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paid, and \$190,000 has been carried to the reserve fund, which now amounts to \$1,090,000. The amount estimated as necessary to run off or re-insure existing risks is \$738,772.97; and, after deducting this from the total surplus funds of the Company, a net surplus remains over capital and all liabilities of \$356,281.08.

The Directors regret to have to record the loss during the year of one of their number in the death of Mr. A. T. Fulton, who for the past nine years had been a valued member of the Board. The vacancy thus caused was filled by the election of Mr. G. R. R. Cockburn, M.P.

In closing this report the Directors desire to express their appreciation of the efficient services of the Officers and Agents of the Company during the past year.

STATEMENT OF BUSINESS FOR THE YEAR ENDING DECEMBER 31, 1892.

| REVENUE ACCOUNT. | |
|--|----------------|
| Fire premiums | \$1,865,351 75 |
| Marine premiums | 691,709 26 |
| | \$2,557,061 01 |
| Less re-assurance | 290,777 42 |
| | \$2,266,283 59 |
| Interest account | 47,629 67 |
| | \$2,313,913 26 |
| Fire losses, including an appropriation for all losses reported to December 31, 1892 | \$1,007,593 47 |
| Marine losses, including an appropriation for all losses reported to December 31, 1892 | 377,623 16 |
| General expenses, agents' commission, and all other charges | 707,239 85 |
| Balance to profit and loss | 221,456 78 |
| | \$2,313,913 26 |

| PROFIT AND LOSS ACCOUNT. | |
|--------------------------|--------------|
| Dividend No. 62 | \$26,701 33 |
| Dividend No. 63 | 29,847 86 |
| Carried to reserve fund | 190,000 90 |
| Balance | 5,054 05 |
| | \$251,603 24 |
| Balance from last year | \$4,181 36 |
| Premium on new stock | 25,965 10 |
| Profit for the year | 221,456 78 |
| | \$251,603 24 |

| LIABILITIES. | |
|----------------------------------|----------------|
| Capital stock, paid up | \$600,000 00 |
| Losses under adjustment | 213,558 57 |
| Dividend payable January 9, 1893 | 29,847 86 |
| Reserve fund | \$1,090,000 00 |
| Balance profit and loss | 5,054 05 |
| | 1,095,054 05 |
| | \$1,938,460 48 |

| ASSETS. | |
|--------------------------------------|----------------|
| United States and State bonds | \$442,360 00 |
| Dominion of Canada stock | 262,660 75 |
| Bank, Loan Company, and other stocks | 204,277 60 |
| Company's building | 65,000 00 |
| Debentures | 225,719 95 |
| Cash on hand and on deposit | 239,139 05 |
| Bills receivable | 77,110 41 |
| Mortgages | 15,434 88 |
| Re-assurances | 38,061 22 |
| Interest due and accrued | 8,720 50 |
| Agents' balances and other accounts | 359,976 12 |
| | \$1,938,460 48 |

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

Western Assurance Offices,
Toronto, Feb. 11, 1893.

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, 1892, and have examined the vouchers and securities in connection therewith, and find the same carefully kept, correct, and property set forth in the above statement.

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

Toronto, February 11, 1893.

In moving the adoption of the report, the President said:

When addressing the last annual meeting of Shareholders, I referred to the withdrawal from business of a number of Fire Insurance Companies in Canada and the United States during the preceding year; and I predicted that as a consequence of this, as well as from advances in rates that were being effected in many quarters, companies remaining in the field and offering to the public undoubted security in the form of large capital and assets might, during the year 1892, look for a considerably increased volume of business.

These predictions, as the accounts now presented to you show, have been fulfilled in the case of the "Western." A net premium in-

come of upwards of two and a quarter million dollars is something of which we may well feel proud, demonstrating, as it does, not only the popularity of the Company, but the energy and zeal of its representatives throughout the extensive field of its operations. But in Fire Insurance, as in most other matters, quantity must be regarded as a secondary consideration to quality, and the handsome balance which is shown on the credit side of the revenue account at the close of a year which has been, generally speaking, anything but a favourable one to Fire Insurance Companies, demonstrates, better than any word of mine could do, that sound judgment and care are exercised by the managers, officers, and agents of the Company in the selection of risks and the supervision of its business; in fact the report, which you have just heard read, with its accompanying accounts, presents so clear and at the same time what I think must be considered so satisfactory an exhibit of the past year's transactions, that I need do no more, in moving its adoption, than commend the figures to your careful consideration.

Before resuming my seat, however, I may perhaps be allowed, in view of this being the twenty-seventh anniversary of my election as a director, and the tenth annual meeting at which I have had the honour of filing the President's chair, to refer briefly to the past history of the Company. In looking over the annual statements which we have submitted to the Shareholders for the twenty years from 1873 to 1892 inclusive, I find that our total income during that period has been \$25,845,756, and our expenditure for losses and expenses \$23,937,470. Out of the profit balance that remained we have paid in dividends \$1,015,000, and carried nearly \$900,000 to our reserve fund.

