## re hours. Business is deadened, and about the streets is toll. Outside city it is impossible for a vehicle to ny distance. A local undertaker went o conduct a funeral yesterdny at Tayle, but had to turn back in the face lowdrifts eight feet high. Gangs of and snowplows work all day long are the streets and trolley tracks. The fall has ceased now, but the wind is mad diffting the snow. Big Map of Canada.

ably the largest map ever drawn in a has been prepared by the draughts. It has been prepared by the draughts. It is a map of cannd is twelve feet high by thirty feet Government surveys have been ing on the affair for six months, and cost of preparing it has amounted to \$5000. The map is the most comone of Canada that has ever been

Buller and Ladysmith. Ruller and Ladysmith.
Postoffice Department has authorthe opening of a postoffice in Northtia County, Ontario, to be known as,
and the name of Upper Thornethe pear Coulonge, has been changed
dysmith, taking eeffet on the day
retief of White's headquarters in
Africa. Another Ladysmith may be
d in Western Ontario and a third
itish Columbia.

bably the oldest British flag in the nion was run up on Cooper-street yes. y to celebrate the renef of Lady, and recent successes of the British The flag was brought out to Can-by the Hon. Hamnett K. Pinhey, over ars ago, and is now in possession Horace Pinhey, one of the grandso Wants a Canadian G. O. C. Domyille will introduce on Monday his bill to amend the Militia Act, sa allow a Canadian officer to command anadian militia.
Russeil will bring in a bill on Mon-ext to amend the act respecting the ulent marking of merchandise.
Liquor in Canteens.

Foster intends to move for an order e House for return of all correspondin possession of the Militia Departin relation to the carrying out of expending on the sale pure in canteens at the military

Why Does Bournssa Ask? Monday what negotiations are going present between the Imperial authorities do the Government in relation to the zation of a naval reserve in Canada. at Did Conservatives Frank? Domville will ask for particulars of ial matter franked by members of How Many Offered?

ussell wants the Government to full particulars as to the number offered by the Government to the al authorities for service in South the number of men actually sent, Chestnuts!

Domville also wants the Government di him on Monday next how much y has been paid from the Dominion tury each year to Sir Charles Tupper, tharles Hibbert Tupper, and General ron, son-in-law of Sir Charles, for salallowances and traveling expenses. ST. GEORGE'S SOCIETY Congratulatory Telegrams to

enerals Buller and White at Ladysmith. egular meeting of St. George's Sovas held last night, with a good was held last night, with a good dance, and with the President, Mr. e Musson, in the chair. After some business, it was decided that the v send telegrams of congratulation to corge White and Sir Redvers Buller, that the President be asked to coe with St. Andrew's and Irish that Benevolent Societies in send-telegram to Colonel Otter, congratuling on the gallantry of his troops, J. Herbert Mason gave notice of mohat at 'the next meeting he would that Major-General Sir Redvers Bullappointed an honorary member of the

they would do for the Patriotic sed quite a discussion. It was clided to send circulars to all the of the society, asking contribu-fi for the Fund. The proceeds 

'S NIGHT AT ATHENAEUM.

lost Successful of the Season Good Concert and Dancing. s night at the Athenaeum Club is arge number of the Tairer sex that he hospitality of the members last nen the Athenaeum was thrown nem for the third time this season. when the Athenaeum was thown, them for the third time this season, affair was even more successful last han on the two previous occasions, ladjes were allowed more privileges Beefsteak Club was turned into a nd placed at their disposal, when efreshments were served at teteables. The first part of the evening ent in playing billiards and ten plus ne of the ladies proved themselves at these games, while others did ably well in the shooting gallery, after 9 o'clock the usual concert irted in the billiard room and the a equalled that of many expensive sok part, while Mr. Torrington nimonpanied them.

di. March 2.—George B. Reeve, raffic manager of the Grand Trunk, ned. Mr. Reeve has been connectany years with the Grand Trunk.



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# Canada Life

### Assurance Company

#### 53rd Annual Report

Its Most Successful Year-Profits for Policyholders-Reserves Strengthened—The Company "Keelhauled from Stem to Stern" and Found Absolutely Sound-Three Valuations Made-Important Address from the President, Senator Cox

A large, harmonious and deeply interested audience greeted Senator Cox at the 53rd Annual Meeeting of the Canada Life on Wednesday last. President Cox read the Directors' Report as follows:

The Removal.

Following out the resolutions passed at the last annual meeting, the Head Office of the Company has been removed to the City of Toronto, the commercial centre of Ontario, where suitable quarters for the transaction of its ever increasing business have been fitted up in the Company's large fire-proof building.

Special Legislation.

