

Western Assurance COMPANY

FORTY-FIRST ANNUAL MEETING OF SHAREHOLDERS

Report of the Directors and Financial Statement—Unusually Heavy Fire Losses of the Past Year—Favorable Position of the Company—Increase of the Capital Stock.

THE forty-first Annual Meeting of the Shareholders of the above Company was held at its offices in this city at noon yesterday.

Mr. A. M. Smith, President, occupied the chair, and Mr. J. J. Kenny, Managing Director, was appointed to act as Secretary to the meeting.

The Secretary read the following

ANNUAL REPORT:—

The Directors beg to submit herewith their Annual Report, showing the transactions of the Company for the past year, together with a statement of its Assets and Liabilities on December 31st last.

The Premium Income, it will be observed, was \$1,754,262.25, after deducting the amount paid for re-insurance; and the receipts for interest on investments were \$43,732.78.

Although no serious conflagrations have occurred during the year, fire losses, both in Canada and the United States, have been unusually numerous and severe, bringing the ratio of losses to premiums considerably above the average of ordinary years.

In the Marine Branch the volume of business has been somewhat less than in 1890, but the year's transactions have resulted more satisfactorily.

While the profit balance of \$40,120.67 is much less than that shown in the preceding Annual Balance Sheet, your Directors feel that, in view of the unfavourable results of the fire business for the year 1891 to Companies generally, there is cause for congratulation in the fact that the excess of income over expenditure, with the balance at the credit of Profit and Loss Account, enabled them to pay two half-yearly dividends at the rate of ten per cent. per annum upon the paid-up capital without drawing upon the Company's ample Reserve Fund of \$900,000. The amount estimated as necessary to re-insure, or run off all existing risks, is \$578,654.19. Deducting this from the total surplus funds of the Company, a net surplus of \$325,527.17 is shown over capital and all other liabilities.

One important result from the generally adverse experience in fire underwriting for the year 1891 has been the withdrawal of a number of Companies from the business. The risks of these retiring Companies have been assumed by other and stronger Companies, so that in no case have the policyholders been sufferers; while the terms on which the business has been taken over have, in most instances, been such as will permit the winding up of the Companies without loss to stockholders. The natural effect of these withdrawals will be the concentration of the business among a smaller number of offices, and concerted action, where necessary, to place it upon a more satisfactory basis. These movements, with a return to a normal loss ratio, which may be reasonably looked for, must eventually result favorably to the Companies remaining in the field.

Statement of Business for the year ending December 31, 1891.

REVENUE ACCOUNT.	
Fire Premiums.....	\$1,414,109.97
Marine Premiums.....	607,970.31
Less Re-Assurances.....	\$2,022,080.27
	267,818.03
	\$1,754,262.25
Interest Account.....	43,732.78
	\$1,797,995.03
Fire Losses, including an appropriation for all Losses reported to Dec. 31, 1891	\$345,655.50
Marine Losses, including an appropriation for all Losses reported to Dec. 31, 1891	340,767.97
General Expenses, Agents' Commission, etc.....	571,480.89
Balance to Profit and Loss.....	40,120.67
	\$1,797,995.03

PROFIT AND LOSS ACCOUNT.	
Dividend No. 60.....	\$25,000.00
Dividend No. 61.....	25,000.00
Sundry Accounts written off.....	2,125.70
Balance.....	4,181.36
	\$56,307.06
Balance from last year.....	\$16,186.39
Profit for the year.....	40,120.67
	\$56,307.06

LIABILITIES.	
Capital Stock, paid-up.....	\$500,000.00
Losses under Adjustment.....	122,645.73
Dividend payable January 8, 1892.....	25,000.00
Reserve Fund.....	\$900,000.00
Balance Profit and Loss.....	4,181.36
	904,181.36

ASSETS.	
United States and State Bonds.....	\$451,795.09
Dominion of Canada Stock.....	211,417.50
Loan Company and Bank Stocks.....	181,181.70
Company's Building.....	65,000.00
Debentures.....	95,490.35
Cash on Hand and on Deposit.....	194,064.03
Bills Receivable.....	46,601.08
Mortgages.....	6,884.88
Re-Assurances.....	38,892.82
Interest Due and Accrued.....	5,291.13
Agents' Balances and Sundry Accounts.....	255,758.58
	\$1,561,827.09

A. M. SMITH,
President.
J. J. KENNY,
Managing Director.

WESTERN ASSURANCE OFFICES,
TORONTO, February 16, 1892.

AUDITORS' REPORT.

To the President and Directors of the Western Assurance Company:

GENTLEMEN,—We hereby certify that we have audited the books of the Company for the year ending December 31, 1891, and have examined the vouchers and securities in connection therewith, and find the same carefully kept, correct, and properly set forth in the above Statement.

R. R. CATHRON,
JOHN M. MARTIN, F.C.A.,
Auditors.

TORONTO, February 16, 1892.

In moving the adoption of the Report the President said:—

"The Annual Report of the Directors which has just been read, with its accompanying statements of the accounts of the Company, presenting as they do a clear synopsis of the past year's business and its results, render unnecessary any lengthened remarks or explanations from me. Compared with the figures of the preceding year, you will have noticed a moderate and satisfactory gain in the net premium income, a considerable increase in the amount of losses incurred, and a marked reduction from the handsome profit balance which we were able to show as the result of our operations for the year 1890; and yet, notwithstanding this diminution in the profits on the business transacted last year, those of us who have watched from month to month the fiery record of 1891, and have noted the inroads which in many instances it has made into the surplus funds which Companies have accumulated in more prosperous years, cannot but feel that we are exceptionally fortunate in making so favorable a showing as is presented to you to-day. To Fire Insurance Companies the past year has proved a veritable "Waterloo," and in addition to winding up a number of smaller American Companies, we, as Canadians, must regret that it has resulted in the retirement of two of our own companies, which have reinsured their risks with offices whose wider experience leads them to look beyond the records of such an exceptional year as the past one has proved.

