

NORTH AMERICAN LIFE ASSURANCE COMPANY.

The annual meeting of the above company was held at its head office in Toronto, on January 31st, 1896. Mr. John L. Blaikie, president, was appointed chairman, and Mr. William McCabe, secretary.

The directors' report, presented at the meeting, showed marked proofs of continued progress and solid prosperity in every leading branch of the company's work. The details of the substantial gains made by the company during the past year, are more particularly referred to in the report of the consulting actuary and the remarks of the president, which will be found below:

SUMMARY OF THE FINANCIAL STATEMENT AND BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31st, 1895.

Cash income (premiums and interest).....	\$ 581,478 21
Expenditure (including death claims, endowments, profits and all payments to policy holders).....	262,284 23
Assets.....	2,300,518 15
Reserve fund.....	1,795,822 00
Net surplus for policy-holders.....	405,218 35

WM. McCABE, Managing Director.

Audited and found correct,
JAS. CARLYLE, M.D., Auditor.

Mr. W. T. Standen, of New York, the company's consulting actuary, reported to the directors that, for the year 1895, "you made a very handsome gain in surplus, adding to that account some \$57,000 for the year, after setting aside \$25,000 as an additional contingent reserve to anticipate any change the government may make in the basis upon which policy reserves are computed. This amount, however, remains as actual surplus, while no credit is taken for it in the surplus account.

"The company has made great progress during the past year, showing large increases in the reserve fund for protection of policy-holders, and in assets, and other items indicative of solid and healthy growth.

"The present dividend distribution covers the quinquennial dividends due to ordinary participating policies; also maturing 10 and 15 years Tontine investment policies, the latter being the first of that class of policies that have reached the period of dividend maturity. These several dividend funds involve a disbursement of \$75,000 of earned surplus due to the policies entitled to participate therein; and it was a matter of gratification to see that the surplus earning power of the company is so great as to easily take care of the current obligations involved in the constantly recurring dividend periods of these investment policies.

"As its consulting actuary, I have for fifteen years enjoyed an intimate acquaintance with the plans, methods and business details of the company, and the conviction of its inherent and undeniable strength and solidity grows directly out of figures and facts, and not out of theories and speculations. It has made great progress since my last investigation of its affairs, and every item of its business convinces me that its future will be even more successful than its past."

The president, Mr. John L. Blaikie, in moving the adoption of the report, said: This is now the 15th annual report of the company, and, while progress has been reported every year of the company's history, the year 1895 must be conceded to be the banner year as respects all that goes to make the real success and solidity of a life insurance company.

Hence I feel that I am fully warranted in congratulating the policy holders, the guarantors and the agents on the splendid results that have been achieved.

The year 1895 produced the largest new business in the history of the company, the amount issued for the year being \$3,012,850; the number of policies being 2,223.

The reserve fund at the Dec. 31st amounted to \$1,795,822.00. At Jan. 1st, 1894 it amounted to \$1,564,000.

Being an increase for the year of \$231,822.

In addition to this the financial statement

shows that \$25,000 has been set as a special contingent reserve fund. The reason for doing this is to provide and accumulate a fund out of the profits each year, so that in a very few years the reserve fund of the company will be upon a 4 per cent. basis instead of 4½ per cent., which rate is in accordance with the government requirement at the present time, and has been for many years past. This gradual accumulation of the contingent reserve fund has been advised by the managing director as the best method of making the change, and anticipating the probability of the Government enacting that the reserve will have to be calculated upon a 4 per cent. instead of a 4½ per cent. basis.

Interest and rents due at the close of the year amount to \$13,031.90, and the total assets being \$2,300,518, is just about a half of one per cent. less than last year.

This cannot fail to be regarded as highly satisfactory, as it is a fair indication of the quality of the company's investments. In this connection, I may state that the interest and rents have suffered to pay all the death claims of the year, and leave a surplus of \$22,795.17.

Comparing the position of the company at the close of 1890 and at the close of 1895 is at once interesting and cheering.

	Cash Income	Assets	Inc. in Force	Net Surplus
1890	\$541,600 34	\$1,631,270 01	\$107,754 54	\$127,103 01
1895	581,478 21	2,300,518 15	1,542,441	405,218 35
Inc.	\$238,777 25 or 44 p.c.	\$1,669,248 11 or 102 p.c.	\$1,434,686 06 or 133 p.c.	\$278,024 31 or 219 p.c.

As an evidence of our ability not to overstate the value of assets, but to be on the conservative side in this important particular, I call your attention to the fact that our municipal debentures could be sold at an advance of \$13,834.20 over what they stand in the statement of assets.

Comparison of surplus earned for the year to mean assets of the year, shows a 1-10 per cent., which is a very large earning, especially taking into account the fact that desirable investments, at a fair rate of interest, are now very scarce and difficult to obtain.