Pursuant to the decision of a special general meeting held in March last, the Directors applied for and secured from the Dominion Parliament an amendment to the Company's charter, by which the policy-holders are entitled to elect six of the Directors upon the Board. The signal approval of the Banking and Commerce Committee, as well as of both Houses of Parliament, of the course pursued by the Directors has been still further emphazied by the results upon the business of the year re-

The Results.

The applications for insurance during 1899 were 4176 for \$8,662,924.88, of which 401, for \$695,298, were either declined or not carried out, leaving the actual issue of the year 3775 policies for \$7,967,626,83. This is the largest amount of business ever ransacted by the Company in its history of over half a century, and it is also a matter of satisfaction that the increase is due almost entirely to purely Canadian business, which exceeded that of any other Company doing business in the Dominion. The total business in force now amounts to \$80,220,688.25, under 37,100 policies, being an increase of almost \$5,000,000 over that of a year ago. This is the largest increase during the year (details of which will be found in the Financial Statement), wer \$1,357,350.85, which is \$61,980.40 greater than for the previous year. A careful revalnation of the properties owned by or mortgaged to the Company has been made not only by our own valuators but also by independent valuators, and after making all on against loss, the assets now stand at \$21,364,062.06, being an increase of \$1,325,244.73 over the amount as reported a year ago.

Quinquennial Investigation.

A valuation of the Company's policy liabilities has been made by the Actuary upon the Actuaries' Table of Mortality and interest at 4 per cent., this being the basis of valuation required by some of the States in whigh the Company does business This valuation, which amounts to \$18,964,390.00, has been confirmed by certificate of the Commissioner of Insurance for Michigan. After providing for these and all other liabilities, there is a surplus of \$1,968,712.85, but last year it was decided on the recommendation of the President, to set aside a special reserve of \$225,000 towards a 3½ per cent. standard. Since then the Dominion Government, recognizing the permanent fall in interest rates, has wisely amended the Insurance Act, so that all companies must now proceed to make provision for placing their policy liabilities upon a 3% per cent. basis. Until the transition is effected it will be necessary for the companies to apply a considerable percentage of their surplus on old policies in this way. The Directors have, therefore, recommended that an additional sum of \$275,000 be set aside for this purpose, making in all a special reserve of \$500,000 in excess of the Actuaries' 4 per cent. basis. Deducting this amount from the above-mentioned surplus there remains a surplus over all liabilities of \$1,468,712.85. Of this amount it is proposed to credit to policy-holders \$1,381,132.05 as surplus to them, and to share-holders \$87,580.80, out of which dividends for the next five years may be paid.

The Directors, keeping in view the unusually large amounts of profits distributed to policy-holders in the past, and the fact that interest rates have so fallen as to make it imperative that the Canada Life should be placed upon an actuarial valuettar basis relatively comparable with that of leading companies in the United States, Australia and Great Britain, have unanimously recommended that at this quin-quennial division the permanent interests of the policy-holders would be conserved by declaring a Bonus Addition of % of one per cent. per annum, and a slightly less int upon life policies which have been paid up for a period of ten years. This lecision has been arrived at only after the most careful investigation into, and deliberation upon, the many phases of this extremely important matter. It is believed that within the present quinquennial period this decision will be heartly approved by any who may not at present recognize its importance. Indeed the opinions of two distinguished actuaries, who were independently consulted, would have supported an immediate adoption of the new Government basis of 31/2 per cent. upon all business. It is further recommended that the usual Quinquennial Bonus to Shareholders be

Several weeks must necessarily elapse before the numerous details of allotment of the policy-holders' Bonuses are completed.

Government Examinations.

In October last an exhaustive and critical examination of the Company's whole condition was made by a staff of special examiners from the Michigan Insurance Department. The various securities were examined and the condition of the Company as stated in its published reports was confirmed. The official report was made public by the Company immediately upon its completion.

In addition to this the Superintendent and the Actuary of the Canadian Insurance

Department have made their usual yearly examination of our securities and accounts. Then, too, the professional auditors appointed by the shareholders have made a continuous audit of the books.

Organization of Departments.

The Company's business and investments having now grown to such large proporions as to render advisable the creation of sub-departments for the more efficient transaction of its head office business, the Directors during the past year appointed Mr. E. W. Cox Assistant General Manager, with general oversight of the insurance department of the Company. Then an investment department has been created, with Mr. H. B. Walker as Treasurer, in charge. On taking over the securities, Mr. Walker made a detailed examination and valuation of the Company's investments, and it is a matter of satisfaction that the amount which he recommended as necessary to provide against possible loss, was, considering the age and size of the Company, comparatively small. The actuarial department has also been fully established with Mr. F. Sanderson, M.A., A.I.A., F.S.S., in charge. These, with the Secretary's, Superintendent's and Medical Referee's Departments previously established, now place the Company in a position to meet the ever-increasing demands of modern business conditions.