"The effect of this reduction in the number of competitors for business—judging from our own receipts thus far for the present year—is already being felt in the increased volume of premiums of the remaining Companies; and while, in a business such as ours, subject to a large extent to elements beyond human control, it is impossible to forecast the probable results of any one year, we may safely rely upon the law of average asserting itself, and may fairly assume that by conducting our business on lines laid down by past experience, and adhering to a policy of just and liberal treatment of our insurers, we shall in the future, as we have heretofore, earn fair profits for our Shareholders upon their capital.

"A full consideration of the present conditions and prospects of the business, which I have briefly outlined, has led the Directors to consider the question of increasing the capital stock of the Company, and believing that such action will be advantageous at the present time in strengthening in proportion to the growth of its business the financial position of a home institution which already stands high in public confidence, they have taken advantage of the present gathering of its Shareholders to call a special meeting, at the close of this regular meeting to approve, as required by the Act of incorporation, of an additional issue of stock.

"I cannot close without bearing testimony to the zeal and watchful care manifested by our Managing Director in conducting the business of the Company, and the efficient manner in which the other officers have fulfilled their respective duties during an unusually trying year, and expressing our appreciation of the active and loyal services of the Managers of our various Branch Offices and the agents of the Company generally throughout its wide field of operations."

Mr. George A. Cox, Vice-President of the Company, said: "In seconding the adoption of the report last year (when, after paying a ten per cent. dividend, we carried \$75,000 to the Reserve Fund), I pointed out the necessity of providing in favorable years for less fortunate ones, such as the experience of all companies leads them to look for when fire losses exceed what may be regarded as an average ratio. The past year has been one to impress this lesson upon all Companies. The experience of the 'Western,' however, I am glad to be able to add, has been more fortunate than a majority of Companies operating in the same field. In Canada our loss ratio is (as it has been for several years past) below the average of all Companies doing business here, while in the United States we compare favorably with the Home and Foreign Companies which make returns to the New York Insurance Department. In the matter of expense in conducting business, our figures show that we are as low, if not lower, than most of the Companies doing similar lines of business.

"I quite concur in the President's expressions of regret at the winding up of some of our Canadian Companies. It is a remarkable fact, however, that when an unsuccessful Fire Insurance Company decides to give up business, its risks and its agents are readily assumed by some foreign corporation, and its Stockholders, who get something beyond the market price for their stock, retire from the Fire Underwriting field, leaving the business to be carried on by the purchasing Company through the same Agents and usually under the same General Manager as previously conducted it, but as Canadian institutions they cease to exist. I admit the necessity of foreign capital in Fire Insurance, but I believe there is also a field in this country for Home Companies, and I point with much satisfaction to the "Western" as evidence that a Canadian Company, under proper direction and management, can hold its own against all comers. Looking at its record for the five years preceding that embraced in this report, you find that during that term our total income was \$8,175,293, that we paid losses amounting to \$5,189,218; that our Shareholders received in dividends \$246,000, and that we have added to our Reserve Fund \$240,000—not a bad showing for five years, and the general history of the Company for many years back shows equally favorable results.

"I am glad that the Shareholders will have an opportunity of expressing an opinion upon the proposal to issue an additional \$200,000 of capital, divided *pro rata* amongst the present Shareholders. It is a most opportune time, while some of our Canadian Companies are retiring from the field, for the Shareholders of the "Western" to strengthen the position of our own Company, and to express their confidence that a well-managed Canadian Fire Company affords safe and profitable investment to its shareholders.

"At the last annual meeting, when we had an exceptionally favorable showing, I congratulated our Managing Director and his faithful and competent staff upon the results of the year, and I feel that there is even more reason for doing so upon the report now submitted, when the "Western" makes such a comparatively favorable showing at the close of a year that has been so disastrous to

many Companies. I have pleasure, Mr. Chairman, in seconding the adoption of the report."

On motion of Mr. G. R. P. Cockburn, M.P., seconded by Mr. David McGee, a cordial vote of thanks was passed to the President and Board of Directors for their services and attention to the interests of the Company during the past year.

Messrs. John Stark and J. K. Nevin having been appointed scrutineers, the election of Directors for the ensuing year was proceeded with, which resulted in the unanimous reelection of the old Board; viz.: Messrs. A. M. Smith, George A. Cox, Hon. S. C. Wood, Robert Beaty, A. T. Fulton, George McMurrich, H. N. Baird, W. R. Brock, and J. J. Kenny.

At the close of the annual meeting the question of increasing the capital stock of the company to \$1,200,000 was submitted to a special meeting of the shareholders and unanimously approved, the new stock (\$200,000) to be issued at 25 per cent. premium and allotted to Shareholders in the proportion of one share to every five held by them on the 15th of March next.

At a meeting of the Board of Directors, held subsequently, Mr. A. M. Smith was re-elected President, and Mr. George A. Cox Vice-President for the ensuing year.

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