It must be remembered, however, that some individual years of those twenty, which as a whole show such favorable results, were unprofitable ones, and this must impress upon us the wisdom, or rather the necessity, in such a business as ours, of increasing our reserve fund in favorable years, so that regular dividends may be maintained in less fortunate seasons. I might also point out that during the twenty years ending December 31st, last, to which I have referred, our Shareholders have received an average return of twelve per cent. per annum upon their paid-up capital. This capital in 1873 was \$200,000, and since that date we have, from time to time, as the increase in our business seemed to call for it, made additions to it, until we have our present position with \$600,000 paid up, while our stock stands on the share list at a premium of seventy per cent. So much for the past; and now a word as to the future. As you have been advised by circular, the Directors think that the time has come when, in regard to its paid-up capital, as well as in other respects, the "Western" should take its stand among the "millionaire" companies of the country. The business has now attained such proportions that we think—basing our judgment upon the past experience of the Company—that we may safely assume the responsibility of earning and continuing to pay satisfactory dividends to Shareholders upon the increased capital. If the resolutions are adopted which are to be submitted to you to-day, to complete the issue of the capital which is provided for by the Company's charter, namely, \$2,000,000—fifty per cent. of which will be paid up, thus giving us a cash capital of \$1,000,000—this action, we feel confident, will materially aid us and those who are to come after us, in maintaining the position of the "Western" in the front rank of the companies doing business on this continent.

The President then referred to the relations which have been recently established between the "Western" and the British America Assurance Company, and explained at some length the advantages which might be looked for from these two Toronto companies working in harmony, particularly in the management and supervision of their business at the more distant Agencies.

Mr. George A. Cox, Vice-President, in seconding the adoption of the report, said:

I am glad to have the opportunity, Mr. President, to second the adoption of a report that must, I am sure, be eminently satisfactory to the Shareholders. I also desire to extend to yourself and to the Shareholders my congratulations upon the magnificent record that you

have given us, showing the result of the Company's business for the last twenty years. An average annual dividend of over twelve per cent. for twenty consecutive years, notwithstanding the vicissitudes and serious conflagrations that have overtaken the Company during that long period, is certainly very reassuring; but to return to the statement now under consideration, it is the more gratifying to be able to meet our Shareholders with such an exhibit as has been made here to-day, when it is evident from the reports published thus far that many Fire Insurance Companies in Canada and the United States, as well as in other parts of the world, have found the year of 1892 an unprofitable one.

In comparing the figures of this report with those presented a year ago, it is encouraging to find that the ratio of losses to premiums is considerably lower in 1892 than it was in 1891, and it is perhaps still more important to observe that while, as a result of the largely increased business, the aggregate amount paid for general expenses is in excess of similar charges in the preceding year, the actual percentage of expenses to premium income is 1.37 per cent. below that of 1891. This saving in itself is equal to a profit of some \$31,000.

In regard to the proposed increase in the capital of the Company, I heartily concur in all that the President has said as to the advisability of taking the final step to bring our capital up to the authorized amount. It may be said that our present assets are quite large enough to command public confidence, but there are few, if any, companies to-day doing the amount of business which the "Western" transacts on a smaller cash capital than \$1,000,000. In reference to the price at which it is proposed to allot the new stock to Shareholders, I would point out that taking into account the present low rate of interest obtainable on investments, and bearing in mind that the Directors desire to maintain the present rate of dividend, 140 must be considered a favorable price to Shareholders. This new issue of stock, besides increasing the cash capital by \$400,000, will, it must be borne in mind, add a further \$160,000 to the surplus fund of the Company.

The Vice-President also fully endorsed the views expressed by the President as to the advantages likely to accrue from the connections which have been established between this Company and the British America Assurance Company.

The report having been unanimously adopted, it was moved by Mr. W. B. McMurrich, seconded by Mr. Robert Thompson, and carried, that a cordial vote of thanks be passed to the President and Board of Directors for their services and attention to the interests of the Company during the past year.

Messrs. J. E. Robertson and J. K. Niven having been appointed scrutineers, the election of Directors for the ensuing year was proceeded with, which resulted in the unanimous re-election of the old Board, viz.:—Messrs. A. M. Smith, George A. Cox, Hon. S. C. Wood, Robert Beaty, G. R. R. Cockburn, M.P., 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 \$2,000,000 was submitted (as required by the Company's charter) to a special meeting of the Shareholders and unanimously approved; the new stock (\$800,000) to be issued at a premium of \$8 per share (forty per cent. on the amount called up) and allotted to Shareholders in the proportion of two shares to every three held by them on March 15th next, and payable in five equal instalments of \$5.60 per share each on the 1st days of April, June, August, October and December, 1893, respectively.

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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