Retirement of Directors. The retirement of Mr. A. G. Ramsay from the offices of General Manager and President on December 31st last after forty years' active service, is already widely known by public announcements in the press. The Directors, officers and staff have duly placed on record their appreciation of Mr. Ramsay's valued services during all these years. The Directors elected the Hon, George A. Cox to fill the vacancy thus

created. As required by the recent amendment to the Company's charter, all the Directors on this occasion retire, and it now becomes the duty of the policy-holders to elect six of their number who are duly qualified, while the shareholders are entitled to elect nine of their number. The melancholy duty remains of recording the death of the Hon. Sir George A. Kirkpatrick, K.C.M.G., who faithfully served as a Director of the Company from 1877 until 1899, when he was elected an Honorary Director; also the death of Dr.

Mullin, one of the Company's much-esteemed medical officers. R. HILLS, Secretary. The Canada Life Assurance Company, Toronto, February 19th, 1900.

President's Address.

The President, Hon. Geo. A. Cox, said: In rising to move the adoption of the annual report, I desire first of all to welcome our policy-holders and shareholders to our new home office, with its well-lighted. well-ventilated and commodious apartments, fitted up at comparatively small expense in this fireproof building, with its excellent vault accommodation. After the meeting is over we will have pleasure in granting the freedom of the whole office to any of those present who may desire to see through our different departments.

The Directors' report refers to the removal of the Head Office to Toronto and to the special legislation secured at the last session of Parliament, by which addial privileges were voluntarily granted by the Company to its many thousands of policy-holders. The wisdom of these departures was for a time doubted by some, but the best verdict thereupon is the results to the Company's history. From every part of the Dominion came these evidences of approval and confidence. While this increased business was to a certain extent due to the fact that new premium rates were to go into effect at the beginning of the year in this and other companies, still the fact that the Canada Life received a much larger volume of new business in the Dominion than any other company is the best evidence of the wisdom of the depar-

At this point, however, I think it proper to say that it is not my intention nor of those responsible for the management of the Company to depart from the conservative principles by which it has been so long conducted. I believe in building on dations that will stand the strain and stress of years. Whether in the securing of business or in making investments, I prefer to look at the matter as it is likely to appear ten, twenty, thirty years hence, and I am content to sacrifice transient success for absolute security and the permanent welfare of those whose interests are wrapped up in this institution. At the same time I think we should not be doing our duty if we did not seek to keep the Canada Life thoroughly abreast of the times, both in its agencies and at head office. "Conservative Progress"

I now come to the most important matter dealt with in the report, viz., the quin-I now come to the most important matter dealt with in the report, viz., the quinquennial investigation. That is always an eventful period, but especially so on this occasion, for the reason that the life companies are now brought face to face with a most serious practical problem, viz., the readjustment of their finances due to the permanent fall that has taken place in the rate of interest. Many persons who are not familiar with life assurance finance do not realize the important place which interest holds in the foundations of a life company. Without its interest income a life company would soon become interest. pany would soon become insolvent. It is not alone from the premiums, but from the interest as well, that claims must be met, and if interest is likely to fall below what has been assumed, then the security of a company's contracts is endangered. Moreover, the securing of a rate of interest larger than that assumed in a company's calculations is one of its main sources of profit. Hence it is of the highest importance that the margin of interest for profit should be maintained.

I will illustrate in two ways the effect of a fall in the rate of interest. Within a period of twelve years the rate of interest has fallen 2 per cent. Now, taking the assets of a company like the Canada Life at \$21,000,000, this means an annual shrinkage in its interest income of \$420,000, or in five years the accumulated loss would amount to almost \$2,300,000. This clearly demonstrates the effect of a fall in

My second illustration shows what annual premium would be required to insure man for \$1000 at age 30 upon the Whole Life plan, supposing no interest were issumed as procurable. The gross annual premium would be \$32.75, whereas the rate which we now charge for a non-profit policy on that plan is only \$20.50, or \$12.25 per year less. The difference is accounted for by assuming the benefit from

These illustrations prove the almost criminal negligence that would be involved blissfully closing one's eyes to facts before us and gently drifting either 'nto ultimate insecurity of into a condition devoid of earning power. Hence, in face of a rate of interest that has permanently fallen and that will in all probability continue for some time to fall, the advocates of an immediate division of a nominal plus may defeat their own object and prejudice their own interest by impairing the stability of a company from which their children may obtain little because they themselves have already eaten the fruit. Therefore, it becomes at times the bounden duty of those charged with the administration of a great trust to maintain people's interests, even against their opinions.

