St. John, N.B., and the other at Hamilton, Ontario. One thousand dollars was promptly paid in each instance. The very liberal action of the Board, under the peculiar circumstances of the latter case, elicited warm enconiums from members of the Association at Toronto. The contract with the Association terminated on the 1st January, and the business for 1879 has been assumed by the Association itself.

The securing the above results during the prevalence of a financial depression perhaps unexampled in duration, extent, and real severity, is doubtless the highest possible testimony to to the confidence so amply accorded to this Company. The progressive character of the Company's life business is well shown by the large increase in the cash premium receipts of last year, and by the following comparison with previous years in respect to the amount of new business offered :—

	New Business Submitted.
In 1874.....	$621,342.00
" 1875.....	689,719.00
" 1876.....	1,154.998.00
" 1877.....	1,413,342.00
" 1878.....	1,606,301.00

After providing for the full rest required by the government standard, and the unpaid claims there remains, as shown by the accompanying abstract of assets and liabilities, a surplus as regards policyholders of $104,106.07 ; certainly a handsome margin to be held on a required cash principal of only $245,473.52. Besides, the attention of those immediately interested should be drawn to the very large amount of funds this Company holds for the amount of insurance it carries. These figures exemplifiy how thoroughly protected are the insured in this company, and it is but proper that they be occasionally reminded of these facts.

The shareholders and policyholders will, no doubt, appreciate our occasionally being at the trouble and expense of having the intricate and laborious valuation of our policies performed by a gentleman of acknowledged ability, like Hon. Elizur Wright, of Boston. Their real value lies not in being gone into every year, but on their thoroughness and accuracy. In that respect Mr. Wright's certificate, which is appendhereto, will de read with interest and satifaction.

The scarcity of money, and consequent difficulty in obtaining new business, entailed an appreciable increase in our year's expenditure That, however, would not have been perceptible but for the very large amount of yearly Premium Revenue lost by cancellations. Had that amount been added to our actual year's receipts, the cost of collection on which would have been triflihg, the ratio of disbursements to income would have been very materially decreased. The advent of better times, which, it is sincerely hoped, is not far oft, by enabling the assured to continue their Policies, coupled with our rapidly extending agencies, and the deservedly high reputation in which the Company is held, will, in a few years, reduce the rate of expenditure to a minimum.

The claims, amounting to $5,500, entered under liabilities as due, and unpaid, have all since been settled. A somewhat interesting feature attaching to one of them is deserving of a passing remark. The Policy was issued in favor of the wife, but having consented to its being assigned to her husband's creditors, and having parted with the policy to the assignee, she could not give a valid discharge. Both parties claimed payment, the widow by an action in our Montreal Courts, and the creditors in the Toronto Courts. The Company being ready to pay, prayed to be allowed to deposit the money with the latter Court, there to await the decision on the issue raised between the two litigants, and our prayer being granted, the money was deposited in the Court of Chancery in Toronto.

In pursuance of the plan inaugurated in 1877, that of extending our agencies to distant parts of the Dominion, a lengthened visit was made by the Inspector in 1878 to the Maritime Provinces, and that section was in part re-organized, and it is believed that had times there been at all propitious, large results would ere this have followed. That is expected, however, on the revival of trade. One of our general agents visited Manitoba, and was successful in establishing the Company firmly in that province, and it is in contemplation to establish agencies in other places, where, as yet, the Company is but little known.

We regret that very many policies have been allowed to lapse. It is a circumstance to be deplored, as much for the assured's own sake as for that of the Company. Depression in business may impose prudence in expenditure, and even self-denial in many things, but a life policy is about the last thing that a prudent husband or rather should relinquish. If in so-called "hard times" one's income is fully required to make ends meet, how much more difficult would it be for his fatherless children to get along "unprovided for." A life policy is the wisest and safest provision that can be made against widowhood or orphanhood, and we are convinced that a trifling sacrifice, or the relinquishment of a useless or even hurtful luxury, on the part of very many who discontinued their policies, would have kept them in force. Few things impart more genuine pleasure than to witness the relief that the prompt payment of a death claim affords to a poor bereaved widow with a family of young children helplessly looking to to her for support. We say emphatically to all who have life policies, "never surrender them."

