This valuation shows that £18,843 2s 11d is the reserve or increased value of the policies in force, being the sum which with the income from the net premiums, as above explained, will suffice to meet every liability as it may mature.

The Mutual Branch, which includes, under a separate account, all the transactions connected with the policies issued at rates framed with a view to participate in the profits realised, has at its credit £32,047 3s 5d; while its proportion of the above described reserve, and of the £12,141 13s 3d at the credit of the reserve for risks unpaid, is £25,314 1s 8d.

The balance of £6,733 1s 9d is profit, and as such available for distribution.

The material increase of this sum over the balance shown in the previous year would of itself warrant an advance in the rate of dividend to the assured, but, as explained in the last annual report, the Board deem the advantage of a sufficient reserve of profits of more importance than any result that might flow from the declaration of an increased dividend. They are confident in the ability of the Company, from its peculiar advantages, to allot larger profits to its assured out of equal rates of premium than any other known office, but so long as they may be unable to point to calculations based upon experience in regard to the value of life in British North America, they feel that they must be sustained in the exercise of great caution. The share in the reserve thus accumulated will by this course be lost only to those whose policies may in the interim become claims, or be discontinued; all others will participate, and in a ratio proportioned to the duration of their policies in the books of the Company.

The Board have, therefore, declared to the assured in this Branch of the first seven years, whose policies may be in force on the 1st prox., a dividend for the year equivalent to 15 per cent. upon the gross premiums received from them in the same period. This dividend will be distributed according to the mode selected by the assured, whether as cash, permanent reduction of all future premiums, or reversionary bonus; and due notice of its amount will be sent to each member.

The General Abstract of the estimated Liabilities and Assets, required by the charter, is submitted herewith, and exhibits a balance in favor of the Company of £71,843 12s 3d. A large proportion of this balance arises from the valuation of the gross premiums receivable upon existing policies, and cannot, as the Board have already frequently explained, be safely estimated as surplus profit, even with the deduction of a per centage to cover its probable diminution by the voluntary discontinuance of policies, and the estimated charges for future expenses. It is true that the contrary practice has been adopted in a greater or less degree by a very large number of offices of high standing, but with results which will scarcely endure close