Under the amended Insurance Act of last session all the companies must now hold their reserves on new business upon a 32 per cent, interest basis and must further proceed to bring the reserves on all existing business to the same basis. As generous creditors sometimes do for respectable debtors, the Government has granted an extension of time in which any company, however weak, might easily meet its obligations under existing contracts. But a law which is framed to aid the weak should not be used to bind the strong.

In order to place before our Directors just what was involved in passing to the higher standard, it was decided during last year to ask our Actuarial Department to make a detailed valuation of our 37,000 policies upon the Hm. 3½ per cent. basis. In addition to this, two other full detailed valuations were made, viz., one upon the Table and interest at 4 per cent., and the other upon American Experience 4 per cent. Table. Never has such an exhaustive investigation of its policy liabilities been undertaken by the Company. But the results proved of great value While the Actuarial Department was busily engaged in measuring up the policy liabilities on different bases, the newly appointed Treasurer was hard at work taking stock of our assets. When the two sides of our Balance Sheet came ogether, therefore, it was a matter of great satisfaction that the Company was ound in possession of a substantial surplus over all liabilities, even upon the high standard of Hm. 31/2 per cent the new Government basis.

Expert Opinions.

In order to have the benefit of independent expert opinion as to how far the company should now go towards meeting the new Government standard, it was deided to lay the whole situation before two distinguished Actuaries, one English and e other American. The gentlemen selected were H. W. Manly, F. I.A., of London, Engand, the President of the Institute of Actuaries of Great Britain, and Mr. David Parks Fackler, Consulting Actuary of New York, ex-President of the Actuarial Society of America. Mr. Manly, who, by the way, holds the highest office in the gift of British actuaries, is so strongly convinced of the necessity and advantages of adoption of the new 31/2 per cent. basis that he did not hesitate to recommend "After weighing," he says, "all the arguments in favor its immediate adoption. or against either of the courses open, I am strongly of the opinion that it would be better for the Company and for the policy-holders generally to make the change at once, even if you have to pass a bonus altogether." Mr. Manly's exhaustive report, s well as that of Mr. Fackler, will be printed for the benefit of our policy-hol

Mr. Fackler's opinion would have supported a like conservative course, but he also looked favorably upon a proposal that was under consideration by the Directors, viz., the paying of a moderate bonus to policy-holders upon this occasion and then during the present quinquennial period passing to the full 31/2 per cent.

Our own Actuary, Mr. F. Sanderson, M.A., A.I.A., F.S.S., who deservedly stands high in his own profession and whom the Directors regard as one of the most able, eliable and conservative Actuaries in Canada, would have preferred the immediate doption of the Hm. 31/2 per cent. standard, but after a careful consideration of the estion in all its bearings, he was quite in accord with the medium course that has

After looking at the matter from every point of view, the Directors finally con luded to place the reserves upon an Actuaries' 4 per cent. basis and to set aside ) in addition to the \$225,000 set aside a year ago, or in all a special reserve of half a million dollars, towards placing the reserves upon a 31/2 per cent. basis.

It was then decided to allot to policy-holders the rate of bonus mentioned in the report, but to dispense with the usual quinquennial bonus to shareholders. Speaking of these proposals Mr. Fackler says: "I believe that all arguments worthy of consideration favor a course at least as conservative as that proposed, and it has my hearty approval," There are two important points in Mr. Manly's report to which I wish to draw

First-"That the rate of interest used in calculating reserves should not only have reference to the interest now earned, but in order to secure absolute safety should be based on a level rate which, so far as can be discerned, will be permanent when obtained. In fact, there must be an intelligent anticipation of a future rate

of interest." Second-"That the proper persons to bear the burden of the change to the higher reserve standard are those policy-holders (and shareholders) who have received an excess of profit in the past, equivalent to the difference in the reserves made and the arger reserves which we now know ought to have been made."

I am strongly convinced of the soundness of these arguments, and I believe if they are properly understood they will make clear to many minds what otherwise may seem incomprehensible. A World-Wide View.

Reference is made in the Directors' report as to what leading Companies in Great Britain, United States and Australia are doing towards placing their reerves on a lower interest basis. I find on enquiry that already six British Companies have reduced their valuation rate of interest to 21/2 per cent., one even having come down to 2 per cent., while nearly fifty others have come down to 3 per ent. In addition to these reserves most high-class British Companies hold special serves to cover other possible contingencies.

Then in the United States several of the largest Companies are adopting a 3 per ent. basis, and before long every high-class Company in that country will have bandoned the 4 per cent. standard hitherto in use.

It is also noteworthy that in Australia and New Zealand the leading Compaes have for some years abandoned the 4 per cent. basis, although the rates of inrest secured there are higher than in Capada. It is evident, therefore, that if the Canada Life is to continue as a leader among the great companies of the world, we cannot afford to fall behind in this matter of valuation standard.