During the early years of the company the mortality experience was unusually light. As regards new entrants, it will probably continue to be as favorable as formerly; but the benefit of the selection by medical examination is generally supposed to wear out in from five to eight years. As an apt illustration of the depreciation constantly going on in assured life, as in that of the general population, it may be stated that it is not unusual for persons, whose lives were insured years before as first-class risks, to be refused a second insurance. Hence our death-rate may be expected to yearly approximate rearer to that predicted by our tables. Last year, according to the Actuary's H^{m} Table, we should have had eighteen deaths among our insured, involving policies to the amount of $31,886.38, whereas we actually had only 14 deaths, under 14 policies for $23,000, thus leaving a net gain of $8,886.38 for the year from that source alone. By carefully noting the causes of mortality among our own assured, and comparing these with the previous personal and family history in each case, we believe much information may be gleaned of a nature practically useful in judging of the admission of future applicants. That experience properly classified, and periodically amplified by the incorporation with it of the record of each successive year, would enable a comparison to be made with the published experience of English and American companies, and in this way, if each Canadian company would yearly publish such a table, by combining the experience of all, examiners and boards of directors would be informed of any climatic or other diseases that required to be specially guarded against in Canada. A synopsis of this company's experience thus far has been prepared, too lengthy, however, for this report, but will be appended hereto,believing that the comparison there given with the published experience of the Mutual of New York will be interesting to many.

The company's auditor, Mr. P. S. Ross, is in the habit of submitting to the board of directors a monthly audit and report upon the finances and business of the company. He certifies to everything continuing to be kept in a very efficient manner.

The retiring directors this year are Thomas Workman, A. W. Ogilvie and Charles Alexander, Esqs.

THOMAS WORKMAN, President. M. H. GAULT, Managing Director.

Montreal, 2nd April, 1870.

STATEMENT OF INCOME AND DISBURSEMENTS, 1878.

Income.

Cash Assets, as at 31st December, 1877		$272,375 11
Premiums received for 1878-Life	$100,580 44	
" " " Acd't	8,682 54	
Interest "	17,328 84	
Premiums in course of transmission less Commission—having days of grace	14,425 92	
Premiums for which credit has been given—less cost of collection,—full net value being held in Reserves therefor	15,976 98	
Interest accrued, &c.	6,539 02	
Received from other sources	43 81	
		163,577 55
		$435,952 66

Disbursements.

By Dividend on Paid-up Capital		$5,000 00
" Reinsurance Premiums		273 00
" Interest paid on Deposits, &c		134 04
" Values allowed for Policies Surrendered	$ 3,504 68	
" Profits paid to Policyholders, including vested additions on Claims Paid	2,804 95	
" Claims Paid—Life	21,500 00	
" Do. Accident	3,287 82	
		31,097 45
" Commissions and Medical Fees		12,756 59
" Opening and Establishing New Agencies		3,078 71
" Salaries and Travelling Expenses to Inspector, General Agents, &c		14,222 02
" Rent, Fuel, Gas, &c.		1,878 38
" Taxes, Insurance Stamps, Law Expenses, &c.		1,031 50
" Head Office Salaries, Fees &c.		11,944 23
" Advertising, Printing, Stationery, Postage Express Charges, &c.		4,933 63
" 10 per cent. written off Office Furniture		78 51
		$86,427 06
" Balance, distributed as under		349,525 60
		$435,952 66

Assets.

Cash	$ 18,334 66
Loans on real estate	127,686 55
Municipal debentures	50,893 50
Montreal Loan & Mortgage Company's stock	34,800 00
Bank stocks	63,249 89
Office furniture	706 59
Items in suspense	3,599 57
Interest accrued	6,539 02
Premiums in course of transmission	14,425 92
Instalments necessary to complete policy year,—full values held in reserve under liabilities	15,976 98
Bills receivable	9,186 24
Loans on policies	4,126 68
	$349,525 60

Liabilities.

Premium reserve—being the fund required to meet all claims that may arise out of existing policies, including those that may be revived—calculated at the government rate of interest, 4½ per cent—and including values of reversionary bonuses		$237,826 39
Less for policies reinsured		246 02
		$237,580 87
Reserve on unexpired accident business		1,318 70
Claims accrued, but not due (since paid)		5,500 00
Capital paid-up, including bonus addition thereto		62,500 00
Half year dividend accruing due Jan. 1879		2,500 00
Sinking fund for repayment of debentures		1,074 46
		$310,473 53
Surplus		39,052 07
		$349,525 60

To the President and Directors of the Sun Mutual Life Insurance Company.

GENTLEMEN. I have audited the books of the Company for the past year, and find the Balance Sheet correct, as also the Annual Statements of income and disbursements, and assets and liabilities. The disbursements are fully vouched for; the additions, postings, and transfers generally, are carefully made. The cash balance has been verified regularly at the end of each month. the accountantship of the Company is well and systematically conducted. I am, gentlemen, yours respectfully.

PHILIP S. ROSS, *Auditor.*

Montreal, March 31, 1879.