The interest earned for the year has amounted to \$97,297.27, which calculated on the mean amount of the reserve fund is 5.76 per cent. This is mentioned because, as has been already stated, it is understood that according to Government requirement, the reserve fund is expected to earn at least 4½ per cent., whereas the figures quoted show we earn 1½ per cent. in excess of the rate named, which is a main factor in the surplus accruing upon our investment policies. This should be a source of satisfaction to those who are under the impression that companies are experiencing a difficulty in earning the rate of interest required by the Government table.

Without mentioning the name of any company, I will make a comparison with the position of three leading Canadian companies at the end of their 15th year of business, and that of this company at a like period, as doubtless it will be interesting to you. From the figures quoted it will be seen that our business in force, income, total assets, etc., are away ahead of any one of them, and in the matter of net surplus we are ahead of the very best of the companies referred to.

The Hon. G. W. Allan, vice-president, in seconding the resolution, said:

I am sure we are all satisfied that the business of the company is in a perfectly sound condition. The North American is singularly fortunate in the excellent staff of agents representing it in the different parts of the country. I think this report should convince all that we have in the North American Life a company in which every man desiring to insure his life should have the utmost confidence, and a company which is a very great credit indeed to Canada.

The Hon. Sir Frank Smith, in the course of his very interesting and eulogistic remarks respecting the company and its management, said: I am pleased with the statement you have given us, and I think it is a credit to the company. I am very much pleased with it, and also at being present with you here this morning, to congratulate you on the success the company has attained.

In referring to the investments of the company, Mr. E. Galley said: It has been customary each year for me to examine the mortgage register of the company, to see the condition of the mortgage loans, and

after looking through your books at the close of 1895, I was agreeably surprised to find that the interest on the loans had been so well paid, and such a very small amount of interest outstanding and unpaid. I can confidently say, and you know I speak with large experience on this point, that there is no corporation in this city to-day having a better class of mortgage loans on its books than has the North American Life. I think the reason of your mortgage loans being so satisfactory is, that the directors and officers of this company were never carried away with the idea of excessive values during the boom times, neither did they make loans on suburban properties, but, on the contrary, they preferred rather to take a little less rate of interest and confine their investments to properties embraced in what may be considered as the city proper. Having gone over the list of real estate held by the company, I am pleased to be able to tell you that it stands in the books at a sum much below what the company will realize when they feel disposed to sell it. The course taken has been to enter upon the properties at their mortgage values and not add thereto any moneys expended in improving the properties but to write off such amounts as an outgo from year to year. This is a very conservative course to take, and when the time comes that there is a more active movement in real estate and these properties are sold, I feel assured the company will realize a very handsome profit, indeed. Apart from this, if the company had the amount of money to-day at which the real estate stands in its books, it could not invest it at a better rate of interest than these properties are returning. As one of the auditing committee of the board, I can speak with a great deal of confidence of the assets of the company, and a glance at the statement will show how clean everything is, and what a very handsome profit the company has made during the past year, also that after making every provision for all liabilities, besides adding to the special reserve fund, a large surplus remains. As a large policy holder in the company, I rejoice at this state of affairs, and feel confident that, successful as the company has been up to the present, if the same conservative management continue its success is bound to be even greater in the future.

James Thorburn, M.D., presented his full and interesting annual report of the mortality experience of the company.

Dr. Carlyle, the company's auditor, said: It is known to many of you that I have been auditor of the company from its inception, consequently I have had the opportunity of knowing very accurately its financial condition. On former occasions I expressed myself with much confidence as to its sound condition and its future progress. All I said has been more than verified. Now, after fifteen years of successful operation, I can speak with as much confidence as ever of its excellent financial state, of its successful and economical management, and of its future prosperity.

I have examined all the bonds owned by the company, except those deposited with the Government. I saw scrip and loan certificates for the stock on which the company has made loans, and finally I saw that every mortgage represented in the statement was in the vaults of the company. While I am not supposed to know whether these properties are good security for the amount loaned on them, I may say that I think the management is to be congratulated that on so large an amount loaned on real estate, so little interest is overdue. Is it not the best evidence that the money of the policy holders is safely invested?

After checking over this last annual statement, I began to conjecture what the annual statement of the company will be at the end of another 15 years. I will not venture on the figures at which I arrived, but I may say that I regret I am too old to take out another 15 year endowment investment policy, for I have no doubt but that it would be just as satisfactory as the splendid results to be paid me under the one I have maturing this year.

After the usual vote of thanks had been passed, the election of directors took place, after which the newly elected board met, and Mr. John L. Blaikie was unanimously elected president, and the Hon. G. W. Allan and Mr. J. R. Kerr, Q.C., vice-presidents.