The moderate but effective step which we have taken on this occasion is the est evidence of the Directors' desire to conserve the true interests of its policy colders, and at the same time to maintain for the Company the superior position it has so long enjoyed. By the time many other companies have seriously attacked this question of transfer to the new 31/2 per cent. basis, the Canada Life will have

easily surmounted the obstacle, and having thus obtained a long lead it will be easy to maintain it. The advantage, therefore, of new assurers choosing the Canada Life is self-evi-

Opinions of Financiers.

Now, in order to still further confirm our own conclusions as to the future rate of interest, we recently obtained the opinions of several prominent Canadian financlers, asking them what in their opinion was likely to be the level rate of interest for the next twenty-five years on such securities as Life Companies are allowed to inrest in. I quote a few extracts from the replies: HON. SIR RICHARD CARTWRIGHT, G.C.M.G., ex-Minister of Finance, says:

"In answer to your question as to the probability of the rate of interest on ney continuing to fall, I can only say that the reduction in the rate of interest has now been going on with very little interruption for a great many years. There does not appear to be any reason, under existing circumstances, why this movement should not continue to go on, and I therefore look for a still further reduction and equalization in the rate of interest throughout the whole civilized world, within the next twenty or twenty-five years. The only thing which, so far as I can judge, could materially affect the situation would be the breaking out of a great European war (or succession of wars), which would probably retard this downward tendency for some time. To make assurance doubly sure, I would favor 3 per cent. as a voluntary future basis."

HON. GEO. E. FOSTER, ex-Minister of Finance, says: "For such a length of time, and with such varying conditions as the next twenty years will in all probability experience, the giving of anything like a categorical answer is out of the question. I should think, however, that a slight margin around

314 per cent. above or below, and more probably below than above, would be safe to go upon.' MR. E. S. CLOUSTON, General Manager of the Bank of Montreal, says: "It seems almost impossible to form an opinion that can be worth much on the question of the value of money for the next quarter of a century. Taking a gen-

eral view of the situation, I am inclined to agree with the opinions of those gentlement who state that 3 per cent, is the most prudent rate to assume." MR. B. E. WALKER, General Manager of the Canadian Bank of Commerce, says: "I think there is no doubt that the varying forces which are bringing the markets of the world together are having the same effect in money as in merchandise, and that we are likely to have what may be called a world-market for money,

that is, a market which, although influenced by local conditions, will have a general

tendency towards whatever may be the current rates in the great money centres of he world. This will again be affected, of course, by war, world-wide expansion or epression of trade, etc., but with the enormous accumulations represented by prirate fortunes, private and public trusts, funds of life insurance companies, etc., there can be little doubt that we shall witness during the next twenty-five years a decline, not so rapid, doubtless, but not different in character from that in the past. Therefore, while taking due account of the fact that in Canada there are great lelds for enterprise, and that for these local reasons we may be able to maintain a somewhat better average than that in England or in the Atlantic States of the United States, I would think that Canadian Life Insurance Companies should severtheless count on money not being worth more than three per cent, per annum n the average during the next twenty-five years."

MR. D. R. WILKIE, General Manager Imperial Bank of Canada, says: "I have given the question of the probable rate of interest which may be counted upon in this country during the next quarter of a century upon securities in which life assurance companies could invest with safety my most careful consideration, and beg to state that, although I should like to see calculations made upon a per cent. basis, that rate probably errs too much on the safe side.

"It has to be morne in mind that, although the rate of interest upon certain asses of securities that were at one time looked upon as the only safe and desirable evestments for such a trust, has fallen materially, yet there are other investments -railroads, both steam and electric, amongst the number—that have come to the ront. A careful selection could be made of perfectly good bonds that yield even a algher rate of interest than do those securities that were at one time looked upon as the only safe investments for insurance companies.

"With enterprising and at the same time cautious management I don't know why 3% per cent. rate should be beyond the reach of a well-managed company. In rder, however, to provide for contingencies, I should be prepared to suggest a asis of 31/2 per cent., which rate, I believe, can be depended upon in this country for a period of twenty-five years on securities in which life insurance companies

MR. THOMAS FYSHE, General Manager Merchants' Bank of Canada, says: "In my opinion the average rate of interest for the next twenty-five years on nch securities as Life Insurance Companies should invest in depends largely on thether throughout the world we are going to have war or peace as the prevailing tate of things. If the former, the average rate for money may be expected to keep irmly well up to the present rate, but if the other, I do not see what can prevent from falling to a considerably lower value in twenty-five years. It would not be rudent to calculate on a higher rate than 3 per cent., and I have very little doubt, except in the first contingency named, that before the expiration of twenty-five years he best insurance companies will either be preparing to put their reserves on a 21/2 per cent. basis or they will have already done so."

