

RESERVES REMAINING IN HAND—

For Premiums on Unexpired Risks, being 50 per cent. of Annual Premiums on all Guarantees in force, 31st December, 1884	91,134 38
Surplus as regards Policy holders	\$341,071 92
Capital paid up	300,000 00
Surplus as regards Shareholders, over and above reserve for Premiums on Unexpired Risks, Capital, and all Liabilities	\$41,071 92
RESOURCES FOR SECURITY OF POLICY-HOLDERS—	
Net Assets as above	\$432,206 30
Capital subscribed and subject to call	368,600 00
Total Resources	\$800,806 30

The following shows the progress of the Company since its commencement in April, 1872.

	Income.	Amount of Guarantee in force.	% of Income to Risk.
1873 } 20 months {	\$ 25,841	\$ 1,340,000	1 $\frac{1}{8}$
1874	26,739	2,297,700	1 $\frac{1}{5}$
1875	34,061	3,160,000	1 $\frac{1}{10}$
1876	46,373	4,079,000	1 $\frac{1}{8}$
1877	50,590	4,710,800	1 $\frac{1}{20}$
1878	58,143	5,222,900	1 $\frac{1}{10}$
1879	53,272	4,663,000	1 $\frac{1}{8}$
1880	69,497	5,285,000	1 $\frac{1}{3}$
1881	93,769	8,406,000	1 $\frac{1}{10}$
1882	147,360	13,623,000	1 $\frac{1}{10}$
1883	191,267	17,622,000	1 $\frac{1}{10}$
1884	237,950	22,884,000	1 $\frac{1}{18}$

The following shows the relative New Business for the month of January, 1885, as compared with that of January, 1884.

January, 1885	795 Cases for	\$1,772,650
January, 1884	638 Cases for	915,050

Increase, Jan. 1885 over Jan. 1884 157 Cases for

Losses.—In presenting their report of the progress of the Company during the past year, and its present condition, the Directors are pleased to record that notwithstanding the disastrous year just passed through, the results attained by this Company are such that they have been able to pay the usual 6 per cent. dividend and materially increase the Reserves and Surplus. The fact of having paid, and provided for over \$100,000 in losses, yet added over \$25,000 to Reserves and Surplus speaks sufficiently to this effect, and they look to their prompt response to the legitimate demands made upon the Company's funds, as well as the necessity made evident to Corporations by the events of the year to consider the virtues of Corporate Suretyship and the *bona fides* of this Company as its chief exponent on this continent, to reap in the ensuing and future years the benefit of the severe experiences of the one now past.

The amounts of losses provided for includes every claim filed, the greater part of them were received during the last fifteen days, and as there are some which are susceptible of revision, while others are likely to be made good without recourse to this Company, the Directors believe that the provision is considerably in excess of the requisite sum. It has been thought best, however, to debit them without contingent reservations.

Whether or not this Company has experienced more than its share of losses is not known, but, when it is considered that out of some 16,000 persons bonded for \$23,000,000, the losses have only footed up \$100,000, whilst the defalcations in the United States and Canada have in this year exceeded \$18,000,000 it speaks well for the care used in the selection of this Company's risks. During the year this Company has declined to entertain 1,320 new applications amounting to over two

millions, besides having withdrawn from an almost equally large amount, as undesirable for continuance of endorsement, whereby much additional loss has probably been averted.

Causes of Loss.—Many of the losses are owing in a great degree to looseness of management and defective system of supervision by employers over their employees, resulting too frequently from the dangerous element of *implicit confidence*, whereby undue opportunities to default have been afforded. In others the employers seem to have had the impression that so long as they have a Guarantee Company's bond there is no necessity to do more than rely on its payment, and let the employee take his own course, so long as the amount of the Bond is not exceeded.

Another and very frequent one is putting inexperienced youths into responsible positions, such as bank tellers, assistant cashiers, collectors, etc.,—or else underpaying men with families to support, and placing them in charge of almost unlimited funds.

This Company has not hesitated to decline further transactions with such employers, and, by thus foregoing this class of patron, it is hoped the ratio of losses will bear a more favorable proportion in the coming years.

Some of the most prevalent sources of loss are speculation, gambling at cards, fast living, etc. In the first respect the *Broker* plays an important part, and it is to be hoped that before long the laws may be so amended as to render brokers who are proved to be the agents of persons in positions of trust for speculating purposes, amenable to indictment, as well as to be liable to refund the money they have received, in event of the speculator turning out to be a defaulter. It would seem only equitable that the broker should be held responsible as an accessory in such cases. In most of the losses arising from gambling they have been in the cases of the younger employees, and it has too frequently transpired that they have been countenanced if not encouraged in their downward course by residents who must have been aware that the monies risked could not have been afforded by their incomes.

Another element is the too frequent occurrence of obstructions to prevent the punishment of defaulters, as well as the repression of crime by force of example, in the leniency with which some "Justices" and most juries, look upon defaulters. Local friendships and sympathies are excited; the criminal is made a hero, and escapes on a technicality, thus an encouraging example is set to others that they may do likewise with impunity.

The general impression seems to prevail that "Corporations" must give way to private sympathies and prejudices, they are looked upon as fair game for plunder, but they are regarded as persecutors if they endeavor to apply the rightful remedy to their defrauders.

Again, in some cases, so long as the default is not in excess of the Company's Bond, the Employer himself not infrequently sympathises with the criminal, and permits him to get well out of the way before notifying the Company, and then makes claim and advises the Company of the delinquent's *absconding*.

There have, however, been not a few cases wherein the employer has readily co-operated with the Company, whereby convictions have been secured, and the penalties meted out will doubtless have had a beneficial effect. The legal department of this Company has now been so amplified and its ramifications so greatly extended that, with the prompt co-operation of employers, and an impartial administration of the law, the defaulter has but little opportunity to escape, and ply his vocation elsewhere.

Extradition.—The number of defaulters from the United States who have taken refuge in Canada and vice versa, whereby many millions of dollars have been irretrievably lost to employers, would seem to suggest some more active and effectual attention towards the speedy remodelling of the Extradition Treaty between the two countries than has hitherto been given to it. In the meantime it is an important feature of this Company, as regards American Corporations, that defaulters who are bonded by it in the United States, and who seek refuge in Canada, are subject to jurisdiction as offenders against a British Corporation, immediately they cross the line.

Competition.—During the past year a new competitor has entered the field and, as on the accession of its predecessor, a system of visiting