

Western Assurance Company.

The Annual Meeting of Shareholders was held at the Company's Offices, Toronto, on Wednesday, 19th February, 1902. The President, Hon. Geo. A. Cox, occupied the chair.

The following Annual Report of the Directors, with accompanying Financial Statement, was then read by the secretary:—

FIFTY-FIRST ANNUAL REPORT.

The Directors have pleasure in submitting to the Shareholders their Report on the transactions of the Company for the past year.

The net premium income amounted to \$3,292,629, and the earnings from interest were \$86,527. After providing for losses and expenses the Revenue Account shows a profit balance of \$189,048. Of this amount \$129,613.84 has been applied to the payment of two half-yearly dividends at the rate of 8 per cent. and 6 per cent. per annum, respectively, and after writing off the sum of \$11,675.45 to bring the securities to market value at 31st December, the balance \$47,759.08, is added to the Reserve Fund. The reduction in dividend for the last half-year was decided upon in order to permit of a more substantial addition to the Company's Reserve than could otherwise have been made, as the profits of the Fire Branch were materially affected by the exceptionally heavy losses in the early part of the year; including the conflagration in Montreal in January, 1901. The Marine income was somewhat less than that of the year 1900, but the business of this branch shows a fair margin of profit, after providing for losses and the proportion of expenses chargeable against it.

The estimated liability on unexpired risks at 31st December, calculated at 35 per cent. of the year's Fire Premium, with full provision for all unexpired Marine risks, is \$969,210. It should be noted that, although an increase is shown of some 12 per cent. in the premium income, as compared with that of the preceding year, there is not a corresponding increase in the actual liability, or amount at risk, owing to the advanced rates that have been obtained on a large proportion of the business on the Company's books.

The Directors regret to have to record the death during the year of Mr. Robert Beatty, who had been a valued member of the Board for the past thirty-six years, and a shareholder of the Company since its organization.

Two calls of \$100,000 each of the \$1,000,000 additional capital which has been called up had not matured at the close of the year; but, owing to the majority of the shareholders having availed themselves of the privilege of anticipating these payments, there remained on the 31st December less than \$60,000 of this amount unpaid.

The security which the Company now affords its policyholders is as follows:—

Capital paid-up 31st December last	\$1,940,370 00
Calls in course of payment	59,630 00
Reserve fund	\$2,000,000 00
	1,050,553 16
Total funds	
	\$3,050,553 16

SUMMARY OF FINANCIAL STATEMENT.

The accounts for the year showed the following business transacted:—

Fire and Marine premiums	\$3,292,629 73
Interest	86,527 54
Fire and Marine losses	\$2,167,007 43
General expenses	1,023,101 47
Balance	\$3,190,108 90
Balance	\$ 189,048 37
Dividend to shareholders	129,613 84

The President, in moving the adoption of the Report, said:—
"The Statements that have just been read, which, with the Directors' Report, have been in the hands of the Shareholders for some days, indicate, I think, very clearly the general results of the business of the Company for the past year; but in moving the adoption of the Report I am glad to avail myself of the opportunity of enlarging somewhat upon the matters with which it deals.

"You will have noted that there has been a considerable increase in the Company's premium income, and perhaps the most encouraging feature in connection with the transactions of the year is the evidence which our records afford that the growth in this is due as much to the higher rates obtained on the risks we have been carrying as to an increase in the amount of the business we have assumed. It will also be observed that, after deducting from the balance shown in the Revenue Account the amount received from interest on invest-

ments, there remains \$102,521, which represents the difference between the premium receipts and the losses and expenses for the year—or what may be termed the "underwriting profit." Taking into account the volume of business transacted, it must be admitted that this balance on the underwriting transactions of the year is a very moderate one, being equal to about three per cent. on the premium income—which would scarcely be regarded as an adequate return in any ordinary business. It is true that out of the year's receipts some conflagration losses of considerable magnitude had to be provided for. Such disasters we have regarded in the past as rare occurrences, or at least as events which warranted our treating any year in which one occurred as exceptional. The experience of late years, however, is leading Companies to regard these as a much more important factor than formerly in the fixing of rates.

In presenting our Report to Shareholders a year ago I referred at some length to the unprofitable results of the fire insurance business on this continent, and expressed the hope that the advanced rates which were being adopted by companies generally would place it on a more satisfactory footing than it had been during the preceding two years; and, while I am pleased to be able to say that much has been done in the direction of securing more adequate rates, the feeling among fire underwriters is that there are many classes of risk, and many cities and towns, where further advances are necessary, and the various rating organizations are adjusting their tariffs to meet the requirements of present conditions. There can be no doubt that there has been an increase in the fire waste on this continent, altogether out of proportion to the growth in the value of property. By many this is thought to be largely due to the extensive use of electricity for light and power, and an examination into the causes of fires in which our own Company has been interested goes far to sustain this theory. This is a comparatively new hazard, and one which will doubtless be overcome in a large measure when its weak points are better understood. It would appear also that the fire hazard on this continent has been increased—though this may appear an anomaly—by the industrial prosperity of the past two years; for it is a well-organized fact that in times when manufacturing establishments are compelled to work their machinery and their employees overtime there is always a marked increase in losses upon this class of property. But, whatever the causes of the greater fire losses which are being experienced may be, the inevitable effect must be higher rates; for the protection afforded by fire insurance companies—without which the trade and commerce of the country would become paralyzed—will only be maintained permanently on a basis of rates that will afford a fair return upon the capital invested in the business. As I have said, considerable progress has been made in this direction—more especially throughout Canada. In the United States, owing to the larger number of Companies doing business there, it has been more difficult to secure concerted action; but improvements have been made in many quarters, and the two serious conflagrations reported during the past fortnight at Waterbury and Paterson—following closely, as they do, a year which has proved unprofitable to almost all Companies operating in that field, will, I feel assured, lead to prompt measures being taken to reimburse them for losses that have been sustained.

Taking into account the conditions that we have had to meet in our business, and which I have endeavoured to briefly outline, your Directors, as intimated in their Report, deemed it wise to reduce the dividend for the last half-year, making it at the rate of six per cent. per annum, feeling assured that conservative action in this direction would meet with the approval of the Shareholders.

I am glad to be able to say in reference to the London Branch of the Company opened two years ago that it continues to progress satisfactorily. While on a visit to Great Britain last summer I had an opportunity of meeting our chief representatives there, and I feel that we are fortunate in having secured the services of energetic and capable underwriters to look after our interests. I would express our appreciation of the services rendered to this Branch by our London Board of Directors.

I desire also to acknowledge the good work performed by the Officers, Branch Managers and agents of the Company generally during the past year.

The Vice-President seconded the adoption of the Report, which was carried unanimously. The election of Directors for the ensuing year was then proceeded with, resulting in the unanimous reelection of the following gentlemen, viz.: Hon. G. A. Cox, Hon. S. C. Wood, Messrs. G. R. R. Cockburn, Geo. McMurich, H. N. Laird, W. R. Peck, J. K. Osborne, J. J. Kenny, and the election of E. R. Wood to fill the vacancy caused by the death of the late Robert Paty.

At a meeting of the Board of Directors, held subsequently, Hon. Geo. A. Cox was re-elected President and Mr. J. J. Kenny Vice-President for the ensuing year.