HON. GEO. W. ROSS, Provincial Treasurer, says: "From present appearances it is not probable that insurance companies could culate with safety on a higher rate of interest on their investments than 3 'er ent. It is in the interest of policy-holders that insurance companies should so finance as to place beyond all possible doubt their ability to pay the policies when they mature. A calculation based upon a nigher rate than 3 per cent. might possibly impair that security. Where the interests of a family are concerned the solvency of an

surance company is of the utmost importance to the parties insured.' MR. J. H. MASON, Manager Canada Permanent Loan & Savings Co., says: "From best opinion I can form should think that a rate not higher than 31/2 er cent. per annum should be used. If investments of Company were entirely in firstclass bonds, I should name a lower rate, but believing that they invest partly in real estate and partly in bonds, I should think 31/2 per cent. might be accepted as a rea-

onable rate, although conditions not now apparent might arise and alter this." MR. WALTER S. LEE, Managing Director of the Western Canada Loan & Sav-"In the next twenty-five years the maximum rate of interest on the highest class

mortgages is not likely to average over four per cent. (4 per cent.) and on such ront-rank debentures as a first-class Life Company should confine itself to for exestment, I should say three per cent. (3 per cent.). I believe, therefore, that three and one-half per cent. (31/2 per cent.) all round would be a reasonable prophecy

MR. R. WILSON SMITH, Financial Agent, Montreal, says:

"Amongst the elements to be considered in replying to the above question are the future progress and development of the resources of the Dominion, as well as the fact that absolute security is the first consideration in connection with the instment of life funds. However, in the light of past experience and general average conditions, while for some years an average rate of 31/2 per cent. may fairly be cunted upon, yet for the grade of security in which life assurance funds ought to invested, it will be more prudent and conservative to assume a 3 per cent. rate or the next quarter of a century."

In the light of these opinions and in the face of the decided advice tendered by ne distinguished actuaries who were consulted, I feel sure that the course recnended by the Directors will, among all reasonable business men, be recognized as oderate and in the best interests of our policy-holders.

#### Synopsis of Financial Statement.

Premium Income (net)	\$2,199,262.21 853,297.55
	\$3,052,559.73
Payments to Policy-holders	\$1,357,350.85 475,666.28
	\$1.833,017.14
Assets: January 1st, 1900.  Ledger Assets  Other Assets	\$20,365,202.36 997,859.70
Total Assets \$	21,364,062.06
Assurance Reserve fund—	<b>A10 004 000 00</b>
Actuaries 4% Special Reserve towards	\$18,964,390.00
	500,000.00 430,959.21
Special Reserve towards	500,000.00
Special Reserve towards 3½% basis	500,000.00 430,959.21

MR. F. W. GATES, Vice-President, said: Mr. Chairman, as Yice-President of the Company, it has been my fortune to second the adoption of the annual report for a great many years, and it is a great plea-

ond the adoption of the annual report for a great many years, and it is a great pleasure to me to be here to-day to do so at this fifty-third annual meeting of the Company, especially as we see that the Company has enjoyed such great prosperity during the past year in securing so large a volume of business.

In looking back over previous reports of our meetings I find that both our late esteemed President and myself repeatedly called attention to the rapid fall that was taking place in the rate of interest, and we always took occasion to point out the serious effect this would have upon the profits of this and all other companies.

But I suppose no one anticipated that the fall would have been so continuous. I am free to say that if ten, fifteen or twenty years ago the directors could have foreseen what remarkable reductions would occur in interest rates they would undoubtedly have applied a portion of the profits at each quinquennial period towards strengthening the company's reserves, and thus have enabled us to pass to a 3½ per cent. basis with less variation in our rate-of bonus than must now arise. It may interest you to know that if we had at each quinquennial period from 1870 to 1890 paid the same rate of bonus as in 1895—that is 2 per cent.—we would now have had more than enough accumulated surplus to have enabled us to pass to a 3½ per cent.

When I first approached, the question of paying a materially reduced rate of

standard and still to pay a 2 per cent. bonus on this occasion.

When I first approached the question of paying a materially reduced rate of bonus, I confess to a feeling of some misgiving as to how far we should now go towards strengthening our reserves, but when the actuarial valuations upon the different standards were laid before us, and when we had also the opinions of independent experts that we would be justified in going much further than we now recommend, I became convinced that the course which is now proposed was not only prudent, but that we would be lacking in our duty to posterity and to the true interests of this institution by recommending any less conservative course than is now submitted for your adoption.

