

a matter for congratulation that the year's record as a whole was so satisfactory. More than usual precaution was exercised during the year in the selection of risks, and this no doubt shows in the low loss ratio in our Underwriting Department.

Referring to the Company's securities, it will be observed that they are comprised in a large measure of mortgages. These mortgage loans are upon the security of city and farm properties, and totalled at the close of the year \$1,434,103.89. Steady improvement was experienced throughout the year in the matter of loan payments and is an indication of returning prosperity.

The previous year's statement showed a considerable amount yet unpaid on account of the Company's purchase of Dominion Government Victory Bonds. These bonds are now fully paid and amount to \$555,000.00.

In the matter of stocks, bonds and debentures, this account stood at December 31st, 1919, at \$679,296.97, an increase of \$232,256.85 over last year. With the large amount of liquid assets possessed by the Company, it maintains a very strong financial position, and is readily able to meet any contingencies.

The reserve for unearned premiums showed an increase of \$2,092.62, now amounting to \$144,486.28. Re-insurance premiums (held on deposit) with reference to our foreign treaty companies, totalled \$63,819.23, as against \$61,012.44 in 1918.

Revenue from mortgages, stocks, bonds and miscellaneous sources was \$152,230.63; and net fire premiums after deducting cancellations, rebates and re-insurance, amounted to \$184,965.04, or a total revenue for the year of \$337,278.67.

The Company paid the usual dividend of six per cent., amounting to \$109,278.66, an increase of \$1,903.29 over 1918. After providing for all management expenses, fire losses and sundry other charges, there remained surplus profits for the year of \$51,747.09, which were added to the net surplus, bring that amount up to \$297,585.42. This is a very satisfactory increase in net surplus for the year. The net surplus to shareholders, combined with the Contingent Fund of \$100,000.00, make a total of \$397,585.42, or in other words, 21.77 per cent. of the paid-up capital.

As regards to policyholders, this important item has now reached the large total of \$2,123,543.62. As mentioned from time

to time in the Annual Reports of the Company, our surplus to policyholders ranks amongst the highest of Canadian fire companies. The progress made by this Company since its inception cannot but be favorably regarded, both by the shareholders and the general public. If good progress has been made during the last five or six years, in many respects the most strenuous period in the history of the country, surely it is not unreasonable to expect a much larger measure of success for our Company in the more prosperous years yet to come.

Notwithstanding the unsettled condition in Europe and other parts of the world, the prevailing sentiment in Canada today is that this country is about to enter a period of prosperous times, and if these hopes are realized, and there are many good reasons why we may expect a return to normal conditions in the comparatively near future, then, in the general development of our country, this Company, with its well-established agencies extending from ocean to ocean, should make very substantial progress.

Your Directors take this opportunity to thank the Shareholders and all those who have extended their patronage to the Company and contributed to its material welfare.

It is most gratifying to your Directors to be able to refer to the loyal devotion and efficient services of the officers and staff, and, at the same time, they desire to thank the numerous agents of the Company for their continued confidence in and their hearty support of the Company during the past year.

J. H. G. RUSSELL, President.

Winnipeg, February 11th, 1920.

The election of Directors for the current year resulted as follows: J. H. G. Russell, Dr. A. D. Carscallen, Major D. E. Sprague, W. T. Alexander, W. J. Boyd, E. L. Taylor, K.C., F. H. Alexander, S. D. Lazier, Belleville, Ont.; Col. the Hon. A. C. Rutherford, Edmonton, Alta.; F. N. Darke, Regina, Sask.; Thomas S. McPherson, Victoria, B.C.; Andrew Gray, Victoria, B.C.

At a subsequent meeting of the new Board, Mr. J. H. G. Russell, was elected President; Major D. E. Sprague and F. H. Alexander, Vice-Presidents, and W. T. Alexander, Managing-Director.

FINANCIAL STATEMENT 31ST DECEMBER, 1919

ASSETS		LIABILITIES	
Mortgage Loans on Real Estate and Accrued Interest.....	\$1,434,103.89	Government Reserve for Unearned Premiums	\$ 144,486.28
Stocks and Bonds (at cost) and Accrued Interest	\$124,296.97	Bank Overdraft—Imperial Bank	55,456.50
Dom. Govt. War Bonds, fully paid	555,000.00	Losses Unpaid (in course of adjustment)	5,500.00
	679,296.97	Accounts Payable	15,265.80
Real Estate—Head Office Property	\$163,691.32	Reinsurance Premiums (held as Reserve on Deposit)	63,819.23
Real Estate—Other than Head Office property	240,872.96	Dividend for Year Ending 31st December, 1919	109,278.66
	404,564.28	Contingent Reserve Fund	100,000.00
Office Furniture and Fixtures, Maps and Plans, less depreciation	17,763.84	Capital Stock Subscribed, \$2,050,400.00.	
Accounts Receivable	1,015.54	Paid up	\$1,825,958.20
Agents' Balances	47,366.90	Net Surplus	297,585.42
Cash in Banks and on hand:		Surplus to Policyholders	2,123,543.62
Royal Bank	\$ 3,322.75		
Imperial Canadian Trust Co.	15,000.00		
Cash on hand	14,915.92		
	33,238.67		
	<u>\$2,617,350.09</u>		<u>\$2,617,350.09</u>

REVENUE		EXPENDITURE	
Balance Brought Forward from 1918	\$ 388,231.99	General Expenses, Salaries, Commissions, etc.,	
Profits from Mortgages, Stocks and other sources	152,230.63	Loan and Investment Department	\$ 38,541.48
Fire Insurance Premiums for 1919	\$287,377.55	Fire Department	71,062.50
Less—Reinsurance thereon	102,412.51		\$ 109,603.98
	184,965.04	Losses and Loss Adjustment Expenses	\$ 89,528.61
		Less—Reinsurance Recoveries	27,644.65
			61,883.96
		Bad Debts	615.60
		Depreciation written off Furniture and Maps	1,973.76
		Dividend for Year Ending December 31st, 1919	109,278.66
		Reserve for Unearned Premiums	\$144,486.28
		Net Surplus	297,585.42
		Balance	442,071.70
	<u>\$ 725,427.66</u>		<u>\$ 725,427.66</u>

AUDITORS' REPORT

To the Shareholders:—

We beg to report that we have audited the Books and Accounts of the Canada National Fire Insurance Company for the year ending 31st December, 1919, and have found them properly stated and sufficiently vouched. We have verified the Cash on Hand and in Banks and the Mortgages and other Securities. In our opinion the Balance Sheet presents a correct view of the state of the Company's affairs as at 31st December, 1919, according to the best of our information and the explanations given us, and as shown by the Books of the Company.

Winnipeg, 7th February, 1920.

(Sgd.) D. A. PENDER, SLASOR & CO., Chartered Accountants.