

Fire Branch.....\$106,463.21
Guarantee Branch... 14,689.53
Accident Branch..... 4,506.00

Rents..... 3,880.71
Interest Account..... 6,097.75

\$135,617.20

EXPENDITURE.

Losses:
Fire Branch..... \$46,784.41
Less re-insurances received..... 3,679.91

\$ 43,104.50

Guarantee Branch,
paid..... 948.02
In course of adjustment..... 1,218.00

2,166.02
Less refunded..... 511.28

1,654.74

Accident Branch..... 376.43
Bonuses paid to Accident Policy-holders..... 210.00
Re-insurances and Return Premiums..... 19,238.33
Expenses, including Agents' Commissions, Taxes, Rent, &c. 33,187.94
Interest Account..... 3,391.55
Surplus on year's operations..... 34,453.71

\$135,617.20

LIFE BRANCH.

Gross Premiums.....\$ 29,338.60
Less re-insurances... 127.60

Interest.....\$ 29,211.00
7,697.17

Death and Endowments paid.....\$36,308.17
Death Claims in course of adjustment..... 5,100.00

Expenses, including Commissions to Agents, Taxes, Rent, &c..... 8,452.63
Surplus on year's operations..... 12,755.54

\$36,308.17

FIRE, GUARANTEE AND ACCIDENT BRANCHES.

Financial Statement as at 31st December, 1880.

ASSETS.

Real Estate.....\$ 85,000.00
Mortgages on Real Estate..... 3,000.00
Merchants' Bank Stock..... 28,435.00
Montreal Harbour Bonds..... 62,900.00
Provincial Loan Company..... 250.00
Cash in Merchants' Bank..... 1,521.11
Bills Receivable..... 8,611.35
Sundry Debtors..... 6,484.36
Agents' Balances..... 6,760.36
Office Furniture, Goad's Maps, &c. 2,000.00
Secured by life policies..... 630.06

\$205,592.24

LIABILITIES.

Losses in Abeyance:
Contested Claims:
Fire Branch, 1880..... None.
" " 1877.....\$ 1,750.00

\$ 1,750.00

Guarantee Branch, 1880..... None.

Guarantee Branch prior to 1880..... 4,890.00

\$ 4,890.00

Unadjusted Claims:
Fire Branch, 1880..... None.

Guarantee Branch, 1880.....\$ 1,218.00

Accident Branch, 1880..... None.

\$ 1,218.00

Suspense Account..... 501.43

Mortgage due 1885..... 45,000.00

Accrued Interest to date..... 784.11

Reserve for re-insurance as required by Dominion Gov't:
Fire Branch.....\$ 52,313.57

Guarantee Branch..... 7,001.03

Accident "..... 1,694.88

\$ 61,009.48

Balance being excess of Assets..... 90,439.22

\$205,592.24

LIFE DEPARTMENT.

Financial Statement (as at 31st December, 1880.

ASSETS.

Stocks and Bonds:
Montreal Harbour Bonds.....\$ 13,220.00

Montreal Corporation Stock..... 21,040.00

Montreal Corporation Bonds..... 59,150.00

Toronto Corporation Bonds..... 10,971.00

Merchants' Bank Stock..... 11,045.00

\$ 115,426.00

Cash in Merchants' Bank..... 13,205.65

Loans on Policies..... 7,248.28

Accrued Interest..... 740.33
Agents' Balances..... 747.17
Suspense Accounts..... 208.20
Outstanding Premiums.....\$ 4,811.49
Deferred Premiums... 5,003.32

\$ 9,814.81

Less 10 per cent cost of collection..... 981.48

8,833.33

\$146,508.00

LIABILITIES.

Bonuses Unclaimed.....\$1,040.62
Losses in course of Adjustment..... 5,100.00
Reserve for Surrender Policies..... 1,500.00

Net Reserve on all outstanding Policies taken at H. M. 4½ per cent., as ascertained by Government... 122,189.62

Excess of Assets over all liabilities 16,678.72

\$146,508.96

The President then moved the adoption of the report, which was carried unanimously.

The President then submitted the amendments to the Company's charter, which were the reduction of the paid-up capital, leaving the liability of the shareholders to the public as at present, and that application be made to the present Session of Parliament to effect the same, and that the Company's day of annual meeting be changed to the first Monday in March. He explained that the course now adopted is simply following the precedent of other institutions. The capital stock hereafter will be \$972,300, with a paid-up capital of \$111,120.

On the motion being put, it was declared carried.

Mr. Lyman, the Vice-President, speaking with reference to that part of the report which recommended that a deposit of \$3,000 be made with the Dominion Government, stated: that there was evidently a misapprehension as to the profitability of this branch of the business, inasmuch as it shows a result of \$45,559 net profit, after paying off all losses and expenses, and including that of the G. T. R. claim in the case of Faulkner, of \$25,000. He therefore held that the deposit with the Government and the taking out of a special license to transact this business throughout the Dominion will be beneficial to the Company.

The Scrutineers appointed were Messrs. C. D. Proctor and F. X. Beruchamp, who reported that the retiring Directors, Messrs. N. B. Corse, J. B. Rolland and Arthur Prévost, were unanimously re-elected.

While the balloting was in progress Mr. Lyman took occasion to refer to the duties devolving upon shareholders to give all possible of their insurance business to the company, whose success and their own interests they would thus most effectually promote.

The Auditors named for the ensuing year were Messrs. C. D. Proctor and Adolphe Masson.

At a subsequent meeting of the Board, Sir Hugh Allan was re-elected President, and Mr. Henry Lyman Vice-President.

MONTREAL, 31st January, 1881.

To the President and Directors of the Citizens Insurance Company of Canada:

GENTLEMEN,—We have carefully examined the books, vouchers, &c., of the Company for the year ending 31st December last, and beg to report that the vouchers have been carefully traced to the proper accounts, the investments have been examined, and the cash in bank verified by the Pass Books of the banks, and the balance sheets certified by us have been checked, and the whole found correct and satisfactory,

And remain

Respectfully yours,

(Signed,) CHAS. D. PROCTOR,
(Signed,) ADOLPHE MASSON,

Auditors.