To intelligent persons it is, of course unnecessary, to paint out the course of the course of

To intelligent persons it is, of course, unnecessary to point out that this special reserve of \$500,000 is not taken away from the policy-holders to be used for other purposes, but that it is held for the greater security of our policy-holders and as a fund which will materially aid in increasing their profits in the future. Of course, some enemies of the company and a few irresponsible rival agents may for ulterior motives endeavor to misrepresent our action and intentions, but we are confident of the soundness of our course. One thing is certain, all companies in Canada have, scoper or later, to face this problem, and the longer it is put off the more difficult.

I have much pleasure in secondary the effection of the secondary property of the more difficult.

I have much pleasure in seconding the adoption of the report.

Will it be to accomplish.

I have much pleasure in seconding the adoption of the report.

The report was unanimously adopted, after which the usual votes of thanks were tendered to the Directors, Officers, Agents, etc., all the speeches being most enthusiastic in tone. It is the intention of the Company to publish these more fully for the information of its policyholders later.

MR. B. E. WALKER'S OBSERVATIONS:

Mr. B. E. Walker, General Manager Canadian Bank of Commerce, made some very important observations in moving a vote of thanks to the Company's Solicitors.

Mr. Walker said: The Solicits of a great Company have a very serious responsibility cast upon them; of this the most evident to us is that of looking into mortagages, and keeping the Company (as this firm has so successfully done for fifty years) out of litigation; but while that is a very serious, it is not the most serious, responsibility, there is the question of debentures and bonds and loans of all kinds and death claims, but beyond(all that there is a great advantage of a solicitor of a company, especially if he be also a director of the Company, being so well acquainted with the general business of the company that, as a director as well as a solicitor, he may, on all kinds of subjects, offer the calmer wisdom that a lawyer with a ludicial mind is more apt to have than business men. This company has been singularly fortunate in that respect, and I wish to bear special reference to it at this time, because you know we have been talking of the Canadian Life passing through what may be called a critical period in its existence. This is not only the end of a quinquennium, but we are here to meet a fall in interest partly because we see it is necessary ourselves, and partly because of the action of the Government, and also because the old administration is passing away. I might say here that ex-President Ramsay occupied several offices that are occupied now by at least four men to-day. This is the beginning of a, new administration, and, as you hav

companies have ever been subjected to, and in all this we have had the greatest possible help, not only as an ordinary business man, but as a solicitor, and in every way, from Mr. Bruce.

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Departing from the mere matter of resolution for a moment, I would like to say that there is one point which has not been very emphatically made here to-day; it is this: This Company has been at the end of a long administration put through the crucible, a thing which to any company, bank or other institution, whether it results in a disappointing statement or not, is of enormous value, because in that we have a supreme test, and that test has been responded to, and the Campany has been able to stand it. That is a thing every agent, every policyholder, every shareholder of the Company, everyone concerned in the Canada Life, might bear in mind, that after a long period of administration, largely by one man, whose administration we all respect, it has been put to the supreme test, and has answered to it splendidly. There is this point to remember in addition, that if it hadn't been necessary to make this adjustment of interest we would have presented after the examination a statement practically not different from the statements of the past. The great thing in a company after all is to know whether we are really doing the right thing, the wisest thing. No bank, no insurance company, no mercantile company, and no business concern of any kind has ever yet suffered thing. No bank, no insurance company, no mercautile company, and no business concern of any kind has ever yet suffered for doing the thing that was the right thing. [Hear, hear.] And I believe that is what we are doing to-day. I do not hesitate to say that my own view is in favor of going to 3½ per cent. entirely. I cordially agree with what has been, it is a more moderate course, but I wait for the time when this Company will be able to say it is on a 3½ per cent. basis, and will point to the fact that it stands where the best companies in North America stand, and that it is able to put itself in the front in that position.

I have slipped away from my resolution, except that through all the discussion and consideration we have had—new legislation at Ottawa, as well as everything else—we have been greatly blessed in having on the board one gentleman (Sir George Burton), who had long since retired, from the firm of solicitors, but who had that experience, and another, who is actively engaged to-day in the work of solicitor of the Company, as well as being a Director.

MR. A. BRUCE, Q.C., in acknowledging the vote of thanks to the Solicitors, said. I acknowledge with gratitude this expression of your satisfaction with the way in which the Solicitors have discharged their duties, for it is a great satisfaction to the lawyer who honestly gives his best to his clients to find his efforts appreciated.

As I am addressing what is in part a

clients to find his efforts appreciated.

As I am addressing what is in vart a new constituency I may be pardoned for referring with some measure of pride to two points—first, that among the many millions of dollars of securities for money, which have passed through our hands, there has never been one instance of a defective title in any class of security; and, second, that we have kept the Company much out of the courts, and thus left the officials free to attend to the management of its affairs instead of being harassed with litigation.

The solicitors are not entitled to all the

with litigation.

The solicitors are not entitled to all the credit on these points, for the care exercised by all connected with the Company, both in the insurance of lives and in the investment of the funds, no doubt conduces largely to the immunity from loss and litigation which the Company has enjoyed, and this observation leads me naturally to say something of the Company's investments and the safeguards which are thrown around them, which may not be out of place at this time.

This is an important epoch in the Company of the Company in the Company is an important epoch in the Company in the Company in the Company is an important epoch in the Company in the Company is an important epoch in the Company in the Company is an important epoch in the Company in the Company is an important epoch in the Company is a contract the contract in the company is a contract the contract

place at this time.

This is an important epoch in the Company's history and affairs, as it has recently come under new executive management, and it happens that the quinquental investigation report, which is presented near the beginning of that management, goes to show that the Company cannot afford to pay so large a bonus to policy holders as heretofore, and that may be a source of disappointment to some.

The diminished bonus is due entirely to

source of disappointment to some.

The diminished bonus is due entirely to the lower rate of interest received on investments in recent years, as has already been pointed out by others, and I may be permitted to give one illustration on that point. In giving evidence before the county judge at Hamilton some two years ago on the question of assessment on income, Mr. Ramsay showed the respective amounts received from premiums and interest thereon in the case of a given number of lives entering at the age of thirty for a twenty-year endowment, and the proportions on \$1000 were:

\$600.33 from premiums and \$339.67 from nterest earned thereon. As life insurance is largely undertaken as a provision for the wife and children of the assured, it may be assumed without argument that the chief desire of the assured is that the payment of the policy should be safe beyond question of doubt, and those who are assured in the Canada Life Assurance Company are entitled to feel that, as I believe.

The statements submitted in the ceport

and those who are assured in the Canada Life Assurance Company are entitled to feel that, as I believe.

The statements submitted in the report show abundantly the solvency and strong position of the Company at the present time after it passed through the ordeal of an investigation by the Michigan Insurance Department, where five experts were occupied nearly four weeks, and the close scrutiny of a new official, the treasurer, who naturally does not care to take over an asset at more than it is worth.

You, therefore, begin with a sound basis, reflecting credit on the late management, and I want to say a word as to the protection afforded for the future.

(1) You have the limitations imposed by the Dominion Legislation on Insurance Investments, and here I may say that the Government last year considerably extended the area, and wisely so, in view of the large amount of funds of insurance companies seeking investment, beyond the limited classes formerly opened to some companies realizing, as was pointed out by the Canada Life at Ottawa some years ago, that after all much must depend on the wisdom and good judgment of those entrusted with the investments.

(2) The Treasurer is at the head of the Investment Department, his life has been spent in financial matters, and his whole time is devoted to seeking out and looking after the Company's investments, and the importance of the profitable use of the funds is shown by the illustration I have given, and it is true economy to have that department in very competent hands.

(3) The Treasurer having thoroughly investigated, a proposed investment, brings

funds is shown by the illustration I have given, and it is true economy to have that department in very competent hands.

(3) The Treasurer having thoroughly investigated a proposed investment, brings it before the Board of Directors with ali the information obtained, and the board passes upon it, and it is worthy of mention that the board adopts the practice of not passing any investments should any director take formal exception to it.

(4) And before the investment is carried out the solicitors of the Company pass upon its validity from a legal aspect.

(5) Besides all these safeguards all the securities pass under the scrutiny of the Dominion Superintendent of Insurance year by year, and are subject to inquiry and inspection by the Insurance Departments of the various States in which the Company transacts business.

(6) Then the securities when taken are kept most carefully in a fire and burgiar proof safe with two combinations, kept by two officers, independent of each other.

(7) Further, the securities are yearly or often examined by a committee of Directors, and also by the Auditors, who make a continuous audit during the year of all the money transactions of the Company.

I trust that the policy-holders will fully realize the care taken in making investments and providing for their continued safety and security, and will continue the confidence in the Canada Life Assurance Company, which the Company has so long enjoyed.

A number of other prominent policy-holders spoke in most complimentary terms of the report, amongst whom were William Gibson, M.P., Beamsville; William Hendrie, Esq., and Adam Brown, Esq., Hamilton; D. R. Wilkie, Esq., W. E. H. Massey, Esq., and Dr. John Hoskin of Toronto.

The following gentlemen were appointed Directors on behalf of the policy-holders; Sir George Burton, Hon. Donald McInnes, Very Rev. Dean Innes, A. Bruce, Q.C., William Gibson, M.P., J. W. Flavelle, Esq., and Dr. John Hoskin, G. W. Cox, Esq., H. B. Walker, Esq.

At a subsequent meeting of the Directors, the Hon. Geor

At a subsequent meeting of the Directors, the Hon. George A. Cox was unanimously re-elected President, and Mr. F. W. Gates, Vice-President,